NOVEMBER 1978

FEDERAL RESERVE BULLETIN

Domestic Financial Developments in the Third Quarter of 1978

Survey of Time and Savings Deposits, July 1978

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FEDERAL RESERVE BULLETIN

Board of Governors of the Federal Reserve System

Washington, D.C.

Table of Contents

Approval of technical changes affecting registration of bank holding companies or applications for their expansion.

Changes proposed to broaden the scope of the regulation on Equal Credit Opportunity.

Adoption of a uniform examination procedure for evaluating and commenting on "country risk" factors involved in international lending by U.S. banks.

A joint system for rating data processing centers adopted by Federal bank and thrift institution regulators.

Revised survey of trust assets at regulated institutions to be conducted on an annual basis.

Proposed regulatory revisions establishing uniform standards for bank recordkeeping, confirmation, and other procedures in making securities transactions for trust department and other bank customers.

Publication of *The Bank Holding Company Movement to 1978: A Compendium* and of the pamphlet, "How to File a Consumer Credit Complaint."

Changes in Board staff.

Six State banks admitted to membership in the Federal Reserve System.

Output increased an estimated 0.5 per cent in October.

Domestic Financial Developments in the Third Quarter of 1978

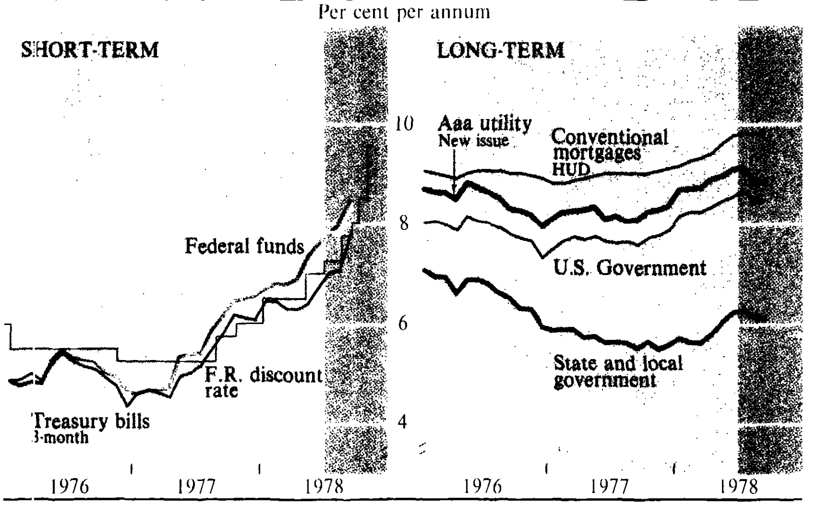
This report, which was sent to the Joint Economic Committee of the U.S. Congress, highlights the important developments in domestic financial markets during the summer and early fall.

Growth in M-1 decelerated somewhat in the third quarter of 1978, reflecting a moderation in the pace of real economic activity and the accumulating impact of more restrictive credit market conditions. Nominal income and expenditure continued to rise rapidly, however, and growth in the narrowly defined money stock remained at a rate above that implied by the longer-run range established by the Federal Open Market Committee for the year ahead- in this case, for the four-quarter period ending in the second quarter of 1979. Meanwhile, the broader monetary aggregates, M-2 and M-3, expanded more rapidly than in previous quarters; inflows of the interest-bearing components of these measures were augmented in part by the popularity of the 6-month "money market" certificate introduced by depositary institutions in June.

In an effort to restrain the excessive rise in the money stock and to help stabilize conditions in international exchange markets in the third quarter, the Federal Reserve moved steadily toward a less accommodative posture in providing reserves to the banking system through open market operations. The Federal funds rate climbed a further 1 per cent to 8¾ per cent over the quarter. In addition, the discount rate was raised 75 basis points in two steps, reaching 8 per cent. Most short-term interest rates increased by similar amounts, and commercial banks boosted the prime lending rate to 10 per cent in early October.

With excessive strength in money growth

Interest rates



NOTES:

Monthly averages except for F.R. discount rate and conventional mortgages (based on quotations for one day each month). Yields: U.S. Treasury bills, market yields on 3-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 Dept. 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. Govt. bonds, market yields adjusted to 20-year constant maturity by U.S. Treasury; State and local govt. bonds (20 issues, mixed quality), *Bond Buyer*.

continuing and conditions in foreign exchange markets becoming increasingly unsettled in October, the Federal Reserve raised the discount rate to 8½ per cent in the middle of the month and by a full point—to 9½ per cent—on November 1. On the latter date, a 2 percentage point supplemental reserve requirement on large-denomination time deposits ($100,000 or more) also was announced.

In contrast to short-term yields, most long-term interest rates moved lower in late July and early August, when investors apparently interpreted the evidence of a slowing in economic growth from the rapid second-quarter pace as indicating that interest rates might be near their peaks for the current expansion. The bulk of this decline in long-term interest rates was reversed in late September and early October, however, as short-term yields came under significant upward pressure, price indexes rose appreciably, and advance indicators of economic activity displayed continued vigor. These factors also contributed to a reversal of the rise in stock prices that had taken place through most of the third quarter. The sharp downward movement in stock market quotations in late September and October more than erased gains made since June.

Domestic nonfinancial sectors raised about $345 billion, at a seasonally adjusted annual rate, in U.S. credit markets in the third quarter, little changed from the aggregate level of borrowing in the previous quarter. In the household sector, the volume of mortgage financing continued to increase, although remaining well below the record amounts advanced in the second half of 1977, while consumer instalment credit expanded somewhat less rapidly. The growth in business borrowing moderated in the third quarter, as slower expansion of bank lending to business was only partially offset by a larger amount of bond and stock financing. In

Changes in selected monetary aggregates[1]
Seasonally adjusted annual rate of change, per cent

Item	1975	1976	1977	1977		1978		
				Q3	Q4	Q1	Q2	Q3
Member bank reserves[2]								
Total	-.3	1.0	5.2	7.3	6.1	8.5	6.3	8.4
Nonborrowed	3.2	1.2	2.7	1.7	3.4	14.5	.3	6.2
Concepts of money[3]								
M-1	4.6	5.8	7.9	8.0	7.5	6.2	9.9	7.6
M-2	8.4	10.9	9.8	9.9	8.1	6.9	7.9	8.9
M-3	11.1	12.8	11.7	11.9	10.6	7.7	7.8	10.0
M-4	6.6	7.1	10.1	9.5	10.8	10.3	10.1	8.8
M-5	9.7	10.3	11.8	11.6	12.2	9.8	9.1	9.9
Time and savings deposits at commercial banks—Total (excluding large negotiable CD's)	11.7	15.0	11.2	11.2	8.5	7.3	6.4	9.9
Savings	17.5	25.0	11.1	7.3	5.4	2.6	1.6	1.3
Other time	7.8	7.4	11.4	14.6	11.6	11.4	10.5	17.2
Small time plus total savings[4]	16.8	19.2	10.5	7.8	4.4	3.0	3.8	4.3
Deposits at thrift institutions[5]	15.6	15.8	14.6	15.0	14.4	8.9	7.6	11.6
MEMO (change in billions of dollars, seasonally adjusted):								
Large negotiable CD's at large banks	-5.6	-19.1	8.0	.7	7.1	8.8	6.5	1.6
All other large time deposits[6]	-3.7	-1.0	10.9	5.2	5.6	5.7	3.9	7.7
Small time deposits	18.6	16.5	14.6	3.3	1.3	1.5	2.8	3.5
Nondeposit sources of funds[7]	-2.9	16.6	11.0	4.5	4.5	5.0	2.2	3.6

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

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

[3] *M-1* is currency plus private demand deposits adjusted. *M-2* is *M-1* plus bank time and savings deposits other than large negotiable CD's. *M-3* is *M-2* plus deposits at mutual savings banks and savings and loan associations and credit union shares. *M-4* is *M-2* plus large negotiable CD's. *M-5* is *M-3* plus large negotiable CD's.

[4] Interest bearing deposits subject to Regulation Q.

[5] Savings and loan associations, mutual savings banks, and credit unions.

[6] Total large time deposits less negotiable CD's at weekly reporting banks.

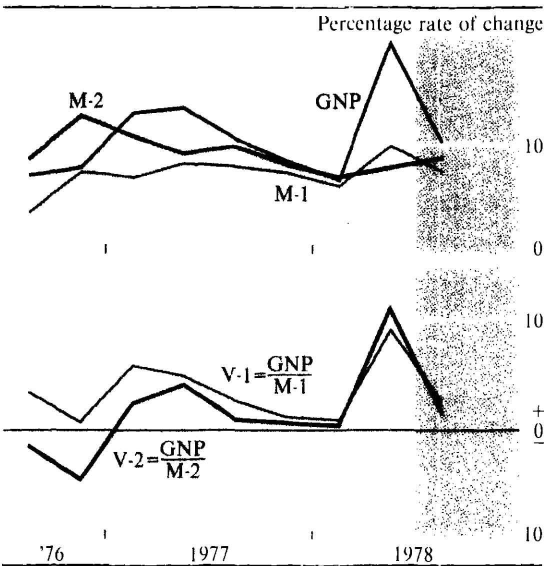
[7] Nondeposit sources of funds include borrowings by commercial banks from other than commercial banks in the form of Federal funds purchased, securities sold under agreements to repurchase, and other liabilities to own foreign branches (Euro-dollar borrowings), loans sold to affiliates, loan repurchase agreements, borrowings from Federal Reserve Banks, and other minor items.

the public sector, bond issuance by State and local governments continued to be bolstered by a large volume of advance refunding issues, while the Treasury required a sizable amount of credit to finance its deficit and to build up its cash balances.

MONETARY AGGREGATES AND BANK CREDIT

Growth in *M*-1 during the third quarter averaged 7.6 per cent, down somewhat from the exceptionally rapid rise of nearly 10 per cent in the second quarter. The continuing brisk expansion of *M-1 reflected the strong transactions demand* for cash balances associated with rapidly rising nominal income and expenditures; this demand was offset only in part by the incentive offered by rising interest rates to economize on non-earning balances. The rate of *M*-1 expansion increased in each successive month of the quarter, a pattern that arose to a certain extent from a number of special factors affecting holdings of cash balances. Early in the quarter, increases in *M*-1 apparently were held down for a short time by an unusually large build-up of Treasury cash balances and by some weakness in deposits of foreign entities at commercial banks. By August and September these damping influences had dissipated and other special factors related to the processing of Federal tax payments and the early distribution of social security checks contributed to more rapid growth.

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



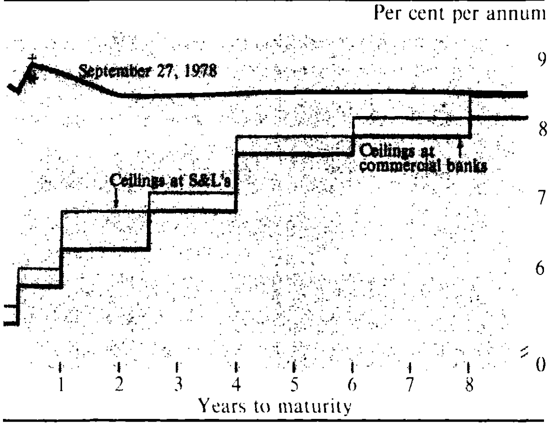
Seasonally adjusted annual rates. Money stock data are quarterly averages.

The moderation in the quarterly rate of growth of *M*-1 occurred contemporaneously with a sharper slowdown in the expansion of GNP from its second-quarter surge; as a result, growth in *M*-1 velocity (*V*-1) declined markedly from the preceding quarter. Wide swings in the growth rate of velocity typically accompany sharp fluctuations in the growth of GNP, as money demands tend to adjust with a lag to such movements. So far in 1978, the annual rate of growth in *V*-1 has averaged 4 per cent, close to the 3½ per cent recorded in each of the two preceding years.

M-2 expanded at an annual rate of 8.9 per cent during the third quarter, up 1 percentage point from the previous 3 months. The acceleration of the interest-bearing component of this broader aggregate was due mainly to a sharp increase early in the quarter in the rate of growth of large-denomination ($100,000 or more) time deposits included in *M*-2. Moreover, despite a substantial widening of the adverse differential between short- and intermediate-term market yields and Regulation Q ceilings on most deposits, the growth rate of interest-earning deposits at commercial banks subject to these ceilings, that is, savings and small-denomination time deposits, rose slightly for the second consecutive quarter.

The faster growth of small-denomination time deposits at commercial banks was attributable largely to inflows into the new 6-month money market certificate, the ceiling rate on which varies with the discount rate in weekly auctions of 6-month Treasury bills. Banks first offered these certificates in June, and by the end of September they had issued almost $10 billion of them, an amount equal to 2½ per cent of outstanding small time and savings deposits. Most of this amount probably represents retention of funds from maturing time deposits and transfers from savings deposits, rather than receipt of new funds; the volume of other small time deposits with shorter maturities at banks has dipped sharply since June, and the rate of

Treasury yield curves and deposit rate ceilings



† Maximum yield on "money market" time deposits at thrift institutions for September 27, 1978.

* Maximum yield on "money market" time deposits at commercial banks for September 27, 1978.

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.

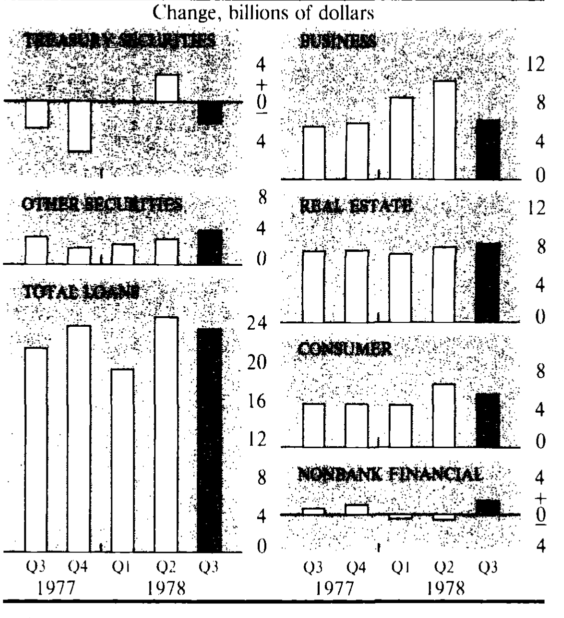
growth in small time deposits with longer maturities also has fallen in recent months. In the absence of the new 6-month certificate, however, many of the funds shifted to it might have been invested directly in market securities. The growth of savings deposits was very slow on average in the third quarter. There were net withdrawals from savings accounts of individuals in June and July, but relatively large inflows into these accounts in August and September.

The new money market certificate appears to have contributed to the ability of thrift institutions, even more than banks, to attract additional funds and to retain deposits that otherwise might have been diverted into market instruments. By the end of the third quarter, outstanding balances of money market certificates at savings and loans and mutual savings banks stood at about $24 billion, or 4¼ per cent of total deposits. At least some of the more rapid growth of such accounts reflected the differential of 25 basis points between the ceiling rates at thrift institutions and those at commercial banks. Primarily because of the attractiveness of the money market certificate, total deposit growth at thrift institutions accelerated substantially during the quarter to an annual rate of 11.6 per cent. As a result, growth in *M*-3 jumped to an annual rate of 10 per cent, well above the pace of 7.8 per cent in the first half of 1978.

Even with the continued large increase in deposits subject to rate ceilings, banks supported asset growth by adding to managed liabilities—a composite of large-denomination time deposits and nondeposit short-term borrowings, on which there are no rate ceilings—at about the same rate as in the second quarter. This increase in managed liabilities, however, was much smaller than in late 1977 and early 1978. At large banks, the ratio of these liabilities to total net assets edged up slightly, remaining below the 1974 peak but extending the virtually uninterrupted rise begun in late 1976. During the first half of 1978, large, nonmoney-market banks were largely responsible for the greater use of managed liabilities. But in the third quarter, the money market banks accounted for most of the increase, as other large banks reduced somewhat their unusually extensive reliance on such funds.

Components of bank credit

Major categories of bank loans



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

Total loans and investments of commercial banks increased at an annual rate of 11 per cent in the third quarter, somewhat below the pace of growth in the preceding 3 months. Holdings of Treasury securities were reduced, following some accumulation in the second quarter. Acquisitions of municipal securities were large, as they have been throughout the year, apparently reflecting demand for tax-exempt assets due to a rise in bank profits.

Growth in bank loans slowed somewhat during the third quarter, with most of the deceleration resulting from a slower pace of business lending and a run-off in security loans. Real estate lending picked up somewhat from the exceptionally vigorous rate since the end of 1976. Bank lending to consumers, on the other hand, moderated slightly in the third quarter.

Business loans and short- and intermediate-term business credit
Seasonally adjusted annual rate of change, per cent

Period	Business loans at banks[1]		Total short- and intermediate-term business credit[2]
	Total	Excluding bank holdings of bankers acceptances	
1975—Q1..	−5.2	−7.4	−4.4
Q2..	−8.7	−9.0	−8.9
Q3	−2.4	−2.9	−.5
Q4..	...	−2.3	−3.9
1976—Q1..	−6.9	−6.6	−1.2
Q2..	1.6	2.1	5.9
Q3..	5.3	2.8	2.3
Q4..	10.6	9.7	12.8
1977—Q1..	11.2	13.3	14.6
Q2..	12.8	12.9	16.1
Q3..	11.2	10.4	10.4
Q4..	11.7	12.6	16.4
1978—Q1..	16.3	17.8	15.5
Q2..	19.0	19.5	18.6
Q3..	11.0	11.0	9.6

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

[2] Short- and intermediate-term business credit is business loans at commercial banks excluding bank holdings of bankers acceptances plus nonfinancial company commercial paper and finance company loans to businesses measured from end of quarter to end of quarter.

BUSINESS FINANCE

The external financing needs of nonfinancial businesses decreased in the third quarter, as internally generated funds increased while capital expenditures remained about unchanged. The reduction in credit requirements was reflected almost entirely in short- and intermediate-term borrowing; growth of business credit in these maturity ranges fell to 9½ per cent from 18½ per cent during the second quarter. Although business borrowing in the commercial paper market and from finance companies slowed, most of the deceleration resulted from a near halving in the rate of growth in loans from banks. This decline in business lending was most pronounced at large banks, whose credit extensions to firms in the manufacturing, mining, retail trade, and public utilities industries were especially weak. Some of the reduction in lending by these banks also may have been attributable to a tendency toward tightening in the terms of bank loans at large, non-money-market banks, which already had experienced a marked erosion of their liquidity positions.

Although it remained well below the levels of recent years, borrowing by nonfinancial corporations in bond markets picked up somewhat in the third quarter. In the public bond market expanded issuance by public utilities, especially communications concerns, accounted for much of the increase. In contrast, offerings by industrial corporations during the third quarter remained quite moderate, as industrial firms with the higher ratings (Aa and above) continued to avoid issuance of bonds. Such firms probably were reluctant to incur long-term debt at the relatively high level of interest rates prevailing this year and could rely heavily on short-term borrowing, since they had made substantial improvements to their liquidity positions earlier in the expansion. Financial corporations also reduced their public bond offerings during the third quarter, mainly owing to a drop in sales of securities by finance companies.

Although the volume of public bond offerings by higher-rated industrial concerns was quite small in the third quarter, such offerings by corporations with low bond ratings (less than Baa) were relatively large. In addition, private placements of corporate bonds, which tend to be issues of manufacturing and industrial concerns with ratings below Aa, are estimated to have remained close to the relatively strong pace of other recent quarters. This sizable volume

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

Type of security	1977		1978		
	Q3	Q4	Q1	Q2[r]	Q3[e]
Corporate, total	61	59	39	46	54
Bonds	49	43	32	36	43
Publicly offered	33	24	16	19	27
Privately placed	16	19	16	17	16
Stocks	12	16	7	10	11
Foreign	13	5	5[r]	12	6
State and local government	47	46	43	49	51

r Revised.
e Estimated.

of bond issuance by lower-rated corporations reflected in part the availability of loanable funds at major institutional investors such as life insurance companies and bond funds, which tend to favor investment in such corporations. In addition, it may have been encouraged by the relatively low risk premiums associated with these securities. The spread between lower-rated (Baa) and higher-rated (Aaa) corporate bonds remained relatively narrow through the third quarter, despite the over-all upward movement in long-term interest rates this year.

Even with substantial increases in short-term interest rates during most of the third quarter, yields on corporate bonds declined slightly, on balance, over the period. Gains in stock prices, on the other hand, were quite pronounced for the quarter, although some of the increases registered in the first 2 months were erased in late September. At the end of September major indexes of stocks listed on the New York Stock Exchange generally were from 6 to 12 per cent above their levels at the beginning of the year, but remained below their highs for the current expansion reached at the end of 1976. Price indexes of issues listed on the American Stock Exchange and traded over the counter ended the quarter only slightly below their record highs established in mid-September. In October, stock prices moved sharply lower and interest rates on corporate bonds increased, in apparent reaction to heightened uncertainty about the outlook for inflation and economic activity, to higher short-term interest rates, and to weakness in the foreign exchange value of the dollar. The prices of long-term securities stabilized in November, however, following the announcement of the joint Treasury–Federal Reserve program to stem the decline in the foreign exchange value of the dollar.

Because of their strong price performance in the third quarter, stocks traded on the American Stock Exchange and over the counter had a substantial increase in their price-earnings ratios. In part reflecting this improvement, equity issuance by smaller firms, whose share prices make up a large portion of these indexes, increased during the quarter, leading to a slight rise in the total volume of common and preferred stock offerings. Total equity issuance remained small, however, as the relatively low level of price-earnings ratios for most larger corporations apparently continued to discourage the issuance of new stock.

GOVERNMENT FINANCE

State and local governments offered a near-record amount of bonds in the third quarter, with advance refundings reaching a record level in August and accounting for a sizable portion of the quarter's total issues. The heavy pace of advance refundings came largely in anticipation of the September 1 effective date of new Treasury Department regulations that reduced the attractiveness of these operations.

Interest rates on State and local obligations declined appreciably during the third quarter. The *Bond Buyer* index of tax-exempt bond yields, at 6.10 per cent in early October, was almost ¼ of a percentage point below its level at the end of June, somewhat more than the decrease in yields on taxable Government securities. The relatively strong performance of tax-exempt yields over the quarter was due in part to a reported step-up in demand for these securities by commercial banks and property-casualty insurance companies, a group that also experienced strong profits.

Treasury borrowing during the third quarter amounted to $15 billion (not seasonally adjusted). The bulk of this borrowing occurred during the first 2 months of the quarter, mainly because of the issuance of special nonmarketable obligations associated with the advance refunding operations of State and local govern-

Federal Government borrowing and cash balance
Quarterly totals, billions of dollars, not seasonally adjusted

Item	1977				1978		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Treasury financing							
Budget surplus, or deficit (−)	−18.7	8.6	−12.2	−28.8	−25.8	14.0	−8.1
Off-budget deficit[1]	−4.3	.1	−4.9	−1.3	−3.7	−2.2	−3.1
Net cash borrowings, or repayments (−)	17.6	−1.1	[4]19.5	20.7	20.8	2.5	15.1
Other means of financing[2]	2.7	−.4	.4	2.6	2.8	−3.2	1.0
Change in cash balance	−2.6	7.2	[4]2.8	−6.8	−5.9	11.1	4.9
Federally sponsored credit agencies, net cash borrowings[3]	.7	3.0	1.8	2.0	4.5	[r]6.5	6.1

[1] Includes outlays of the Pension Benefit Guaranty Corporation, Postal Service Fund, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, Housing for the Elderly or Handicapped Fund, and Federal Financing Bank. All data have been adjusted to reflect the return of the Export-Import Bank to the unified budget.

[2] Checks issued less checks paid, accrued items, and other transactions.

[3] 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).

[4] Includes $2.5 billion of borrowing from the Federal Reserve on September 30, which was repaid October 4 after the new debt ceiling bill became law.

[r] Revised.

ments. A sizable volume of nonmarketable Government securities also was acquired by foreign official accounts with the proceeds from dollar support operations in foreign exchange markets, in contrast to a net paydown of special foreign issues during the preceding quarter. In the third quarter, the Treasury continued to rely mostly on coupon securities to meet its financing needs in the open market. During the first three quarters of 1978, the outstanding supply of Treasury bills remained about unchanged, at $161 billion, while coupon issues increased almost $29 billion. However, most of the coupon issues had maturities of 2 to 4 years; as a result, the average maturity of the Treasury debt, which was 3 years and 1 month at the end of September, had lengthened only 2 months since the end of 1977.

Net borrowing by Federally sponsored credit agencies remained sizable during the third quarter as a whole, although the pace of intermediate- and long-term borrowing slowed appreciably as the quarter progressed. As in the preceding two quarters, most of this borrowing was related to activity of sponsored credit agencies in the residential mortgage market. The Federal National Mortgage Association and the Federal home loan banks both borrowed heavily during most of the quarter in order to obtain funds with which to offset tightness in the mortgage market and to rebuild their own holdings of liquid assets.

MORTGAGE AND CONSUMER CREDIT

Net mortgage lending edged higher during the third quarter from its pace in the first half of 1978. Flows of funds into residential mortgages picked up slightly, although they were still about $10 billion below the level recorded in the second half of 1977. In addition, commercial and other nonresidential mortgage lending posted a small further increase during the quarter. The continued strong pace of commercial mortgage lending can be attributed principally to rising commercial construction activity.

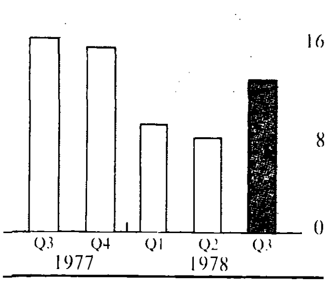
Commercial banks increased their mortgage lending in the third quarter, from an already strong pace in the previous quarter, and life insurance companies continued to acquire substantial amounts of mortgages. The rise in net mortgage acquisitions by these diversified intermediaries can be attributed in part to the increased demand for commercial and other nonresidential mortgages, for which they are major lenders, as well as to the relative attractiveness of mortgage yields. In addition, because of the relatively flat volume of private offerings of corporate bonds, insurance companies could channel increases in cash flows into mortgage markets.

In contrast with the expanded mortgage lending of commercial banks and life insurance companies, savings and loan associations acquired fewer mortgages during the third quarter, in lagged response to the sharply reduced deposit inflows during the first half of 1978. Spurred by sales of the new money market certificate, deposit growth at savings and loans increased during the third quarter. However, these associations apparently used much of the increased deposit inflows to improve their liquidity and moderate their reliance on borrowed funds. At insured savings and loans, the liquidity ratio—cash and liquid assets divided by the sum of short-term borrowings and deposits—rose substantially over the quarter, reaching 9.2 per cent in September, its highest level since mid-1977. In addition, savings and loans slowed the rate at which they were taking down advances from Federal home loan banks. The pick-up in deposits also encouraged a modest increase in mortgage commitments outstanding at these associations during the quarter.

Issuance of mortgage pass-through securities guaranteed by the Government National Mortgage Association (GNMA) increased substantially in the third quarter, following sharp declines earlier in the year, and purchases by the Federal National Mortgage Association (FNMA) of Government-underwritten home loans fell off sharply. This pattern resulted from a rise in prices of GNMA-backed, pass-through securities relative to prices available to originators of Government-guaranteed mortgages under existing FNMA mortgage commitments.

Deposits at savings and loans

Annual rate of change, per cent



Seasonally adjusted. Quarterly averages at annual rates.

Net change in mortgage debt outstanding

Seasonally adjusted annual rates, billions of dollars

Change	1977		1978		
	Q3	Q4	Q1	Q2[r]	Q3[e]
Total	141	151	133	137	140
By type of property:					
Residential	114	116	100	103	104
Other [1]	27	35	33	34	36
By type of holder:					
Commercial banks	32	31	25	31	36
Savings and loans	61	62	54	52	48
Mutual savings banks	8	8	7	6	7
Life insurance companies	5	9	6	9	10
FNMA and GNMA	−3	*	6	13	8
Other [2]	38	41	35	26	31

[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 these mortgage-pooled securities may have been purchased by the institutions shown separately but are not included in the above mortgage holdings.

[r] Revised.

[e] Estimated.

* Less than $500 million.

The average interest rate on new commitments for conventional home mortgages with 80 per cent loan-to-value ratios at savings and loans was little changed over the quarter, following an increase of about ¾ of a percentage point in the first half. In the face of continued strong demand for mortgage funds, the relative stability of mortgage interest rates may be largely attributable to the strengthening of deposit flows, as well as to the declines in other long-term market interest rates at midquarter.

Consumer instalment credit outstanding expanded at an annual rate of about 16 per cent during the third quarter, somewhat slower than during the first half but still quite strong. The moderation resulted from a continuing increase of credit extensions. Sales of autos at higher prices remained the major stimulus to the growth of instalment credit. Although interest rates on automobile credit remain largely unchanged, other credit terms, such as the average loan maturity at commercial banks and down-payment requirements at finance companies, appear to have begun tightening during the quarter. □

Survey of Time and Savings Deposits at Commercial Banks, July 1978

Total time and savings deposits at insured commercial banks, not adjusted for normal seasonal variation, expanded 2½ per cent during the 3 months ending July 26, 1978, compared with 3 per cent over the preceding intersurvey period.[1] As they had in each survey quarter since April 1977, banks relied heavily on the sales of large-denomination ($100,000 or more) time deposits to finance continued brisk expansion in bank credit. Between April and July, banks raised $10 billion through the issuance of large time deposits, only a little less than the quarterly-average growth of $11 billion for the four preceding survey quarters. Inflows of interest-bearing deposits subject to rate ceilings totaled more than $4¼ billion in the most recent survey, close to the average of $4 billion per quarter since April 1977.

Unlike other recent quarters, however, introduction of two new deposit categories on June 1 altered substantially the pattern of deposit flows among small-denomination (less than $100,000) time and savings deposits. The first new category, the 6-month money market time deposit (MMTD)—with a ceiling interest rate that changes weekly with changes in the average yield on new issues of 6-month Treasury bills—attracted nearly $5½ billion.[2] A substantial portion of these funds appear to have been shifted from other types of small time and savings deposits at banks; such accounts declined about $1½ billion since the last survey. However, MMTD balances probably also included funds that otherwise would have been diverted to market instruments in view of the considerable rise in market interest rates over the period. The second instrument authorized on June 1, time certificates with original maturities of 8 years and over that are subject to a 7¾ per cent rate ceiling, attracted nearly $1½ billion, likely including funds that otherwise would have flowed into other long-maturity accounts.

SAVINGS DEPOSITS

During the May-July period, outstanding savings deposits at commercial banks, not seasonally adjusted, declined for the first time since the survey of January 1970. The $500 million net outflow of savings deposits reflected rising

NOTE.—David M. Lefever of the Board's Division of Research and Statistics prepared this article.

[1] Surveys of time and savings deposits (STSD) at all member banks were conducted by the Board of Governors in late 1965, in early 1966, and quarterly in 1967. In January and July 1967 the surveys also included data for all insured nonmember banks collected by the Federal Deposit Insurance Corporation (FDIC). Since the beginning of 1968 the Board of Governors and the FDIC have conducted the joint quarterly surveys to provide estimates for all insured commercial banks based on a probability sample of banks. The results of all earlier surveys have appeared in previous BULLETINS from 1966 to 1978, the most recent being August 1978.

The current sample designed to provide estimates of the composition of deposits includes about 560 insured commercial banks. For details of the statistical methodology, see "Survey of Time and Savings Deposits, July 1976" in the BULLETIN for December 1976.

Detailed data for the current survey (formerly contained in appendix tables) are available on request from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

[2] The 6-month MMTD, which was introduced on June 1, 1978, has a legal maximum nominal offering rate derived weekly from the auction average discount yield on the most recently issued 6-month Treasury securities. The minimum required deposit for an MMTD is $10,000. The ceiling rate on MMTD's for thrift institutions is 25 basis points higher than the maximum allowable rate for commercial banks. The range of offering rates on MMTD's appears in Table 1.16 (p. A10) of the BULLETIN.

rates on alternative short-term instruments, including Treasury securities, money market mutual funds, and the new MMTD's. By the end of July, rates on 90-day Treasury bills and money market mutual funds exceeded the maximum allowable yield on savings deposits by more than 2 percentage points, while the maximum effective yield in MMTD's was 2½ percentage points higher than the savings rate.

The net outflow of savings deposits was concentrated in accounts held by individuals and domestic governmental units, as deposits in each of these categories declined more than $400 million. Meanwhile, businesses increased their holdings of savings deposits by more than $300 million, after virtually no net inflow over the past year. For each of the three major categories of savings deposits, a slightly larger proportion of banks paid the ceiling rate of interest in July than in April. Nevertheless, the impact of these increases was so small that the average rate paid on all new issues of savings deposits, weighted by the amount of deposits outstanding, remained unchanged from the April survey at 4.93 per cent.

SMALL-DENOMINATION TIME DEPOSITS

Interpretation of movements in interest-earning small-denomination time deposits, consisting of all maturity categories including MMTD's, individual retirement accounts, and Keogh ac-

1. Types of time and savings deposits held by insured commercial banks on survey dates, January 25, April 26, and July 26, 1978

Type of deposit, denomination, and original maturity	Number of issuing banks			Deposits				
				Millions of dollars			Percentage change	
	Jan. 25	Apr. 26	July 26	Jan. 25	Apr. 26	July 26	Jan. 25-Apr. 26	Apr. 26-July 26
Total time and savings deposits	**14,245**	**14,339**	**14,338**	**548,142**	**564,410**	**578,684**	**3.0**	**2.5**
Savings	**14,245**	**14,339**	**14,338**	**218,390**	**222,065**	**221,557**	**1.7**	**−.2**
Issued to:								
Individuals and nonprofit organizations	14,245	14,339	14,338	202,513	205,843	205,433	1.6	−.2
Partnerships and corporations operated for profit (other than commercial banks)	9,374	9,754	9,955	10,558	10,679	11,005	1.1	3.1
Domestic governmental units	8,391	8,363	8,023	5,206	5,427	4,981	4.2	−8.2
All other	1,251	1,081	1,268	112	116	138	4.0	18.9
IRA and Keogh Plan time deposits, 3 years or more	9,088	9,434	9,364	2,084	2,549	2,782	22.3	9.1
Money market certificates, $10,000 or more, exactly 6 months[1]	....	....	9,102	....	....	5,409	....	....
Other interest-bearing time deposits, less than $100,000	**14,090**	**14,102**	**14,095**	**166,717**	**169,674**	**168,077**	**1.8**	**−.9**
Issued to:								
Domestic governmental units	*10,688*	*11,135*	*10,845*	*4,118*	*4,219*	*4,030*	*2.5*	*−4.5*
30 up to 90 days	5,201	5,153	4,770	862	865	921	.3	6.5
90 up to 180 days	7,367	8,657	7,927	1,243	1,273	1,177	2.4	−7.6
180 days up to 1 year	4,882	5,132	5,539	854	825	669	−3.3	−18.9
1 year and over	8,680	8,748	8,867	1,159	1,255	1,264	8.3	.7
Other than domestic governmental units	*14,090*	*14,102*	*14,092*	*162,598*	*165,455*	*164,046*	*1.8*	*.9*
30 up to 90 days	6,629	6,439	6,125	6,250	5,886	5,429	5.8	−7.8
90 up to 180 days	11,751	11,635	11,700	31,459	30,634	29,556	2.6	−3.5
180 days up to 1 year	8,808	8,605	8,458	3,587	3,105	3,171	−13.4	2.1
1 up to 2½ years	13,508	13,832	13,769	33,977	33,941	33,041	.1	−2.7
2½ up to 4 years[2]	12,476	12,750	12,902	18,463	19,154	18,452	3.7	3.7
4 up to 6 years[2]	12,390	12,610	13,044	50,848	52,081	51,126	2.4	−1.8
6 up to 8 years[2]	9,198	9,455	10,740	18,016	20,654	21,852	14.6	5.8
8 years and over[1,2]	....	....	6,135	....	....	1,418	....	....
Interest-bearing time deposits, $100,000 or more	**11,747**	**11,369**	**11,531**	**156,122**	**164,616**	**174,341**	**5.4**	**5.9**
Non-interest-bearing time deposits	1,625	1,650	1,470	4,019	3,999	4,381	−.5	9.5
Less than $100,000	1,379	1,379	1,177	692	623	695	9.9	11.5
$100,000 or more	623	667	681	3,327	3,376	3,686	1.5	9.2
Club accounts (Christmas savings, vacation, or similar club accounts)	9,124	9,246	9,550	811	1,508	2,138	85.9	41.8

1 Issuance authorized beginning June 1, 1978.

2 Excludes all IRA and Keogh Plan accounts with original maturity of 3 years or more.

NOTE.—All banks that had either discontinued offering or never offered certain types of deposits as of the survey date are not counted as issuing banks. However, small amounts of deposits held at banks that had discontinued issuing certain types of deposits are included in the amounts outstanding.

Details may not add to totals because of rounding.

2. Small-denomination time and savings deposits held by insured commercial banks on July 26, 1978, compared with April 26, 1978, by type of deposit, by most common rate paid on new deposits in each category, and by size of bank

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	July 26	Apr. 26	July 26	Apr. 26	July 26	Apr. 26	July 26	Apr. 26	July 26	Apr. 26	July 26	Apr. 26
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars), or percentage distribution					
Savings deposits												
Individuals and nonprofit organizations												
Issuing banks	14,338	14,339	13,265	13,255	1,073	1,084	205,433	205,843	78,624	77,865	126,808	127,978
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	4.1	4.3	4.1	4.3	3.8	5.1	3.2	3.4	3.6	3.6	2.9	3.3
4.01–4.50	8.4	9.4	8.7	9.8	5.0	4.5	7.1	7.5	9.2	9.9	5.8	6.0
4.51–5.00	87.5	86.3	87.2	86.0	91.2	90.4	89.7	89.1	87.2	86.5	91.3	90.7
Paying ceiling rate [1]	**87.5**	**86.3**	**87.2**	**86.0**	**91.2**	**90.4**	**89.7**	**89.1**	**87.2**	**86.5**	**91.3**	**90.7**
Partnerships and corporations												
Issuing banks	9,955	9,754	8,898	8,683	1,057	1,071	11,005	10,679	3,277	3,366	7,729	7,313
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	1.6	1.4	1.7	1.4	.8	.8	.7	.5	2.1	1.2	.2	.1
4.01–4.50	7.4	8.0	7.9	8.5	3.4	3.7	4.3	4.8	5.8	6.4	3.7	4.0
4.51–5.00	91.0	90.7	90.4	90.1	95.8	95.5	95.0	94.7	92.1	92.4	96.2	95.8
Paying ceiling rate [1]	**90.7**	**90.4**	**90.1**	**89.8**	**95.8**	**95.5**	**95.0**	**94.7**	**92.1**	**92.4**	**96.2**	**95.8**
Domestic govt. units												
Issuing banks	8,023	8,363	7,293	7,627	730	736	4,981	5,427	3,001	3,063	1,980	2,364
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	2.4	3.7	2.6	4.0	.1	.1	1.1	1.0	1.7	1.7	.1	.2
4.01–4.50	9.5	10.9	10.1	11.7	3.4	3.3	3.6	3.3	4.6	5.1	2.1	1.1
4.51–5.00	88.1	85.3	87.3	84.3	96.4	96.5	95.3	95.6	93.7	93.3	97.8	98.7
Paying ceiling rate [1]	**88.1**	**85.0**	**87.3**	**83.9**	**96.4**	**96.5**	**95.3**	**95.5**	**93.7**	**93.0**	**97.8**	**98.7**
All other												
Issuing banks	1,268	1,081	1,106	912	162	169	138	116	33	29	105	87
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	13.6	10.6	15.3	12.2	2.0	1.9	1.6	1.1	3.2	1.9	1.0	.9
4.01–4.50	19.0	19.6	21.8	22.2	(2)	5.5	(2)	.4	.1	(2)	(2)	.5
4.51–5.00	67.4	69.8	62.9	65.6	98.0	92.6	98.4	98.5	96.7	98.1	99.0	98.6
Paying ceiling rate [1]	**67.4**	**69.8**	**62.9**	**65.6**	**98.0**	**92.6**	**98.4**	**98.5**	**96.7**	**98.1**	**99.0**	**98.6**
IRA and Keogh Plan time deposits, 3 years or more												
Issuing banks	9,338	9,434	8,352	8,456	986	978	2,771	2,549	1,098	1,036	1,674	1,513
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	4.1	5.8	4.3	5.9	2.7	5.1	2.8	2.6	2.0	1.6	3.3	3.3
6.01–7.00	7.8	9.9	8.3	10.6	3.8	3.3	2.4	2.9	3.2	5.4	1.8	1.2
7.01–7.50	36.9	44.4	37.8	45.6	29.4	34.0	29.8	38.0	38.7	49.4	23.9	30.2
7.51–7.75	51.1	39.9	49.6	37.8	64.2	57.6	65.1	56.5	56.2	43.7	71.0	65.3
Paying ceiling rate [1]	**23.5**	**39.9**	**22.6**	**37.8**	**30.7**	**57.6**	**35.0**	**56.5**	**29.4**	**43.7**	**38.6**	**65.3**
Money market certificates, $10,000 or more, 6 months [3]												
Issuing banks	8,928	....	7,891	....	1,036	....	5,369	....	1,830	....	3,538	....
Distribution, total	100	....	100	....	100	....	100	....	100	....	100	....
7.25 or less	9.4	....	10.4	....	1.7	....	3.0	....	5.6	....	1.7	....
7.26–7.48	31.4	....	33.9	....	11.7	....	16.8	....	23.9	....	13.1	....
7.49–7.50	59.3	....	55.7	....	86.6	....	80.2	....	70.4	....	85.2	....
Paying ceiling rate [1]	**59.3**	....	**55.7**	....	**86.6**	....	**80.2**	....	**70.4**	....	**85.2**	....
Time deposits less than $100,000												
Domestic govt. units:												
30 up to 90 days												
Issuing banks	4,770	5,153	4,094	4,446	676	708	921	837	496	463	425	374
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.7	2.5	.6	2.8	1.6	.8	1.4	.1	.1	(2)	2.9	.1
4.51–5.00	50.2	60.5	47.6	58.4	65.5	73.5	43.1	52.2	34.1	42.6	53.5	64.1
5.01–5.50	14.8	9.2	16.1	9.9	6.6	5.1	5.8	8.4	7.4	5.6	4.0	11.8
5.51–7.75	34.3	27.8	35.7	28.9	26.2	20.6	49.7	39.3	58.3	51.7	39.6	24.0
Paying ceiling rate [1]	**.2**	**.1**	(2)	(2)	**1.1**	**.5**	(2)	(2)	(2)	(2)	(2)	(2)
90 up to 180 days												
Issuing banks	7,887	8,657	7,060	7,833	827	824	1,174	1,273	847	939	327	333
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.1	.4	(2)	.5	.7	.3	.1	(2)	(2)	(2)	.2	(2)
4.51–5.00	17.0	8.7	18.0	9.0	8.2	5.3	13.9	7.7	17.1	8.3	5.5	5.9
5.01–5.50	65.4	75.5	64.8	75.0	70.0	79.3	62.8	72.3	62.4	71.7	63.9	74.0
5.51–7.75	17.6	15.4	17.2	15.5	21.1	15.1	23.2	20.1	20.4	20.0	30.4	20.2
Paying ceiling rate [1]	**.2**	**.1**	(2)	(2)	**1.5**	**.8**	**.9**	**.1**	(2)	(2)	**3.2**	**.5**

For notes see end of table.

TABLE 2—Continued

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	July 26	Apr. 26	July 26	Apr. 26	July 26	Apr. 26	July 26	Apr. 26	July 26	Apr. 26	July 26	Apr. 26
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars), or percentage distribution					
Time deposits, less than $100,000 (cont.)												
Domestic govt. units (cont.)												
180 days up to 1 year												
Issuing banks	5.488	5.132	4.820	4.521	668	611	667	818	466	562	201	257
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])
4.51-5.00	9.7	2.1	10.1	1.5	6.7	6.7	3.8	12.2	2.0	.2	7.8	38.4
5.01-5.50	61.7	69.3	61.3	68.7	64.0	74.4	42.7	35.8	38.3	31.7	53.2	44.8
5.51-7.75	28.6	28.5	28.5	29.9	29.3	18.8	53.5	51.9	59.7	68.0	39.0	16.8
***Paying ceiling rate*[1]**	**3.6**	**.1**	**3.3**	**([2])**	**6.0**	**.9**	**11.4**	**.1**	**11.1**	**([2])**	**12.0**	**.4**
1 year and over												
Issuing banks	8.685	8.748	7.872	7.911	813	837	1.252	1.246	946	989	306	257
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	1.1	1.4	.9	1.1	2.7	3.4	.2	.5	.1	.2	.4	2.0
5.01-5.50	3.3	3.1	3.1	2.7	5.4	6.6	1.4	5.1	.7	1.0	3.3	21.1
5.51-6.00	64.2	61.8	64.3	61.9	63.0	60.8	52.8	59.8	60.0	61.1	30.7	54.7
6.01-7.75	31.4	33.8	31.7	34.3	28.8	29.1	45.7	34.5	39.2	37.7	65.6	22.2
***Paying ceiling rate*[1]**	**1.3**	**.2**	**1.1**	**([2])**	**3.9**	**1.7**	**6.7**	**.6**	**5.7**	**([2])**	**9.5**	**2.9**
Other than domestic govt. units:												
30 up to 90 days												
Issuing banks	6.125	6.439	5.247	5.514	878	925	5.400	5.861	1.128	1.057	4.272	4.803
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	2.8	2.1	3.0	2.2	1.7	1.2	4.5	.9	.1	.1	5.7	1.1
4.51-5.00	97.2	97.9	97.0	97.8	98.3	98.8	95.5	99.1	99.9	99.9	94.3	98.9
***Paying ceiling rate*[1]**	**97.2**	**97.9**	**97.0**	**97.8**	**98.3**	**98.8**	**95.5**	**99.1**	**99.9**	**99.9**	**94.3**	**98.9**
90 up to 180 days												
Issuing banks	11.700	11.635	10.656	10.570	1.044	1,065	29.544	30.532	11.755	12,044	17.788	18,488
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.6	.6	.7	.6	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])
4.51-5.00	5.1	5.1	5.3	5.3	3.3	3.1	4.9	4.7	3.9	3.8	5.6	5.4
5.01-5.50	94.3	94.4	94.1	94.1	96.7	96.9	95.1	95.3	96.1	96.2	94.4	94.6
***Paying ceiling rate*[1]**	**94.3**	**94.3**	**94.1**	**94.1**	**96.6**	**96.0**	**94.6**	**94.7**	**96.1**	**96.2**	**93.7**	**93.7**
180 days up to 1 year												
Issuing banks	8.458	8.605	7.576	7.709	882	896	3,155	3.083	1,618	1.606	1.537	1.477
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.6	.6	.4	.4	1.9	1.9	.2	.2	([2])	([2])	.3	.3
4.51-5.00	4.2	7.3	4.3	7.8	3.2	2.9	.8	3.0	.9	1.4	.6	4.6
5.01-5.50	95.2	92.1	95.3	91.7	94.9	95.2	99.1	96.9	99.1	98.6	99.0	95.0
***Paying ceiling rate*[1]**	**95.2**	**91.8**	**95.3**	**91.4**	**94.9**	**95.2**	**99.1**	**96.9**	**99.1**	**98.6**	**99.0**	**95.0**
1 up to 2½ years												
Issuing banks	13.769	13.832	12.708	12.772	1,060	1.060	32,971	33,766	20,692	21.126	12.279	12,641
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	([2])	.5	([2])	.5	([2])	.2	([2])	.5	([2])	.1	([2])	1.0
5.01-5.50	1.9	2.5	2.0	2.6	1.1	1.3	1.4	1.1	.7	1.3	2.5	.8
5.51-6.00	98.1	97.0	98.0	96.9	98.9	98.5	98.6	98.4	99.3	98.6	97.5	98.2
***Paying ceiling rate*[1]**	**98.0**	**96.9**	**98.0**	**96.9**	**97.6**	**97.1**	**98.3**	**98.1**	**99.3**	**98.6**	**96.8**	**97.3**
2½ up to 4 years												
Issuing banks	12.902	12.750	11,853	11.697	1.049	1.053	18,418	19.154	10.886	11.212	7.531	7.942
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	1.9	4.0	1.9	4.1	1.7	2.8	1.1	5.1	.9	6.2	1.5	3.6
6.01-6.50	98.1	96.0	98.1	95.9	98.3	97.2	98.9	94.9	99.1	93.8	98.5	96.4
***Paying ceiling rate*[1]**	**97.1**	**95.7**	**97.1**	**95.7**	**97.4**	**95.4**	**98.5**	**94.3**	**98.9**	**93.3**	**98.0**	**95.7**
4 up to 6 years												
Issuing banks	13,044	12.610	12,002	11.567	1,043	1.044	51,049	51.938	28,111	27.979	22,938	23.959
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.50 or less	.6	1.3	.5	1.1	1.7	3.5	.9	1.4	.5	.2	1.3	2.9
6.51-7.00	12.2	12.3	12.7	12.9	7.3	5.4	9.3	9.8	12.8	14.9	5.0	3.8
7.01-7.25	87.2	86.4	86.8	86.0	91.0	91.1	89.9	88.8	86.7	84.9	93.7	93.4
***Paying ceiling rate*[1]**	**86.9**	**85.9**	**86.6**	**85.4**	**90.5**	**90.7**	**89.6**	**88.6**	**86.6**	**84.7**	**93.3**	**93.3**
6 up to 8 years												
Issuing banks	10,740	9.455	9,741	8.494	998	961	21.781	20,391	9,804	8,589	11.977	11.802
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.00 or less	.6	1.3	.3	.9	3.3	4.8	.5	1.3	([2])	([2])	.9	2.2
7.01-7.25	4.8	4.9	5.0	5.2	2.6	2.6	1.6	2.1	1.4	1.3	1.7	2.7
7.26-7.75	94.6	93.8	94.6	94.0	94.1	92.6	97.9	96.6	98.6	98.7	97.3	95.1
***Paying ceiling rate*[1]**	**94.5**	**93.8**	**94.6**	**94.0**	**93.2**	**92.1**	**97.8**	**94.0**	**98.6**	**98.7**	**97.1**	**90.7**

For notes see end of table.

TABLE 2—Continued

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	July 26	Apr. 26	July 26	Apr. 26	July 26	Apr. 26	July 26	Apr. 26	July 26	Apr. 26	July 26	Apr. 26
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars), or percentage distribution					
Time deposits less than $100,000 (cont.)												
Other than domestic govt. units (cont.)												
8 years and over[3]												
Issuing banks	6,135	....	5,394	....	740	....	1,418	....	317	....	1,101	....
Distribution, total	100	....	100	....	100	....	100	....	100	....	100	....
7.25 or less	1.5	....	1.3	....	3.6	....	3.5	....	.7	....	4.4	....
7.26 7.50	4.0	....	3.3	....	8.4	....	27.9	....	2.7	....	35.2	....
7.51 7.75	94.5	....	95.4	....	88.0	....	68.5	....	96.6	....	60.4	....
Paying ceiling rate[1]	**94.5**	....	**95.4**	....	**88.0**	....	**68.5**	....	**96.6**	....	**60.4**	....
Club accounts												
Issuing banks	9,550	9,246	8,735	8,417	815	830	2,132	1,500	919	640	1,213	859
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
0.00	48.3	44.6	50.2	46.2	28.5	28.4	24.9	22.5	36.5	30.7	16.1	16.5
0.01-4.00	14.6	14.7	14.7	14.8	13.6	13.9	15.3	14.6	19.6	18.8	12.0	11.5
4.01-4.50	7.6	7.5	7.6	7.6	7.0	7.0	12.7	12.3	13.3	13.3	12.3	11.6
4.51-5.50	**29.5**	33.1	**27.5**	31.4	**50.9**	**50.8**	**47.1**	**50.6**	**30.6**	37.3	**59.6**	**60.5**

[1] See BULLETIN Table 1.16 on page A10 for the ceiling rates that existed at the time of each survey.
[2] Less than .05 per cent.
[3] Issuance authorized June 1, 1978.

NOTE. All banks that either had discontinued offering or had never offered particular types of deposits as of the survey date are not counted as issuing banks. Moreover, the small amounts of deposits held at banks that had discontinued issuing deposits are not included in the amounts outstanding. Therefore, the deposit amounts shown in Table 1 may exceed the deposit amounts shown in this table.

The most common interest rate for each instrument refers to the stated rate per annum (before compounding) that banks paid on the largest dollar volume of deposit inflows during the 2-week period immediately preceding the survey date.

Details may not add to totals because of rounding.

counts, was complicated by the introduction during the intersurvey period of the new 6-month and 8-year accounts. Except for a short time following the introduction of the 8-year account, yields on alternative market instruments remained above the fixed regulatory ceiling rates on all comparable maturities of small time deposits issued to nongovernmental units during the survey quarter. Nevertheless, in the May-July period the outstanding level of small time deposits rose to $176 billion, up from $172 billion in the preceding quarter. The stock of the new MMTD's grew to $5½ billion from June 1 to the end of July, while $1½ billion flowed into certificates with maturities of 8 years and over in that period.

Reflecting diversion of deposits to these new accounts, as well as advances in market rates of interest on alternative instruments, flows to all other maturity categories of nongovernmental small-denomination time deposits weakened from the already slow pace of the February-April period. Indeed, banks experienced net outflows from all but one of the categories of small time deposits maturing in less than 6 years, suggesting that a large part of MMTD balances represent funds that were shifted from other deposits at banks, particularly deposits with maturities of 2½ up to 6 years. Inflows of time deposits with original maturities of 6 up to 8 years increased $1 billion, substantially less than the $2½ billion net inflow in the previous quarter.

Net outflows of governmental small-denomination time deposits, which had begun in April 1977, resumed in the May July interval after a slight net inflow during the preceding 3 months. While MMTD's likely attracted some deposits of governmental units, especially from the category of 180 days up to 1 year, the over-all effect of the new certificate on these governmental deposits seems to have been small. The impact of the MMTD was lessened by the fact that banks can now pay up to 8 per cent on all time deposits issued to these governmental entities without regard to deposit maturity though with the requirement that banks usually must pledge securities against such accounts.[3]

[3] Banks are permitted to offer rates on time deposits to governmental units up to the highest ceiling rate on any deposit category at any Federally insured institution.

3. Average of most common interest rates paid on various categories of time and savings deposits at insured commercial banks on July 26, 1978

Type of deposit, holder, and original maturity	Bank size (total deposits in millions of dollars)						
	All size groups	Less than 20	20 up to 50	50 up to 100	100 up to 500	500 up to 1,000	1,000 and over
Savings and small-denomination time deposits	5.65	5.80	5.80	5.70	5.60	5.55	5.51
Savings, total	4.93	4.95	4.91	4.91	4.94	4.90	4.96
Individuals and nonprofit organizations	4.93	4.94	4.91	4.91	4.94	4.89	4.96
Partnerships and corporations	4.96	5.00	4.82	4.97	4.99	4.98	4.97
Domestic governmental units	4.97	4.93	4.97	4.97	4.99	4.99	4.99
All other	4.97	5.00	4.76	5.00	4.98	5.00	5.00
IRA and Keogh Plan time deposits, 3 years or more	7.62	7.59	7.62	7.43	7.69	7.64	7.66
Money market certificates, exactly 6 months	7.42	7.28	7.45	7.20	7.45	7.48	7.48
Other time deposits in denominations of less than $100,000, total	6.35	6.34	6.48	6.42	6.32	6.25	6.22
Domestic governmental units, total	6.17	6.00	6.33	6.02	6.10	5.51	6.63
30 up to 90 days	6.09	6.46	6.17	6.01	6.41	4.76	5.85
90 up to 180 days	5.79	5.55	5.98	5.72	5.84	6.14	6.32
180 days up to 1 year	6.22	5.99	6.66	6.22	5.98	6.74	6.53
1 year and over	6.54	6.22	6.46	6.26	6.28	6.61	7.61
Other than domestic governmental units, total	6.35	6.36	6.48	6.42	6.32	6.27	6.22
30 up to 90 days	4.83	5.00	5.00	5.00	4.99	4.96	4.60
90 up to 180 days	5.47	5.48	5.49	5.47	5.49	5.50	5.44
180 days up to 1 year	5.49	5.49	5.50	5.49	5.47	5.49	5.50
1 up to 2½ years	5.99	5.99	6.00	6.00	5.97	6.00	5.99
2½ up to 4 years	6.49	6.48	6.49	6.50	6.49	6.50	6.49
4 up to 6 years	7.22	7.23	7.19	7.24	7.22	7.22	7.23
6 up to 8 years	7.48	7.49	7.50	7.50	7.45	7.49	7.49
Over 8 years	7.61	7.73	7.75	7.69	7.61	7.52	7.60
Club accounts[1]	3.45	1.79	2.86	3.30	3.89	3.51	4.21

1 Club accounts are excluded from all of the above categories.

NOTE.—The average rates were calculated by weighting the most common rate reported on each type of deposit at each bank by the amount of that type of deposit outstanding. All banks that had either discontinued offering or never offered particular types of deposit as of the survey date were excluded from the calculations for those specific types of deposits.

The July survey revealed a growing proportion of banks paying the maximum allowable rate on most categories of time deposits issued to nongovernmental units, while issuing rates to governments were little changed. These developments, coupled with the rise in interest payments associated with conversions of deposits to MMTD's, acted to raise the weighted-average rate paid on all small-denomination time and savings deposits 4 basis points to 5.65 per cent.

OTHER TIME DEPOSITS

Continued rapid growth of bank assets, coupled with comparatively slow growth in deposits subject to interest rate ceilings, induced banks to increase the outstanding volume of interest-bearing large-denomination time deposits by almost $10 billion. The growth of nearly 6 per cent, not seasonally adjusted, during the May–July period was slightly higher than that in the previous quarter and was the largest percentage increase of any May-July period since 1974. Large negotiable certificates of deposit at weekly reporting banks (not shown in the table) accounted for 60 per cent of the total advance.

After a slight decline in the previous survey period, non-interest-bearing time deposits, principally escrow accounts and compensating balances held in conjunction with loans, increased $400 million, or 9½ per cent, to almost $4½ billion. Club accounts increased seasonally by more than $600 million to just over $2 billion, slightly above the level of a year earlier. Almost half of the offering banks, holding a quarter of outstanding deposits, paid no interest on club accounts. □

Statement to Congress

Statement by G. William Miller, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, November 16, 1978.

Events in recent months have presented a formidable challenge to our Nation. While sustained economic expansion has led to higher levels of output and employment, continuing domestic inflation and a sharp decline in the value of the dollar on foreign exchange markets have posed growing threats to the vitality of the U.S. and world economies. Monetary policy is being directed forcefully toward helping to resolve these urgent problems.

The objective of the Federal Reserve has, for some time now, been to foster monetary and financial conditions that would lead to a reduction of inflationary pressures, while encouraging continued moderate economic growth. Real gross national product rose at a 4 per cent annual rate, on average, during the first three quarters of this year, as compared with 5½ per cent over the course of 1977. This slower pace in the expansion has been sufficient to achieve substantial further gains in employment, but at the same time it has avoided a significant overshoot of general levels of resource utilization that would have intensified inflationary demand pressures in labor and product markets.

Even so, there has been a marked pick-up in the rate of inflation. For example, consumer prices have climbed at an annual rate of 9½ per cent so far this year. A number of factors have contributed to this development. Reduced supplies of some agricultural commodities—especially meats—have caused sharply higher food prices. Legislated increases in the Federal minimum wage and in employer contributions for social security and unemployment compensation have boosted labor costs. Wage gains have been somewhat larger this year than last, on average, while our productivity performance has been lagging. And the depreciation of the dollar in international exchange has raised the prices of imports and weakened competitive restraints on the prices of domestically produced goods.

With a heavy calendar of collective bargaining in prospect for 1979 and with wage demands likely to be intensified by recent price advances, the threat of a further escalation of labor costs is very real. Furthermore, scheduled increases next year in the minimum wage and social security taxes will again provide a significant inflationary impulse to costs.

President Carter has announced a major program to break the self-destructive cycle of wages chasing prices and prices chasing wages. The program includes quantitative guidelines that establish standards for constructive behavior on the parts of labor and management. In addition, the President has indicated that he will seek to eliminate needlessly costly and anticompetitive regulation. He has also committed his administration to the containment of Federal spending and greater fiscal restraint.

On November 1, the administration's anti-inflation program was fortified by the joint actions of the Federal Reserve and the Treasury Department to strengthen the dollar in exchange markets. The Federal Reserve discount rate was raised 1 percentage point, and reserve requirements on large-denomination time deposits were increased. In addition, $30 billion in key foreign currencies were mobilized for exchange-market intervention. The speculative assault on the dollar in international currency markets had depressed its exchange value well below what could be justified on the basis of fundamental economic considerations. The psychological momentum of the markets, if not broken, threatened to worsen our inflation problem and to undermine confidence at home and abroad. The clear willingness of the United States to intervene actively in exchange markets and the monetary actions of the Federal Reserve have led to a rebound in the exchange value of the dollar and to a more stable market environment. These should be beneficial for domestic price performance in the period ahead and bolster confidence in the Nation's economic policies.

If the cooperation of business and labor that is so essential to the success of the administration's anti-inflation program is to be obtained and if we are to gain the fullest benefit of the recent dollar-support initiatives, it is absolutely essential that monetary and fiscal policies demonstrate prudent restraint. If inflation is to be gradually slowed, aggregate demand must not be permitted to expand to the point at which it presses excessively on available supplies of labor and industrial resources. This means that real GNP at this juncture probably should not grow at an annualized rate much above 3 per cent, in line with the prospective growth of potential output. Nor, of course, do we want to see a protracted shortfall from that pace that would bring on recession and underutilization of labor and productive capacity.

Recent trends in the economy and in financial markets suggest that expansion likely will be sustained, but at a more moderate pace over the next year or so. One noteworthy development has been the less robust pattern of spending by households following exceptional strength earlier in the cyclical recovery. Personal consumption expenditures rose at an estimated annual rate of less than 3 per cent in real terms during the first three quarters of this year, after having advanced at an average rate of 5½ per cent in the preceding 2¾ years. Rising costs of foods and other necessities have put substantial pressure on the budgets of many families, and the proportion of disposable income spent has been unusually high. Record levels of borrowing have played an important role in supporting consumer outlays, and the heavy repayment burdens that households face are likely to be an increasing constraint on spending in the forthcoming year. As a consequence, personal consumption expenditures probably will no more than keep pace with increases in personal income.

In addition, financial factors should induce some tapering off in homebuilding in 1979. To date, housing starts have remained on a high plateau, but the effects of recent increases in interest rates will soon begin to show through. The 6-month certificates, introduced in June, have enabled thrift institutions to avoid the disintermediation that has curtailed mortgage credit availability in the past, but they have not sheltered the housing market from the effects of higher interest rates. Builders already are experiencing steeper rates on construction loans, for which charges tend to move in step with the bank rate on loans to prime business borrowers, and the stock of loan commitments for permanent mortgage financing made earlier at lower rates is being depleted. The combined effects of higher mortgage rates and inflated house prices on the cost of homeownership are likely to bring about some decline in building—although nothing approaching the disastrous drops seen in the past seems in store.

Business investment meanwhile should remain supportive of economic expansion. Inventories by and large are quite lean in relation to current sales levels, and even with a continuation of cautious inventory policies, businessmen likely will wish to expand their stocks in line with rising sales. As for spending on plant and equipment, a recent private survey of investment intentions suggests only a modest increase next year in real terms. On the other hand, contracts and orders for new plant and equipment have been running well ahead of year-earlier levels—even after adjustment for inflation. In general, the willingness of businessmen to commit funds for major investment projects will hinge in large part on the success of efforts to control inflation, thereby providing the basis for greater confidence in the future health of the economy.

The foreign trade sector represents an element of strength in the economic outlook. The U.S. trade deficit should continue to shrink as a result of the stronger growth in prospect for some of our major trading partners and as a result of the effects of past exchange-rate changes on our competitive position.

In all, it is my expectation that real GNP will increase by roughly 2½ to 3 per cent in the year ending with the third quarter of 1979. With growth in the labor force unlikely to be so rapid as in the past couple of years, this rise in activity should be enough to keep the unemployment rate in the area of 5¾ to 6¼ per cent.

In this projection I have assumed that inflation will slow into the range of 6¾ to 7½ per cent. There are as always many uncertainties on the price front: the effects of weather on crop harvests and the decisions of the Organization of Petroleum Exporting Countries' cartel, for example, are factors beyond the sphere of economic analysis. What is clear is that the cost increases already in train will be placing continued pressure on the price structure so that it will be difficult to break the momentum of inflation. However, if there is general compliance with the administration's guidelines, the advance of prices next year could be held to around the low end of the range I have projected. This would represent a substantial deceleration from the increase of 8¼ per cent in the GNP deflator expected for this year, and would be a good start in the difficult process of restoring price stability.

The recent credit-restraining actions of the Federal Reserve have aroused fears in some quarters that an overly restrictive monetary policy might precipitate an economic downturn. There is no doubt that domestic credit markets are tauter than they were 6 months ago. Nonetheless, current financial conditions appear consistent with the moderate economic expansion that is desirable at this juncture.

The Federal Reserve has been moving its policies in a progressively less accommodative direction this year in an effort to prevent excessively rapid growth in money and credit. In an environment of inflation and of heightened inflationary expectations, borrowers have become willing to pay higher rates of interest in order to obtain credit to finance acquisition of assets the values of which they anticipate will be rising more rapidly than the rate of inflation. This phenomenon is seen most clearly in the real estate market, but the behavior is common in other sectors as well. To hold down nominal rates of interest in such a circumstance is to invite a credit-financed surge in aggregate demand that would add further to inflationary pressures. Consequently, the Federal Reserve has pursued policies that have permitted market rates to rise appreciably this year. Yields on Federal funds and other short-term instruments have increased more than 3 percentage points since the beginning of 1978, while interest rates on long-term bonds and mortgages have risen about 1 percentage point.

These are sizable movements, to be sure, but the fact is that, even at current levels, real rates of interest--that is, actual rates adjusted for inflationary expectations--are not very high, and credit remains in adequate supply to finance a volume of spending that is appropriate in light of the availability of real resources in the economy. Usury ceilings, which are unrealistic in relation to present market interest rates in many States, are cutting into credit availability in some local markets, and it would be desirable if these obstacles to the efficient operation of our financial system were eliminated. But there has been nothing like a general "credit crunch," and we do not foresee one.

It is the intention of the Federal Reserve to work toward a gradual deceleration of monetary and credit expansion to a pace consistent with price stability. The speed with which we can move in that direction without severely disrupting economic activity is limited by the degree to which inflation has become embedded in our economy. But some progress has been made in the past year. While *M*-1 growth over the past four quarters--at 8 per cent—was about the same as in the previous year, growth in *M*-2 and *M*-3 decelerated to rates of 8¼ and 9¼ per cent, respectively. Growth in these broader aggregates was 3 to 3½ percentage points slower than in the previous year. The actual growth in *M*-1 over the past four quarters was well above the range of 4 to 6½ per cent set for this aggregate, but growth in the broader aggregates was within their ranges. To have achieved significantly lower growth rates for the monetary aggregates than actually developed would have required substantially higher market rates of interest and a sharper curtailment in credit supply, which in our judgment would have run an unacceptably high risk of wrenching financial markets so severely as to lead to an economic recession.

Growth in the monetary aggregates has to be evaluated in relation to basic economic and financial forces affecting the public's preferences for money in its various forms. During the past four quarters growth in nominal GNP has remained very rapid as moderate expansion in real output was accompanied by an accelerated rate of price increase, generating a substantial demand for money—particularly M-1— to finance transactions. Federal Reserve policy did not fully accommodate these strong demands, and in fact, the rate of growth in real money balances actually slowed.

The pattern of growth in the broader aggregates has been strongly influenced by the introduction at banks and thrift institutions in June of this year of a 6-month money market certificate whose ceiling varies weekly with changes in the auction yield on 6-month Treasury bills. Growth in savings and small-denomination time deposits subject to Federally regulated interest-rate ceilings had slowed markedly in the fall of 1977 and in the first half of this year as higher yields on market securities increasingly attracted funds that would otherwise have been held in accounts at banks or thrift institutions. In order to enable these institutions to compete more effectively for lendable funds, the Federal Reserve and other regulatory agencies created two new deposit categories—an 8 per cent, 8-year certificate and the 6-month money market certificate.

The money market certificates have proved especially successful. They have been widely offered, most frequently at the ceiling rates, and have resulted in a marked pick-up in consumer-type deposit growth. Growth in deposits at savings and loan associations and mutual savings banks, which averaged 6¾ per cent at an annual rate in the first 5 months of 1978, has averaged 13 per cent since the introduction of the new accounts. This growth has permitted thrift institutions to increase their commitments for mortgage loans while reducing their dependence on borrowed funds and stemming the decline in their liquidity positions. At commercial banks, which have a rate disadvantage relative to the thrift institutions of ¼ of a percentage point, there has been a less marked, but still noticeable gain in growth of the combined total of savings and small time deposits—from 3¾ per cent through May to 6½ per cent in the past 5 months. Nonetheless, with bank credit demands remaining strong, banks continued to liquidate Treasury securities and to increase short-term borrowings through such instruments as large certificates of deposit and Federal funds to finance these demands.

At its October meeting, the Federal Open Market Committee (FOMC) updated its longer-term ranges for the monetary aggregates. Its task was complicated by new uncertainties associated with the introduction on November 1 of automatic transfer services (ATS), which permit consumers to authorize their banks to shift funds from savings to demand deposit accounts as needed to cover checks written. The major impact of this innovation should be on M-1, as consumers take advantage of the opportunity to reduce their holdings of non-earning demand deposits, but the size of this effect cannot be projected with any real precision. M-2 and M-3 will be less affected because shifts of funds from thrift institutions to banks, and also from market instruments to deposits, are likely to be comparatively modest.

Against that background, the continuity in the FOMC's objectives with respect to the monetary aggregates for the 1-year period from the third quarter of 1978 to the third quarter of 1979 is more clearly indicated by the broader aggregates, M-2 and M-3. The Committee re-established the ranges for these two aggregates at 6½ to 9 per cent and 7½ to 10 per cent, respectively. It is expected that growth in these aggregates will be well within these ranges as monetary policy pursues a course of responsible restraint to complement the administration's program to combat inflation through fiscal discipline, wage and price moderation, and regulatory reform. The Committee anticipates growth in bank credit at a rate of 8½ to 11½ per cent to be associated with the ranges adopted for the monetary aggregates. With regard to M-1, the FOMC expects growth within a range of 2 to 6 per cent over the period from the third quarter of 1978 to the third quarter of 1979. The existing range of 4 to 6½ per cent has been lowered because the public can be expected to shift funds to take advantage of the ATS service, and the range has been widened because of uncertainties about the speed and extent to which the public may undertake such shifts.

Because of uncertainties about the relationship between *M*-1 and the transactions demand for money during the transition to the new ATS service, and in view of the widening role in financing transactions played by savings accounts, the Committee also indicated a growth range for *M*-1 + (*M*-1 plus savings accounts at commercial banks, negotiable orders of withdrawal accounts, demand deposits at mutual savings banks, and credit union share drafts) that it expected to be generally consistent with ranges of growth in the other aggregates. This range has been set at 5 to 7½ per cent over the 1-year period ending in the third quarter of 1979.

The structure of the domestic payments system has been changing considerably over the past several years as a result of regulatory changes and financial innovations. Deposits in thrift institutions have been increasingly used for third-party payments. At banks, liquidity reserves of the public, as well as funds held against expected transactions needs, have come to be held more and more outside of demand accounts. On the other hand, banks and particularly thrift institutions have also lengthened the maturity of consumer-type time deposit liabilities, so that some deposits have become less money-like. And in general, distinctions among depositary institutions with respect to their deposits have become increasingly blurred. Existing measures of the monetary aggregates are, as a result, becoming outdated. The Federal Reserve is studying possible adjustments to these measures to reflect the changing institutional environment. The measure of *M*-1 + represents an interim step in this process, while a more comprehensive revision is under way. It should be noted that one consequence of these ongoing changes is a need for more timely and broader reporting of deposit data—not only from nonmember commercial banks but also from thrift institutions.

While monetary aggregates are useful indicators of financial conditions, the continuing change in the institutional environment and in public preferences for different deposits indicates that any single monetary measure, or even a set of several measures, can by no means be the sole focus of policy. Thus, a broad range of financial indicators—including nominal and real interest rates, credit flows, and liquidity conditions—necessarily must be considered in assessing the stance of monetary policy.

Looking beyond these relatively technical questions about how best to characterize monetary policy, it is clear that in the present environment we cannot rely solely on monetary management to contain inflationary pressures. It is essential to obtain public cooperation in the administration's anti-inflationary program and to exercise restraint in fiscal policy if the Nation is to achieve a gradual, orderly reduction in the rate of inflation. You can be assured that monetary policy will do its part in achieving that objective. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON SEPTEMBER 19, 1978

1. Domestic Policy Directive

The information reviewed at this meeting suggested that real output of goods and services had been growing moderately in the current quarter, but the rate of expansion appeared to be somewhat below the average annual rate of about 4 per cent estimated by the Commerce Department for the first two quarters of the year. The rise in average prices—as measured by the fixed-weight price index for gross domestic business product—slowed considerably from the exceptional pace in the second quarter, but the rise was still relatively rapid.

Staff projections for the period from the current quarter through the second quarter of 1979 were little changed from those of a month earlier. They continued to suggest that output would grow moderately over the period and that the rate of inflation would be rapid, although considerably below the average pace in the first two quarters of 1978. The unemployment rate was expected to change little from its August level.

In August the index of industrial production increased an estimated 0.5 per cent, close to the moderate gains in the preceding 3 months but well below the large increases in March and April. Nonfarm payroll employment rose further in August, but the gain was about half the monthly increase in the preceding 3 months. In manufacturing, employment declined somewhat and the average workweek continued to change little at a relatively high level. The unemployment rate fell 0.3 of a percentage point to 5.9 per cent, a rate slightly below the average in the first 7 months of the year.

Total private housing starts edged down in July. At an annual rate of nearly 2.1 million units, however, starts were close to the pace in the second quarter of 1978 and in the second half of 1977.

The latest Department of Commerce survey of business plans, taken in late July and August, suggested that spending for plant and equipment would be 12.3 per cent greater in 1978 than in 1977, a somewhat larger increase than had been indicated 3 months earlier. Businesses spent more in the second quarter of 1978 than had been anticipated, and the latest survey still implied less expansion in spending over the second half of the year than over the first half.

The dollar value of total retail sales rose in August, but the increase followed a decline now indicated for July; on balance sales had changed little since April. Unit sales of new automobiles, which had declined in July, recovered in August almost to the advanced pace of the second quarter.

The index of average hourly earnings for private nonfarm production workers rose little in August following a substantial increase in July; over the first 8 months of the year the index advanced at an annual rate of about 8 per cent, somewhat more than it had during 1977. Declines in prices of food products contributed to a moderation in the rise of the consumer price index in July and to a slight reduction in average prices of producer finished goods in August; both price measures had risen at very rapid rates in the first half of the year.

The trade-weighted value of the dollar against major foreign currencies, which had declined sharply in early August, subsequently recovered against a background of uncertain conditions in exchange markets. The recovery was triggered early in the intermeeting period by expressions of concern by U.S. officials, and was reinforced by subsequent increases in U.S. short-term interest rates and the announcement of expanded gold sales by the U.S. Treasury. However, the dollar weakened in late August, when it was announced that the U.S. trade deficit had increased sharply in July, and at the time of this meeting the dollar was somewhat below its level at the end of July.

After a surge in July, total credit at U.S. commercial banks expanded at a substantially slower rate in August, mainly because of large declines in bank holdings of U.S. Treasury securities and in security loans. Growth in business loans accelerated further but remained well below the average rate in the first half of 1978. Outstanding commercial paper of nonfinancial businesses contracted slightly, following a sharp expansion in June and July.

Growth of the narrowly defined money supply (*M*-1), which had been at an average annual rate of about 5¾ per cent in June and July, picked up in August to a rate of about 7¾ per cent, roughly the same as the average in the first two quarters of the year.[1] Weekly data suggested a further pick-up in September. Inflows of the interest-bearing deposits included in *M*-2 and *M*-3 also accelerated somewhat in August, reflecting primarily substantial flows of funds into large-denomination time deposits at banks and into the 6-month money market certificates at nonbank thrift institutions. As a result, growth in the broader monetary aggregates was relatively rapid.

At its meeting on August 15 the Committee had decided on ranges of tolerance for the annual rates of growth in *M*-1 and *M*-2 over the August–September period of 4 to 8 per cent and 6 to 10 per cent, respectively. The Committee had agreed that early in the coming inter-meeting period operations should be directed toward a Federal funds rate of around 8 per cent. Subsequently, if the 2-month growth rates of *M*-1 and *M*-2 appeared to be significantly above or below the midpoints of the indicated ranges, the objective for the funds rate was to be raised or lowered in an orderly fashion within a range of 7¾ to 8¼ per cent.

Immediately following the August 15 meeting the Manager of the System Open Market Account began to seek bank reserve conditions consistent with an increase in the weekly-average Federal funds rate to around 8 per cent. Later in August, incoming data suggested that growth in *M*-1 would be at the upper limit of the range specified by the Committee and that growth in *M*-2 would be close to the upper limit of its range. Accordingly, the Manager sought reserve conditions consistent with a further increase in the Federal funds rate to 8¼ per cent, the upper limit of the 7¾ to 8¼ per cent range specified for the inter-meeting period.

In early September, available data suggested that both *M*-1 and *M*-2 would grow at rates significantly above the upper limits of their respective ranges. With the Federal funds rate already at its upper limit, the Committee decided on September 8, at a telephone

[1] Revised measures of the monetary aggregates, reflecting new benchmark data for deposits at nonmember banks and certain technical adjustments, were available to the Committee at the time of this meeting and were published on September 21, 1978. On the basis of these revised figures, the annual rate of growth in *M*-1 was about 8¾ per cent in August and aboat 8 per cent on the average in the first two quarters of the year.

conference meeting, to raise the upper limit of the range for the Federal funds rate to 8½ per cent and to instruct the Manager to aim promptly for a weekly-average Federal funds rate of about 8⅜ per cent. In the days remaining before this meeting the funds rate fluctuated around 8⅜ per cent.

The rise in the Federal funds rate during the inter-meeting period was accompanied by appreciable increases in rates on other short-term market instruments. Yields on long-term securities, however, generally edged down. In mid-September commercial banks raised the rate on loans to prime business borrowers from 9¼ to 9½ per cent.

On August 18 the Board of Governors announced an increase in Federal Reserve discount rates from 7¼ to 7¾ per cent. In announcing the increase, the Board stated that the action had been taken in view of recent disorderly conditions in foreign exchange markets as well as the continuing serious domestic inflationary problem.

Conditions in residential mortgage markets, which had tightened significantly during the first half of the year and then stabilized, apparently had eased somewhat in recent weeks. Interest rates on new commitments for conventional home mortgage loans at savings and loan associations edged down during the inter-meeting interval, and yields in the secondary mortgage market declined moderately.

In the Committee's discussion of the economic situation and outlook, the members generally concurred with the staff's view that real output of goods and services would grow at a moderate pace over the period from the second quarter of 1978 to the second quarter of 1979. At the same time, a number of members anticipated a little less growth than the staff projected and one anticipated a little more. The observation was made that even a slight shortfall in growth of output from the rate projected by the staff implied an upward drift in the unemployment rate.

All members of the Committee expected a continuation of a rapid rate of inflation over the period to the second quarter of 1979—in the view of several members, even more rapid than the pace projected by the staff. As at other recent meetings, it was observed that in 1979 pressures for large increases in wage rates would be strong. It was also noted that in the near future the administration was expected to announce a new anti-inflation program and that the way in which such a program was perceived by businessmen and consumers could have a considerable impact on attitudes and expectations.

Although the members differed little in their assessments of the most likely rate of growth in output over the next few quarters, some of them called attention to elements of potential weakness or strength in the current situation that could contribute to a different outcome. One member observed, for example, that the business expansion, having endured for a long time by historical standards, was exhibiting some signs of potential weaknesses that were to be expected at this stage. On the other hand, this member also saw some indications of a pick-up in business activity in other industrial countries that might be of sufficient magnitude to raise demands for U.S. exports significantly—thereby enhancing growth in output in this country, strengthening the dollar in foreign exchange markets, and contributing generally to improvement in confidence.

A second member saw little, if any, evidence of the major cyclical imbalances that characteristically developed during business expansions and brought on downturns in activity. Therefore, the expansion appeared likely to continue. However, the very high rate of inflation at present was seen as the main threat to a sustained expansion.

Another member, noting that a recent survey had pointed to some deterioration in business assessments of prospects for their own companies as well as for the economy as a whole, suggested that business investment spending in 1979—especially for fixed capital, but also for inventories—could prove to be disappointing. And with respect to fiscal policy, a member observed that the Federal budget on the high employment basis had recently swung in the direction of restraint, and that the stimulative impact of the prospective reduction in Federal taxes would depend heavily on final decisions concerning both its composition and its timing.

The one member who anticipated slightly faster growth than the staff projected for the period through the first half of 1979 expressed concern about certain developments that could have adverse consequences further in the future. Specifically, the current high rate of construction of commercial buildings and of apartment houses could lead to an excessive supply of such facilities and to a consequent drop in construction. At about the same time, in this member's view, a sharp cyclical downswing in credit-financed buying of certain consumer durable goods might develop.

At its meeting in July the Committee had agreed that from the second quarter of 1978 to the second quarter of 1979 average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: *M*-1, 4 to 6½ per cent; *M*-2, 6½ to 9 per cent; and *M*-3, 7½ to 10 per cent. The associated range for the rate of growth in commercial bank credit was 8½ to 11½ per cent. It had also been agreed that the longer-run ranges, as well as the particular aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings.

In the discussion of policy for the period immediately ahead, considerable concern was expressed about recent rates of monetary growth. It was observed that for an extended period of time *M*-1 had been growing at rates in excess of the longer-run range adopted by the Committee and that a slowing of growth was necessary in pursuit of the Committee's objective of resisting inflationary pressures while encouraging continued moderate economic expansion. Most members believed that some additional firming in money market conditions during the next few weeks was needed to help assure a slowing in growth of money over the months ahead, although they differed with respect to the degree of firming that they thought the Committee ought to contemplate.

In this connection, the comment was made that current levels of interest rates were not exerting as much restraint on credit flows as might be supposed. Thus, it was observed, interest rates adjusted for expected rates of inflation were not high and might even be negative. Moreover, the degree of nonprice rationing of credit, particularly credit for housing, had been reduced by such structural changes in the financial system as the introduction of the 6-month money market certificates.

Two members, stressing the magnitude of the increases in interest rates that had already occurred, proposed that for the time being operations be directed toward maintaining the money market conditions currently prevailing. It was argued that, in light of the recent slowing of the expansion in economic activity and of uncertainties in the economic outlook, such a "pause" would afford the Committee an opportunity to evaluate additional evidence on the current situation, including the effects of the recent increases in interest rates. It was observed that, historically, growth in output had never been held at about its trend rate for very long and that further increases in interest rates at this time might slow growth to a rate below trend or might even provoke an actual downturn.

With respect to operating specifications for the period immediately ahead, the most frequently proposed ranges for the annual rate of growth in *M*-1 over the September–October period were 4 to 8 per cent and 5 to 9 per cent; a narrower range of 6 to 8 per cent was also suggested. A few members proposed somewhat higher ranges—in at least one case, because the lower ranges in combination with the strong growth indicated for September implied more of a moderation of growth in October than appeared likely. One member advocated a lower range. For *M*-2, the most common range suggested was 6 to 10 per cent. Some members advocated somewhat higher ranges, indicating, in a few cases, a willingness to accept the continuing effects that the introduction of the 6-month money market certificate was having on expansion of time deposits at commercial banks.

Most of the members favored directing open market operations toward an increase in the Federal funds rate to about 8½ per cent shortly after this meeting. In general, these members favored an inter-meeting range of 8¼ to 8¾ per cent, but two of them were willing to accept, and another advocated, an upper limit of 9 per cent. One member proposed directing open market operations toward an increase in the funds rate to 8¾ per cent early in the period and setting an inter-meeting range of 8½ to 9¼ per cent. And the two members who indicated a preference for maintenance of the prevailing money market conditions suggested an inter-meeting range of 8¼ to 8½ per cent.

At the conclusion of the discussion the Committee decided that ranges of tolerance for the annual rates of growth in *M*-1 and *M*-2 over the September–October period should be 5 to 9 per cent and 6½ to 10½ per cent, respectively. With regard to the Federal funds rate, the Manager was instructed to seek a rate of around 8½ per cent early in the period until the next regular meeting. Subsequently, if the 2-month growth rates of *M*-1 and *M*-2 appeared to be significantly above or below the midpoints of the indicated ranges, the objective for the funds rate was to be raised or lowered in an orderly fashion within a range of 8¼ to 8¾ per cent. It was also agreed that in assessing the behavior of the aggregates, the Manager should give approximately equal weight to the behavior of *M*-1 and *M*-2.

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

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

> The information reviewed at this meeting suggests that real output of goods and services has grown moderately in the current quarter, although the pace is somewhat below the average for the first two quarters of the year. In August the dollar value of total retail sales rose, after having declined in July, but remained close to the level reached in April. Industrial production continued to expand at about the moderate pace of the preceding 3 months, and nonfarm payroll employment rose somewhat further. The unemployment rate declined from 6.2 to 5.9 per cent, slightly below the average rate in the first 7 months of the year. Since midyear average prices of goods and services have risen less rapidly than earlier, in large part because of declines in prices of foods. The advance in the index of average hourly earnings has been somewhat faster so far in 1978 than it had been on the average during 1977.
>
> After a sharp decline in early August, the trade-weighted value of the dollar against major foreign currencies has recovered against a background of uncertain conditions in exchange markets. In late August it was announced that the U.S. trade deficit had increased sharply in July.
>
> Growth in *M*-1 picked up in August to about the average rate in the first two quarters of the year. Inflows of the interest-bearing deposits included in *M*-2 and *M*-3 also accelerated somewhat, and expansion in the broader aggregates was relatively rapid. Short-term market interest rates have risen appreciably since mid-August, but longer-term rates generally have edged down further. On August 18 an increase in Federal Reserve discount rates from 7¼ to 7¾ per cent was announced.
>
> In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster monetary and financial

conditions that will resist inflationary pressures while encouraging continued moderate economic expansion and contributing to a sustainable pattern of international transactions. At its meeting on July 18, 1978, the Committee agreed that these objectives would be furthered by growth of *M*-1, *M*-2, and *M*-3 from the second quarter of 1978 to the second quarter of 1979 at rates within ranges of 4 to 6½ per cent, 6½ to 9 per cent, and 7½ to 10 per cent, respectively. The associated range for bank credit is 8½ to 11½ per cent. These ranges are subject to reconsideration at any time as conditions warrant.

In the short run, the Committee seeks to achieve bank reserve and money market conditions that are broadly consistent with the longer-run ranges for monetary aggregates cited above, while giving due regard to developing conditions in domestic and international financial markets more generally. Early in the period until the next regular meeting, System open market operations shall be directed at attaining a weekly-average Federal funds rate slightly above the current level. Subsequently, operations shall be directed at maintaining the weekly-average Federal funds rate within the range of 8¼ to 8¾ per cent. In deciding on the specific objective for the Federal funds rate the Manager shall be guided mainly by the relationship between the latest estimates of annual rates of growth in the September-October period of *M*-1 and *M*-2 and the following ranges of tolerance: 5 to 9 per cent for *M*-1 and 6½ to 10½ per cent for *M*-2. If, giving approximately equal weight to *M*-1 and *M*-2, their rates of growth appear to be significantly above or below the midpoints of the indicated ranges, the objective for the funds rate shall be raised or lowered in an orderly fashion within its range.

If the rates of growth in the aggregates appear to be above the upper limit or below the lower limit of the indicated ranges at a time when the objective for the funds rate has already been moved to the corresponding limit of its range, the Manager 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. Miller, Volcker, Baughman, Coldwell, Eastburn, Gardner, Jackson, Partee, Mrs. Teeters, and Mr. Winn. Votes against this action: Messrs. Wallich and Willes.

Messrs. Wallich and Willes dissented from this action because they favored more vigorous measures to curb the rates of growth in the monetary aggregates. They believed that such measures were essential to deal with the problem of inflation and that they could be undertaken without a significant risk of precipitating a recession. In their view, current levels of interest rates adjusted for expected rates of inflation were not high.

2. Authorization for Domestic Open Market Operations

At this meeting, Committee members voted to increase from $3 billion to $4 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 October 17, 1978.

> Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Gardner, Jackson, Partee, Mrs. Teeters, Messrs. Wallich, Willes, and Winn. Votes against this action: None.

This action was taken on the recommendation of the Management of the System Account. The Management had advised that large-scale purchases of Treasury and Federal agency securities over the coming inter-meeting interval might be needed to counter the effect on member bank reserves of a projected increase in Treasury balances at the Reserve Banks arising from corporate tax receipts in mid-September.

Subsequent to this meeting, on October 10, 1978, the Committee voted to approve an additional increase of $1 billion, to $5 billion, in the limit on changes between Committee meetings in 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 October 17, 1978.

> Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Gardner, Jackson, Partee, Mrs. Teeters, Messrs. Wallich, Willes, and Winn. Votes against this action: None.

This action was taken on recommendation of the Management of the System Account. The Management had advised that, even though the Committee had voted at its September 19 meeting to raise the limit from $3 billion to $4 billion, large-scale purchases of Treasury and Federal agency securities had reduced the leeway for further purchases during the inter-meeting period to about $335 million. It now appeared likely that additional purchases would be required as currency in circulation and other factors were absorbing reserves while Treasury balances continued at a high level, in part because of purchases of special Treasury securities by foreign central banks in association with their recent intervention in the foreign exchange markets.

* * * * *

Records of policy actions taken by the Federal Open Market Committee at each meeting, in the form in which they will appear in the Board's *Annual Report*, are released about a month after the meeting and are subsequently published in the BULLETIN.

Law Department

Statutes, regulations, interpretations, and decisions

SECURITIES OF STATE MEMBER BANKS

The Board of Governors has amended its Regulation F consistent with recent amendments to comparable regulations of the Securities and Exchange Commission, concerning (a) confidential treatment for preliminary proxy and information statements, (b) proposals by security holders, (c) dissemination of proxy material to beneficial owners of registered securities, (d) tender offer statements, (e) consolidation and technical revisions of several items included in current, quarterly, and annual reports, and (f) stock appreciation rights.

Section 206.5(f)(5) is amended to read as follows:

(f) * * *

(5) All copies of material filed pursuant to paragraph (1) or (2) of this section shall be clearly marked "Preliminary Copies" and shall be for the information of the Board only and shall not be deemed available for public inspection before definitive material has been filed with the Board except that such material may be disclosed to any department or agency of the United States Government and to the Congress and the Board may make such inquiries or investigation in regard to the material as may be necessary for an adequate review thereof by the Board. All material filed pursuant to paragraph (f) (1), (2), or (3) of this section shall be accompanied by a statement of the date on which definitive material filed pursuant to paragraph (f)(3) of this section is intended to be, or has been, released to security holders. All material filed pursuant to paragraph (f)(4) of this section shall be accompanied by a statement of the date on which copies thereof are intended to be released to the individuals who will make the actual solicitation.

Section 206.5(k) is amended to read as follows:

* * * * *

(k) PROPOSALS OF SECURITY HOLDERS. (1) If any security holder of an issuer notifies the management of the issuer of his intention to present a proposal for action at a forthcoming meeting of the issuer's security holders, the management shall set forth the proposal in its proxy statement and identify it in its form of proxy and provide means by which security holders can make the specification required by § 206.5(d)(2). If management issues an information statement pursuant to paragraph (a) of this section, it shall identify the proposal and indicate the disposition proposed to be made of the proposal by the management at the meeting. Management, however, need not include a proposal in its information statement if such proposal is submitted less than 60 days in advance of a day corresponding to the date of mailing a proxy statement or information statement in connection with the last annual meeting of security holders. Notwithstanding the foregoing, the management shall not be required to include the proposal in its proxy statement or form of proxy unless the security holder (hereinafter, the "proponent") has complied with the requirements of this paragraph and paragraphs (k) (2) and (3) of this section:

(i) Eligibility. At the time he submits the proposal, the proponent shall be a record or beneficial owner of a security entitled to be voted at the meeting on his proposal, and he shall continue to own such security through the date on which the meeting is held. If the management requests documentary support for a proponent's claim that he is a beneficial owner of a voting security of the issuer, the proponent shall furnish appropriate documentation within 10 business days after receiving the request. In the event the management includes the proponent's proposal in its proxy soliciting materials for the meeting and the proponent fails to comply with the requirement that he continuously be a voting security holder through the meeting date, the management shall not be required to include any proposal submitted by the proponent in its proxy soliciting materials for any meeting held in the following two calendar years.

(ii) Notice. The proponent shall notify the management in writing of his intention to appear personally at the meeting to present his proposal for action. The proponent shall furnish the requisite notice at the time he submits the proposal, except that if he was unaware of the notice requirement at that time he shall comply with it within 10 business days after being informed of it by the management. If the proponent, after furnishing in good faith the notice required by this provision, subsequently determines that he will be unable to appear personally at the meeting, he shall arrange to have another security holder of the issuer present his proposal on his behalf at the meeting. In the event the proponent or his proxy fails, without good cause, to present the proposal for action at the meeting, the management shall not be required to include any proposals submitted by the proponent in its proxy soliciting materials for any meeting held in the following two calendar years.

(iii) Timeliness. The proponent shall submit his proposal sufficiently far in advance of the meeting so that it is received by the management within the following time periods:

(A) Annual meetings. A proposal to be presented at an annual meeting shall be received by the management at the issuer's principal executive offices not less than 90 days in advance of a date corresponding to the date set forth on the management's proxy statement released to security holders in connection with the previous year's annual meeting of security holders, except that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than 30 calendar days from the date of the previous year's annual meeting a proposal shall be received by the management a reasonable time before the solicitation is made.

(B) Other meetings. A proposal to be presented at any meeting other than an annual meeting shall be received at a reasonable time before the solicitation is made.

NOTE.—In order to curtail controversy as to the date on which a proposal was received by the management, it is suggested that proponents submit their proposals by Certified Mail-Return Receipt Requested.

(iv) Number and length of proposals. The proponent may submit a maximum of two proposals of not more than 300 words each for inclusions in the management's proxy materials for a meeting of security holders. If the proponent fails to comply with either of these requirements, or if he fails to comply with the 200-word limit on supporting statements mentioned in paragraph (k)(2) of this section, he shall be provided the opportunity by the management to reduce, within 10 business days, the items submitted by him to the limits required by this rule.

(2) If the management opposes any proposal received from a proponent, it shall also, at the request of the proponent, include in its proxy statement a statement of the proponent of not more than 200 words in support of the proposal, which statement shall not include the name and address of the proponent. The statement and request of the proponent shall be furnished to the management at the time that the proposal is furnished, and neither the management nor the issuer shall be responsible for such statement. The proxy statement shall also include either the name and address of the proponent or a statement that such information will be furnished by the issuer or by the Board to any person, orally or in writing as requested, promptly upon the receipt of any oral or written request therefor. If the name and address of the proponent are omitted from the proxy statement, they shall be furnished to the Board at the time of filing the management's preliminary proxy material pursuant to § 206.5(f)(1).

(3) The management may omit a proposal and any statement in support thereof from its proxy statement and form of proxy under any of the following circumstances:

(i) If the proposal is, under the laws of the issuer's domicile, not a proper subject for action by security holders;

NOTE.—A proposal that may be improper under the applicable State law when framed as a mandate or directive may be proper when framed as a recommendation or request.

(ii) If the proposal would, if implemented, require the issuer to violate any State law or Federal law of the United States, or any law of any foreign jurisdiction, to which the issuer is subject, except that this provision shall not apply with respect to any foreign law compliance with which would be violative of any State law or Federal law of the United States;

(iii) If the proposal or the supporting statement is contrary to any of the Board's proxy rules and regulations, including § 206.5(h) which prohibits false or misleading statements in proxy soliciting materials;

(iv) If the proposal relates to the enforcement of a personal claim or the redress of a personal grievance against the issuer, its management, or any other person;

(v) If the proposal deals with a matter that is not significantly related to the issuer's business;

(vi) If the proposal deals with a matter that is beyond the issuer's power to effectuate;

(vii) If the proposal deals with a matter relating to the conduct of the ordinary business operations of the issuer;

(viii) If the proposal relates to an election to office;

(ix) If the proposal is counter to a proposal to be submitted by the management at the meeting;

(x) If the proposal has been rendered moot;

(xi) If the proposal is substantially duplicative of a proposal previously submitted to the management by another proponent, which proposal will be included in the management's proxy materials for the meeting;

(xii) If substantially the same proposal has previously been submitted to security holders in the management's proxy statement and form of proxy relating to any annual or special meeting of security holders held within the preceding five calendar years, it may be omitted from the management's proxy materials relating to any meeting of security holders held within three calendar years after the latest such previous submission; *Provided*, That—

(A) If the proposal was submitted at only one meeting during such preceding period, it received less than 3 per cent of the total number of votes cast in regard thereto; or

(B) If the proposal was submitted at only two meetings during such preceding period, it received at the time of its second submission less than 6 per cent of the total number of votes cast in regard thereto; or

(C) If the proposal was submitted at three or more meetings during such preceding period, it received at the time of its latest submission less than 10 per cent of the total number of votes cast in regard thereto; and

(xiii) If the proposal relates to specific amounts of cash or stock dividends.

(4) Whenever the management asserts, for any reason, that a proposal and any statement in support thereof received from a proponent may properly be omitted from its proxy statement and form of proxy, it shall file with the Board, not later than 50 days prior to the date the preliminary copies of the proxy statement and form of proxy are filed pursuant to § 206.5(f)(1), or such shorter period prior to such date as the Board or its staff may permit, five copies of the following items: (i) The proposal; (ii) any statement in support thereof as received from the proponent; (iii) a statement of the reasons why the management deems such omission to be proper in the particular case; and (iv) where such reasons are based on matters of law, a supporting opinion of counsel. The management shall at the same time, if it has not already done so, notify the proponent of its intention to omit the proposal from its proxy statement and form of proxy and shall forward to him a copy of the statement of reasons why the management deems the omission of the proposal to be proper and a copy of such supporting opinion of counsel.

Section 206.5(c)(3) is amended to read as follows:

(c) * * *

(3) If the bank knows that securities of any class entitled to vote at a meeting with respect to which the bank intends to solicit proxies, consents or authorizations are held of record by a broker, dealer, bank, or voting trustee, or their nominees, the bank shall inquire of such record holder at least 10 days prior to the record date for the meeting of security holders (or at such later time as the rules of a national securities exchange on which the class of securities in question is listed may permit for good cause shown), whether other persons are the beneficial owners of such securities and, if so, the number of copies of the proxy and other soliciting material and, in the case of an annual meeting at which directors are to be elected, the number of copies of the annual report to security holders, necessary to supply such material to beneficial owners. The bank shall supply such record holder in a timely manner with additional copies in such quantities assembled in such form and at such a place, as the record holder may reasonably request in order to address and send one copy of each to each beneficial owner of securities so held and shall, upon the request of such record holder, pay its reasonable expenses for completing the mailing of such material to security holders to whom the material is sent.

Section 206.5(c)(4) is amended to read as follows:

(c) * * *

(4) If the bank's list of security holders indicates that some of its securities are registered in the name of a clearing agency registered pursuant to section 17A of the Act, a bank shall make appropriate inquiry of the agency and thereafter

of the participants in such agency who may hold on behalf of a beneficial owner, and shall comply with § 206.5(c)(3) with respect to any such participant.

Sections 206.5(l) (1), (3)(iv), (4), and (7) are amended to read as follows:

(l) INVITATIONS FOR TENDERS. (1) No person, directly or indirectly, by use of the mails or any means or instrumentality of inter-State commerce or of any facility of a national securities exchange or otherwise, shall make a tender offer for, or a request or invitation for tenders of, any class of any equity security which is registered pursuant to section 12 of the Act of any member State bank, if, after consummation thereof, such person would, directly or indirectly, be the beneficial owner of more than 5 per centum of such class, unless, at the time copies of the offer or request or invitation are first published or sent or given to security holders, such person has filed with the Board a statement containing the information and exhibits required by Form F-13.

* * * * *

(3) * * *

(iv) The information required by Items 1(c), 2(b), 2(e), 2(f), and 2(g), 3, 4, 5, 6, 7, 8, 9, and 10 of Form F-13 or a fair and adequate summary thereof.

Instructions. 1. Negative responses to any such item or subitem of Form F-13 need not be included in the information published or sent or given to security holders.

2. If the information required by Item 9 of Form F-13 is summarized, appropriate instructions should be included stating how more complete financial information can be obtained.

(4) Any additional material soliciting or requesting such tender offer subsequent to the initial solicitation or request shall contain the name of the persons making such solicitation or request and the information required by Items 1(c), 2(b), 2(e), 2(f) and 2(g), 3, 4, 5, 6, 7, 8, 9, and 10 of Form F-13, or a fair and adequate summary thereof; *Provided, however,* That such material may omit any of such information previously furnished to the persons solicited or requested for tender offers. Copies of such additional material soliciting or requesting such tender offers shall be filed with the Board not later than the time copies of such material are first published or sent or given to security holders.

* * * * *

(7) Ten copies of the statement required by paragraph (1), every amendment to such statement and all other material required by this rule and such statement shall be filed with the Board.

* * * * *

Form F-11 (12 CFR 206.47) is amended by deleting the words "or § 206.5(l)" from the title of that form and deleting all of Item 7 and substituting the words, "Item 7" for "Item 8", and Form F-13 (12 CFR 206.54) is adopted to read as follows:

BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM

FORM F-13

Tender offer statement pursuant to section 14(d)(1) of the Securities Exchange Act of 1934, (Amendment No.), (Name of Subject Bank), (Bidder), (Title of Class of Securities), (Name, address and telephone number of person authorized to receive notices and communications on behalf of bidder).

Instructions. 1. Eight copies of this statement, including all exhibits, and two additional copies of this statement, including only the exhibits described in Item 11(a) of this statement, should be filed with the Board.

2. No fee is required to be paid to the Board in connection with the filing of the initial statement or amendments thereto.

General Instructions. A. The item numbers and captions of the items shall be included but the answers to the items shall be so prepared as to indicate clearly the coverage of the items without referring to the text of the items. Answer every item. If an item is inapplicable or the answer is in the negative, so state.

B. Information contained in exhibits to the statement may be incorporated by reference in answer or partial answer to any item or sub-item of the statement unless it would render such answer incomplete, unclear or confusing. Matter incorporated by reference shall be clearly identified in the reference by page, paragraph, caption or otherwise. An express statement that the specified matter is incorporated by reference shall be made at the particular place in the statement where the information is required.

C. If the statement is filed by a partnership, limited partnership, syndicate or other group, the information called for by Items 2-7, inclusive, shall be given with respect to: (i) Each partner of such partnership; (ii) each partner who is denominated as a general partner or who functions as a general partner of such limited partnership; (iii) each member of such syndicate or group; and (iv) each person controlling such partner or member. If the statement is filed by a corporation, or if a person referred to in (i), (ii), (iii) or (iv) of this Instruction is a corporation, the information called for by the above mentioned items shall be given with respect to: (a) Each executive officer and director of such corporation; (b) each person controlling such corporation; and (c) each executive officer and director of any corporation ultimately in control of such corporation. Executive officer shall mean the president, secretary, treasurer and any vice president in charge of a principal business function (such as sales, administration or finance) and any other person who performs similar policy-making functions for the corporation. A response to an item in the statement is required with respect to the bidder and to all other persons referred to in this instruction unless such item specifies to the contrary.

D. Upon termination of the tender offer, the bidder shall promptly file a final amendment to Form F-13 disclosing all material changes in the items of that Form and stating that the tender offer has terminated, the date of such termination and the results of such tender offer.

E. If the bidder, before filing this statement, has filed a Form F-11 with respect to the acquisition of securities of the same class referred to in Item 1(a) of this statement, the bidder shall amend such Form F-11 and may do so by means of this statement and amendments thereto, including the final amendment required to be filed by Instruction D: *Provided*, That the bidder indicates on the cover sheet of this statement that it is amending its Form F-11 by means of this statement.

F. The Final amendment required to be filed by Instruction D shall be deemed to satisfy the reporting requirements of section 13(d) of the Act with respect to all securities acquired by the bidder pursuant to the tender offer as reported in such final amendment.

G. For purposes of this statement, the following definitions shall apply:

(i) The term "bidder" means any person on whose behalf a tender offer is made; and

(ii) The term "subject bank" means any bank whose securities are sought by a bidder pursuant to a tender offer.

Item 1. Security and subject bank. (a) State the name of the subject bank and the address of its principal executive offices;

(b) State the exact title and the number of shares outstanding of the class of equity securities being sought (which may be based upon information contained in the most recently available filing with the Board by the subject bank unless the bidder has reason to believe such information is not current), the exact amount of such securities being sought and the consideration being offered therefor; and

(c) Identify the principal market, if any, in which such securities are traded and state the high and low sales prices for such securities in such principal market (or, in the absence thereof, the range of high and low bid quotations) for each quarterly period during the past two years.

Item 2. Identity and background. If the person filing this statement or any person enumerated in Instruction C of this statement is a corporation, partnership, limited partnership, syndicate or other group of persons, state its name, the State or other place of its organization, its principal business, the address of its principal office and the information required by (e) and (f) of this Item. If the person filing this statement or any person enumerated in Instruction C is a natural person, provide the information specified in (a) through (g) of this Item with respect to such person(s).

(a) Name;

(b) Residence or business address;

(c) Present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment or occupation is conducted;

(d) Material occupations, positions, offices or employments during the last five years, giving the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which such occupation, position, office or employment was carried on. Instruction. If a person has held various positions with the same organization, or if a person holds comparable positions with multiple related organizations, each and every position need not be specifically disclosed.

(e) Whether or not, during the last five years, such person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) and, if so, give the dates, nature of conviction, name and location of court, and penalty imposed or other disposition of the case. Instruction. While a negative answer to this sub-item is required in this schedule, it need not be furnished to security holders.

(f) Whether or not, during the last five years, such person was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, Federal or State securities or banking laws or finding any violation of such laws; and, if so, identify and describe such proceeding and summarize the terms of such judgment, decree or final order. Instruction. While a negative answer to this sub-item is required in this schedule, it need not be furnished to security holders.

(g) Citizenship(s).

Item 3. Past contacts, transactions or negotiations with the subject bank. (a) Briefly state the nature and approximate amount (in dollars) of any transaction, other than those described in Item 3(b) of this Form and those in the ordinary course of the bank's business, which has occurred since the commencement of the subject bank's third full fiscal year preceding the date of this schedule, between the person filing this schedule (including those persons enumerated in Instruction C of this schedule) and:

(1) The subject bank or any of its affiliates which are corporations: *Provided, however,* That no disclosure need be made with respect to any transaction if the aggregate amount involved in such transaction was less than 1 per cent of the subject bank's consolidated income (which may be based upon information contained in the most recently available filing with the Board by the subject bank, unless the bidder has reason to believe otherwise) (i) for the fiscal year in which such transaction occurred or, (ii) for the portion of the current fiscal year which has occurred, if the transaction occurred in such year; and

(2) The executive officers, directors or affiliates of the subject bank which are not corporations if the aggregate amount involved in such transaction or in a series of similar transactions, including all periodic installments in the case of any lease or other agreement providing for periodic payments or installments, exceeds $40,000.

(b) Describe any contacts, negotiations or transactions, other than those in the ordinary course of the bank's business which have occurred since the commencement of the subject bank's third full fiscal year preceding the date of this schedule between the bidder or its subsidiaries (including those persons enumerated in Instruction C of this schedule) and the subject bank or its affiliates or any shareholder owning more than 10 per cent of the outstanding shares of the subject bank concerning: a merger, consolidation or acquisition; a tender offer or other acquisition of securities; an election of directors; or a sale or other transfer of a material amount of assets.

Item 4. Source and amount of funds or other consideration. (a) State the source and the total amount of funds or other consideration for the purchase of the maximum number of securities for which the tender offer is being made.

(b) If all or any part of such funds or other consideration are or are expected to be, directly or indirectly, borrowed for the purpose of the tender offer:

(1) Provide a summary of each loan agreement or arrangement containing the identity of the parties, the term, the collateral, the stated and effective interest rates, and other material terms or conditions relative to such loan agreement; and

(2) Briefly describe any plans or arrangements to finance or repay such borrowings, or if no such plans or arrangements have been made, make a statement to that effect.

(c) If the source of all or any part of the funds to be used in the tender offer is a loan made in the ordinary course of business by a bank as defined by section 3(a)(6) of the Act, the name of such bank shall not be made available to the public if the person filing the statement so requests in writing and files such request, naming such bank, with the Secretary of the Board.

(d) If the source of all or any part of the funds to be used in the tender offer is a loan made by a bank as defined by section 3(a)(6) of the Act, indicate whether there exists any agreement, arrangement, or understanding pursuant to which the subject bank maintains or would maintain a correspondent deposit account at such lending bank.

Item 5. Purpose of the tender offer and plans or proposals of the bidder. State the purpose or purposes of the tender offer for the subject bank's securities. Describe any plans or proposals which relate to or would result in:

(a) An extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the subject bank or any of its subsidiaries;

(b) A sale or transfer or a material amount of assets of the subject bank or any of its subsidiaries;

(c) Any change in the present board of directors or management of the subject bank including, but not limited to, any plans or proposals to change the number or the term of directors or to fill any existing vacancies on the board;

(d) Any material change in the present capitalization or dividend policy of the subject bank;

(e) Any other material change in the subject bank's corporate structure or business;

(f) Causing a class of securities of the subject bank to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; or

(g) A class of equity securities of the subject bank becoming eligible for termination of registration pursuant to section 12(g)(4) of the Act.

Item 6. Interest in securities of the subject bank. (a) State the aggregate number and percentage of the class represented by such shares (which may be based on the number of shares outstanding as contained in the most recently available filing with the Board by the subject bank unless the bidder has reason to believe such information is not current), beneficially owned (identifying those shares for which there is a right to acquire) by each person named in Item 2 of this schedule and by each associate and majority-owned subsidiary of such person giving the name and address of any such associate or subsidiary.

(b) Describe any transaction in the class of securities reported on that was effected during the past 60 days by the persons named in response to paragraph (a) of this Item or by any executive officer, director or subsidiary of such person.

Instructions. 1. The description of a transaction required by Item 6(b) shall include, but not necessarily be limited to: (1) The identity of the person covered by Item 6(b) who effected the transaction; (2) the date of the transaction; (3) the amount of securities involved; (4) the price per share; and (5) where and how the transaction was effected.

2. If the information required by Item 6(b) of this schedule is available to the bidder at the time this statement is initially filed with the Board, such information should be included in such initial filing. However, if such information is not available to the bidder at the time of such initial filing, it should be filed with the Board promptly but in no event later than two business days after the date of such filing and, if material, should be disclosed to security holders of the subject bank in a manner similar to that in which the tender offer was first published, sent or given to such security holders. The procedure specified by this instruction is provided for the purpose of maintaining the confidentiality of the tender offer in order to avoid possible misuse of inside information.

Item 7. Contracts, arrangements, understandings or relationships with respect to the subject bank's securities. Describe any contract, arrangement, understanding or relationship (whether or not legally enforceable) between the bidder (including those persons enumerated in Instruction C to this schedule) and any person with respect to any securities of the subject bank (including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any of such securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss, or the giving or withholding of proxies), naming the persons with whom such contracts, arrangements, understandings or relationships have been entered into and giving the material provisions thereof. Include such information for any of such securities that are pledged or otherwise subject to contingency, the occurrence of which would give another person the power to direct the voting or disposition of such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Item 8. Persons retained, employed or to be compensated. Identify all persons and classes of persons employed, retained or to be compensated by the bidder, or by any person on the bidder's behalf, to make solicitations or recommendations in connection with the tender offer and describe briefly the terms of such employment, retainer or arrangement for compensation.

Item 9. Financial statements of certain bidders. Where the bidder is other than a natural person and the bidder's financial condition is material to a decision by a security holder of the subject company whether to sell, tender or hold securities being sought in the tender offer, furnish current, adequate financial information concerning the bidder *Provided*, That if the bidder is controlled by another entity which is not a natural person and has been formed for the purpose of making the tender offer, furnish current, adequate financial information concerning such parent.

Instructions. 1. The facts and circumstances concerning the tender offer, particularly the terms of the tender offer, may influence a determination as to whether disclosure of financial information is material. However, once the materiality requirement is applicable, the adequacy of the financial information will depend primarily on the nature of the bidder.

In order to provide guidance in making this determination, the following types of financial information will be deemed adequate for purposes of this item for the type of bidder specified: (a) Financial statements prepared in compliance with Form 10 of the Securities and Exchange Commission (17 CFR 249.210) for a domestic bidder which is otherwise eligible to use such form; and (b) financial statements prepared in compliance with Form 20 of the Securities and Exchange Commission (17 CFR 249.220) for a foreign bidder which is otherwise eligible to use such form.

2. The financial statements required by this item need not be audited if such audited financial statements are not available or obtainable without unreasonable cost or expense and a statement is made to that effect disclosing the reasons therefor.

Item 10. Additional information. If material to a decision by a security holder whether to sell, tender or hold securities being sought in the tender offer, furnish information as to the following:

(a) Any present or proposed material contracts, arrangements, understandings or relationships between the bidder or any of its executive officers, directors, controlling persons or subsidiaries and the subject bank or any of its executive officers, directors, controlling persons or subsidiaries (other than any contract, arrangement or understanding required to be disclosed pursuant to Items 3 or 7 of this schedule);

(b) To the extent known by the bidder after reasonable investigation, the applicable regulatory requirements which must be complied with or approvals which must be obtained in connection with the tender offer;

(c) The applicability of antitrust laws;

(d) The applicability of the margin requirements of section 7 of the Act and the regulations promulgated thereunder;

(e) Any material pending legal proceedings relating to the tender offer including the name and location of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto and a brief summary of the proceedings; and

Instruction. In connection with this sub-item, a copy of any document relating to a major development (such as pleadings, an answer, complaint, temporary restraining order, injunction, opinion, judgment or order) in a material pending legal proceeding should be promptly furnished to the Board on a supplemental basis.

(f) Such additional material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not materially misleading.

Item 11. Material to be Filed as Exhibits. Furnish a copy of: (a) Tender offer material which is published, sent or given to security holders by or on behalf of the bidder in connection with the tender offer;

(b) Any loan agreement referred to in Item 4 of this schedule. Instruction. The identity of any bank, other than the subject bank, which is a party to a loan agreement need not be disclosed if the person filing the statement has requested that the identity of such bank not be made available to the public pursuant to Item 4 of this schedule;

(c) Any document setting forth the terms of any contracts, arrangements, understandings or relationships referred to in Item 7 or 10(a) of this schedule;

(d) Any written opinion prepared by legal counsel at the bidder's request and communicated to the bidder pertaining to the tax consequences of the tender offer;

(e) In an exchange offer where securities of the bidder have been or are to be registered under the Securities Act of 1933, the prospectus containing the information required to be included therein by Rule 434b of the Securities and Exchange Commission (17 CFR 230.434b);

(f) If any oral solicitation of security holders is to be made by or on behalf of the bidder, any written instruction, form or other material which is furnished to the persons making the actual oral solicitation for their use, directly or indirectly, in connection with the tender offer.

Signature. After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Signature

Name and title

Date

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative (other than an executive officer or general partner of the bidder), evidence of the representative's authority to sign on behalf of such person shall be filed with the statement. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

Section 206.4(h)(1) of Regulation F is amended to read as follows:

(h) * * *

(1) Every registrant bank shall file a current report in conformity with the requirements of Form F-3 within the period specified in that form unless substantially the same information as that required by Form F-3 has been previously reported by the bank.

Section 206.43 is amended to read as follows:

SECTION 206.43—FORM FOR CURRENT REPORT OF A BANK (FORM F-3).

BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM

FORM F-3

Current Report

Pursuant to section 13 of the Securities Exchange Act of 1934. For the month of , 19

....
(Exact name of bank as specified in charter)

....
(Address of principal office)

GENERAL INSTRUCTIONS

A. Rule as to Use of Form F-3.—Form F-3 shall be used for current reports under Section 13 of the Securities Exchange Act of 1934, filed pursuant to § 206.4(h) of Regulation F (12 CFR 206.4(h)).

B. Events to be Reported and Filing of Reports.—A report on this form is required to be filed upon the occurrence of any one or more of the events specified in the items of this form. Reports are to be filed within 15 days after the occurrence of the earliest event required to be reported. However, reports which disclose events pursuant to Item 5 may be filed within 10 days after the close of the month during which the event occurred. If the letter from the independent accountants to be furnished pursuant to Item 4(d) is unavailable at the time of filing. It shall be filed within thirty days thereafter. Moreover, if substantially the same information as that required by this form has been previously reported by the bank, an additional report of the information on this form need not be made. The term "previously reported" is defined in § 206.2(v) of Regulation F (12 CFR 206.2(v)).

C. Application of Regulation F.—(a) Regulation F (12 CFR Part 206) contains certain general requirements which are applicable to reports on any form. These general requirements should be carefully read and observed in the preparation and filing of reports on this form.

(b) Particular attention is directed to § 206.4 of Regulation F (12 CFR 206.4) which contains general requirements regarding matters such as the kind and size of paper to be used, the legibility of the report, the information to be given whenever the title of securities is required to be stated, and the filing of the Report. The definitions contained in § 206.2 should be especially noted.

D. Preparation of Report. This form is not to be used as a blank form to be filled in, but only as a guide in the preparation of the report on paper meeting the requirements of § 206.4(t) of Regulation F (12 CFR 206.4(t)). The report shall contain the numbers and captions of all applicable items, but the text of such items may be omitted, provided the answers thereto are prepared in the manner specified in § 206.4(u) of Regulation F (12 CFR 206.4(u)). All items which are not required to be answered in the particular report may be omitted and no reference thereto need be made in the report. All instructions should also be omitted.

E. Signature and filing of report.—Three complete copies of the report, including any financial statements, exhibits of other papers or documents filed as a part thereof, and five additional copies which need not include exhibits, shall be filed with the Board. At least one complete copy of the report, including any financial statements, exhibits or other papers or documents filed as a part thereof, shall be filed with each exchange on which any class of securities of the bank is registered. At least one complete copy of the report filed with the Board and one such copy filed with an exchange shall be manually signed. Copies not manually signed shall bear typed or printed signatures.

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 1. CHANGES IN CONTROL OF BANK

(a) If, to the knowledge of management, a change in control of the Bank has occurred, state the name of the person(s) who acquired such control; the amount and the source of the consideration used by such person(s); the basis of the control; the date and a description of the transaction(s) which resulted in the change in control; the percentage of voting securities of the bank now beneficially owned directly or indirectly by the person(s) who acquired control; and the identity of the person(s) from whom control was assumed. If the source of all or any part of the consideration used is a loan made in the ordinary course of business by a bank as defined by Section 3(a)(6) of the Act, the identity of such bank shall be omitted provided a request for confidentiality has been made pursuant to Section 13(d)(1)(B) of the Act by the person(s) who acquired control. In lieu thereof, the material shall indicate that disclosure of the identity of the bank has been so omitted and filed separately with the Board.

Instructions. 1. State the terms of any loans or pledges obtained by the new control group for the purpose of acquiring control, and the names of the lenders or pledgees.

2. Any arrangements or understandings among members of both the former and new control groups and their associates with respect to the election of directors or other matters shall be described.

(b) Describe any contractual arrangements, including any pledge of securities of the Bank, or any of its parents, known to management, the operation of the terms of which may at a subsequent date result in a change in control of the bank.

Instruction. Paragraph (b) does not require a description of ordinary default provisions contained in the charter, trust indentures or other governing instruments relating to securities of the bank.

(c) If the source of all or any part of the funds used to acquire control of the bank is a loan made by a bank as defined in section 3(a)(6) of the Act, indicate whether there exists any agreement, arrangement, or understanding pursuant to which the registrant bank maintains or would maintain a correspondent deposit account at such lending bank.

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

If the bank or any of its majority-owned subsidiaries has acquired or disposed of a significant amount of assets, otherwise than in the ordinary course of business, furnish the following information:

(a) The date and manner of the acquisition or disposition and a brief description of the assets involved, the nature and amount of consideration given or received therefor, the principle followed in determining the amount of such consideration, the identity of the person(s) from whom the assets were acquired or to whom they were sold and the nature of any material relationship between such person(s) and the registrant or any of its affiliates, any director or officer of the registrant, or any associate of any such director or officer.

(b) If any assets so acquired by the registrant or its subsidiaries constituted plant, equipment or other physical property, state the nature of the business in which the assets were used by the person(s) from whom acquired and whether the bank intends to continue such use or intends to devote the assets to other purposes, indicating such other purposes.

Instructions. 1. No information need be given as to (i) any transaction between any person and any wholly-owned subsidiary of such person; (ii) any transaction between two or more wholly-owned subsidiaries of any person; or (iii) the redemption or other acquisition of securities from the public, or the sale or other disposition of securities to the public, by the issuer of such securities.

2. The term "acquisition" includes every purchase, acquisition by lease, exchange, merger consolidation, succession or other acquisition; *provided*, that such term does not include the construction or development of property by or for the bank or its subsidiaries or the acquisition of materials for such purpose. The term "disposition" includes every sale, disposition by lease, exchange, merger, consolidation, mortgage, or hypothecation of assets, assignment, whether for the benefit of creditors or otherwise, abandonment, destruction, or other disposition.

3. The information called for by this item is to be given as to each transaction or series of related transactions of the size indicated. The acquisition or disposition of securities shall be deemed the indirect acquisition or disposition of the assets represented by such securities if it results in the acquisition or disposition of control for such assets.

4. An acquisition or disposition shall be deemed to involve a significant amount of assets (i) if the bank's and its other subsidiaries' equity in the net book value of such assets or the amount paid or received therefor upon such acquisition or disposition exceeded 10 per cent of the total equity capital of the bank and its consolidated subsidiaries, (ii) if it involved the succession to or disposition of a business which would meet the test of a significant subsidiary, or (iii) if it involved the

acquisition or disposition of an interest in a business which would meet the test of a significant subsidiary and would be required to be accounted for by the equity method.

5. Where assets are acquired or disposed of through the acquisition or disposition of control of a person, the person from whom such control was acquired or to whom it was disposed of shall be deemed the person from whom the assets were acquired or to whom they were disposed of, for the purposes of this item. Where such control was acquired from or disposed of to not more than five persons, their names shall be given; otherwise it will suffice to identify in an appropriate manner the class of such persons.

6. Attention is directed to the requirements in Item 6 of the form with respect to the filing of financial statements for businesses acquired and to the filing of copies of the plans of acquisition or disposition as exhibits to the report.

ITEM 3. BANKRUPTCY OR RECEIVERSHIP

If a receiver, fiscal agent or similar officer has been appointed for a bank or its parent, in a proceeding under the Bankruptcy Act or in any other proceeding under State or Federal law in which a court or governmental agency has assumed jurisdiction over substantially all of the assets or business of the Bank or its parent, or if such jurisdiction has been assumed by leaving the existing directors and officers in possession but subject to the supervision and orders of a court or governmental body, identify the proceeding, the court or governmental body, the date jurisdiction was assumed, the identity of the receiver, fiscal agent or similar officer and the date of his appointment.

ITEM 4. CHANGES IN BANK'S ACCOUNTANT

If an independent accountant who was previously engaged as the principal accountant to audit the bank's financial statements resigns (or indicates he declines to stand for re-election after the completion of the current audit) or is dismissed as the bank's principal accountant, or another independent accountant is engaged as principal accountant, or if an independent accountant on whom the principal accountant expressed reliance in his report regarding a significant subsidiary resigns (or formally indicates he declines to stand for re-election after the completion of the current audit) or is dismissed or another independent accountant is engaged to audit that subsidiary:

(a) State the date of such resignation (or declination to stand for re-election), dismissal or engagement.

(b) State whether in connection with the audits of the two most recent fiscal years and any subsequent interim period preceding such resignation, dismissal or engagement there were any disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements if not resolved to the satisfaction of the former accountant would have caused him to make reference in connection with his report to the subject matter of the disagreement(s); also, describe each such disagreement. The disagreements required to be reported in response to the preceding sentence include both those resolved to the former accountant's satisfaction and those not resolved to the former accountant's satisfaction. Disagreements contemplated by this rule are those which occur at the decisionmaking level; i.e., between personnel of the bank responsible for presentation of its financial statements and personnel of the accounting firm responsible for rendering its report.

(c) State whether the principal accountant's report on the financial statements for any of the past two years contained an adverse opinion or a disclaimer of opinion or was qualified as to uncertainty, audit scope, or accounting principles; also describe the nature of each such adverse opinion, disclaimer of opinion or qualification.

(d) The bank shall request the former accountant to furnish the bank with a letter addressed to the Board stating whether he agrees with the statements made by the bank in response to this item and, if not, stating the respects in which he does not agree. The bank shall file a copy of the former accountant's letter as an exhibit with all copies of the Form F-3 required to be filed pursuant to General Instruction F.

ITEM 5. OTHER MATERIALLY IMPORTANT EVENTS

The bank may, at its option, report under this item any events, with respect to which information is not otherwise called for by this form, which the bank deems of material importance to security holders.

ITEM 6. FINANCIAL STATEMENTS AND EXHIBITS

List below the financial statements and exhibits, if any, filed as a part of this report.

(a) Financial statements of business acquired.

Instructions. 1. Businesses for which Statements are Required.

The financial statements specified below shall be filed for any business the succession to which or the acquisition of an interest in which is required to be described in answer to Item 2 above.

2. Statements Required.

(a) There shall be filed a balance sheet of the business as of a date reasonably close to the date of acquisition. This balance sheet shall be verified if practical.

(b) Income and source and application of funds statements of the business shall be filed for each of the last three full fiscal years and for the period, if any, between the close of the latest of such fiscal years and the date of the latest balance sheet filed. These income and source and application of funds statements shall be verified up to the date of the verified balance sheet, if practical.

(c) If the business was in insolvency proceedings immediately prior to its acquisition, the balance sheets required above need not be verified. In such case, the income and source and application of funds statements required shall be verified to the close of the latest full fiscal year, if practical.

(d) Except as otherwise provided in this instruction, the principles applicable to a registrant and its subsidiaries with respect to the filing of individual, consolidated and group statements in an original application or annual report shall be applicable to the statements required by this instruction.

3. Application of § 206.7.

Section 206.7 governs the examination and the form and content of the statements required by the preceding instruction, including the basis of consolidation, and prescribes the statements of other stockholders' equity to be filed. No supporting schedules need be filed. A manually signed accountant's report should be provided.

4. Filing of Other Financial Information in Certain Cases.

The Board, upon the written request of the bank and where consistent with the protection of investors, may permit the omission of one or more of the financial statements herein required or the filing in substitution therefor of appropriate statements of comparable character, if the required financial statements are not reasonably available to the bank, because the obtaining thereof would involve unreasonable effort, expense or practicable difficulties. A request for such relief shall be filed as a part of the report. If an extension of time has been granted pursuant to § 206.4(r) of Regulation F (12 CFR 206.4(r)), a request for relief shall be filed as a part of an amendment to the initial report within the additional time provided under said rule. The request shall set forth the following information:

(a) The reason(s) for the unavailability of the audited financial statements;

(b) The estimated costs of their preparation;

(c) An explanation of any other practical auditing problems and;

(d) A tabular presentation of the following items of information, comparing the acquired business(es) with the bank on a consolidated basis (excluding the acquired business(es)): (1) Operating income; (2) net income; (3) total assets; (4) total stockholder equity; and (5) total purchase price compared to total equity capital of bank.

The Board may also by informal written notice require the filing of other financial statements in addition to, or in substitution for, the statements herein required in any case where such statements *are necessary or appropriate for an adequate presentation* of the financial condition of any person whose financial statements are required, or whose statements are otherwise necessary for the protection of investors.

(b) Exhibits. Subject to the rules as to incorporation by reference, copies of any plan of acquisition or disposition described in answer to Item 2, including any plan of reorganization, readjustment, exchange, merger, consolidation or succession in connnection therewith, shall be filed as exhibit to this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date

(Registrant)

(Signature)

(Typed name of signing officer)

(Title of signing officer)

Section 206.44 (Form F-4) is revised by adding a new Part D to read as follows:

Section 206.44—Form for Quarterly Report of Bank (Form F-4)

* * * * *

Part D—Other Information

Instruction. The Report shall contain the item numbers and captions of all applicable items of Part D, but the text of such items may be omitted: *Provided,* The responses clearly indicate the coverage of the item. Any item which is inapplicable or to which the answer is negative may be omitted and no reference thereto need be made in the report. If substantially the same information has been previously reported by the registrant, an additional report of the information on this form need not be made. The term "previously reported" is defined in § 206.2(v) of Regulation F.

Item 1. Legal Proceedings

(a) Briefly describe any material legal proceedings, other than ordinary routine litigation incidental to the business, to which the bank or any of its subsidiaries has become a party or of which any of their property has become the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceedings and the relief sought.

(b) If any such proceedings previously reported have been terminated, identify the proceeding, give the date of termination and describe the disposition thereof with respect to the Bank and its subsidiaries.

Instructions

1. No information need be given with respect to any proceeding which involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 per cent of the equity capital accounts of the bank. However, if any proceeding presents in large degree the same issues as other proceedings pending or known to be contemplated, the amount involved in such other proceedings shall be included in computing such percentage.

2. Notwithstanding the foregoing instructions, any bankruptcy, receivership or similar proceeding with respect to the bank or any of its significant subsidiaries shall be described. Any proceeding to which any director, officer or affiliate of the bank, any principal holder of equity securities of the bank or any associate of any such director, officer or security holder, is a party adverse to the bank or any of its subsidiaries shall also be described.

3. Notwithstanding the foregoing, administrative or judicial proceedings arising under any Federal, State or local provisions regulating the discharge of materials into the environment or otherwise relating to the protection of the environment shall not be deemed "ordinary routine litigation incidental to the business" and shall be described if such proceeding is material to the business or financial condition of the bank or if it involves primarily a claim for damages and the amount involved, exclusive of interest and costs, exceeds 10 per cent of the equity capital of the bank and its subsidiaries on a consolidated basis. Any such proceedings by governmental authorities shall be deemed material and shall be described whether or not the amount of any claim for damages involved exceeds 10 per cent of equity capital on a consolidated basis and whether or not such proceedings are considered "ordinary routine litigation incidental to the business"; *Provided, however,* That such proceedings which are similar in nature may be grouped and described generally stating: the number of such proceedings in each group; a generic description of such proceedings; the issues generally involved; and, if such proceedings in the aggregate are material to the business or financial condition of the bank, the effect of such proceedings on the business or financial condition of the bank.

Item 2. Changes in Securities

(a) If the constitutent instruments defining the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved and state briefly the general effect of such modification upon the rights of holders of such securities.

(b) If the rights evidenced by any class of registered securities have been materially limited or qualified by the issuance or modification of any other class of securities, state briefly the general effect to the issuance or modification of such other class of securities upon the rights of the holders of the registered securities.

Instruction. Limitations upon the payment of dividends are to be reported hereunder.

ITEM 3. CHANGES IN SECURITY FOR REGISTERED SECURITIES

If there has been a material withdrawal or substitution of assets securing any class of registered securities of the bank, furnish the following information:

(a) Give the title of the securities.

(b) Identify and describe briefly the assets involved in the withdrawal or substitution.

(c) Indicate the provision in the underlying indenture, if any, authorizing the withdrawal or substitution.

Instruction. This item need not be answered where the withdrawal or substitution is made pursuant to the terms of an indenture which has been qualified under the Trust Indenture Act of 1939.

ITEM 4. DEFAULTS UPON SENIOR SECURITIES

(a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not cured within 30 days, with respect to any indebtedness of the bank or any of its significant subsidiaries exceeding 5 per cent of the equity capital of the bank. Identify the indebtedness and state the nature of the default. In the case of such a default in the payment of principle, interest, or a sinking or purchase fund installment, state the amount of the default and the total arrearage on the date of filing this report.

Instruction. This paragraph refers only to events which have become defaults under the governing instruments, i.e., after the expiration of any period of grace and compliance with any notice requirements.

(b) If any material arrearage in the payment of dividends has occurred or if there has been any other material delinquency not cured within 30 days, with respect to any class of preferred stock of the bank which is registered or which ranks prior to any class of registered securities, or with respect to any class of preferred stock of any significant subsidiary of the bank, give the title of the class and state the nature of the arrearage or delinquency. In the case of an arrearage in the payment of dividends, state the amount and the total arrearage on the date of filing this report.

Instruction. Item 4 need not be answered as to any default or arrearage with respect to any class of securities all of which is held by, or for the account of, the bank or its totally held subsidiaries.

ITEM 5. INCREASE IN AMOUNT OUTSTANDING OF SECURITIES

If the amount outstanding of securities of the bank has been increased through the issuance of any new class of securities or through the issuance or reissuance of any additional securities of a class outstanding, and the aggregate amount of all such increases not previously reported exceeds 5 per cent of the outstanding securities of the class, furnish the following information:

(a) Title of class, the amount outstanding as last previously reported, and the amount presently outstanding (as of a specified date);

(b) A brief description of the transaction(s) resulting in the increase and a statement of the aggregate net cash proceeds or the nature and aggregate amount of any other consideration received or to be received by the bank;

(c) The names of the principal underwriters, if any;

(d) A reasonable itemized statement of the purposes so far as determinable, for which the net proceeds have been or are to be used and the approximate amount used or to be used for each such purpose;

(e) If the securities were capital shares, a statement of the amount of the proceeds credited or to be credited to any account other than the appropriate capital share account.

INSTRUCTIONS

1. This item does not apply to notes, drafts, bills of exchange, bankers' acceptances or other obligations which mature not later than 1 year from the date of issuance. No report need be made where the amount not previously reported, although in excess of 5 per cent of the amount outstanding, does not exceed 1,000 shares or other units.

2. This item includes the reissuance of treasury securities and securities held for the account of the issuer thereof.

ITEM 6. DECREASE IN AMOUNT OUTSTANDING OF SECURITIES

If the amount outstanding of any class of securities of the bank has been decreased through one or more transactions and the aggregate amount of all such decreases not previously reported exceeds 5 per cent of the amount of securities of the class previously outstanding, furnish the following information:

(a) Title of the class, the amount outstanding as last previously reported, and the amount currently outstanding (as of a specified date).

(b) A brief description of the transaction(s) involving the decrease and a statement of the aggregate amount of cash or the nature and aggregate amount of any other consideration paid or to be paid by the bank in connection with such transaction or transactions.

Instruction. Instruction 1 to Item 5 shall also apply to this item. This item need not be answered as to decreases resulting from ordinary sinking fund operations, similar periodic decreases made pursuant to the terms of the constituent instruments, or decreases resulting from the conversion of securities.

ITEM 7. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

If any matter has been submitted to a vote of security holders, through the solicitation of proxies or otherwise, furnish the following information:

(a) The date of the meeting and whether it was an annual or special meeting.

(b) If the meeting involved the election of directors, state the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

(c) Briefly describe each other matter voted upon at the meeting and state the number of affirmative votes and the number of negative votes cast with respect to each such matter.

INSTRUCTIONS

1. If any matter has been submitted to a vote of security holders otherwise than at a meeting of such security holders, corresponding information with respect to such submission shall be furnished. The solicitation of any authorization or consent (other than a proxy to vote at a stockholders' meeting) with respect to any matter shall be deemed a submission of such matter to a vote of security holders within the meaning of this item.

2. Paragraph (a) need be answered only if paragraph (b) or (c) is required to be answered.

3. Paragraph (b) need not be answered if (i) proxies for the meeting were solicited pursuant to § 206.5 of Regulation F under the Act, (ii) there was no solicitation in opposition to the management's nominees as listed in the proxy statement, and (iii) all of such nominees were elected. If the bank did not solicit proxies and the board of directors as previously reported to the Board was reelected in its entirety, a statement to that effect in answer to paragraph (b) will suffice as an answer thereto.

4. Paragraph (c) need not be answered as to procedural matters or as to the selection or approval of auditors.

5. If the registrant has published a report containing all of the information called for by this item, the item may be answered by a reference to the information contained in such report, provided copies of such report are filed as an exhibit to the report on this form.

ITEM 8. OTHER MATERIALLY IMPORTANT EVENTS

The registrant may, at its option, report under this item any events not previously reported in a report on Form F-3, with respect to which information is not otherwise called for by this form but which the registrant deems of material importance to security holders.

ITEM 9. EXHIBITS AND REPORTS ON FORM F-3 (12 CFR 206.43)

(a) Exhibits. List below the documents, if any, filed as a part of this report. Subject to the rules as to incorporation by reference, the following documents shall be filed as exhibits:

1. Copies of the amendments to all constituent instruments and other documents described in answer to Item 2.

2. Copies of all constituent instruments defining the rights of the holders of any new class of securities referred to in answer to Item 5.

3. Copies of the text of any proposal described in answer to Item 7.

4. Copies of any published report furnished in response to Item 7. (See Item 7, Instruction 5.)

5. Copies of any material amendment to the bank's charter or by-laws not otherwise required to be filed.

(b) Reports on Form F-3. State whether any reports on Form F-3 have been filed during the quarter for which this report is filed, listing the items reported, any financial statements filed, and the dates of any such reports.

Section 206.42 (Form F-2) is revised as follows:

SECTION 206.42—FORM FOR ANNUAL REPORT OF BANK (FORM F-2)

* * * * *

GENERAL INSTRUCTIONS

A.-F. [No change]

OMISSION OF INFORMATION PREVIOUSLY FILED

(a) Except as provided in paragraph (b) below, the information called for by Items 1, 2, 3, 4, 8, 9, 10, 11, 12, 15, 16, 17, and 18 of this form is to be furnished by all registrants required to file a report, on this form. Items 5, 6, 7, 13, and 14 may be omitted from the report by any registrant which, since the close of the fiscal year, has filed with the Board a definitive proxy statement or a definitive information statement pursuant to § 206.5 of Regulation F which involved the election of directors, or which files such a proxy or information statement not later than 120 days after the close of the fiscal year.

(b) If the information called for by Items 2, 9, or 12 would be unchanged from that given in a previous report, a reference to the previous report which includes the required information will be sufficient. Copies of such previous report need not be filed with the report currently being filed on this form.

PART I

ITEMS 1, 2, AND 3. [NO CHANGE]

ITEM 4. SUMMARY OF OPERATIONS

* * * * *

INSTRUCTIONS. 1.-3. [NO CHANGE]

4. For any previously reported material charge or credit to income of an unusual or infrequent nature in which an amount of cost was estimated to be incurred in the fiscal year being reported on or the prior fiscal year, summarize such transaction and state the amounts of such estimated cost and the amounts of the actual cost incurred in such periods, the reasons for differences between estimated and actual amounts, if any, and provide a detailed reconciliation showing all changes and credits to any reserve provided.

ITEMS 5, 6, 7, AND 8. [NO CHANGE]

ITEM 9. LEGAL PROCEEDINGS

(a) Briefly describe any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the bank or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceedings and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

(b) If any material legal proceeding which was previously reported or which became reportable during the fourth quarter of bank's fiscal year was terminated during such quarter, give the date of termination and describe the disposition thereof with respect to the bank and its subsidiaries.

INSTRUCTIONS

1. No collection, action or claim need be described unless it departs from the normal kind of such actions.
2. No information need be given with respect to any proceedings which involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 per cent of the equity capital of the bank. However, if any proceeding presents in large degree the same issues as other proceedings pending or known to be contemplated, the amount involved in such other proceedings shall be included in computing such percentage.
3. Notwithstanding Instructions 1 and 2, any material bankruptcy, receivership, or similar proceeding with respect to the bank or any of its significant subsidiaries shall be described. Any material proceedings to which any director, officer or affiliate of the registrant, any security holder named in answer to Item 5(a), or any associate of any such director, officer or security holder, is a party, or has a material interest, adverse to the bank of any of its subsidiaries shall also be described.
4. Notwithstanding the foregoing, administrative or judicial proceeding arising under any Federal, State or local provisions regulating the discharge of materials into the environment or otherwise relating to the protection of the environment shall not be deemed "ordinary routine litigation

incidental to the business'' and shall be described if such proceeding is material to the business of financial condition of the bank or if it involves primarily a claim for damages and the amount involved, exclusive of interest and costs, exceeds 10 per cent of the equity assets of the bank and its subsidiaries on a consolidated basis. Any such proceedings by governmental authorities shall be deemed material and shall be described whether or not the amount of any claim for damages involved exceeds 10 per cent of equity capital and whether or not such proceedings are considered ''ordinary routine litigation incidental to the business''; provided, however, that such proceedings which are similar in nature may be grouped and described generally stating: the number of such proceedings in each group: a generic description of such proceedings; the issues generally involved; and, if such proceedings in the aggregate are material to the business or financial condition of the bank the effect of such proceedings on the business or financial condition of the bank.

ITEM 10. INCREASES AND DECREASES IN OUTSTANDING SECURITIES

(a) Give the following information as to all increases and decreases during the fiscal year in the amount of equity securities of the registrant outstanding:

(1) The title of the class of securities involved;

(2) The date of the transaction;

(3) The amount of securities involved and whether an increase or decrease; and

(4) A brief description of the transaction in which the increase or decrease occurred. If previously reported, the description may be incorporated by a specific reference to the previous filing.

Instructions. The information shall be prepared in the form of a reconciliation between the amount shown to be outstanding on the balance sheet to be filed with this report and the amounts shown on the bank's balance sheet for the previous year. The exercise of outstanding options or warrants (separately by class or type of option or warrant), conversions of previously issued convertible securities (separately by class of security) and the issuance of options may be grouped together showing the dates between which all such transactions occurred. If the information called for has been previously reported on Form F-4, it may be incorporated by a specific reference to the previous filing.

(b) Increases and decreases in the amount outstanding of debt securities which were previously reported in reports on Form F-4 should be listed and briefly discussed with appropriate cross references to the earlier disclosure.

(c) If, during the fourth quarter of the bank's fiscal year, the amount of debt securities outstanding has been increased or decreased through one or more transactions, and the aggregate amount of all such increases or decreases not previously reported exceeds 5 per cent of the outstanding securities of the affected class, furnish the following information:

(1) Title of class, the amount outstanding as last previously reported, and the amount presently outstanding (as of a specified date);

(2) A brief description of the transaction or transactions resulting in the change;

(3) If an increase in securities is reported, furnish: (i) A statement of the aggregate net cash proceeds or the nature and aggregate amount of any consideration received or to be received by the bank; (ii) the names of the principal underwriters, if any; and (iii) a reasonably itemized statement of the purposes, so far as determinable, for which the net proceeds have been or are to be used and the approximate amount used or to be used for each such purpose; and

(4) If a decrease in securities is reported, a statement of the aggregate amount of cash or the nature and aggregate amount of any other consideration paid or to be paid by the bank in connection with such transaction or transactions.

INSTRUCTIONS

1. This paragraph does not apply to notes, drafts, bills of exchange, bankers' acceptances, or other obligations which mature not later than 1 year from the date of issuance. No report need be made where the amount not previously reported, although in excess of 5 per cent of the amount outstanding, does not exceed 1,000 shares or other units.

2. This paragraph includes the reissuance of treasury securities and securities held for the account of the issuer thereof.

3. This paragraph need not be answered as to decreases resulting from ordinary sinking fund operations, similar periodic decreases made pursuant to the terms of the constituent instruments, or decreases resulting from the conversion of securities.

ITEMS 11, 12, 13 AND 14. [NO CHANGE]

ITEM 15. FINANCIAL STATEMENTS, EXHIBITS FILED, AND REPORTS ON FORM F-3

(a) List all of the following documents filed as a part of the report:

1. All financial statements.

2. All exhibits, including those incorporated by reference.

Instructions. Where any financial statement or exhibit is incorporated by reference, the incorporation by reference shall be set forth in the list required by this item. Section 206.4(m) of Regulation F (12 CFR 206.4(m)).

(b) Reports on Form F-3. State whether any reports on Form F-3 have been filed during the last quarter of the period covered by this report, listing the items reported, any financial statements filed and the dates of any such reports.

ITEM 16. CHANGES IN SECURITIES AND CHANGES IN SECURITY FOR REGISTERED SECURITIES

General Instruction. No response to this item is required if the information called for herein has been previously reported in a report on Form F-4.

(a) If the constituent instruments defining the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved and state briefly the general effect of such modification upon the rights of holders of such securities.

(b) If the rights evidenced by any class of registered securities have been materially limited or qualified by the issuance or modification of any other class of securities, state briefly the general effect of the issuance or modification of such other class of securities upon the rights of the holders of the registered securities.

Instruction. Restrictions upon payment of dividends are to be reported hereunder.

(c) If there has been a material withdrawal or substitution of assets securing any class of registered securities of the bank, furnish the following information:

1. Give the title of the securities.

2. Identify and describe briefly the assets involved in the withdrawal or substitutions.

3. Indicate the provision in the underlying indenture, if any, authorizing the withdrawal or substitution.

Instruction. This paragraph need not be answered where the withdrawal or substitution is made pursuant to the terms of an indenture which has been qualified under the Trust Indenture Act of 1939.

ITEM 17. DEFAULTS UPON SENIOR SECURITIES

General Instruction. No response to this item is required if the information called for herein has been previously reported in a report on Form F-4.

(a) If there has been any material default in the payment of principal interest, a sinking or purchase fund instalment, or any other material default not cured within 30 days, with respect to any indebtedness of the bank or any of its significant subsidiaries exceeding 5 per cent of the equity capital of the bank, identify the indebtedness and state the nature of the default. In the case of such a default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrearage on the date of filing this report.

Instruction. This paragraph refers only to events which have become defaults under the governing instruments, i.e., after the expiration of any period of grace and compliance with any notice requirements.

(b) If any material arrearage in the payment of dividends has occurred or if there has been any other material delinquency not cured within 30 days, with respect to any class of preferred stock of the bank which is registered or which ranks prior to any class of registered securities, or with respect to any class of preferred stock of any significant subsidiary of the bank, give the title of the class and state the nature of the arrearage or delinquency. In the case of an arrearage in the payment of dividends, state the amount and the total arrearage on the date of filing this report.

Instruction. Item 17 need not be answered as to any default or arrearage with respect to any class of securities all of which is held by, or for the account of, the bank or its totally held subsidiaries.

ITEM 18. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

If any matter has been submitted to a vote of security holders, through the solicitation of proxies or otherwise, furnish the following information if not previously disclosed in a report on Form F-4.

(a) The date of the meeting and whether it was an annual or special meeting.

(b) If the meeting involved the election of directors, state the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

(c) Briefly describe each other matter voted upon at the meeting and state the number of affirmative votes and the number of negative votes cast with respect to each such matter.

Instructions. 1. If any matter has been submitted to a vote of security holders otherwise than at a meeting of such security holders, corresponding information with respect to such submission shall be furnished. The solicitation of any authorization or consent (other than a proxy to vote at a stockholders' meeting) with respect to any matter shall be deemed a submission of such matter to a vote of security holders within the meaning of this item.

2. Paragraph (a) need be answered only if paragraph (b) or (c) is required to be answered.

3. Paragraph (b) need not be answered if (i) proxies for the meeting were solicited pursuant to § 206.5 of Regulation F, (ii) there was no solicitation in opposition to the management's nominees as listed in the proxy statement, and (iii) all of such nominees were elected. If the registrant did not solicit proxies and the board of directors as previously reported to the Board was reelected in its entirety, a statement to that effect in answer to paragraph (b) will suffice as an answer thereto.

4. Paragraph (c) need not be answered as to procedural matters or as to the selection or approval of auditors.

5. If the Bank has published a report containing all of the information called for by the item, the item may be answered by a reference to the information contained in such report, provided copies of such report are filed as an exhibit to the report on this form.

SIGNATURES
[No change]

INSTRUCTIONS AS TO FINANCIAL STATEMENTS
[No change]

INSTRUCTIONS AS TO EXHIBITS

Subject to provisions regarding the incorporation of exhibits by reference, the following exhibits shall be filed as a part of the report:

A. Copies of all amendments or modifications, not previously filed, to all exhibits previously filed (or copies of such exhibits as amended or modified).

B. Copies of all contracts and other documents of a character required to be filed as an exhibit to an original registration statement on Form F-1 which were executed or in effect during the fiscal year and not previously filed.

C. Copies of the exhibits called for by Instruction 3(d) to Item 4.

D. Copies of all constituent instruments defining the rights of the holders of any new class of securities referred to in answer to Item 10(c).

E. Copies of the amendments to all constituent instruments and other documents described in answer to Item 16.

F. Copies of the text of any proposal described and copies of any published report furnished in response to Item 18.

Item 5(e) of Form F-5 is amended to read as follows:

(e) If, to the knowledge of the persons on whose behalf the solicitation is made, a change in control of the bank has occurred since the beginning of its last fiscal year, state the name of the person(s) who acquired such control, the amount and the source of the consideration used by such person or persons, the basis of the control, the date and a description of the transaction(s) which resulted in the change of control, and the percentage of voting securities of the bank now beneficially owned directly or indirectly by the person(s) who acquired control, and the identity of the person(s) from whom control was assumed. If the source of all or any part of the consideration used is a loan made in the ordinary course of business by a bank as defined by Section 3(a)(6) of the Act, the identity of such bank shall be omitted provided a request for confidentiality has been made pursuant to Section 13(d)(1)(B) of the Act by the person(s) who acquired control. In lieu thereof, the material shall indicate that the identity of the bank has been so omitted and filed separately with the Board. If the source of all or any part of the funds used to acquire control of the bank was a loan made by a bank as defined by Section 3(a)(6) of the Act, indicate whether there exists any agreement, arrangement, or understanding pursuant to which the registrant bank maintains or would maintain a correspondent deposit account at such lending bank.

INSTRUCTIONS

1. State the terms of any loans or pledges obtained by the new control group for the purpose of acquiring control, and the names of the lenders or pledgees.

2. Any arrangements or understandings among members of both the former and new control groups and their associates with respect to election of the directors or other matters should be described.

* * * * *

Section 206.6(l) is amended to read as follows:

(l) EXEMPTION FROM SECTION 16(b) OF ACQUISITIONS OF SHARES OF STOCK AND STOCK OPTIONS AND STOCK APPRECIATION RIGHTS UNDER CERTAIN STOCK INCENTIVE, STOCK OPTION OR SIMILAR PLANS. Any acquisition of shares of stock (other than stock acquired upon the exercise of an option, warrant or right) pursuant to a plan as defined in subparagraph (4)(i) of this paragraph, or any acquisition, expiration, cancellation or surrender to the bank of a stock option or stock appreciation right pursuant to such a plan by a director or officer of the bank shall be exempt from the operation of section 16(b) of the Act if the plan meets the following conditions:

(1) Approval by security holders. The plan has been approved, directly or indirectly, (i) by the affirmative votes of the holders of a majority of the securities of the bank present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable laws of the state or other jurisdiction in which the bank was chartered, or (ii) by the written consent of the holders of a majority of the securities of the bank entitled to vote: *Provided, however,* That if such a vote or written consent was not solicited substantially in accordance with the rules and regulations, if any, in effect under section 14(a) of the Act at the time of such vote or written consent, the bank shall furnish in writing to the holders of record of the securities entitled to vote for the plan substantially the same information concerning the plan that would be required by the rules and regulations in effect under section 14(a) of the Act at the time such information is furnished, if proxies to be voted with respect to the approval or disapproval of the plan were then being solicited, on or prior to the date of the first annual meeting of security holders held subsequent to the later of *(a)* the first registration of an equity security under section 12 of the Act or *(b)* the acquisition of an equity security for which exemption is claimed. Such written information may be furnished by mail to the last known address of the security holders of record within 30 days prior to the date of mailing. Four copies of such written information shall be filed with, or mailed for filing to, the Board not later than the date on which it is first sent or given to security holders of the bank. For the purposes of this paragraph, the term "bank" includes a predecessor bank if the plan or obligations to participate thereunder were assumed by the bank in connection with the succession. In addition, any amendment to the plan shall be similarly approved if the amendment would:

(*1*) Materially increase the benefits accruing to participants under the plan;

(*2*) Materially increase the number of securities which may be issued under the plan; or

(*3*) Materially modify the requirements as to eligibility for participation in the plan.

(2) Disinterested administrators. If the selection of any director or officer of the bank to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the plan, or the determination of the number or maximum number or shares of stock which may be allocated to any such director or officer or which may be covered by stock options or stock appreciation rights granted to any such director or officer pursuant to the plan is subject to the discretion of any person, then such discretion shall be exercised only as follows:

(i) With respect to the participation of directors:

(*a*) By the board of directors of the bank, a majority of which board and a majority of the directors acting in the matter are disinterested persons;

(*b*) By, or only in accordance with the recommendation of, a committee of three or more persons having full authority to act in the matter, all of the members of which committee are disinterested persons; or

(*c*) Otherwise in accordance with the plan, if the plan: (*1*) Specifies the number or maximum number of shares of stock which directors may acquire or which may be subject to stock options or stock appreciation rights granted to directors pursuant to the plan and the terms upon which, and the times at which, or the periods within which, such stock may be acquired or such options or rights may be acquired and exercised; or (*2*) sets forth, by formula or otherwise, effective and determinable limitations with respect to the foregoing based upon earnings of the bank, dividends paid, compensation received by participants, option prices, market value of shares, outstanding shares or percentages thereof outstanding from time-to-time or similar factors.

(i) With respect to the participation of officers who are not directors:

(*a*) By the Board of directors of the bank or a committee of three or more directors;

(*b*) By, or only in accordance with the recommendations of, a committee of three or more persons having full authority to act in the matter, all of the members of which committee are disinterested persons; or (*c*) Otherwise in accordance with the plan, if the plan (*1*) Specifies the number of maximum number of shares of stock which officers may acquire or which may be subject to stock options or stock appreciation rights granted to officers pursuant to the plan and the terms upon which, and the times at which, or the period within which, such stock may be acquired or such options or rights may be acquired and exercised; or (*2*) Sets forth, by formula or otherwise, effective and determinable limitations with respect to the foregoing based upon earnings of the bank, dividends paid, compensation received by participants, option prices, market value of shares, outstanding shares or percentages thereof outstanding from time-to-time or similar factors.

(iii) The provisions of this paragraph shall not apply with respect to any option or right granted or other equity security acquired, prior to the date of the first registration of an equity security under section 12 of the Act.

(3) Plan limitations. As to each participant or as to all participants the plan effectively limits the aggregate dollar amount of stock or the aggregate number of shares of stock which may be allocated, or which may be subject to stock options or stock appreciation rights issued pursuant to the plan. The limitations may be established on an annual basis, or for the duration of the plan, whether or not the plan has a fixed termination date, and may be determined either by fixed or maximum dollar amounts or fixed or maximum numbers of shares or by formulas based upon earnings of the bank, dividends paid, compensation received by participants, option prices, market value of shares, outstanding shares or percentages thereof outstanding from time-to-time, or similar factors that will result in an effective and determinable limitation. Such limitations may be subject to any provision for adjustment of the plan or of stock allocable or options outstanding thereunder to prevent dilution or enlargement of rights.

(4) Definitions. Unless the context otherwise requires, all terms used in this rule shall have the same meaning as in the Act or elsewhere in Part 206. In addition, the following definitions apply:

(i) The term "plan" shall mean an option, bonus, appreciation, profit sharing, retirement, incentive, thrift, savings or similar plan that meets the following conditions:

(*a*) The plan must be set forth in a written document describing the means or basis for determining the eligibility of individuals to participate and either the price at which the securities may be offered or the method by which the price or the amount of the award is to be determined; and

(*b*) The plan must provide with respect to any option or similar right (including a stock appreciation right) offered pursuant to the plan that such option or right is not transferable other than by will or the laws of descent and distribution and that it is exercisable during the employee's lifetime only by him or his guardian or legal representative.

(ii) The term "exercise of an option, warrant or right" contained in the parenthetical clause of the first paragraph of § 206.6(1) shall not include:

(*a*) The making of an election to receive under any plan compensation in the form of stock or credits therefor, provided that such election is made either prior to the making of the award or prior to the fulfillment of all conditions to the receipt of the compensation and, provided, further, that such election is irrevocable until at least six months after termination of employment;

(*b*) The subsequent crediting of such stock;

(*c*) The making of any election as to the time for delivery of such stock after termination of employment, provided that such election is made at least six months prior to any such delivery;

(*d*) The fulfillment of any condition to the absolute right to receive such stock; or

(*e*) The acceptance of certificates for shares of such stock.

(iii) The term "disinterested person" used in §§ 206.6(1)(2) and 206.6(1)(5) hereof shall mean an administrator of a plan who is not at the time he exercises discretion in administering the plan eligible and has not at any time within one year prior thereto been eligible for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the plan or any other plan of the bank or any of its affiliates entitling the participants therein to acquire stock, stock options or stock appreciation rights of the bank or any of its affiliates.

(5) Cash Settlements of Stock Appreciation Rights. Any transaction involving the exercise and cancellation of a stock appreciation right issued pursuant to a plan (whether or not the transaction also involves the related surrender and cancellation of a stock option), and the receipt of cash in complete or partial settlement of that right, shall be exempt from the operation of section 16(b) of the Act, as not comprehended within the purpose of that section, if all the following conditions are met:

(i) Information about the issue. (*a*) The bank that is the issuer of the stock appreciation right has been subject to the reporting requirements of section 13 of the Act for at least a year prior to the transaction and has filed all reports and statements required to be filed pursuant to that section during that year.

(*b*) The bank that is the issuer of the stock appreciation right on a regular basis does release for publication quarterly and annual summary statements of revenues and earnings. This condition shall be deemed satisfied if the specified financial data appears (*1*) on a wire service, (*2*) in a financial news service, (*3*) in a newspaper of general circulation, or (*4*) is otherwise made publicly available.

(ii) Limitation of the right and any related option. Neither the stock appreciation right nor any related stock option shall have been exercisable during the first six months of their respective terms, except that this limitation shall not apply in the event death or disability of the grantee occurs prior to the expiration of the six-month period.

(iii) Administration of the plan. (*a*) The plan shall be administered by either the board of directors, a majority of which are disinterested persons and a majority of the directors acting on plan matters are disinterested persons, or by a committee of three or more persons, all of whom are disinterested persons;

(*b*) The board or committee shall have sole discretion either (*1*) To determine the form in which payment of the right will be made (i.e., cash, securities, or any combination thereof), or (*2*) To consent to or disapprove the election of the participant to receive cash in full or partial settlement of the right. Such consent or disapproval may be given at any time after the election to which it relates.

(*c*) Any election by the participant to receive cash in full or partial settlement of the stock appreciation right, as well as any exercise by him of this stock appreciation right for such cash, shall be made during the period beginning on the third business day following the date of release of the financial data specified in § 206.6(1)(5)(i)(b) hereof and ending on the twelfth business day following such date. This subparagraph, (5)(iii)(c), however, shall not apply to any exercise by the participant of a stock appreciation right for cash where the date of exercise:

(*1*) Is automatic or fixed in advance under the plan;

(*2*) Is at least six months beyond the date of the stock appreciation right; and

(*3*) Is outside the control of the participant.

(iv) Compliance with other conditions of § 206.6(1). The plan under which the stock appreciation rights and any related options are granted shall meet the conditions. specified above in § 206.6(1) (1), (2), (3), and (4).

(v) Limit of the exemption. Nothing in this § 206.6(1)(5) provides an exemption from section 16(b) for the acquisition of stock upon the exercise of a stock appreciation right or a stock option.

"Section" 206.6(e)(3) is amended to read as follows:

(3) Notwithstanding the foregoing, a statement need not be filed pursuant to section 16(a) of the Act:

(i) By any person with respect to the acquisition, expiration, surrender to the bank, or cancellation of any nontransferable stock option or stock appreciation right granted by the bank of the securities to which the option or right relates pursuant to a plan which meets the conditions specified in § 206.6(1) (1), (2), (3), (4), and (5) (a), (b), (c), (d) and (e) of this chapter, or:

(ii) By any bank with respect to any put, call, option or other right or obligation to buy or sell securities of which it is the issuer. As used in this subparagraph (3), the term "plan" shall have the meaning assigned to it in subparagraph (4) of § 206.6(1).

RULES OF PROCEDURE

RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors has amended its Rules of Procedure to institute a procedure by which requests for consideration of Board action on certain applications will receive prompt attention, and has delegated to its General Counsel the authority to determine whether or not reconsideration should be granted.

Effective October 19, 1978, Part 262 is amended by adding a new Section 262.3(i) by redesignating the subsequent sections accordingly and by withdrawing Section 262.3(g)(5). The new Section 262.3(i) reads as follows:

SECTION 262.3—APPLICATIONS

* * * * *

(i) RECONSIDERATION OF CERTAIN BOARD ACTIONS. The Board may reconsider any action taken by it on an application upon receipt by the Secretary of the Board of a written request for reconsideration from any party to such application, on or before the fifteenth day after the effective date of the Board's action. Such request should specify the reasons why the Board should reconsider its action, and present relevant facts that, for good cause shown, were not previously presented to the Board. Within ten days of receipt of such a request, the General Counsel, acting pursuant to delegated authority (12 C.F.R. 265.2(b)(7)), shall determine whether or not the request for reconsideration should be granted, and shall notify all parties to the application orally by telephone of this determination within ten days. Such notification will be confirmed promptly in writing. In the exercise of this authority, the General Counsel shall confer with the Directors of other interested Divisions of the Board or their designees. Notwithstanding the foregoing, the Board may, on its own motion if it deems reconsideration appropriate, elect to reconsider its action with respect to any application, and the parties to such application shall be notified by the Secretary of the Board of its election as provided above. If it is determined that the Board should reconsider its action with respect to an application, such action will be stayed and will not be final until the Board has acted on the application upon reconsideration. If appropriate, notice of reconsideration of an application will be published promptly in the *Federal Register*.

Effective October 19, 1978, Part 265 is amended by adding § 265.2(b)(7) to read as follows:

SECTION 265.2—SPECIFIC FUNCTIONS DELEGATED TO BOARD EMPLOYEES AND TO FEDERAL RESERVE BANKS

* * * * *

(b) THE GENERAL COUNSEL OF THE BOARD (or in the General Counsel's absence, the Acting General Counsel) is authorized:

* * * * *

(7) pursuant to Part 262.3(i) of this chapter (Rules of Procedure) to determine whether or not to grant a request for reconsideration of any action taken by the Board with respect to an application as provided in that Part.

RULES OF PROCEDURE

The Board of Governors of the Federal Reserve System has amended its Rules of Procedure to revise procedures of the Board for certain applications for membership, applications for branches, mergers, or relocations, and certain applications under the Bank Holding Company Act.

Effective November 6, 1978, section 262.3 is amended by adding the following subsection (b) and redesignating subsections (b), (c), (d), (e), (f), (g), and (h) as subsections (c), (d), (e), (f), (g), (h), and (i), respectively.

(b) NOTICE OF APPLICATIONS. (1) In the case of applications (i) for membership in the Federal Reserve System where such membership would confer Federal deposit insurance on a bank,

(ii) by a State member bank for the establishment of a domestic branch or other facility that would be authorized to receive deposits,

(iii) by a State member bank for the relocation of a domestic branch office,

(iv) for merger, consolidation, or acquisition of assets or assumption of liabilities, if the acquiring, assuming, or resulting bank is to be a State member bank,

(v) to become a bank holding company, and

(vi) by a bank holding company to acquire ownership or control of shares or assets of a bank, or to merge or consolidate with any other bank holding company.

the applicant shall, prior to filing such application, cause to be published on the same day of each of two consecutive weeks a notice containing the name of the applicant or applicants, the subject matter of the application, the location at which the applicant proposes to engage in business, and an invitation to the public to give written comment upon the application to the appropriate Federal Reserve Bank no later than thirty days after the date of publication of the first notice. Such notice shall be published in a newspaper of general circulation in (A) the community in which the head office of the bank is or is to be located in the case of an application for membership that would confer deposit insurance, (B) the community or communities in which the head office of the bank and the proposed branch or other facility (other than an electronic funds transfer facility) are located in the case of an application for the establishment of a domestic branch or other facility that would be authorized to receive deposits, (C) the community or communities in which the head office of the bank, the office to be closed, and the office to be opened are located in the case of an application for the relocation of a domestic branch office, (D) the community or communities in which the head office of each of the banks to be party to the merger, consolidation, or acquisition of assets or assumption of liabilities are located in the case of an application by a bank for merger, consolidation, or acquisition of assets or assumption of liabilities, or (E) the community or communities in which the head offices of the largest subsidiary bank, if any, of an applicant and of each bank, shares of which are to be directly or indirectly acquired, are located in the case of applications under section 3 of the Bank Holding Company Act.

(2) In addition to the foregoing notice, an applicant, in the case of an application to relocate a domestic branch office or other facility that would be authorized to receive deposits, shall post in a conspicuous public place in the lobby of the office to be closed a notice containing the information specified in Section 262.3(b)(1). Such notice should be posted on the date of the first notice required by Section 262.3(b)(1).

* * * * *

The Board will accept and consider written comments for six months from the effective date of this amendment. Such comments should be submitted to Theodore E. Allison, Secretary of the Board of Governors of the Federal Reserve System, Washington, D.C. 20551 and should refer to Docket No. R-0182.

INTERPRETATION OF REGULATION Z

The Board of Governors has amended its Interpretation of Regulation Z, 12 C.F.R. Part 226.904 by deleting the third sentence of the disclosure captioned "Section 226.9(g)(6)(iii) (Change in terms)" which reads, "If you refuse this change in terms, we have the right to refuse to extend any further credit on your account and may require you to repay any existing obligation on your account under the present terms of the account" and substituting therefor "If you refuse this change in terms, you have the right to continue to repay your existing obligation under the present terms of the account. However, we would then have the right to refuse to extend any further credit, except pursuant to these new terms", so that the disclosure reads as follows:

SECTION 226.9(g)(6)(iii)
(CHANGE IN TERMS)
NOTICE TO CUSTOMER
REQUIRED BY FEDERAL LAW:

(Name of Creditor)
intends to change the terms of your open end credit account which is secured by your home. You have a right to refuse to accept this change in terms. If you refuse this change in terms, you have the right to continue to repay your existing obligation under the present terms of the account. However, we would then have the right to refuse to extend any further credit, except pursuant to these new terms. You may exercise your right to refuse the change in terms within three business days of (date disclosure delivered to customer) by notifying us at (Address of creditor's place of business) by mail or telegram sent not later than midnight of (date). You may also use any other form of written notice to refuse the change in terms if it is delivered to the above address not later than that time. This notice may be used for that purpose by dating and signing below.

I hereby refuse the change in the terms of my account.

(date) (customer's signature)

RULES OF PROCEDURE

The Board of Governors has instituted procedures to govern its consideration of comments and requests for hearing on certain applications required by law.

Effective October 19, 1978, Part 262 is amended by adding a new § 262.3(d) and redesignating the subsequent sections. The new section 262.3(d) is to read as follows:

SECTION 262.3—APPLICATIONS

* * * * *

(d) SUBMISSION OF COMMENTS AND REQUESTS FOR HEARING. The Board will consider a comment or request for hearing with respect to an application only if it is in writing and is sent to the Secretary of the Board or the appropriate Federal Reserve Bank on or before the date prescribed in the *Federal Register* notice with respect to applications filed under sections 3 or 4 of the

Bank Holding Company Act or, in the case of other applications, the date specified in the newspaper notice with respect to such applications, or where no such date is prescribed, on or before the thirtieth day after the day such notice is first published. Similarly, the Board will consider comments on an application from the Attorney General or a banking supervisory authority to which notification of receipt of an application has been given, only if such comment is received by the Secretary of the Board within thirty days of the date of the letter giving such notification. Any comment on an application that requests a hearing must include a statement of why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute and summarizing the evidence that would be presented at a hearing. In every case where a timely comment or request for hearing is received as provided herein, a copy of such comment or request shall be forwarded promptly to the applicant for its response. The Board will consider the applicant's response only if it is in writing and sent to the Secretary of the Board on or before the tenth day after the date of the letter by which it is forwarded to the applicant. At the same time it transmits its response to the Board, the applicant should transmit a copy of its response to the person or supervisory authority making such comment or requesting a hearing. Notwithstanding the foregoing, the Board may, in its sole discretion and without notifying the parties, take into consideration the substance of comments with respect to an application, (but not requests for hearing) that are not received within the time periods provided herein.

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

ORDERS UNDER SECTION 3 OF BANK HOLDING COMPANY ACT

Commercial Bankshares, Inc.,
Griffin, Georgia

Order Approving Formation of Bank Holding Company

Commercial Bankshares, Inc., Griffin, Georgia, 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 all of the voting shares of the successor by merger to Commercial Bank and Trust Company, Griffin, Georgia ("Commercial Bank"), and 69.2 per cent of the voting shares of Concord Banking Company, Concord, Georgia ("Concord Bank").[1] The bank into which Commercial Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Commercial Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Commercial Bank.

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

Applicant is a non-operating corporation formed for the purpose of acquiring Commercial Bank and Concord Bank,[2] which are the 17th largest and the 402nd largest banks in Georgia, respectively. Commercial Bank holds approximately $81.8 mil

[1] Commercial Bank acquired 0.4 per cent of the shares of common stock of The Bank of Griffin, Griffin, Georgia, and 0.234 per cent of the shares of common stock of First National Bank of Griffin, Griffin, Georgia, in settlement of a debt arising from a defalcation. Commercial Bank plans to transfer these shares to Applicant upon consummation of the proposed transaction. Applicant has committed to divest these shares within one year after the date of their transfer to Applicant.

[2] Commercial Bank acquired 69.2 per cent of the voting shares of Concord Bank on September 1, 1976, in settlement of a debt arising from the previously mentioned defalcation. Under section 3(a) of the Bank Holding Company Act, Commercial Bank must have divested its shares of Concord Bank by September 1, 1978, or have been granted an extension of time in which to divest the shares. Commercial Bank plans to effectuate the divestiture of the shares of Concord Bank by the transfer of such shares to Applicant, which, under section 11(b) of the Act (12 U.S.C. § 1849(b)), may not be lawfully consummated before the thirtieth calendar day after the date of Board approval of the instant application. Commercial Bank has received from the Federal Reserve Bank of Atlanta, pursuant to delegated authority, an extension of time in which to divest the shares to December 1, 1978.

lion in deposits, representing 0.56 per cent of deposits in commercial banks in the State. Concord Bank holds approximately $1.9 million in deposits, representing 0.01 per cent of deposits in commercial banks in the State.[3]

Commercial Bank is the largest of three banks in the Griffin banking market, which is approximated by Spalding County, and holds approximately 61 per cent of deposits in commercial banks in that market. Concord Bank is the smallest of three banks in the Pike County banking market, which is approximated by the southern three-fourths of Pike County, and holds approximately 14.8 per cent of deposits in commercial banks in that market.

Commercial Bank and Concord Bank operate in adjacent but separate banking markets. State law prohibits Commercial Bank and Concord Bank from branching into the banking market of the other bank. Thus it appears that the acquisition will have no adverse effect on existing or potential competition. Therefore, the Board concludes that competitive considerations of this application are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and Commercial Bank and Concord Bank are considered to be generally satisfactory. Applicant would incur no debt in connection with this proposal and would serve as a source of financial and managerial strength to its subsidiary banks. Since the time that Commercial Bank acquired shares of Concord Bank, new management procedures at Concord Bank have been instituted and the condition of Concord Bank has improved substantially. Therefore, the Board concludes that the banking factors involved in this proposal are consistent with approval of the application.

Although there would be no immediate increase in the services offered by Bank as a result of the proposed transaction, the considerations relating to the convenience and needs of the communities to be served are consistent with approval of the application. In particular, Concord Bank's affiliation with Commercial Bank will provide a source of management expertise to Concord Bank. Therefore, considerations relating to convenience and needs factors are consistent with approval of the application. On the basis of all the facts of record, the Board concludes that consummation of the proposal would be in the public interest and that the application should be approved.[4]

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

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

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

(Signed) GRIFFITH L. GARWOOD,

[SEAL] *Deputy Secretary of the Board.*

Ellis Banking Corporation,
Bradenton, Florida

Order Denying Request for Reconsideration

Ellis Banking Corporation, Bradenton, Florida ("Petitioner"), has requested reconsideration of

[3] All banking data are as of December 31, 1977.

[4] Applicant's board of directors, until recently, included a director who serves as a director of one of two savings and loan associations in Griffin, Georgia, and a director who serves as a director of the other savings and loan association in Griffin, Georgia. In anticipation of enactment of the Financial Institutions Regulatory Act of 1978 ("FIRA"), these interlocking director relationships have been terminated. The FIRA bill was passed by Congress on October 15, 1978, and is currently awaiting the signature of the President.

Title II of the FIRA bill provides, *inter alia*, that a "management official" of either a "depository institution", which term includes a commercial bank and a savings and loan association, or a "depository holding company", which term includes a bank holding company, may not serve as a "management official" of any other nonaffiliated depository institution or depository holding company if an office of one of the institutions is located within the same city as an office of the other institution. "Management official" is defined in Title II of the bill to include a director. Title II of the bill will not apply until a date in 1988 to management official interlocks that began prior to enactment of FIRA, which would occur upon the President's signing of the bill, and that were not immediately prior to the date of enactment of FIRA in violation of section 8 of the Clayton Act.

The Board construes Title II of the FIRA bill to require upon its effective date, which is 120 days after enactment of FIRA, *the termination of director interlocks such as those that* existed between Applicant and the two savings and loan associations. Since Applicant cannot be a "depository holding company" *prior to a date thirty days after the date of this* Order, which date would not precede the date of enactment of FIRA, the interlocking directors would not have been directors of a "depository holding company" that controlled Commercial Bank prior to the date of enactment of FIRA and thus their service as directors of Applicant and the savings and loan associations could not have continued until a date in 1988.

the Order of the Board of Governors, dated April 24, 1978, whereby the Board denied the application of Petitioner filed pursuant to section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) (the "Act"), for Board approval to acquire shares of Madeira Beach Bank, Madeira Beach, Florida ("Madeira Bank"), and the First Gulf Beach Bank and Trust Company, St. Petersburg Beach, Florida ("First Gulf Bank").

The Board's Rules of Procedure (12 C.F.R. § 262.3(g)(5)) provide that the Board will not grant any request for reconsideration of its actions on a bank holding company application unless the request presents relevant facts that, for good cause shown, were not previously presented to the Board, or unless it otherwise appears to the Board that reconsideration would be appropriate. In its Order the Board determined that the banks to be acquired were in the same market as two of Ellis' subsidiary banks, and that the elimination of existing competition between Ellis' subsidiaries and the banks to be acquired was an adverse factor that was not outweighed by the public convenience and needs.[1] The Board defined the relevant banking market as Southern Pinellas County, Florida, including St. Petersburg City (236,000 population) and environs. The Board has reviewed the entire record on this application and has concluded that this definition of the relevant banking market is supported by the extensive commercial intercourse between St. Petersburg City and other portions of Southern Pinellas County, and is also reflected by the substantial amount of commuting in that area. In addition, it appears that the Board has consistently applied this definition of the market in other bank acquisition applications, including two previous applications by Ellis to acquire its present subsidiary banks in the market.[2] Finally, this area comprises a Ranally Metro Area ("RMA"), a demographic tool that is often useful to the Board as a guide in approximating banking markets.[3]

In its petition for reconsideration, Ellis contends that the Board's conclusion that competitive considerations were regarded as adverse due to the elimination of existing competition was based on an erroneous determination of what constitutes the "relevant banking market." In particular, Ellis believes that the coast islands off the mainland of southern Pinellas County, on which Madeira and First Gulf Banks are located, constitute a banking market separate from St. Petersburg. In support of its belief, Ellis makes allegations concerning the amounts of commercial interaction and commuting between the mainland and the islands where Madeira Bank and First Gulf Bank are located. In addition, Ellis presents certain data concerning the respective service areas for loans and deposits, of the banks involved. No explanation is given as to why this data was not presented to the Board before it acted.[4] Indeed, similar data concerning service areas of the banks involved was contained in Ellis' original applications. Furthermore, in a response to the United States Department of Justice letter commenting unfavorably on the proposal, Ellis stated that it believed the market to be "Southern Pinellas County South of Route 366."

With regard to Ellis' contention that the islands on which Madeira Bank and First Gulf Bank are located are isolated from the mainland and St. Petersburg, the Board notes that these islands are included in the St. Petersburg RMA. By definition an RMA includes only census tract areas where at least 20 per cent of the work force or 8 per cent of the general population commutes to work in the center city area. In this case, the record reflects that 26 per cent and 38 per cent of the labor force commute to work in St. Petersburg City from Madeira Beach and St. Petersburg Beach, respectively. Furthermore, Madeira Bank and First Gulf Bank are located a maximum of 11 miles from either of Applicant's banking subsidiaries in the market, and there are four causeways connecting the islands to the mainland. Inasmuch as consumers are likely to bank near their work, as well as near their home, the substantial commuting

[1] It was also determined that there would be no significant elimination of competition between Madeira Bank and First Gulf Bank in light of the long-standing common ownership of the two banks.

[2] See the Board's Order of March 6, 1973 approving Ellis' application to acquire First Park Bank, Pinellas Park, Florida. See also the Board's Order and Statement of August 17, 1971 approving Ellis' application to become a bank holding company.

[3] An RMA includes a central city area and all adjacent areas by census tract from which a minimum of 20 per cent of the labor force or 8 per cent of the general population commutes daily to work in the central city.

[4] In the petition for reconsideration, Ellis' attorneys state that while Ellis may have given the impression that it believed the market to be Southern Pinellas County, Ellis did so only because the Federal Reserve Bank of Atlanta asked for data to be provided for Southern Pinellas County. The Board notes that while the application was pending, Ellis did not object to the definition of the relevant banking market of Southern Pinellas County, and in fact, Ellis acquiesced in that definition in its response to a comment on the application from the United States Department of Justice. The Board believes that it was incumbent upon Ellis to raise its objections to the definition of the relevant banking market before the Board acted on its application, and that it should not have included in its application statements it did not believe to be accurate.

data indicates that the banks in St. Petersburg and the banks on Madeira Beach and St. Petersburg Beach should be viewed as reasonable alternatives to one another. This conclusion is supported by the fact that there is some overlap of primary service areas, particularly for loans, of Ellis subsidiary banks and Madeira Bank and First Gulf Bank. Furthermore, two other banks in the market have primary service areas that are coextensive with most of the relevant banking market, including the coast islands, and numerous other banks in the market have primary service areas that substantially overlap those of both Applicant's subsidiaries on one hand, and Madeira Bank and First Gulf Bank on the other. In view of the foregoing and its review and analysis of the entire record in this application, the Board concludes that Southern Pinellas County is the relevant banking market.

Ellis also contends that the Board's determination of the relevant banking market was improper in that under relevant case law the relevant banking market for small accounts is limited to the service areas of the banks involved. The Board has reviewed the cases cited by Ellis, i.e., *United States* v. *Philadelphia National Bank*, 374 U.S. 321 (1963) and *United States* v. *Phillipsburg National Bank & Trust Co.*, 399 U.S. 350 (1970). Those cases indicate that the competitive effects of a proposed merger or acquisition should be judged in a localized market in which banks offer their services and to which local customers can practicably turn for alternatives. The Supreme Court has stated in this regard that "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." *United States* v. *Philadelphia National Bank*, *supra*. In determining what this area is, the Supreme Court sought "to delineate the area in which bank customers that are neither very large or very small find it practical to do their banking business, . . ." *United States* v. *Philadelphia National Bank*, *supra*. In the Board's view the relevant characteristics of the Southern Pinellas County area of Florida, including the substantial amount of commuting to work from the islands to the mainland and the overlapping service areas of Applicant's subsidiary banks, and Madeira Bank and First Gulf Bank, as well as numerous other banks in Southern Pinellas County, demonstrates that the area defined by the Board as approximating the relevant market constitutes a local banking market in which banks offer their services and to which local customers practicably turn for alternatives.

The Board has reviewed the request for reconsideration and finds that it does not present any relevant facts that, for good cause shown, were not previously presented to the Board. Moreover, the Board finds that it does not otherwise appear that reconsideration of its December 30, 1977 Order would be appropriate. Accordingly, in light of the above considerations, Petitioner's request for reconsideration of the Board's Order of April 24, 1978 denying the application of Petitioner to acquire Madeira Bank and First Gulf Bank should be, and is hereby, denied.[5]

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

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

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

Joy Development Corporation,
Davenport, Iowa

Order Approving Acquisition of Bank

Joy Development Corporation, Davenport, Iowa, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 14.9 per cent of the voting shares of Hillsdale Development Corporation, Hillsdale, Illinois ("Hillsdale"), a one-bank holding company that owns 91.4 per cent of the outstanding voting shares of Old Farmers & Merchants State Bank, Hillsdale, Illinois ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b)

[5] In its petition, Petitioner asserts that if the Board finds that Petitioner and Madeira and First Gulf Banks do not compete in the same banking market and grants reconsideration, the Board should not deny the application on reconsideration because it eliminates potential competition. Inasmuch as the Board has reaffirmed that southern Pinellas County is the relevant banking market in which Petitioner and Madeira and First Gulf Banks compete, the Board has not considered and has not made any determination concerning whether the proposed acquisition would eliminate potential competition among the institutions involved.

of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is a one-bank holding company that owns 89.33 per cent of the outstanding voting shares of Joy State Bank, Joy, Illinois ("Joy Bank"). Joy Bank ($11.4 million in deposits) is the 838th largest commercial bank in Illinois and controls approximately 0.02 per cent of total deposits in commercial banks in the State.[1] It is the second largest of five banks operating in the Mercer County banking market, approximated by Mercer County, holding approximately 14.7 per cent of total market deposits. Acquisition of the shares of Hillsdale would give Applicant an indirect interest in Bank ($7.6 million in deposits) and would increase Applicant's share of deposits in commercial banks in Illinois by only 0.01 per cent.

Bank ranks 16th among the 17 banks located in the Rock Island banking market, approximated by Rock Island County (the relevant market), and holds approximately 1.1 per cent of total deposits in commercial banks in the market. Bank is located approximately 67 miles northeast of Joy Bank, in a separate banking market. The proposed transaction is primarily a reorganization of existing ownership interests since Applicant is wholly owned by an individual who also owns 30 per cent of the outstanding voting shares of Hillsdale, and Applicant proposes to acquire 14.9 per cent of the outstanding voting shares of Hillsdale from Applicant's owner. Moreover, in light of the distance separating Bank from Joy Bank, and their relative sizes, no meaningful competition exists between Bank and Joy Bank, and it appears unlikely that any significant competition would develop between them in the future. Accordingly, it is the Board's opinion that consummation of the proposed transaction will have no adverse effect on competition or on the concentration of banking resources in any relevant area and that competitive considerations are, therefore, consistent with approval of the application.

The financial and managerial resources of Applicant, Joy Bank, Hillsdale, and Bank are regarded as satisfactory, and the future prospects of each appear favorable. While Applicant will incur debt in connection with this proposal, it appears that Applicant can retire the debt without any adverse effect upon the financial position of Joy Bank. Banking factors therefore are regarded as consistent with approval. Applicant does not propose any changes in Bank's operating policies or services. Considerations relating to the convenience and needs of the community to be served are consistent with approval. Accordingly, it is the Board's judgment that the proposed acquisition is consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective October 16, 1978.

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

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

National Bancshares Corporation of Texas,
San Antonio, Texas

Order Approving Acquisition of Bank

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

Notice of the application, affording opportunity for interested persons to submit views and recommendations, has been given in accordance with section 3(b) of the Act (12 U.S.C. § 1842(b)). The time for filing views and recommendations

[1] Banking data are as of December 31, 1977.

has expired, and the Board has considered the application and all comments received, including those submitted by the United States Department of Justice and Kelly Field National Bank of San Antonio, San Antonio, Texas, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the eleventh largest banking organization in Texas, controls six banks with total deposits of $655 million,[1] representing 1.1 per cent of deposits in commercial banks in the State.[2] Acquisition of Bank (deposits of $55 million) would increase Applicant's share of deposits in commercial banks in Texas by 0.1 per cent and would have no appreciable effect on concentration of banking resources in Texas.

Bank is the thirteenth largest of 46 banking organizations in the San Antonio banking market[3] and holds 1.6 per cent of total deposits in commercial banks in that market. Applicant controls three banking subsidiaries in the market and is the second largest banking organization in the market, controlling 17.1 per cent of total market deposits. Upon consummation of the proposed acquisition, Applicant's share of total deposits in commercial banks in the market would increase to 18.7 per cent and Applicant's rank in the market would not change.

The Department of Justice has expressed the opinion that the proposed acquisition would have an adverse effect on existing competition. The Department of Justice bases its opinion upon three contentions: (1) Applicant's three banking subsidiaries in the San Antonio banking market derive a large proportion of their demand and savings deposits and installment loans from the service area of Bank;[4] (2) Bank derives a large proportion of its commercial loans from the service areas of these three banking subsidiaries of Applicant;[5] and (3) consummation of the proposal would significantly increase concentration of banking resources in the San Antonio banking market.[6]

In response to the first contention of the Department of Justice, Applicant states that of its three subsidiaries in the San Antonio banking market, only one, National Bank of Commerce derives more than a very small proportion of its demand and savings deposits and installment loans from the service area of Bank. National Bank of Commerce is located in downtown San Antonio, and, according to Applicant, derives little non-commercial business from its downtown service area; rather National Bank of Commerce derives such business from the four residential areas of San Antonio. Applicant states that the percentages of demand and savings deposits and installment loans derived by National Bank of Commerce from the service area of Bank are much less than the percentage of the population of San Antonio that lives in Bank's service area. In response to the second contention of the Department of Justice, Applicant states that the service areas of its three banking subsidiaries in the San Antonio banking market encompass the major portion of that market and

[1] In addition, the Board on October 6, 1978, approved the acquisition by Applicant of Guaranty National Bank, Houston, Texas.

[2] All banking data are approximate and as of December 31, 1977, and reflect bank holding company formations and acquisitions approved as of June 30, 1978.

[3] The relevant banking market is the San Antonio banking market which is approximated by the San Antonio Standard Metropolitan Statistical Area, comprised of Bexar, Comal, and Guadalupe Counties, Texas. The Department of Justice contends that the San Antonio SMSA overstates the relevant banking market, which it believes is more appropriately defined as Bexar County only. The Board has previously determined that the San Antonio SMSA is the appropriate market for analyzing the competitive effects of proposed acquisitions in the San Antonio banking market. *See* the Board's Order dated April 29, 1977, denying the application of Texas Commerce Bancshares, Inc., Houston, Texas, to acquire Bexar County National Bank of San Antonio, San Antonio, Texas (63 FEDERAL RESERVE BULLETIN 504 n.2 (1977)). The United States Supreme Court has noted that delineation of a relevant market with scientific precision is neither possible nor necessary. United States v. Connecticut National Bank, 418 U.S. 656, 669 (1974), and the Court has noted that some "fuzziness would seem inherent in any attempt to delineate the relevant geographical market," United States v. Philadelphia National Bank, 374 U.S. 321, 360 n.37 (1963). The Department of Justice advises that Bexar County deposits represent 94.8 per cent of total deposits in the San Antonio SMSA. The San Antonio SMSA is not an inappropriate approximation of the relevant banking market even if Bexar County were deemed to be the market. Indeed, if the San Antonio SMSA does overstate the market area, such overstatement is so slight that the existing shares of total market deposits of Applicant and Bank would be understated by an amount less than one per cent each.

[4] The Department of Justice advises that Applicant's three subsidiary banks in the San Antonio banking market draw from Bank's service area 11.5 per cent of the number and 6.7 per cent of the dollar volume of their demand deposits held for the accounts of individuals, partnerships, and corporations, 14.8 per cent of the number and 11.1 per cent of the dollar volume of their total installment loans, and ten per cent of the number and 5.3 per cent of the dollar volume of their total savings accounts.

[5] The Department of Justice advises that Bank derives approximately 53 per cent of its commercial loans of more than $50,000 from the service areas of Applicant's three subsidiary banks in the San Antonio market.

[6] The Department of Justice advises that consummation of the proposal would increase the combined market shares of the four largest banking organizations in Bexar County from 59.2 per cent to 60.9 per cent.

include the vast majority of commercial establishments in that market. Applicant states that 43 commercial banks make loans in the service areas of its three banking subsidiaries and estimates that Bank's total commercial loans made in those areas represent less than two per cent of the total commercial loans in those areas. In response to the third contention of the Department of Justice, Applicant states that the concentration of banking resources in the San Antonio banking market is relatively low, with Bexar County ranking nineteenth among the twenty largest metropolitan counties in Texas with respect to market shares held by the four largest banks in each market.

The Board has considered carefully the comments of the Department of Justice and is unable to conclude that consummation of the proposal would have significantly adverse competitive effects. Although the proposed acquisiton would eliminate some existing competition and increase somewhat the concentration of banking resources in the San Antonio banking market, the Board does not view such effects as being of serious significance. Three of the five largest banking organizations in Texas are represented in the market and are among the eight largest banking organizations in the market. In spite of a relatively high degree of bank holding company activity in the market, the market has one of the smallest four-firm concentration ratios of all SMSAs in Texas and would have, after the proposed acquisition, the third smallest such concentration ratio of the four primary banking markets in Texas. There has been no trend toward increased concentration in the San Antonio banking market. While consummation of the proposal would reduce the number of independent banking organizations in the market, this does not appear to be significant since a number of independent banks would remain. In light of the above and other facts of record, the Board concludes that the proposed acquisition would have only slightly adverse effects on competition and, in light of the considerations discussed below, the Board does not view such effects as being so serious as to require denial of this proposal.[7]

The financial and managerial resources and future prospects of Applicant, its subsidiary banks, and Bank are regarded as generally satisfactory, particularly in light of Applicant's intention to retain $240 thousand of interim bank capital in Bank after the merger of Bank with its successor by merger. Thus considerations relating to banking factors weigh toward approval of the application.

Applicant proposes to expand or introduce a number of services at Bank, including real estate lending which is expected to increase with the establishment of a real estate department at Bank. Applicant also plans to strengthen Bank's commercial lending services. Affiliation with Applicant will enable Bank to expand its various lending functions. Thus considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application and, in the Board's judgment, clearly outweigh any slightly adverse effects on competition that might result from consummation of the proposal. It is the Board's judgment that approval of the application would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective October 11, 1978.

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

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

[7] Kelly Field National Bank of San Antonio, San Antonio, Texas ("Kelly Bank"), in objecting to this application, alleges that Applicant is attempting to monopolize the military banking market in the San Antonio banking market by acquiring banks in close proximity to military installations. Bank is located four miles from the nearest military base and has an office on that base. Bank reports that only 2.4 per cent of its customers are military personnel. Thus, it appears that Bank draws its customers from the general population, and it does not appear that Applicant would alter Bank's policies in this regard. To the contrary, it appears that Bank would continue to offer predominantly consumer and commercially oriented banking services rather than services aimed exclusively at military customers.

Several banks in the San Antonio banking market, including one of Applicant's subsidiary banks and Kelly Bank, are located near and/or have an office on military bases in the San Antonio area. The Board concludes that Applicant is not currently dominant among the banking organizations serving military personnel in the San Antonio area and that the acquisition of Bank will not significantly enhance Applicant's position in this regard.

Pioneer Bancorporation, Inc.,
Denver, Colorado

Order Approving Formation of Bank Holding Company

Pioneer Bancorporation, Inc., Denver, Colorado, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 98.45 per cent of the voting shares of Colfax National Bank of Denver, Denver, Colorado ("Bank").

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

Applicant, a non-operating Colorado corporation with no subsidiaries, was formed for the purpose of becoming a bank holding company by acquiring Bank. Bank, with deposits of $16.3 million, ranks 128th in size among 288 banks in the State of Colorado and holds 0.17 per cent of total deposits in commercial banks in the State.[1] With only 0.29 per cent of total deposits in commercial banks in the Denver banking market,[2] Bank is one of the smallest of 81 banking organizations operating in the relevant market.[3] Applicant controls no other banks.

One of Applicant's principals is also chairman of FirstBank Holding Company, Lakewood, Colorado ("FirstBank") and each of its ten subsidiary banks. Three of FirstBank's subsidiary banks are located in the Denver market and control, in the aggregate, 1.63 per cent of deposits therein. In view of the small combined market share of the three FirstBank banks and Applicant and the large number of banking alternatives in the market, it appears that consummation of the proposed transaction would have no significant adverse effect on competition or concentration in any relevant area. Thus, the Board concludes that the effects of the proposal on competition are consistent with approval of this application.

The Board has indicated on previous occasions that a holding company should constitute a source of financial and managerial strength to its subsidiary bank(s), and that the Board will examine closely the condition of the applicant in each case with this consideration in mind. In this connection the Board notes that Bank has experienced a number of problems in recent years, partly as a result of policies attributed to the past and present owners and management of Bank. Applicant proposes to place into Bank's management individuals who have demonstrated a satisfactory record of managerial performance in other banking organizations.[4] In addition, Applicant proposes to revise Bank's operating policies and, pursuant to a commitment to the Board made in connection with this proposal, Applicant has taken steps to ensure that Bank's present owner and members of his family will not hold any office or position with Applicant or any of its subsidiaries. In view of the facts and commitment discussed above, it appears that the proposed transaction should result in a significant improvement in the management of Bank. Accordingly, the Board concludes that managerial factors lend significant weight toward approval of the application.

Bank would be in generally satisfactory financial condition upon implementation of Applicant's proposal to change Bank's management and operating policies. The Board notes that Applicant will incur a sizable amount of debt to finance its acquisition of shares of Bank. Applicant proposes to repay that debt over a 12-year period through dividends on bank stock and tax benefits derived from filing a consolidated return. Additional fi-

[1] All banking data are as of December 31, 1977.

[2] The Denver banking market is approximated by all of Denver, Adams, Arapahoe, and Jefferson counties, and the Broomfield area of Boulder County, all in Colorado.

[3] Bank is not among the 20 largest banking organizations operating in the Denver market.

[4] Two of these individuals are principals of Applicant and are associated with two other multibank holding companies in Colorado. One principal serves as secretary of Mountain Financial Services, Inc., Denver, Colorado ("Mountain Financial"), but will resign this position upon approval of the subject application. Another principal, as noted at page 2 above, is Chairman of FirstBank Holding Company, Lakewood, Colorado, and each of its subsidiary banks. The Board has previously indicated that, in considering an application by a bank holding company whose principals are involved in the management of other banks, it should look beyond the bank that is the subject of the application and analyze the financial and managerial resources of the other banks. (See, *e.g.*, Board's Order of June 14, 1976, denying the application of Nebraska Banco, Inc., Ord, Nebraska, 62 Federal Reserve Bulletin 638 (1976)). In this case, the financial and managerial resources of both Mountain Financial and FirstBank are regarded as satisfactory.

nancing for the acquisition will be derived from Applicant's issuance of redeemable, non-voting preferred stock to Bank's present owners.[5] In addition, the present owner will guarantee 75 per cent of the bank stock loan that Applicant is obtaining to finance its acquisition of Bank's shares during the first year of repayment, 50 per cent during the second year, and 25 per cent during the third year. However, it appears that Applicant would be able to service its debt without adversely affecting Bank's capital, in view of certain commitments that Applicant has made to the Board. Pursuant to these commitments, Applicant will not authorize or pay any dividends on its common stock until the bank stock loan obtained by Applicant for the purpose of financing its acquisition of shares of Bank is repaid in full and amortized without the substitution of other debt for the original bank stock loan or any portion thereof. Further, no dividends will be paid on Applicant's preferred stock unless Bank's gross capital, which includes shareholders' equity, valuation reserves and capital notes, is equal to at least 8 per cent of Bank's total assets. Finally, none of Applicant's preferred stock shall be redeemed by Applicant until the bank stock loan obtained by Applicant for the purpose of financing its acquisition of Bank's shares is repaid in full and amortized without substitution of other debt for the original bank stock loan or any portion thereof. Thereafter, any redemption of Applicant's preferred stock shall be made only after 45 days prior notice to the Federal Reserve Bank of Kansas City.[6] Furthermore, no redemption of Applicant's preferred shares shall be made unless Bank's gross capital, after such redemption, would remain equal to at least 8 per cent of Bank's total assets, or such lesser capital to assets ratio as the Federal Reserve Bank of Kansas City deems appropriate. In view of these conditions, all of which have been agreed to by Applicant, the Board concludes that the future prospects of Applicant and Bank appear favorable. Therefore, taking into account all the circumstances of this case, the Board regards considerations relating to banking factors as favoring approval of the application.

Applicant proposes to concentrate Bank's lending in its primary service area, review Bank's loan policies, and change the management of Bank. The Board finds that although other proposals to transfer control of Bank may be more desirable than the one presented here, the subject proposal is the most appropriate means now available to improve the overall position and operations of Bank. Accordingly, considerations of the convenience and needs of the community to be served lend weight toward approval of the application.

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

By order of the Board of Governors, effective October 20, 1978.

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

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

The Retirement Research Foundation
Park Ridge, Illinois

Order Approving
Formation of Bank Holding Company

The Retirement Research Foundation, Park Ridge, Illinois, ("Applicant") has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by retaining 99 per cent of the voting shares of Citizens Bank and Trust Company, Park Ridge, Illinois ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered

[5] By its action in this case, the Board does not intend to encourage others to finance acquisitions by incurring such substantial debt or issuing redeemable, non-voting preferred stock, which has debt like characteristics. However, the commitments made by Applicant in this case would reduce the risks associated with such debt and preferred shares. Moreover, the Board regards the need for new management in Bank as a significant countervailing consideration in this case.

[6] Such notification is to be made in accordance with the procedures specified in section 225.6 of the Board's Regulation Y (12 C.F.R. § 225.6) regarding the purchase or redemption by a bank holding company of its own shares.

the application and all comments received in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, a tax-exempt charitable foundation under § 501(c)(3) of the Internal Revenue Code, is not engaged in any business activities. Rather, Applicant is engaged solely in the funding of research regarding the problems of retired workers, although it has been semi-dormant since its creation in 1950.[1] Applicant acquired legal title to the shares of Bank on January 14, 1978, as a result of the death of Bank's principal shareholder. The shares of Bank were placed in a revocable trust for Applicant by this individual during his lifetime and upon his death legal title to the shares became vested in Applicant. Applicant now seeks the Board's approval to retain these shares.

Bank ($367 million in deposits), is the 11th largest bank in Illinois, with approximately 0.5 per cent of total deposits in commercial banks in the State.[2] Bank is also the 11th largest banking institution in the relevant market,[3] holding approximately 0.8 per cent of total deposits in commercial banks in that market. Since Applicant has no other banking subsidiaries, and its trustees are not associated with any other bank, retention of Bank would not have any adverse effects upon either existing or potential competition nor would it increase the concentration of banking resources in any relevant area. Thus, the Board concludes that the competitive effects of the proposal are consistent with approval of the application.

The financial resources and future prospects of Applicant, which are dependent upon those of Bank, appear satisfactory and are regarded as being consistent with approval of the application to become a bank holding company. Based on the record, the Board also concludes that Applicant's and Bank's managerial resources are also satisfactory.[4] Therefore, considerations relating to banking factors are regarded as being consistent with approval.

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

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

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

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

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

Security Baneshares, Inc.,
Tulsa, Oklahoma

Order Approving Formation of Bank Holding Company

Security Baneshares, Inc., Tulsa, Oklahoma, has applied for approval, under section 3(a)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. § 1842(a)(1)), to become a bank holding company through the acquisition of all of the voting shares, less directors' qualifying shares, of Security Bank ("Bank"), Tulsa, Oklahoma.

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 (43 *Federal Register* 41086

[1] The legislative history of the 1966 Amendments to the Act indicates that while Congress generally intended to subject trusts and charitable institutions to the Act's provisions, the solely charitable functions of such organizations existing at that time were not to be regarded as "activities" within the meaning of the prohibitions of section 4 of the Act. S. Rep. No. 1179, 89th Cong., 2d Sess. 3 (1966). Although the solely charitable functions of charitable organizations existing at the time of the 1966 Amendments are not to be regarded as "activities," such organizations are subject to all of the Act's other provisions. Moreover, it is possible that an application to become a bank holding company by such an organization could raise issues not contemplated by Congress if it is not clearly and exclusively the type of organization described in the legislative history.

[2] All banking data are as of December 31, 1977.

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

[4] In making its analysis of Applicant's managerial resources, the Board notes that this application includes an after-the-fact request for the Board's approval to retain bank shares acquired in violation of the Act. Upon examination of all the facts surrounding the acquisition of Bank's shares without prior Board approval, it appears that denial of the application is not warranted. In acting upon the application, the Board has taken into consideration the fact that Applicant has attempted to conform its operations to the Act by promptly filing this application. In addition, Applicant's management has taken steps to insure that violations will not occur in the future, including the initiation of a program under the direction of an individual responsible for ensuring that Applicant's management is aware of its responsibilities under the Bank Holding Company Act. The Board expects that these actions will enable Applicant to avoid any future violations.

(1978)). The time for filing comments and views has expired and the application and all comments received have been considered in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is a nonoperating corporation with no subsidiaries, organized for the purpose of becoming a bank holding company through the acquisition of Bank, which has deposits of $16.5 million.[1] Upon acquisition of Bank, Applicant would control the 184th largest bank in Oklahoma, controlling 0.13 per cent of the total deposits in commercial banks in the State.

Bank is the 31st largest of 46 banks in the Tulsa banking market,[2] controlling 0.51 per cent of market deposits. This proposal involves restructuring of Bank's ownership from individuals to a corporation controlled by the same individuals. Principal owners, officers and directors of Applicant and Bank are associated with two other banks and a one-bank holding company located in Bank's market. The combined total deposits of Bank and the affiliated banks amount to $81.7 million, which is 2.54 per cent of total market deposits. This combined market share does not represent an adverse concentration of banking resources. Furthermore, Applicant's principal owners, officers, and directors were among the principal organizers of all three banks and it appears that such *de novo* entry had pro-competitive effects by providing three new banking alternatives within the market. While approval of the subject proposal would further solidify the existing relationship between Bank and the two affiliated banks and reduce the likelihood that Bank would become an independent competitor in the future, based upon the facts of record, including the size and rank in the market of the banks and the presence of other banking alternatives in the Tulsa banking market, it appears that consummation of this proposal would not result in any significant adverse effects upon competition in any relevant area. Thus, competitive factors are consistent with approval.

Where principals of an applicant are engaged in operating a chain of one-bank holding companies, the Board applies multi-bank holding company standards in assessing the financial and managerial resources and future prospects both of an applicant seeking to become a one-bank holding company and of its proposed subsidiary bank.[3] Based upon such analysis in this case, the financial and managerial resources and future prospects of Applicant, Bank, and the affiliated banks and bank holding company appear to be generally satisfactory, particularly in light of Applicant's commitment to inject additional capital into Bank. The future prospects of Applicant are entirely dependent upon the resources of Bank. Applicant proposes to service the debt to be incurred over a 12-year period through dividends received from Bank. In light of past earnings of Bank, the anticipated growth in Bank earnings appears to provide Applicant with sufficient financial flexibility to meet its annual debt servicing requirements, while maintaining an adequate capital position for Bank. Therefore, considerations relating to banking factors in regard to this proposal are consistent with approval of the application.

Although consummation of the proposal would effect no changes in the banking services offered by Bank, considerations relating to the convenience and needs of the community to be served lend some weight for approval. Bank was organized in 1974 in response to a growing demand for banking services on the eastern side of Tulsa. It has been 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 consummated before the thirtieth day following the effective date of this Order, or later than three months after the effective date of this Order unless such period is extended for good cause by the Board of Governors or by the Federal Reserve Bank of Kansas City pursuant to delegated authority.

By order of the Secretary of the Board, acting pursuant to delegated authority from the Board of Governors, effective October 31, 1978.

(Signed) JOHN M. WALLACE,
[SEAL] *Assistant Secretary of the Board.*

[1] All banking data are as of December 31, 1977.

[2] The Tulsa banking market is approximated by the Tulsa RMA.

[3] *See, e.g.*, Nebraska Banco, Inc., 62 FEDERAL RESERVE BULLETIN 638 (1976).

Tulbancorp, Inc.,
Tulsa, Oklahoma

Order Approving Formation of Bank Holding Company

Tulbancorp, Inc., Tulsa, Oklahoma, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring all the voting shares (less directors' qualifying shares) of Bank of Tulsa ("Bank"), Tulsa, Oklahoma.

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

Applicant is a nonoperating corporation organized for the purpose of acquiring Bank, which holds deposits of $32 million.[1] Upon acquisition of Bank, Applicant would control the 83rd largest banking organization in Oklahoma and approximately 0.2 per cent of the total deposits in commercial banks in the State.

Bank is the 17th largest of 46 banks competing in the Tulsa banking market,[2] holding approximately 1.0 per cent of the total deposits in commercial banks in that market. This proposal represents a restructuring of the existing ownership of Bank from individuals to a corporation owned by the same individuals. Since Applicant has no other subsidiaries and Applicant is not under common control with any other bank,[3] it appears that consummation of the proposed transaction would have no adverse effect on competition or concentration of banking resources in any relevant area. Thus, the Board concludes that the effects of this proposal on competition are consistent with approval of the application.

[1] All banking data are as of December 31, 1977.

[2] The Tulsa banking market is approximated by the Tulsa RMA.

[3] Three individuals who will own 26.4 per cent of Applicant's voting shares are also directors of First Tulsa Bancorporation ("First Tulsa") and its subsidiary, First National Bank and Trust Company of Tulsa, the largest bank in the Tulsa banking market. None of these individuals is an officer or director of Applicant or Bank and their combined ownership in First Tulsa is less than 5 per cent of the outstanding voting shares. In view of the limited nature of the relationship between Applicant and First Tulsa, the Board has concluded that the relationship between Applicant and First Tulsa has no significant effect on competition.

The financial and managerial resources of Applicant, which are largely dependent upon those of Bank, are considered generally satisfactory, and their future prospects appear favorable. Although Applicant will incur some debt in connection with this proposal, it appears that income to be derived from Bank would provide Applicant sufficient revenue to service the debt while maintaining acceptable capital levels at Bank.

Although consummation of the proposal would effect no changes in the banking services offered by Bank, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. It has been 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, or by the Federal Reserve Bank of Kansas City pursuant to delegated authority.

By order of the Board of Governors, effective October 16, 1978.

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

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

United Bank Corporation of New York,
Albany, New York

Order Denying Acquisition of Bank

United Bank Corporation of New York, Albany, New York, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all the voting shares of the successor by merger to The Schenectady Trust Company ("Bank"), Schenectady, New York.[1]

[1] In conjunction with this application, Applicant has requested prior approval to merge 320 State Street Bank, Schenectady, New York, with The Schenectady Trust Company, Schenectady, New York, under the charter of the former and with the title of The Schenectady Trust Company, pursuant to § 18(c) of the Federal Deposit Insurance Act, 12 U.S.C. § 1828(c).

The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with 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 fifteenth largest commercial banking organization in the State of New York, controls four banks with aggregate deposits of approximately $1.3 billion, representing 1.0 per cent of the total deposits held by commercial banks in that State.[2] Acquisition of Bank (deposits of approximately $166.5 million) would increase Applicant's share of statewide deposits by approximately 0.1 per cent and would not alter Applicant's ranking among the other banking organizations in the State. Accordingly, consummation of this proposal would not result in a significant increase in the concentration of commercial banking resources in New York.

Bank, the third largest banking organization in the Albany banking market,[3] controls approximately 8.2 per cent of market deposits. Applicant, through its lead bank, State Bank of Albany, Albany, New York, is the second largest banking organization in that market, controlling 20.1 per cent of market deposits. Consummation of the proposed transaction would increase Applicant's already significant share of deposits in the market to 28.3 per cent and would cause Applicant to become the largest banking organization in the market. Consummation of the proposal would also increase the percentage of deposits held by the three largest banking organizations in the market from approximately 60.3 per cent to 67.9 per cent. The Board views this increase in concentration of banking resources as a significant adverse effect on competition in the Albany market.

In addition to the adverse effects on concentration of resources, it appears that consummation of the proposal would have substantially adverse effects upon competition within the Albany banking market. As noted above, Applicant is already well represented in the relevant market through its lead bank. The record indicates that substantial existing competition would be eliminated by Applicant's acquisition of Bank. Furthermore, the proposed acquisition would foreclose the possibility of increased competition between Applicant and Bank in the future. Applicant presently has no offices in Schenectady County and has the financial and managerial resources to expand *de novo* into this area. In addition, the proposal would remove Bank as a potential entry vehicle into the relevant market by New York bank holding companies not currently represented in the market.

Applicant contends that in order to realistically evaluate competition and concentration of resources in the relevant market, the Board can no longer distinguish commercial banks from savings banks and other thrift institutions in New York with respect to providing banking services. In this regard, the Board has for some time recognized that the presence of thrift institutions in a market is one of the many factors that must be taken into consideration when evaluating the competitive effects of a particular acquisition.[4] With respect to the subject proposal, the Board notes that in New York, thrift institutions have been able to offer demand deposit accounts to customers in amounts up to $1,000 since May of 1976. In addition, it appears that commercial banks and thrift institutions do compete in the marketing of certain other

[2] All deposit data are as of June 30, 1977.

[3] The Albany banking market consists of Albany, Schenectady and Rensselaer Counties plus the towns of Clifton Park, Halfmoon, Waterford, Malta, Stillwater, Mechanicville, Ballston, Charlton, Galway and Milton in Saratoga County. Applicant contends that Schenectady County is itself a separate and distinct banking market and, therefore, acquisition of Bank would not have an adverse impact on existing competition in the Albany market. However, commuting data indicate that a significant portion of the employed residents of Schenectady County work outside Schenectady County, with 17.6 per cent commuting to Albany County alone. These data demonstrate that Schenectady County is not a separate or distinct banking market but rather part of the Albany banking market. Applicant further contends that a portion of northwestern Albany County is actually part of the Schenectady banking market, as defined by Applicant. However, commuting data indicate that at least 15 per cent of the labor force from such area commutes into the City of Albany, which is indisputably outside Applicant's suggested market. Finally, with the exception of one bank, all commercial banks with offices in Schenectady County also have offices in Albany County, and rates on selected services of such banks are similar in both the Schenectady County and Albany County offices. From these and other facts of record, the Board concludes that the Albany banking market is the relevant banking market for purposes of analyzing the competitive effects of this proposal.

[4] See *e.g.*, the Board's Order approving the merger of Northeast Bancorp, New Haven, Connecticut, with First Connecticut Bancorp, Hartford, Connecticut, 60 FEDERAL RESERVE BULLETIN 375 (1974).

types of services. However, commercial banks in New York continue to have significantly broader powers than thrift institutions despite their recently expanded powers. The Board believes that the overlap of certain services offered by thrift institutions and commercial banks is not so great at this time as to treat the two types of financial institutions as if they were the same. The Board continues to be of the view that it is the cluster of products and services that commercial banks offer that makes commercial banking a distinct line of commerce for purposes of analyzing the competitive effects of the subject proposal. Thus, having considered all of the facts of record in this case, the Board concludes that consummation of the proposed transaction would have significant adverse effects on competition in the Albany market.

The financial and managerial resources and future prospects of Applicant, its subsidiaries, and Bank are regarded as satisfactory and consistent with approval of the application. Accordingly, banking factors are consistent with approval of the subject application.

Although there is no evidence in the record that the banking needs of the Albany banking market are not being adequately met, Applicant proposes to expand the range of services presently offered by Bank. While certain benefits to the convenience and needs of the communities to be served might result from Applicant's acquisition of Bank, similar benefits could also result from entry by less anticompetitive means. Therefore, although considerations relating to the convenience and needs of the community to be served lend some weight to approval, they do not clearly outweigh the significant anticompetitive effects that would result from approval of the subject proposal.

On the basis of all relevant facts of record, it is the Board's judgment that consummation of the proposed transaction would not be in the public interest, and the application should be and hereby is denied.[5]

By order of the Board of Governors, effective October 3, 1978.

Voting for this action: Chairman Miller and Governors Gardner, Coldwell, Jackson, Partee, and Teeters. Voting against this action: Governor Wallich.

(Signed) GRIFFITH L. GARWOOD,

[SEAL] *Deputy Secretary of the Board.*

[5] In view of the Board's action in this case, Applicant's proposals to merge 320 State Street Bank with The Schenectady Trust Company and for membership in the Federal Reserve System of 320 State Street Bank are rendered moot.

Dissenting Statement of Governor Wallich

I would approve the application of United Bank Corporation of New York, to acquire the Schenectady Trust Company because I do not believe that such an acquisition would have significant adverse effects on competition within the Albany market. Those elements of the case that seem anticompetitive to the majority are, in my view, *mitigated by the significant participation of thrift* institutions in the market, owing to their expanded powers. Thrift institutions in New York have established a strong presence in the State market for nonbusiness demand deposits, as evidenced by the growth of their share in that market, in terms of dollars, from 1.4 per cent to 6.8 per cent since June 1976. In terms of number of accounts in the State that growth has been from 4.1 per cent to 17.2 per cent. In the Albany market, the growth of their share, in terms of dollars, has been from 3.8 per cent to 13.2 per cent over the same period. Thrift institution dominance of nonbusiness time and savings deposits in the State has continued, growing from 67.5 per cent in 1970 to 70.4 per cent in 1977.

Although thrift institutions are not permitted to provide most services to businesses, certain types of consumer lending, or trust services, it appears that other factors diminish the importance of these activities in the overall delineation of the product market. For example, studies have shown that loans to firms beyond a relatively small size tend to be made in the regional or national market, rather than the local market. Business can draw also on trade credit as another source of credit. This suggests that the impact on competition of the proposed acquisition would be less severe than in the absence of such factors. Other evidence that mortgage lending is fungible and permits the financing of consumer expenditures through the mortgage of homes implies that certain consumer credit services are in fact available from thrifts. This likewise indicates that the competitive impact of the acquisition would be less severe than in the absence of such factors. For these reasons, I would include thrift institutions in the competitive analysis to a much greater extent than does the majority in this case. I would conclude that, because thrifts now offer a diversified group of banking products and services in direct competition with commercial banks, the competitive strength of commercial banks is diminished, reducing the anticompetitive character of the acquisition. Therefore, I am of the view that consummation of this proposal would have only slightly adverse competitive effects.

I further concur with the point that the presence of several of the State's large bank holding companies with offices in the market enhances competition, despite the relatively small market share of each. Competitive powers of such institutions cannot be measured solely by their market share. Acquisition of the Schenectady Trust Company would strengthen Applicant and enable it to compete more effectively with the State's larger banking organizations that are represented in the market.

Applicant plans, among other things, to cause Bank to expand its lending activities, to commit itself to partial financing of a redevelopment project in the City of Schenectady, and to reduce its rate for credit-related insurance coverage. Thus, in my opinion, considerations relating to the convenience and needs of the community to be served tend to outweigh any slightly adverse competitive effects that would result from the acquisition of Bank by Applicant.

In this case, the evidence supporting the traditional analysis of competition within the market is not strong enough to dispel the questions raised by the Applicant concerning the validity of that analysis. Therefore, I cannot support the majority's decision and I would approve the application.

Orders Under Sections 3 And 4 Of Bank Holding Company Act

Republic National Bancshares, Inc.,
Houston, Texas

Order Approving
Formation of Bank Holding Company and Acquisition of Company to Engage in the Underwriting of Credit Related Insurance

Republic National Bancshares, Inc., Houston, Texas, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 80 per cent or more of the voting shares of Republic National Bank of Houston ("Republic Bank"), and 100 per cent of the voting shares (less directors' qualifying shares) of Colonial National Bank ("Colonial Bank"), both of Houston, Texas. Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)) for permission to acquire 80 per cent or more of the outstanding voting shares of Citizens & Southern Life Insurance Company, Houston, Texas ("Company"). Company will engage in underwriting activities for credit life and credit accident and health insurance directly related to extensions of credit by the Applicant's banking subsidiaries. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(10)).

Notice of the applications, affording opportunity for interested persons to submit views and recommendations, has been given in accordance with sections 3 and 4 of the Act. The time for filing views and recommendations has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)) and the considerations set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, a nonoperating company with no subsidiaries, was organized for the purpose of becoming a bank holding company through the acquisition of Republic Bank ($76 million in deposits) and Colonial Bank ($18 million in deposits), and to engage in the underwriting of credit life and credit accident and health insurance directly related to extensions of credit by the banking subsidiaries through the acquisition of Company.[1] Upon the acquisition of Banks, Applicant would become the 61st largest banking organization in Texas, controlling approximately 0.1 per cent of total deposits in commercial banks in the State.

Republic Bank and Colonial Bank are both located in the Houston banking market,[2] and rank, respectively, as the 25th and the 90th largest of 122 banking organizations in the market, controlling 0.5 and 0.1 per cent, respectively, of market deposits. The subject proposal involves a restructuring of Banks' ownership from individuals to a corporation controlled by those same individuals. Since Colonial Bank was established *de novo* by principals of Republic Bank in September 1975, there was no elimination of competition at that

[1] Unless otherwise indicated, all banking data are as of June 30, 1978, and reflect bank holding company formations and acquisitions approved as of August 31, 1978.

[2] The Houston banking market is approximated by the Houston Ranally Metropolitan Area ("RMA"), which includes Harris County and portions of Montgomery, Liberty, Brazoria, Fort Bend, and Galveston Counties in Texas. Market data are as of December 30, 1977.

time. Upon consummation of the proposal, Applicant would become the 19th largest banking organization in the market, controlling 0.6 per cent of market deposits. Although there is some deposit overlap between Banks, there are numerous banking alternatives available in the market. While approval of the subject proposal would further solidify the existing relationship between the two affiliated banks and reduce the likelihood that the banks would become independent competitors in the future, based upon the facts of record, including the relative size of the two banks to be acquired, their distance from each other, their rank in the market, and the presence of other banking alternatives in the Houston banking market, it appears that consummation of the proposal would not have any significant adverse effects upon competition.

The financial and managerial resources and future prospects of Applicant are dependent upon those of its proposed subsidiary banks. Applicant's projected twelve-year amortization schedule for the retirement of its acquisition debt appears to provide Applicant with the necessary financial flexibility to meet its annual debt servicing requirement and to maintain an adequate capital position for its subsidiary banks. The managerial resources of Applicant and its two subsidiary banks are considered satisfactory and the future prospects of each appear favorable. Accordingly, considerations relating to banking factors are consistent with approval of the application. Considerations relating to the convenience and needs of the community to be served are also consistent with approval. Thus, it is the Board's judgment that consummation of the proposal to form a bank holding company would be in the public interest and that the proposal to acquire Republic Bank and Colonial Bank should be approved.

In connection with its application to become a bank holding company, Applicant also has applied for the Board's approval to acquire all of the outstanding shares of Company, and thereby engage in the underwriting of credit life and credit accident and health insurance directly related to extensions of credit by Applicant's banking subsidiaries.[3]

[3] Company presently underwrites insurance covering extensions of credit by parties other than Applicant's proposed subsidiary banks. Applicant has committed to cease all impermissible insurance underwriting activities upon consummation of the subject proposal and, pursuant to the provisions of section 4(a)(2) of the Act, to divest of all of Company's impermissible assets within two years from the date of consummation.

Credit life insurance and credit accident and health insurance are generally made available by banks and other lenders and are designed to assure repayment of a loan in the event of death or disability of the borrower. In connection with its addition of the underwriting of such insurance to the list of permissible activities for bank holding companies, the Board stated:

> To assure that engaging in the underwriting of credit life and credit accident and health insurance can reasonably be expected to be in the public interest, the Board will only approve applications in which an applicant demonstrates that approval will benefit the consumer or result in other public benefits. Normally such a showing would be made by a projected reduction in rates or increase in policy benefits due to bank holding company performance of this service. (12 C.F.R. § 225.4(a)(10), n. 7).

Applicant proposes that upon consummation of this proposal it would charge rates that are 3.4 to 3.7 per cent below the Texas maximum rates that are currently being charged by Company and has committed itself to maintain reduced rates following approval of the application, a result the Board regards as being in the public interest. It does not appear that Applicant's acquisition of Company would have any significant adverse effects upon existing or potential competition. Furthermore, there is no evidence in the record indicating that consummation of the proposal would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects upon the public interest.

Based upon the foregoing and other considerations reflected in the record, including the commitment by Applicant to maintain on a continuing basis the public benefits which the Board has found to be reasonably expected to result from this proposal and upon which the approval of this application is based, the Board has determined, in accordance with the provisions of § 4(c)(8) of the Act, that consummation of this proposal can reasonably be expected to produce benefits to the public that outweigh possible adverse effects and favor approval of Applicant's proposal.

Accordingly, the applications are approved for the reasons summarized above. The acquisition of Banks shall not be made before the thirtieth calendar day following the effective date of this Order; and the acquisition of Banks and Company shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Dallas pursuant to delegated authority. The determination as to Applicant's proposed insurance activities is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require reports by, and make examinations of, holding companies and their subsidiaries and to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with provisions and purposes of the Act and the Board's regulations issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective October 20, 1978.

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

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

Central National Corporation,
Richmond, Virginia

Fidelity American Bankshares, Inc.,
Lynchburg, Virginia

Order Approving
Consolidation of Bank Holding Companies and Engagement in Certain Nonbanking Activities

Central National Corporation, Richmond, Virginia ("Central"), and Fidelity American Bankshares, Inc., Lynchburg, Virginia ("Fidelity"), bank holding companies within the meaning of the Bank Holding Company Act, have applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to consolidate into a new corporation, Commonwealth Banks, Inc., Richmond, Virginia ("Commonwealth"). Immediately subsequent to the consolidation, Commonwealth would succeed to and assume all of the assets and liabilities of Central and Fidelity whereupon Central and Fidelity would cease to exist as legal entities.

In a concurrent application, Central and Fidelity have also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)) to continue to engage after consolidation in the activities of five existing nonbank subsidiaries of Central and Fidelity, namely, The Columbia Advisory Corporation, Lynchburg, Virginia; Columbia Insurance Agency, Inc., Lynchburg, Virginia; Fidelity American Computer Services, Inc., Lynchburg, Virginia; Cencor Insurance Agency Incorporated, Richmond, Virginia; and Bankers Mortgage Corporation, Bailey's Crossroads, Virginia.[1] Cencor Insurance Agency Incorporated and Columbia Insurance Agency, Inc., would continue to engage in the activities of acting as insurance agent or broker with respect to the following types of insurance related to extensions of credit by credit granting subsidiaries of the consolidated organization: (1) credit life, disability, accident and health insurance; (2) physical damage insurance on mobile homes, motor homes or similar vehicles; (3) "vendor's single interest" physical damage insurance on motor vehicles, boats, trailers and other kinds of personal property or attachments used in connection therewith; and (4) mortgage redemption insurance. Bankers Mortgage Corporation would continue to engage in the activities of originating mortgage loans as agent and servicing mortgage loans for subsidiaries of the consolidated organization; this subsidiary would also continue to engage in the activity of acting as insurance agent with respect to credit life and disability insurance and mortgage redemption and mortgage cancellation insurance related to its extensions of credit. The Columbia Advisory Corporation would continue to act as investment and financial advisor, providing portfolio investment advice and management services to individuals, partnerships, corporations, pension and profit sharing plans, private foundations, and endowments, and Fidelity American Computer Services, Inc., would continue to own, operate and maintain computer hardware and other related electronic data processing equipment, to perform electronic data processing and related clerical bookkeeping, accounting and statistical services for the internal operations of the consolidated organization and its subsidiaries, and to perform such services and engage otherwise in the business of storing and processing banking, financial and related economic data for others, including, but not limited to, other banks and financial institutions. Such activities

[1] Central and Fidelity together have nine inactive nonbank subsidiaries for which approval under section 4(c)(8) of the Act would be required before these subsidiaries could engage in any nonbanking activities.

have been specified by the Board in § 225.4(a) of Regulation Y (12 C.F.R. § 225.4(a))as permissible for bank holding companies, subject to Board approval of individual proposals in accordance with the procedures of section 225.4(b) of Regulation Y (12 C.F.R. § 225.4(b)).

Notice of the receipt of these applications, affording opportunity for persons to submit views and recommendations, has been given in accordance with sections 3 and 4 of the Act (43 *Federal Register* 37489). The time for filing views and recommendations has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)) and the considerations specified in section 4(c)(8) of the Act.

Central, the ninth largest banking organization in the State of Virginia, controls seven banks with total deposits of $470 million, representing 2.8 per cent of the total deposits in commercial banks in Virginia.[2] Fidelity, the seventh largest banking organization in the State, controls 15 banks with total deposits of $830 million, representing 5.0 per cent of the total deposits in commercial banks in Virginia. Upon consolidation, Commonwealth would become the sixth largest banking organization in the State controlling 22 banks with aggregate deposits of $1.3 billion, representing 7.8 per cent of the total deposits in commercial banks in Virginia. While approval of the application to consolidate would add one per cent to the share of total deposits held by the six largest banking organizations in Virginia, the Board finds that the proposed consolidation would not have significantly adverse effects upon the concentration of banking resources in Virginia.

Bank subsidiaries of Central operate primarily in the Richmond and Petersburg, Virginia, areas. These geographic areas account for approximately three-quarters of the total deposits of the bank subsidiaries of Central. Bank subsidiaries of Fidelity operate primarily in the Lynchburg, Virginia, area, the surrounding communities in south-central Virginia, and the Tidewater-Peninsula area in southeastern Virginia. These geographic areas account for approximately three-quarters of the total deposits of the bank subsidiaries of Fidelity. Bank subsidiaries of both Central and Fidelity operate in the three largest urban areas in the State, namely, the Washington, D.C., Standard Metropolitan Statistical Area ("SMSA"), the Richmond Ranally Metropolitan Area ("RMA"), and the Newport News-Hampton (Peninsula) SMSA.[3]

Two bank subsidiaries of Central operate in the Washington, D.C., banking market. These subsidiaries have 11 offices located in Arlington, Fairfax, and Prince William Counties, Virginia, and the city of Manassas, Virginia, and hold $67.5 million in total deposits, representing 0.7 per cent of market deposits.[4] Two of the offices are located in western Fairfax County where a bank subsidiary of Fidelity operates three offices with $23.3 million in total deposits, representing 0.2 per cent of market deposits. Competing in the Washington, D.C., banking market are the nine largest commercial banking organizations in both Virginia and Maryland as well as 16 District of Columbia banking organizations. The market shares of the largest banking organizations in the market have declined in recent years, with the four-firm concentration ratio declining to 45.8 per cent in 1977 from 50 per cent in 1970. Upon consolidation Commonwealth would control $90.8 million in market deposits, representing 0.9 per cent of such deposits.[5] In view of these facts and other facts of record, the Board concludes that consummation of the proposed consolidation would have only slightly adverse effects on existing competition in the Washington, D.C., banking market.

The lead bank of Central is the fourth largest banking organization in the Richmond banking market, and holds $309.6 million in total deposits, representing 12.5 per cent of market deposits. A

[2] All banking data, unless otherwise indicated, are as of December 31, 1977, and reflect bank holding company formations and acquisitions approved through August 31, 1978.

[3] The Washington, D.C., banking market is approximated by the Washington, D.C., SMSA, which is comprised of the District of Columbia, the Maryland counties of Charles, Montgomery, and Prince Georges, the Virginia counties of Arlington, Fairfax, Loudon, and Prince William, and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park, Virginia. The Richmond banking market is approximated by the Richmond RMA which is comprised of the city of Richmond, almost all of Henrico County, much of Chesterfield and Hanover Counties, and the eastern tip of Goochland County, Virginia. The Newport News-Hampton banking market is approximated by the Newport News-Hampton (Peninsula) SMSA which is comprised of the cities of Newport News, Hampton, Poquoson, and Williamsburg, and the counties of Gloucester, James City, and York, Virginia.

[4] All market data for the Washington, D.C., Richmond, and Newport News-Hampton banking markets are as of June 30, 1977.

[5] If the Washington, D.C., banking market were defined as including only the District of Columbia and Virginia portions of the Washington, D.C., SMSA, Commonwealth would control 1.6 per cent of the total deposits in commercial banks in that market.

bank subsidiary of Fidelity operates four offices in the market, and holds $13.2 million in total deposits, representing 0.5 per cent of market deposits. Three of the offices are located in eastern Henrico County where three offices of Central's lead bank are located. Five other banking organizations operate 11 banking offices in this part of the market. The remaining office of this bank subsidiary of Fidelity is located in western Henrico County near two offices of Central's lead bank. Eight offices of six other banking organizations operate in this part of the market. Currently, 18 banking organizations are located in the Richmond banking market, as compared with 15 in 1970; moreover, the four-firm concentration ratio in the market has declined since 1970. Following consolidation, Commonwealth would control $322.8 million in market deposits, representing 13 per cent of such deposits. In view of the large number of banking organizations in the market and the concentration trend in the market, the Board concludes that consummation of the proposed consolidation would have only slightly adverse effects on existing competition in the Richmond banking market.

A bank subsidiary of Fidelity is the fifth largest of 15 banking organizations located in the Newport News-Hampton banking market, and holds $48.6 million in total deposits, representing 6.6 per cent of market deposits. A bank subsidiary of Central operates four offices in the market, and holds $14.7 million in total deposits, representing 2.0 per cent of market deposits. One of the offices is located in Hampton where three offices of the bank subsidiary of Fidelity are located. Another of the offices is located near two Newport News offices of this bank subsidiary of Fidelity. Fifteen banking organizations are located in the market and include the eight largest banking organizations in the State. Since 1970, the four-firm concentration ratio within the market has declined. Upon consolidation, Commonwealth would control $63.3 million in market deposits, representing 8.6 per cent of such deposits. Commonwealth, however, would be significantly smaller than the larger banking organizations in the market and, in view of the large number of banking organizations in the market, the concentration trend in the market, and the relative size of the banks involved, the Board concludes that consummation of the proposed consolidation would have only slightly adverse effects on existing competition in the Newport News-Hampton banking market.

With respect to potential competition, there are numerous banking markets across the State in which bank subsidiaries of Fidelity or Central, but not both, presently operate offices. Fidelity has, in the past, been aggressive in expanding into new geographic markets by acquiring existing banks and by entering markets *de novo*. However, Fidelity, on its own, does not appear to be in a position to continue to pursue such an expansionary policy, and thus may not be considered to be a likely entrant into any of the markets currently served by bank subsidiaries of Central. Central, on the other hand, appears to have the financial resources to engage in some geographic expansion into the markets currently served by bank subsidiaries of Fidelity. The banking structure of each of these markets has been carefully examined to determine whether any significantly adverse effects on potential competition would result from the proposed consolidation. Based upon that examination, the Board concludes that consummation of the proposal to consolidate would have only slightly adverse effects on potential competition in any market.

On the basis of the foregoing and other facts of record, the Board concludes that consummation of the proposed consolidation would have slightly adverse competitive effects. The Board believes that these effects, however, when viewed in light of other considerations reflected in the record, are not serious enough to warrant denial of the proposal.

The financial and managerial resources and future prospects of Central and Fidelity and their subsidiary banks are generally satisfactory and consistent with approval of the application to consolidate. The financial and managerial contributions to the consolidated organization by Central and Fidelity appear to be complementary. Central will provide financial strength to the consolidated organization while Fidelity will provide a substantial asset base and a broader market presence. In view of these facts and other facts of record, the Board has determined that financial and managerial considerations lend weight toward approval of the proposed consolidation.

Considerations relating to convenience and needs lend weight toward approval of the application to consolidate. The financial condition of the consolidated organization will enable the subsidiary banks of Commonwealth to offer new and improved services to their customers. Commonwealth intends to increase the mortgage and agricultural lending of the subsidiary banks as well as their leasing of personal property. The consolidated organization will have a substantially improved capability to negotiate large business loans and to provide correspondent services. Based on these facts and other facts of record, it is the Board's judgment that considerations relating to convenience and needs outweigh any anticompetitive effects that might result from the proposed consolidation. Accordingly, it has been determined that the proposed consolidation would be in the public interest and that the application to consolidate should be approved.

Central and Fidelity have also applied for the Board's approval to continue to engage in the nonbanking activities of The Columbia Advisory Corporation, Columbia Insurance Agency, Fidelity American Computer Services, Cencor Insurance Agency Incorporated, and Bankers Mortgage Corporation. Two of these subsidiaries would continue to engage in the activities of acting as insurance agent or broker with respect to certain credit-related insurance and one would continue to provide data processing services. The other subsidiaries would continue to provide investment advisory services and continue to originate and service mortgages. The insurance agency and data processing affiliates of Central and Fidelity service only the subsidiaries of their respective holding companies and, therefore, do not compete with each other. Bankers Mortgage Company, a subsidiary of Fidelity, does compete for second mortgage loans within the Washington, D.C., SMSA where bank subsidiaries of Central are mortgage lenders. However, in view of the amount of second mortgage lending engaged in by these firms, the direct competition that would be eliminated within this market upon consummation of this proposal appears to be negligible. No other nonbank subsidiary of Central or Fidelity competes with any bank or nonbank subsidiary of the other organization. Accordingly, the Board concludes that no adverse competitive effects on nonbank competition would result from approval of the application to continue to engage in certain nonbanking activities. There is no evidence in the record indicating that approval of the application to continue to engage in certain nonbanking activities would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest. Based on the foregoing and other facts of record, the Board has determined that the balance of the public interest factors the Board must consider under section 4(c)(8) favor approval of Applicant's proposal.

Accordingly, the applications are approved for the reasons summarized above. The consolidation shall not be made before the thirtieth calendar day following the effective date of this Order, nor 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 pursuant to delegated authority. The determination as to the nonbanking activities of Central and Fidelity is subject to the conditions set forth in section 225.4(c) of Regulation Y (12 C.F.R. § 225.4(c)) and to the Board's authority to require reports by, and make examination of, holding companies and their subsidiaries and to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations issued thereunder, or to prevent evasions thereof.

By order of the Board of Governors, effective October 31, 1978.

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

(Signed) JOHN M. WALLACE,
[SEAL] *Assistant Secretary of the Board.*

ORDERS UNDER SECTION 4 OF BANK HOLDING COMPANY ACT

Johnson County Bankshares, Inc.,
Prairie Village, Kansas

Order Approving Retention of Republic Investment Company, Inc.

Johnson County Bankshares, Inc., Prairie Village, Kansas, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)) to retain all of the voting shares of Republic Investment Company, Inc., Prairie Village, Kansas ("Company"), a company that engages in making direct consumer instalment loans, secured and unsecured, to individuals, purchasing consumer instalment sales finance contracts, and acting as agent for the sale of credit life and credit accident and health insurance directly related to extensions of credit by Company.[1] Such activities have been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(1) and (9)(ii)(a)).

Notice of the application, affording opportunity for interested persons to submit views and recommendations on the application, has been duly published (43 *Federal Register* 33323 (1978)). The time for filing views and recommendations 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, became a bank holding company as a result of the Bank Holding Company Act Amendments of 1970 by virtue of its control of Johnson County National Bank and Trust Company, Prairie Village, Kansas ("Bank"). Applicant acquired all of the shares of Company on December 19, 1970. Pursuant to the provisions of section 4 of the Act, Applicant has until December 31, 1980, to divest its shares of Company or in the alternative to apply to the Board to retain them.[2]

Applicant is the eleventh largest banking organization in Kansas. On December 31, 1977, Bank held deposits of approximately $106 million, representing approximately 0.98 per cent of total deposits in commercial banks in the State. Applicant is engaged directly in originating development, construction and permanent mortgage loans, and indirectly through subsidiaries in real estate development and acting as general insurance agent.[3]

Company conducts its consumer finance business from one office located in Prairie Village, Kansas, and derives the bulk of its business from the Kansas City banking market.[4] On December 31, 1977, Company had total assets of approximately $752,000, loans outstanding of approximately $617,000, and lease receivables of approximately $137,000.

The Board generally regards the standards under section 4(c)(8) of the Act for retention of shares to be the same as the standards for a proposed acquisition. At the time of acquisition of Company by Applicant in 1970, Company had total installment loans outstanding of approximately $433,000. The relevant product market to be considered in evaluating the competitive effects of this proposal is the making of personal cash loans, and the Board has previously determined that consumer finance companies compete with commercial banks in the area of personal loans.[5] While Bank operates in the Kansas City banking market and in 1970 was engaged in making personal cash loans in that market, it is estimated that at the time of acquisition the combined market share of Company and Bank of total personal loans outstanding in the relevant geographic market was less than one per cent. In light of the foregoing and the fact that there are hundreds of lenders for personal loans in the relevant geographic market, the Board concludes that Applicant's acquisition of Company did not have any significantly adverse effects on existing competition in any relevant area, and that Applicant's retention of Company likewise would not have any significantly adverse competitive effects.

Since its acquisition by Applicant in 1970, Company has had access to financial and managerial resources of Applicant. Approval of this application would ensure the continued availability of personal loans and related credit life and credit disability insurance to Company's customers. While the benefits to the public that have resulted from Applicant's acquisition of Company are not substantial, based on these and other facts of record, the Board concludes that such benefits are sufficient to outweigh any adverse competitive effects that could have resulted from the affiliation. Moreover, it is the Board's view that approval of Applicant's retention of Company can reasonably be expected to continue to produce benefits to the public that would outweigh possible adverse effects. Furthermore, there is no evidence in the record indicating that the affiliation of Applicant and Company has resulted in any undue concen-

[1] Company is also engaged in leasing personal property for which it has obtained approval under section 4(c)(8) of the Act from the Federal Reserve Bank of Kansas City acting pursuant to delegated authority.

[2] Section 4 of the Act provides, *inter alia*, that nonbanking companies acquired after June 30, 1968, and before January 1, 1971, by a company that becomes 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] Inasmuch as these activities were commenced after June 30, 1968, and before January 1, 1971, under section 4 of the Act Applicant may not retain these activities beyond December 31, 1980, without the Board's approval.

[4] The relevant geographic area for evaluating the competitive effects of this application is the Kansas City banking market, which is approximated by the northern half of Cass County in Missouri, all of Clay, Jackson and Platte Counties in Missouri, and all of Johnson and Wyandotte Counties in Kansas.

[5] See the Board's Order dated August 3, 1973, denying the application of Bankers Trust New York Corporation, New York, New York, to acquire Public Loan Company, Inc., Binghamton, New York, 59 FED. RES. BULL. 694 (1973).

tration of resources, conflicts of interest, unsound banking practices, or other effects adverse to the public interest.

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

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

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

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

NCNB Corporation,
Charlotte, North Carolina

Order Approving
Retention of TranSouth Financial Corporation

NCNB Corporation, Charlotte, 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 CFR § 225.4(b)(2)), to retain all of the voting shares of TranSouth Financial Corporation (formerly Stephenson Finance Company), and its subsidiary TranSouth Mortgage Corporation (formerly Associated Underwriters, Inc.), both of Florence, South Carolina (together referred to as "TranSouth"). TranSouth engages primarily in making direct consumer instalment loans, secured and unsecured, to individuals, purchasing consumer instalment sales finance contracts, purchasing recreational lot notes, extending direct loans to dealers for the financing of inventory (floor planning) and working capital purposes, and purchasing personal property lease contracts. TranSouth also acts as agent for the sale of credit life and credit accident and health insurance and physical damage insurance, all of which are directly related to extensions of credit by TranSouth. Each of the above activities has been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(1), (6) and (9)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (43 *Federal Register* 43388). 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 (12 U.S.C. § 1843(c)(8)).

Applicant, a one-bank holding company, became a bank holding company as a result of the 1970 Amendments to the Act by virtue of its control of North Carolina National Bank, Charlotte, North Carolina ("Bank"). Applicant acquired all of the outstanding shares of TranSouth in July, 1969. Pursuant to the provisions of section 4 of the Act, Applicant has until December 31, 1980, to divest its interest in TranSouth or, in the alternative, to apply and secure the Board's approval to retain such interest.[1]

Applicant is the second largest banking organization in the State of North Carolina by virtue of its control of Bank, which holds deposits of $2.5 billion, representing 17.2 per cent of the total deposits in commercial banks in the State.[2] In addition to engaging in consumer finance and related insurance activities through TranSouth, Applicant engages through subsidiaries in a variety of nonbanking activities, including mortgage banking, factoring, providing trust services and acting as an investment advisor.

TranSouth is the 35th largest finance company in the United States.[3] It operates 105 offices in 5 States, of which 44 are located in North Caro-

[1] Section 4 of the Act provides, *inter alia*, that nonbanking activities acquired between June 30, 1968, and December 31, 1970, by a company which becomes a bank holding company as a result of the 1970 Amendments may not be retained beyond December 31, 1980, without Board approval. Applicant has asserted that the shares of TranSouth may be retained by Applicant on the basis of section 4(c)(5) of the Act, which provides an exemption for retention of shares which are eligible for investment by a national banking association under the provisions of section 5136 of the Revised Statutes. For the reasons set forth in its Order of May 11, 1978, the Board believes Applicant's assertion of the applicability of section 4(c)(5) of the Act to the shares of TranSouth is without merit.

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

[3] *American Banker*, June 19, 1978.

lina.[4] On June 30, 1978, TranSouth had assets of \$176 million and total finance receivables of \$164.9 million.

By Order dated May 11, 1978, the Board denied an application by Applicant to retain the shares of TranSouth. In that Order, the Board found that the acquisition of TranSouth by Applicant in 1969 eliminated a significant amount of existing competition in five local markets in North Carolina where both Bank and TranSouth had offices.[5] The Board also expressed concern as to the effects of the acquisition on potential competition, because of the possibility that either Bank or TranSouth could establish offices in markets where the other was represented. Subsequent to Applicant's acquisition of TranSouth, both Bank and TranSouth expanded operations, resulting in the establishment of overlapping offices in 12 additional markets. The Board found that the adverse competitive effects of the acquisition were not outweighed by any showing by Applicant of benefits to the public resulting from the acquisition.[6]

In order to eliminate the adverse competitive effects found by the Board, Applicant has modified its proposal to retain TranSouth, but providing for the divestiture by December 31, 1980, of 25 offices of TranSouth and one office of Bank in the 17 markets in North Carolina where both Bank and TranSouth have offices.[7] The proposed divestitures will eliminate all overlapping offices of Bank and TranSouth in North Carolina. In order to ensure both that the offices will be completely divested and that they will be divested as viable going concerns, the Board expects that such offices will be sold as going concerns and holding substantially the same quality and type of assets as those offices held on May 11, 1978, and in an amount not less than that amount held by those offices on that date. Furthermore, while Applicant proposes to retain 19 offices of TranSouth in North Carolina where Bank could establish banking offices, these markets do not appear to be attractive for *de novo* entry by Bank, and Applicant has indicated that it is unlikely that either TranSouth or Bank will expand into any of the markets now served by the other.[8] In view of the foregoing, it appears that the proposed retention would not have significant adverse effects upon existing competition and would have only slightly adverse effects upon potential competition in North Carolina. Finally, inasmuch as Applicant or its subsidiaries did not at the time of the acquisition and do not now engage in making personal cash loans in any market outside of North Carolina, the proposed retention would not have any adverse effect upon either existing or potential competition in any of those markets.

In its amended application, Applicant has submitted additional evidence demonstrating that the acquisition of TranSouth by Applicant has resulted in substantial benefits to the public in the form of lower interest and rates and other changes, larger loans and improved services. In particular, TranSouth charges from one to two percentage points less than the legal maximum interest rate in South Carolina, and omits legally permissible maintenance fees in Tennessee and Virginia. In addition, TranSouth does not charge late fees for most loans made in Virginia, North Carolina, and South Carolina. Furthermore, TranSouth makes simple interest loans in Virginia, North Carolina, and South Carolina, a practice that, among other benefits, eliminates the usual interest penalty assessed on borrowers that prepay their loans. Finally, the average loan made by TranSouth has increased and exceeded the industry composite in four of the last five years when compared with finance companies holding between \$50 million and \$150 million in receivables. Affiliation with Applicant has enabled TranSouth to offer other

[4] In its amended application, Applicant has also requested the Board's approval to retain 11 offices of TranSouth opened *de novo* during July and August of 1978, in South Carolina and Tennessee.

[5] The relevant product market to be considered in evaluating the competitive effects of this proposal is making personal cash loans, and the Board has previously determined that consumer finance companies compete with commercial banks in the area of personal loans. See the Board's Order dated August 3, 1973, denying the application of Bankers Trust Corporation, New York, New York, to acquire Public Loan Company, Binghamton, New York, 54 FEDERAL RESERVE BULLETIN 694.

[6] In order to approve an application under section 4(c)(8) of the Act, the Board must determine whether the activities of the company to be acquired or retained are "so closely related to banking or managing or controlling banks as to be a proper incident thereto," and whether the bank holding company's acquisition of that company "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices." That statutory test requires a positive showing by Applicant that the public benefits of its proposal outweigh the possible adverse effects. While Applicant maintains that the Board should apply a somewhat different standard, particularly with regard to competitive effects, the Board rejects Applicant's argument for the reasons stated in its Order of May 11, 1978.

[7] Inasmuch as the Board's May 11, 1978 Order addressed the adverse effects on competition with respect to personal cash loans, Applicant proposes to retain in some cases the indirect loan receivables of the offices to be divested.

[8] The Board notes that Applicant has represented that it does not have any plans to open additional TranSouth offices in North Carolina.

improved services, including monthly statements to borrowers in lieu of payment books, debt counseling services, and a commitment to rewrite loan 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 NCNB's acquisition of TranSouth outweigh the slightly adverse effects on competition reflected in the instant proposal. Moreover, it is the Board's view that approval of NCNB's retention of TranSouth can reasonably be expected to continue to produce benefits to the public that would outweigh any possible adverse effects. 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 upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) is favorable and that the application should be approved. 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.

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

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

Old Stone Corporation,
Providence, Rhode Island

Order Approving Acquisition of Guild Loan and Investment Company

Old Stone Corporation, Providence, Rhode Island, a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval, under § 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire Guild Loan and Investment Company, Providence, Rhode Island ("Guild Loan"), a presently inactive industrial loan company that will engage in the activity of operating as an industrial loan company. Such activity has been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1), (2), and (3)). Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (43 *Federal Register* 22781). The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of First Federal Savings and Loan Association of Providence, Providence, Rhode Island ("First Federal") and the National Association of Mutual Savings Banks ("Association"), in the light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)). Association has also requested the Board to hold a hearing on the application.

Applicant is the second largest banking organization in the State of Rhode Island and controls Old Stone Bank, Providence, Rhode Island, which holds deposits of approximately $970.5 million.[1] In addition, Applicant controls two Morris Plan banks that were acquired with Board approval by Order dated November 19, 1976 (62 Federal Reserve Bulletin 1055) and a real estate subsidiary that is engaged in nonbanking activities pursuant to the limited grandfather exemption of section 4(a)(2) of the BHC Act.

Guild Loan, a presently inactive industrial loan company, is authorized to offer various consumer and commercial loan and deposit services under sections 19-20-9 and 19-20-10 of the General Laws of Rhode Island. However, Applicant states that Guild Loan will not accept demand deposits or make commercial loans. Applicant proposes to engage *de novo* through Guild Loan only in the activities of making installment loans and loans collateralized by deposits; purchasing consumer loans originated by others; originating first and second mortgages, and; accepting consumer investment and savings deposits. Such deposits will be insured by the Rhode Island Share and Deposit Insurance Corporation and Guild Loan will be subject to examination, as any bank incorporated

[1] All banking data are as of March 31, 1978.

in Rhode Island, RI Gen. Laws X 9-20-6. Guild Loan's sole office will be located in Providence, Rhode Island.

As Guild Loan currently is an inactive corporation, consummation of this proposal would not eliminate existing competition between it and Old Stone's banking or nonbanking subsidiaries. Moreover, Applicant's nonbanking subsidiaries do not compete in the Providence banking market. Applicant's acquisition of Guild Loan would not preclude entry by other institutions into the activity of acting as a loan and investment company. There is at least one other inactive loan and investment company charter that is available for purchase in Rhode Island and applications for new charters may be filed with the appropriate State banking authority. Accordingly, no potential competition would be eliminated upon approval of this application. Furthermore, Applicant's *de novo* entry into this activity should have a pro-competitive effect by increasing the number of alternatives for services offered by an industrial loan company.

By engaging in the subject industrial loan activity *de novo*, Applicant will provide an additional source of such services to the community. In addition, Applicant proposes to employ some bilingual staff to benefit the Portuguese-speaking population residing within close proximity of Guild Loan's proposed location. In addition, Applicant would institute a special loan program to serve the needs of young and first-time borrowers. Based on all of the facts of record, the Board concludes that consummation of the subject proposal would result in benefits to the public. Moreover, there is no evidence in the record to indicate that the proposed transaction would lead to any undue concentration of resources, conflicts of interests, unsound banking practices, or any other adverse effects upon the public interest.

In acting on the subject application, the Board has considered comments in opposition to approval of Applicant's proposal from First Federal and Association, which also requests the Board to hold a hearing on Applicant's proposal.

First Federal's allegations in opposition to the application may be summarized as follows: (1) required injections of capital into Guild Loan would divert Applicant's resources from its own future needs and would result in a significant increase in Applicant's debt; (2) operation of Guild Loan by Applicant is not a "proper incident" to banking within the meaning of section 4(c)(8) of the Bank Holding Company Act, (12 U.S.C. § 1843(c)(8)) ("BHC Act"); (3) Applicant's operation of Guild Loan would circumvent interest rate differential regulations (i.e., the Board's Regulation Q) resulting in unfair competition, and; (4) anti-competitive consequences resulting from Applicant's operation of Guild Loan are so adverse as to warrant denial of the subject application. In addition, First Federal requests "the opportunity to appear at any hearing that the Federal Reserve Board of Boston [sic] may see fit to schedule with respect to the proposal of Old Stone Corporation for the purposes of elaborating on these objections. . . ."

Association's protest contains two allegations. First, Association contends that approval of the subject proposal would sanction Applicant's plan to avoid interest rate limitations applicable to Applicant's bank, i.e. Regulation Q, and, thereby, grant it an unfair competitive advantage. In conjunction with this argument, Association contends that the subject proposal is part of the ongoing effort by commercial banks in New England to abolish the interest rate differential between banks and thrift institutions. Second, the Association alleges that approval of the application would produce no public benefits since Applicant cannot offer any loan or investment services through Guild Loan that cannot be provided through its banking subsidiary or that are not currently available in the banking market.

Association requests the Board to hold an administrative hearing for the purpose of "further exploring the many important policy issues involved." Association described the issues that would be explored in such a hearing as: (1) whether Applicant should be permitted to utilize the holding company device to circumvent Regulation Q and, (2) whether Guild Loan is properly characterized as a nonbanking institution, when in fact under Rhode Island law, it can operate as a bank by accepting demand deposits and making commercial loans.

Section 4(c)(8) of the BHC Act and Section 225.4(b)(2) of Regulation Y provide that the Board may approve a bank holding company's application to acquire a company engaged in certain nonbanking activities only after notice of the proposal and an opportunity for a hearing on the matter. In order to be entitled to such a hearing, a petitioner must establish that it has standing to challenge the application by demonstrating that it would suffer "injury in fact" as a result of Board approval of the application.[2]

Association does not make any claim of injury. In fact, Association states that it "is not and will not become a competitor of the Applicant as contemplated under the relevant section of the BHC Act." Association is of the view that First Federal, the other protestant, is entitled to a hearing on the application. Thus, Association argues that it should be entitled to present its views at the hearing as an 'interested party' because "there are important questions of law, policy and discretion involved with potential implications of a national nature."

Since First Federal does not request the Board to hold a hearing, but only the right to participate at a hearing if one is held, Association's request must stand on its own merits by demonstrating how Association would be injured as a result of the Board approving Applicant's proposal. In this regard, the Supreme Court, in elaborating on the "injury in fact" test for standing, concluded that "a mere 'interest in a problem' no matter how long standing the interest and no matter how qualified the petitioner is in evaluating the problem," is not sufficient by itself to confer standing.[3] The Court viewed the "injury in fact" test as designed to ensure that only "those who have a direct stake in the outcome" will be entitled to participate in proceedings such as the hearing requested here.[4] Furthermore, to the extent that an organization seeks standing based upon its special interest in a problem, it cannot establish standing; an organization can establish standing only as a representative of its members who could establish injury in fact and who could have requested the action in their own right.[5]

In summary, Association does not allege that it would suffer any injury as a result of consummation of Applicant's proposal. Nor does Association claim that any of its members would be injured as a result of consummation of the proposal.[6] By its own admission, Association's interest in this case is that of a concerned bystander. Association seeks a hearing in this matter in order to press its particular views. The written views of Association as an "interested party" are welcome, but do not precipitate the right to a formal hearing in the absence of a showing of injury in fact. Association has failed to make the necessary showing of injury in this case and, therefore, does not have standing to be entitled to a hearing under section 4(c)(8) of the BHC Act.

Even if a petitioner has standing, the Board is not required to hold a hearing unless the petitioner raises questions of material fact that are in dispute, because an agency is not required to conduct a hearing when it would serve no purpose to do so.[7] In order for the Board to approve the subject application, it must determine that the performance of the proposed activities of Guild Loan can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency that outweigh possible adverse effects such as undue concentration of resources, decreased or unfair competition, conflicts of interest or unsound banking practices. This is a balancing test that requires the Board to consider all facts bearing upon that determination.

Association states that the crucial issue of fact in this application is whether Applicant will circumvent federal regulations governing the amount of interest payable on deposits in banks and thrift institutions. In Association's view, this would provide Applicant with an unfair competitive advantage over other financial institutions subject to such regulation. However, Guild loan is an industrial loan company chartered and regulated by Rhode Island. It is not a member of the Federal Reserve System, nor are its deposits insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Consequently, the interest that Guild Loan may pay on consumer savings deposits is not subject to Federal Regulation. From Association's submissions, it appears that the thrust of Association's opposition is a challenge to the Board's 1971 determination, that the operation of an industrial

[2] *Association of Data Processing Service Organizations v. Camp*, 397 U.S. 150 (1970); *Sierra Club v. Morton*, 405 U.S. 727 (1972); *Warth v. Seldin*, 422 U.S. 490 (1975); *Simon v. Eastern Kentucky Welfare Rights Organization*, 426 U.S. 26 (1976). Although the foregoing decisions concern the question of standing before federal courts, the principles of standing are applicable to the question of standing before administrative agencies.

[3] *Sierra Club v. Morton*, 405 U.S. 727, 739 (1972)

[4] *Id.* at 740.

[5] *Warth v. Seldin*, 422 U.S. at 511; see *also Simon v. Eastern Kentucky Welfare Rights Organization*, 426 U.S. 26 (1976).

[6] Even if it is assumed that Association's opposition is on behalf of its members, Association makes no allegation that approval of the subject application would injure its members other than a general claim that unfair competition results from a bank holding company operating an industrial loan company.

[7] *Independent Bankers, supra*, at 1219 1220.

bank is a permissible activity for a bank holding company, subject to Board approval of specific proposals. Since Applicant may operate an industrial loan company, such as Guild Loan, which is not subject to Federal interest rate regulation, and Association's allegations do not relate to how Applicant could achieve an unfair competitive advantage by this specific proposal, there is no issue of material fact relating to the circumvention of Federal regulations on interest rates.

With respect to Association's question of whether Guild Loan is a bank, Regulation Y specifically prohibits an industrial loan company that is a subsidiary of a bank holding company from both accepting demand deposits and making commercial loans. Applicant has committed that Guild Loan will not engage in either of these activities and Association does not challenge Applicant's representations. Accordingly, Association has not presented an issue of material fact that is disputed by Applicant. Therefore, there is no need for the Board to hold a hearing on this question.

Finally, Association asserts that no public benefits would result from approval of Applicant's proposal because no services would be offered that are not otherwise available in the market. However, the fact that certain services are already available is not determinative of whether a particular proposal would result in public benefits. Moreover, Association does not dispute any of Applicant's claims that its proposal would benefit the public by providing an additional source of industrial loan service as well as offer special loans for young and first-time borrowers. Nor does Association dispute Applicant's claim that Portuguese speaking employees of Guild Loan would be a convenience and a benefit in an area with a large Portuguese speaking population. Association's allegation is merely its own evaluation of Applicant's proposal and does not raise issues of material fact regarding probable public benefits of resulting from consummation of Applicant's proposal. Thus, the Board is not required to hold a hearing on the question of public benefits to be derived by the public as a result of Applicant's proposal.

Even though the Board is not required to hold a hearing, it could do so if the Board deemed such a proceeding appropriate under the circumstances. Association's primary concern in this matter appears to be the general question of bank holding companies operating industrial loan companies. Association's submissions concern this general issue and do not relate to the specific proposal now before the Board. This general question was considered by the Board seven years ago when it promulgated that portion of Regulation Y, authorizing bank holding companies to engage in the operation of industrial loan companies. After various written submissions and an administrative hearing, the Board determined that it was permissible for a bank holding company to operate an industrial loan company in a manner authorized by State law so long as the institution does not both accept demand deposits and make commercial loans. In view of that determination, it is now inappropriate to reconsider such questions only with respect to Applicant.

Like Association, First Federal's primary concern is the general question of bank holding company operation of industrial loan companies and the circumvention of federal interest rate regulations. First Federal does, however, also make certain allegations specifically in opposition to Applicant's proposal. First Federal claims that capitalization of Guild Loan would increase Applicant's debt, thereby diverting Applicant's resources from its own future needs. There is no question that Applicant's proposal will result in an increase in Applicant's debt. Nor is there any question as to the amount of that debt. Since these matters are not in dispute there is no need to hold a hearing on such questions. Furthermore, the Board takes such questions into consideration in acting upon any application under the BHC Act, and, in the subject case, financial considerations are consistent with approval.

First Federal further claims that the activities of Guild Loan are not a "proper incident" to banking, citing the Board's denial of D.H. Baldwin Company, Cincinnati, Ohio, to retain shares of a savings and loan association, Empire Saving, Building and Loan Association, Denver, Colorado (63 *Fed: Res. Bull.* 280 (1977)). First Federal apparently bases this allegation on the premise that Guild Loan would be operated as a saving and loan association. As noted above, Applicant's proposal is for the operation of Guild Loan as an industrial loan company in accordance with the provisions of section 225.4(a)(2) of Regulation Y, an activity that the Board has previously determined to be permissible for bank holding companies.

Finally, First Federal contends that Applicant's tandem operation of its commercial bank and

Guild Loan would provide unique advantages to Applicant over other financial institutions, especially over the formation of other industrial loan companies. In support of this contention, First Federal argues that the services Guild Loan would offer are readily available in the market. Applicant's proposal is to engage in industrial loan activities *de novo*. Thus, no competition would be eliminated as a result of consummation of that proposal. Furthermore, Applicant's acquisition of Guild Loan does not appear to preclude entry into the industrial loan market by other institutions since at least one other inactive charter is currently available and new charters could be issued. Nor does it appear that Applicant would achieve a position of dominance in the area by engaging in industrial loan activities *de novo*. Contrary to having adverse competitive effects, the Board is of the view that consummation of this proposal will have pro-competitive effects by providing an additional source of services to the area.

Therefore, having considered all of the comments submitted by First Federal and the Association, the Board concludes that a hearing is not required with respect to the subject application, nor does it otherwise appear in the public interest for the Board to hold a hearing in this matter. The request for a hearing on the proposal by Association is hereby denied. Furthermore, the Board finds that the comments in opposition to this proposal do not merit denial of the application as requested by First Federal or Association.

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

By order of the Board of Governors, effective October 30, 1978.

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

(Signed) JOHN M. WALLACE,
[SEAL] *Assistant Secretary of the Board.*

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

BY THE BOARD OF GOVERNORS

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

Section 3

Applicant	*Bank(s)*	*Board action (effective date)*
Barnett Banks of Florida, Inc., Jacksonville, Florida	Peoples State Bank of New Port Richey, New Port Richey, Florida	October 27, 1978
Citizens Bancshares, Inc., Somerset, Kentucky	Citizens National Bank of Somerset, Somerset, Kentucky	October 10, 1978
First Security Corporation, Salt Lake City, Utah	First Security State Bank of Twelfth Street, Ogden, Utah	October 30, 1978

Section 3

Applicant	*Bank(s)*	*Board action (effective date)*
Florida National Banks of Florida, Inc., Jacksonville, Florida	The National Bank of Cape Coral, Cape Coral, Florida	October 5, 1978
National Bancshares Corporation of Texas, San Antonio, Texas	Guaranty National Bank, Houston, Texas	October 6, 1978
Loomis Company, Omaha, Nebraska	First State Bank, Loomis, Nebraska	October 26, 1978
Marshall & Isley Corporation, Milwaukee, Wisconsin	Western State Bank, Oshkosh, Wisconsin	October 30, 1978
Northwest Bancorporation, Minneapolis, Minnesota	The First National Bank of Marion, Marion, Iowa	October 16, 1978
Republic of Texas Corporation, Dallas, Texas	City National Bank, Fort Worth, Texas	October 10, 1978
Sibley Bancorporation, Sibley, Iowa	The First National Bank of Sibley, Sibley, Iowa	October 6, 1978
Texas Panhandle Bancshares, Inc., Borger, Texas	Panhandle Bank & Trust Company, Borger, Texas	October 31, 1978

Section 4

Applicant	*Nonbanking company (or activity)*	*Effective date*
Old Stone Corporation, Providence, Rhode Island	Guild Loan Investment Company	October 30, 1978

Sections 3 and 4

Applicant	*Bank(s)*	*Nonbanking company (or activity)*	*Effective date*
Mountain Financial Services, Inc., Denver Colorado	South Aurora State Bank, Aurora, Colorado	to sell credit life and credit accident and health insurance directly related to extensions of credit by its subsidiary bank	October 13, 1978

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*
Allied Bancshares, Inc., Houston, Texas	Champions Bank, Houston, Texas	Dallas	October 19, 1978

ORDERS APPROVED UNDER BANK MERGER ACT

Applicant	*Bank(s)*	*Reserve Bank*	*Effective date*
The First State Bank of Miami, Miami, Florida	Hialeah-Miami Springs First State Bank, Hialeah, Florida, *et al*	Atlanta	October 3, 1978
Bank of Virginia-Richmond, Richmond, Virginia	Bank of Virginia, Richmond, Virginia, *et al*	Richmond	October 6, 1978

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

Cradel v. *The United States and the Reserve Bank of Philadelphia*, filed July 1978, U.S.D.C. for the Eastern District of Pennsylvania.

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

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

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

NCNB Corporation v. *Board of Governors*, filed June 1978, U.S.C.A. for the Fourth Circuit.

NCNB Corporation v. *Board of Governors*, filed June 1978, U.S.C.A. for the Fourth Circuit.

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

Ellis Banking Corporation v. *Board of Governors*, filed May 1978, U.S.C.A. for the Fifth Circuit.

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

Hawkeye Bancorporation v. *Board of Governors*, filed April 1978, U.S.C.A. for the Eighth Circuit.

Dakota Bankshares, Inc. v. *Board of Governors*, filed April 1978, U.S.C.A. for the Eighth Circuit.

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

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

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

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

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

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

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

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

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

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

National Automobile Dealers Association, Inc. v. *Board of Governors*, filed November 1976, U.S.C.A. for the District of Columbia.

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

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

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

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

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

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

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

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

APPOINTIVE MEMBERS[1]

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

For notes, see opposite page.

Name	*Federal Reserve district*	*Date of initial oath of office*	*Other dates and information relating to membership*[2]
Paul E. Miller	Minneapolis	Aug. 13, 1954	Died Oct. 21, 1954.
C. Canby Balderston	Philadelphia	Aug. 12, 1954	Served through Feb. 28, 1966.
Chas. N. Shepardson	Dallas	Mar. 17, 1955	Retired Apr. 30, 1967.
G. H. King, Jr.	Atlanta	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell	Chicago	Aug. 31, 1961	Reappointed in 1962. Served until Feb. 13, 1976.[3]
J. Dewey Daane	Richmond	Nov. 29, 1963	Served until Mar. 8, 1974.[3]
Sherman J. Maisel	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich	Boston	Mar. 8, 1974	
Philip E. Coldwell	Dallas	Oct. 29, 1974	
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	Resigned Nov. 17, 1978.
J. Charles Partee	Richmond	Jan. 5, 1976	
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	Died Nov. 19, 1978.
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	
Nancy H. Teeters	Chicago	Sept. 18, 1978	

CHAIRMEN[4]

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

VICE CHAIRMEN[4]

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J. J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J. L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–Nov. 19, 1978

EX-OFFICIO MEMBERS[1]

SECRETARIES OF THE TREASURY

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

COMPTROLLERS OF THE CURRENCY

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

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

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

[3]Successor took office on this date.

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

Announcements

JOINT TREASURY–FEDERAL RESERVE STATEMENT

The Treasury Department and the Federal Reserve announced on November 1, 1978, measures to strengthen the dollar and thereby to counter continuing domestic inflationary pressures.

The Federal Reserve announced the following specific actions:

—Approval of an increase of 1 percentage point in the discount rate at the Federal Reserve Bank of New York from 8½ to 9½ per cent. The discount rate is the rate that is charged member banks when they borrow from their district Federal Reserve Bank.

—Establishment of a supplementary reserve requirement, in addition to present member bank reserve requirements, equal to 2 per cent of time deposits in denominations of $100,000 or more.

—Increases of $7.6 billion, to $15 billion, in the Federal Reserve's reciprocal currency (swap) arrangements with the central banks of Germany, Japan, and Switzerland and activation of the swap arrangement with the Bank of Japan. Foreign currencies available under these expanded arrangements will be used along with foreign currencies available to the Treasury in a program of forceful exchange market intervention in coordination with foreign central banks to correct recent excessive exchange-rate movements.

The supplementary reserve requirement will apply to all outstanding large-denomination time deposits beginning November 2, with reserves maintained 2 weeks later. Existing reserve requirements on such deposits range from 1 per cent for longer-term deposits to 6 per cent on deposits maturing in less than 6 months. The supplementary requirement of 2 per cent will apply to all large-denomination time deposits regardless of maturity and will increase required reserves by about $3 billion.

The reserve requirement action will help to moderate the recent relatively rapid expansion in bank credit. It will also increase the incentive for member banks to borrow funds from abroad and thereby to strengthen the dollar by improving the demand in Euro-markets for dollar-denominated assets.

A swap arrangement is a renewable, short-term facility under which a central bank agrees to exchange its own currency for the currency of the other party up to a specified amount. In all reciprocal currency arrangements the Federal Reserve Bank of New York acts on behalf of the Federal Reserve System under the direction of the Federal Open Market Committee. The Federal Reserve's reciprocal currency arrangements with the central banks of Germany, Japan, and Switzerland are now as follows:

German Federal Bank	$6 billion
Bank of Japan	$5 billion
Swiss National Bank	$4 billion

The joint Treasury–Federal Reserve announcement is as follows:

JOINT STATEMENT OF SECRETARY OF THE TREASURY, W. MICHAEL BLUMENTHAL, AND FEDERAL RESERVE BOARD CHAIRMAN, G. WILLIAM MILLER

Recent movement in the dollar exchange rate has exceeded any decline related to fundamental factors, is hampering progress toward price stability, and is damaging the climate for investment and growth. The time has come to call a halt to this development. The Treasury and Federal Reserve are today announcing comprehensive corrective actions.

In addition to domestic measures being taken by the Federal Reserve, the United States will, in cooperation with the governments and central banks of Germany and Japan and the Swiss National Bank, intervene in a forceful and coordinated manner in the amounts required to correct the situation. The United States has arranged facilities totaling $30 billion in the currencies of these three countries for its participation in the coordinated market intervention activities. In addition, the Treasury will increase its gold sales to at least 1½ million ounces monthly beginning in December.

The currency mobilization measures include drawings on the U.S. reserve tranche in the International Monetary Fund for part of which we contemplate that the General Arrangements to Borrow will be activated; sales of special drawing rights; increases in central bank swap facilities; and issuance of foreign currency-denominated securities by the U.S. Treasury.

Fundamental economic conditions and growth trends in the four nations are moving toward a better international balance. This will provide an improved framework for a restoration of more stable exchange markets and a correction of recent excessive exchange-rate movements.

Subsequently, the Board approved actions by the directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco, increasing the discount rate of those banks from 8½ to 9½ per cent, effective November 2, and of the Federal Reserve Bank of Atlanta, effective November 3, 1978.

REGULATION E: Cancellation

The Board of Governors announced on November 9, 1978, that it is canceling one of its regulations as its first action under a program to clarify and simplify all of its regulations.

The Board decided to cancel Regulation E (Purchase of Warrants), which governed the purchase by Federal Reserve Banks of short-term State or local securities issued in anticipation of tax or other assured receipts.

Regulation E has been on the Federal Reserve's books since 1915. It has not been used since 1933, when the Federal Reserve Act was amended to give the System alternative means of purchasing such securities, called warrants, in the open market.

At the same time the Board decided against taking any action at present to amend Regulation C, which implements the Home Mortgage Disclosure Act. The Act will expire in June 1980 unless extended by the Congress. Pending the decision of the Congress on the act, and to assist the Congress in making its decision, the Board, along with other Federal agencies, is conducting studies of the costs and benefits resulting from the required disclosures about amounts of local mortgage lending.

For the review of all of its 26 regulations, the Board has issued guidelines calling for a new look at regulations and related rules to determine whether a regulation—in whole or in part—is required by law and the costs and benefits of each, whether underlying statutes need revision, and whether there are more desirable nonregulatory alternatives to resolving issues addressed by the regulations. In addition to canceling obsolete regulations, changes may involve simplification of language, elimination of parts of regulations found not to be required by law, and redrafting to improve the format, all in light of the relation of regulations to current policy goals and benefits to the public. The Board may also make recommendations to the Congress for statutory changes needed to permit modernization of regulations.

PHILIP C. JACKSON, JR.: Resignation as a Member of the Board of Governors

The resignation of Philip C. Jackson, Jr., as a member of the Board of Governors of the Federal Reserve System was announced on October 18, 1978. In a letter to the President, Governor Jackson cited personal reasons for his decision, which was effective November 17.

Governor Jackson of Birmingham, Alabama, was sworn into office as a member of the Board on July 14, 1975, for the term that expires on January 31, 1982.

While a member of the Board for more than 3 years, Governor Jackson had special oversight responsibilities for the Board's consumer affairs operations, including the drafting of regulations under the Equal Credit Opportunity Act and the Home Mortgage Disclosure Act. He also had special responsibilities in the areas of bank supervision and regulation, research and statistics, and Federal Reserve Bank activities. He initiated this year a project to simplify and clarify all Board regulations and assumed responsibility for implementing this program.

A copy of Governor Jackson's letter of resignation follows:

October 18, 1978

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

For personal reasons, I hereby resign as a member of the Board of Governors of the Federal Reserve System effective November 17, 1978.

It has been a privilege to serve our country with a most distinguished and capable group of colleagues.

Yours very truly,

Philip C. Jackson, Jr.

The President sent the following letter of acceptance:

THE WHITE HOUSE
WASHINGTON

November 20, 1978

To Philip Jackson

I have your letter and I accept your resignation as a Member of the Board of Governors of the Federal Reserve System, effective November 17, 1978.

Throughout your public service, you have carried out your responsibilities with dedication, energy, and purpose and have truly earned the respect of your colleagues in Government. I know that in the years ahead you will be able to look back with pride on your many accomplishments.

You may be sure that you take with you my best wishes for every future success and happiness.

Sincerely,

Jimmy Carter

STEPHEN S. GARDNER: Vice Chairman of the Board of Governors

Stephen S. Gardner, 56, Vice Chairman of the Board of Governors and former Deputy Secretary of the Treasury, died November 19 at his home in Washington, D.C. Mr. Gardner had been ill for several months prior to his death.

Mr. Gardner received a Presidential appointment to the Federal Reserve Board in 1976 following service of 1½ years at the Treasury post. His Government service was preceded by 25 years' association with the Girard Bank, Philadelphia.

His service with Girard Bank began as a credit analyst and included positions as the bank's chief lending and operations officer. He served as officer in charge of the bank's branch office and was appointed vice president in 1958. In 1963 he was designated senior vice president, and in 1965 was named executive vice president and director. He became president of Girard in 1966 and Chairman of the bank's board in 1971.

In addition to serving as a director of several national corporations, Mr. Gardner was active in Philadelphia civic affairs. He served as chairman of the Greater Philadelphia Movement and the Mayor's Advisory Committee and was a trustee of the United Fund. He was also metro-chairman of the National Alliance of Businessmen. His other service included that as trustee of the Children's Hospital of Philadelphia and a director of the Philadelphia Orchestra Association and the Philadelphia College of Art. He was a member of the Old Philadelphia Development Corporation and Chairman of the Penns Landing Project during its planning.

Mr. Gardner attended Harvard University and received an M.B.A. from the Harvard Graduate School of Business Administration.

He is survived by his wife, Connie, of the home in Washington; daughters, Susan Reitlinger of Zurich, Switzerland, and Hilary Keaton, of Washington; and sons, Seth T. and Pierce S., of Washington, and S. Symmes of Philadelphia; his mother, Mildred Edmands Gardner, of Wakefield, Mass.; and two sisters and eight grandchildren.

A memorial service was held at St. Alban's Church, Washington, D.C. on November 21, 1978.

REGULATION Z: Exemption

The Board of Governors has announced that it has approved an application by the State of Massachusetts for an exemption from the Federal Truth in Lending Act and its implementing Regulation Z (Truth in Lending) covering credit transactions that involve Federally chartered credit unions in Massachusetts, effective November 20, 1978.

Massachusetts applied for such an exemption based on an agreement between the Massachusetts Commissioner of Banks and the National Credit Union Administration that authorized the Commissioner to examine Federal credit unions in the State for compliance with Massachusetts' Truth in Lending Law.

The Truth in Lending Act authorizes the Board to grant exemptions to States with substantially similar laws and adequate provisions for enforcement. Massachusetts is one of five States that have been granted an exemption covering State-chartered lenders. The present exemption is the first to be extended to Federally chartered lenders.

REGULATION Y: Revised Rules

The Board of Governors has announced approval of several technical changes affecting registration of bank holding companies or applications for their expansion.

The Board revised its rules of procedures for handling requests for reconsideration of Board decisions and for the handling of requests for hearings and comments on applications.

At the same time, the Board eliminated the requirement for new bank holding companies to register with the Board within 180 days by use of certain forms (F.R. Y-5 and Y-5 (a)). The Board will collect essential data for registration purposes by means of six questions about the company's financial structure and organization that will be asked in a letter sent to all bank holding companies whose formation the Board has newly approved. Bank holding companies must receive Board approval of their organizational structure before beginning operations. The registration process will be completed in the annual report that must be filed with the Board by all bank holding companies (form F.R. Y-6).

PROPOSED BOARD ACTION

The Federal Reserve Board has proposed to make several changes in its Regulation B (Equal Credit Opportunity) that would (1) bring within the scope of the regulation persons such as real estate brokers who select the creditor(s) to which a credit application will be submitted; (2) eliminate the exemption of business credit from the recordkeeping and notification requirements in certain transactions under $100,000; and (3) eliminate the exemption of business credit from the bar against marital status information.

The Board requested comment by December 26, 1978.

UNIFORM EXAMINATION PROCEDURE

The three Federal bank regulatory agencies have announced adoption of a uniform examination procedure for evaluating and commenting on "country risk" factors involved in international lending by U.S. banks.

Under the new system, examiners for the three agencies[1] will segregate country risk factors from the evaluation of other lending risks and deal with this special category of lending risks in a separate section of their examination reports. The commercial credit risks in the banks' international portfolios will continue to be assessed on an individual loan basis and according to traditional standards of credit analysis.

The new procedures will emphasize diversification of exposure to individual countries as the primary method of moderating country risk in international portfolios. Country risk in bank lending refers to the possibility that economic, political, or social factors within a country might create a situation in which borrowers in that country would be unable to service or to repay their debts to foreign lenders in a timely manner. This concept of country risk embraces virtually all external credits to a country whether they are to public or private parties.

Diversification is a longstanding, practical, and prudential principle of sound lending. It is particularly relevant to international lending because the assessment of country risk involves great uncertainties and is subject to a considerable margin of error. The agencies believe proper diversification of loan portfolios provides the best protection for a U.S. bank and the banking system against a dramatic turn in the economic or political fortunes of a country or group of countries.

Determinations of the adequacy of diversification within a bank's portfolio will be based primarily on comparisons of individual country risk exposures to a bank's capital funds. Where concentrations are found, examiners will separate a bank's loans in a country by type of credit, type of borrower, and loan maturities. The degree of risk involved will be assessed in the light of these components as well as of internal and external factors affecting the debt-service capacity of public and private borrowers within the country.

The special section of the examination report dealing with country exposure will consist of four parts:

1. A list of concentrations of a bank's loans subject to country risk exposure;
2. Comments on such concentrations;

[1] Comptroller of the Currency (supervisor of national banks); Board of Governors (supervisor of State-chartered member banks); and the Federal Deposit Insurance Corporation (supervisor of insured State chartered banks that are not members of the Federal Reserve System).

3. Classification of credits as substandard, doubtful, or loss;

4. An analysis of a bank's ability to monitor and control its country risk exposure.

With the primary objective of encouraging appropriate diversification in the international lending portfolios of U.S. banks, the country exposure examination will attempt to point out special risk situations and, when necessary, to secure corrective action. Examiners will list all exposures to country risk that seem large in relation to the lending bank's capital funds.

In addition, examiners will make special comments on concentrations of loans in countries with high debt-service requirements or other actual or potential balance of payments weaknesses. Normally, these comments will refer to relatively large exposures in such countries and give particular emphasis to situations that include a high proportion of longer-term loans. Lending in any country able to meet its current obligations will not be subject to special comment unless the lending is considered excessive relative to a bank's capital funds.

Examiners will classify a bank's aggregate credits to a country under the categories of substandard, doubtful, or loss due to country risk only when there has been an interruption in debt servicing or when such an interruption is considered imminent.

Senior bank management will be expected to monitor closely all situations listed or commented on by examiners.

Another key element of the new procedures will be an assessment of a bank management's ability to analyze and monitor country risk in its international lending. Examiners will include in their country risk reports an evaluation of a bank's procedures for monitoring and controlling exposure to country risk, the bank's system for establishing limits to lending in a country, and the bank's methods for analyzing country risk.

The examination system for assessing country risk concentrations will be administered by a nine-member committee made up chiefly of experienced examiners from the three Federal bank regulatory agencies, to be known as the Interagency Country Exposure Review Committee. Its primary functions will be to:

1. Review and make judgments about economic conditions in countries where loans are made by U.S. banks;

2. Determine the levels of a bank's capital funds at which concentrations should be commented on;

3. Determine when credits should be classified as substandard, doubtful, or loss due to an interruption in payment or when an interruption is imminent; and

4. Prepare commentaries on developments in foreign countries for use by examiners.

The committee will draw on country studies especially prepared for its use within the Federal Reserve System, as well as on supplementary analyses by staffs of each of the three agencies and information from other available sources.

SURVEY OF TRUST ASSETS

The Federal bank regulatory agencies have announced a revised survey of trust assets at regulated institutions to be conducted annually.

The new survey will be used to collect data on trust assets for the year 1978. Similar survey forms and instructions will be used by the Federal Deposit Insurance Corporation (supervisor of insured State nonmember banks), the Comptroller of the Currency (supervisor of national banks), and the Board of Governors (supervisor of State member banks and member trust companies).

In announcing the revised requirements for reporting on trust assets, the agencies said their objective was to "provide more meaningful information regarding the extent of investment authority and control over trust and agency assets administered by banks and trust companies."

To this end reporting will be limited to those assets over which trust departments and companies exercise "investment discretion." A trust institution is deemed to exercise investment discretion over an account if the institution is authorized to buy and sell securities for the account or makes recommendations for purchases or sales even though the final decisions are made elsewhere.

A number of technical changes in the asset categories on the survey form have also been made.

In a further change, State member trust companies will be included, as well as trust departments of member banks, in reporting to the Federal Reserve. For this reason, the title of the Federal Reserve's survey form has been changed from "Trust Department Annual Report" (FR 437) to "Annual Report of Trust Assets" (FR 2437).

The Trust Department Annual Report of the Comptroller of the Currency also includes a new Special Report. This Special Report collects data pertaining to variable-amount notes and financial data for National Bank Surveillance System (NBSS) purposes. The data will augment the computerized data base used to monitor national banks' performance. Only trust departments administering fiduciary assets in an amount greater than $10 million as reflected in the Trust Department Annual Report will be required to complete the NBSS data.

The three agencies have been conducting annual surveys of trust assets since 1968.

The new survey forms and instructions are being mailed to all banks supervised by the agencies and are available on request.

UNIFORM RATING SYSTEM

The Federal bank and thrift institution regulators have announced a joint system for rating data processing centers.

The system, which was effective on October 18, 1978, was adopted by the Office of the Comptroller of the Currency (supervisor of national banks), the Board of Governors (supervisor of State-chartered member banks), the Federal Deposit Insurance Corporation (supervisor of State-chartered nonmember banks and of insured mutual savings banks), and the Federal Home Loan Bank Board (supervisor of Federally chartered savings and loan associations).

Under the new rating system the four agencies will apply uniform standards to data centers that are operated by banks or thrift institutions supervised by one of the four agencies, and to other data processing centers that serve such banks or thrift institutions.

The uniform data processing center rating system follows adoption by the Federal regulators earlier this year of a joint policy for the examination of data processing centers operated by or serving financial institutions they supervise.

Under the joint rating system:

• A performance rating system is established based upon the evaluation of four critical functions: audit, management, systems development and programming, and computer operations.

• Ratings of these functions are combined into a composite rating.

PROPOSED REGULATORY ACTION

The Federal bank regulators on November 1, 1978, proposed regulatory revisions establishing uniform standards for bank recordkeeping, confirmation, and other procedures in making securities transactions for trust department and other bank customers.

The agencies (Comptroller of the Currency, Federal Reserve Board, and Federal Deposit Insurance Corporation) requested comment by December 18, 1978.

NEW BOARD PUBLICATION

The Bank Holding Company Movement to 1978: A Compendium is now available for distribution.

This study by the Board's staff reviews the available published research on those aspects of bank holding company activity that are relevant to public policy. It covers the following topics: background history of the movement and Federal regulation; internal operations, including efficiency and performance reviews; implications of growth for safety and soundness; effects on competition and on concentration of banking and financial resources; and public benefits from the expansion of bank holding companies and implications for community convenience and needs.

Copies of the *Compendium* are available from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is $2.50 per copy; in quantities of 10 or more sent to one address, $2.25 per copy.

NEW CONSUMER PAMPHLET

"How to File a Consumer Credit Complaint," the latest in a series of consumer education pamphlets, is now available for distribution.

The pamphlet explains what to do in the event of a consumer problem with a bank, such as a possible violation of any of the Federal consumer credit laws or any alleged unfair or deceptive practice. A complaint form addressed to the Federal Reserve is attached to the pamphlet.

Copies of "How to File a Consumer Credit Complaint" may be obtained singly or in bulk free of charge from the Board of Governors in Washington or from any of the 12 Federal Reserve Banks.

CHANGES IN BOARD STAFF

The Board of Governors has announced the following official staff appointments in the Division of Federal Reserve Bank Examinations and Budgets, effective October 13, 1978.

Charles W. Bennett as Assistant Director. Mr. Bennett joined the Board's staff in 1966 after receiving a B.S. degree from Northwestern University. He has done graduate work in business administration at American University and graduated from the Stonier School of Banking at Rutgers University.

Raymond L. Teed as Assistant Director. Mr. Teed came to the Board in 1971. He received a B.S. degree in mathematics from Union College in Schenectady, New York, and has done graduate work in business administration at the State University of New York.

The Board has also announced an expansion of the responsibilities of the Office of the Staff Director for Monetary Policy. To achieve closer integration of domestic monetary policy analysis and analysis of international policy issues, Stephen H. Axilrod has been designated Staff Director for Monetary and Financial Policy. In addition to his responsibilities in the area of domestic monetary policy, Mr. Axilrod will assume responsibility for coordination in the international policy area.

SYSTEM MEMBERSHIP:
Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period October 16, 1978, through November 15, 1978:

Alabama
Fultondale .... Citibanc of Alabama/Fultondale

Illinois
Glenview .... Charter State Bank of Glenbrook

Utah
Salt Lake County .... Cottonwood Security Bank

Virginia
Amelia Courthouse .... Bank of Amelia
Bland .... Bank of Bland County
Surry .... Bank of Surry County, Inc.

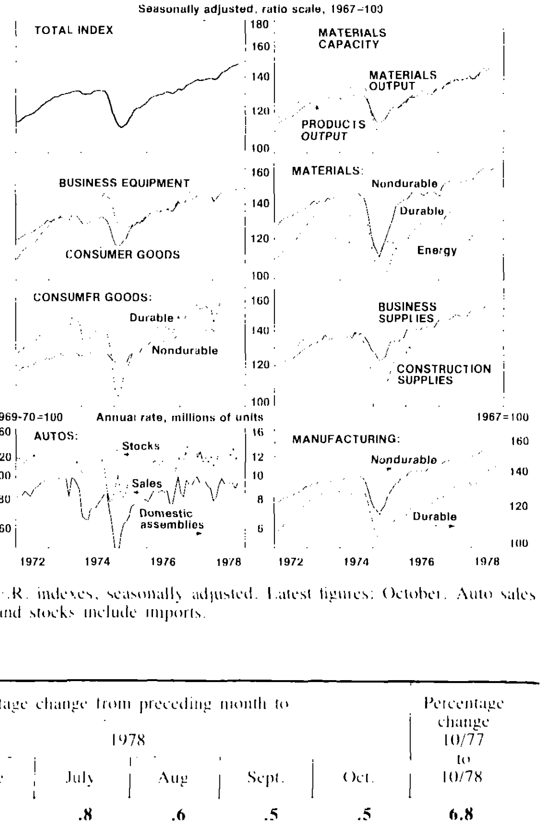
Industrial Production

Released for publication November 15

Industrial production increased an estimated 0.5 per cent in October, the same as in September. Gains in August and July have been revised up slightly to 0.6 per cent and 0.8 per cent, respectively. Output increases in October occurred among most products and materials; sharp increases in both auto assemblies and coal production included recovery from the reduced levels of September resulting from a rail strike. At 148.4 per cent of the 1967 average, industrial production in October was 6.8 per cent higher than a year earlier. Revised data show that industrial production in the third quarter rose at an annual rate of 8.3 per cent from the second quarter.

Output of consumer goods increased 0.9 per cent, reflecting a sharp rise in automotive products and further small increases in other durable and nondurable consumer goods. Auto assemblies increased to an annual rate of 9.5 million units in October from 8.9 million in September. Revised data for the previous 3 months indicate larger gains in the production of nondurable consumer goods—such as clothing and food—than had been shown earlier. Output of business equipment increased by 0.4 per cent in October, the same as in September, and was 9.3 per cent higher than a year earlier.

Output of durable goods materials rose 0.4 per cent further in October, following 4 months of large increases. Production of nondurable goods materials—such as textiles, paper, and chemicals—was about unchanged. Output of energy materials rose sharply, as coal production increased almost 27 per cent in October.



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

Industrial production	1967=100, 1978 Sept.[p]	1967=100, 1978 Oct.[e]	Percentage change from preceding month to 1978 May	June	July	Aug	Sept.	Oct.	Percentage change 10/77 to 10/78
Total	**147.7**	**148.4**	**.5**	**.7**	**.8**	**.6**	**.5**	**.5**	**6.8**
Products, total	146.4	147.3	.1	.6	.7	.7	.3	.6	6.0
Final products	143.7	144.8	.0	.4	.8	.7	.3	.8	6.1
Consumer goods	148.8	150.2	.3	.0	.5	.5	.3	.9	3.7
Durable	160.3	163.7	1.0	.2	.2	.1	.5	2.1	4.4
Nondurable	144.3	144.7	.1	.1	.6	.6	.8	.3	3.3
Business equipment	166.1	166.8	.6	1.0	1.2	1.0	.4	.4	9.3
Intermediate products	156.5	156.8	.3	1.4	.6	.2	.4	.2	6.1
Construction supplies	155.3	155.4	1.3	1.1	.9	.5	.7	.1	7.2
Materials	149.6	150.2	1.0	.9	1.0	.5	.6	.4	8.1

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

Financial and Business Statistics

CONTENTS

1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent)[12]								
Member bank reserves									
1 Total	6.1	8.5	6.3	8.3	10.0	15.0	14.9	−9.0	8.1
2 Required	6.3	r8.3	r6.9	8.3	7.8	16.4	14.3	−8.1	7.4
3 Nonborrowed	3.4	14.5	0.3	6.2	−11.4	19.4	8.0	−3.5	11.0
Concepts of money [1]									
4 *M*-1	7.5	6.2	9.9	7.6	7.2	7.5	4.8	8.5	14.1
5 *M*-2	8.1	6.9	7.9	8.9	7.1	7.8	8.0	10.4	12.5
6 *M*-3	10.6	7.7	7.8	10.0	7.2	8.4	9.3	11.8	13.9
Time and savings deposits									
Commercial banks:									
7 Total	13.0	12.8	10.1	9.5	13.6	6.1	10.2	7.5	13.8
8 Other than large CD's	8.5	7.3	6.4	10.0	6.7	8.2	10.3	11.5	11.8
9 Thrift institutions [2]	14.4	8.9	7.6	11.6	7.2	9.2	11.2	13.9	16.0
10 Total loans and investments at commercial banks [3]	9.9	9.6	13.0	11.0	15.6	6.0	16.7	5.2	9.9
	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 June	1978 July	1978 Aug.	1978 Sept.	1978 Oct.
	Interest rates (levels, per cent per annum)								
Short-term rates									
11 Federal funds [4]	6.51	6.76	7.28	8.09	7.60	7.81	8.04	8.45	8.96
12 Federal Reserve discount [5]	5.93	6.46	6.78	7.50	7.00	7.23	7.43	7.83	8.26
13 Treasury bills (3-month market yield)[6]	6.11	6.39	6.48	7.31	6.73	7.01	7.08	7.85	7.99
14 Commercial paper (90- to 119-day)[6,7]	6.56	6.76	7.16	8.03	7.59	7.85	7.83	8.39	8.98
Long-term rates									
Bonds:									
15 U.S. Government[8]	7.78	8.19	8.43	8.53	8.53	8.69	8.45	8.47	8.69
16 State and local government [9]	5.57	5.65	6.02	6.16	6.22	6.28	6.12	6.09	6.13
17 Aaa utility (new issue) [10]	8.27	8.70	8.98	8.94	9.09	9.14	8.82	8.86	9.17
18 Conventional mortgages [11]	9.05	9.23	9.58	9.80	9.75	9.80	9.80	9.80	9.95

1 *M*-1 equals currency plus private demand deposits adjusted.
M-2 equals *M*-1 plus bank time and savings deposits other than large negotiable certificates of deposit (CD's).
M-3 equals *M*-2 plus deposits at mutual savings banks, savings and loan associations, and credit union shares.

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

3 Quarterly changes calculated from figures shown in Table 1.23.

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

5 Rate for the Federal Reserve Bank of New York.

6 Quoted on a bank-discount basis.

7 Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by these dealers.

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

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

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

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

12 Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

	Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending—						
		1978			1978						
		Aug.	Sept.	Oct.p	Sept. 13	Sept. 20	Sept. 27	Oct. 4	Oct. 11	Oct. 18p	Oct. 25p
	SUPPLYING RESERVE FUNDS										
1	**Reserve Bank credit outstanding**	**125,955**	**127,811**	**133,356**	**123,902**	**126,849**	**132,392**	**132,783**	**131,739**	**134,320**	**134,149**
2	*U.S. Government securities*[1]	*109,243*	*110,604*	*115,008*	*106,744*	*109,832*	*113,750*	*115,043*	*114,300*	*114,207*	*115,865*
3	Bought outright	108,380	109,862	113,977	106,614	109,832	112,330	112,987	113,511	113,848	114,737
4	Held under repurchase agreement	863	742	1,031	130	....	1,420	2,056	789	359	1,128
5	*Federal agency securities*	*8,220*	*8,323*	*8,353*	*7,969*	*7,950*	*8,920*	*8,689*	*8,219*	*8,354*	*8,388*
6	Bought outright	8,016	7,958	7,940	7,963	7,950	7,950	7,946	7,941	7,941	7,938
7	Held under repurchase agreement	204	365	413	6	....	970	743	278	413	450
8	Acceptances	145	257	249	3	....	570	603	161	170	282
9	Loans	1,147	1,068	1,262	510	923	1,560	1,286	1,239	1,249	1,314
10	Float	4,826	5,220	5,824	6,382	5,758	5,293	4,722	5,309	7,670	5,594
11	Other Federal Reserve assets	2,374	2,339	2,660	2,294	2,385	2,299	2,440	2,512	2,671	2,707
12	Gold stock	11,683	11,670	11,660	11,668	11,668	11,668	11,668	11,668	11,656	11,655
13	Special Drawing Rights certificate account	1,279	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
14	Treasury currency outstanding	11,644	11,681	11,725	11,674	11,683	11,692	11,691	11,703	11,729	11,738
	ABSORBING RESERVE FUNDS										
15	Currency in circulation	107,241	108,021	108,872	108,512	108,127	107,663	107,954	108,901	109,259	108,912
16	Treasury cash holdings	315	302	303	306	315	300	301	307	317	296
	Deposits, other than member bank reserves with F.R. Banks:										
17	Treasury	10,065	11,080	14,948	7,803	9,497	15,429	15,138	14,507	15,131	15,377
18	Foreign	281	279	300	278	299	271	294	347	283	275
19	Other[2]	609	692	590	673	724	579	640	559	585	619
20	Other F.R. liabilities and capital	3,971	4,077	4,244	3,783	4,046	4,285	4,224	3,898	4,208	4,416
21	Member bank reserves with F.R. Banks	28,079	28,010	28,784	27,189	28,492	28,525	28,890	27,890	29,223	28,948

	Factors	End-of-month figures			Wednesday figures						
		1978			1978						
		Aug.	Sept.	Oct.p	Sept. 13	Spet. 20	Sept. 27	Oct. 4	Oct. 11	Oct. 18p	Oct. 25p
	SUPPLYING RESERVE FUNDS										
22	**Reserve Bank credit outstanding**	**128,374**	**132,114**	**131,962**	**126,356**	**128,955**	**135,483**	**130,818**	**138,120**	**132,396**	**136,795**
23	*U.S. Government securities*[1]	*111,739*	*115,279*	*115,322*	*108,975*	*109,824*	*116,363*	*112,460*	*116,838*	*112,522*	*117,535*
24	Bought outright	109,858	113,027	114,659	108,067	109,824	113,259	112,278	113,660	112,522	114,489
25	Held under repurchase agreement	1,881	2,252	663	908	....	3,104	182	3,178	....	3,046
26	*Federal agency securities*	*8,097*	*8,597*	*8,065*	*7,996*	*7,950*	*9,138*	*8,020*	*9,169*	*7,941*	*9,123*
27	Bought outright	7,978	7,950	7,938	7,950	7,950	7,950	7,941	7,941	7,941	7,938
28	Held under repurchase agreement	119	647	127	46	....	1,188	79	1,228	....	1,185
29	Acceptances	296	715	236	23	....	753	216	611	....	724
30	Loans	954	1,365	1,206	566	2,032	1,158	1,505	676	1,660	1,796
31	Float	5,225	3,719	4,377	6,380	6,788	5,742	6,051	8,266	7,637	4,879
32	Other Federal Reserve assets	2,063	2,439	2,756	2,416	2,361	2,330	2,566	2,560	2,636	2,738
33	Gold stock	11,679	11,668	11,655	11,668	11,668	11,668	11,668	11,667	11,655	11,655
34	Special Drawing Rights certificate account	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
35	Treasury currency outstanding	11,641	11,683	11,755	11,683	11,683	11,695	11,700	11,708	11,735	11,749
	ABSORBING RESERVE FUNDS										
36	Currency in circulation	107,588	107,663	109,317	108,684	108,150	107,985	108,566	109,568	109,271	109,063
37	Treasury cash holdings	299	299	291	306	297	297	304	308	398	294
	Deposits, other than member bank reserves with F.R. Banks:										
38	Treasury	12,068	16,647	15,467	7,880	12,997	13,543	12,162	15,084	15,348	11,748
39	Foreign	309	325	305	285	337	253	272	300	252	257
40	Other[2]	691	628	531	592	660	559	545	533	554	624
41	Other F.R. liabilities and capital	4,329	4,372	4,560	3,819	4,671	4,312	3,904	4,109	4,253	4,653
42	Member bank reserves with F.R. Banks	27,705	26,830	26,200	29,441	26,494	33,197	29,733	32,893	27,010	34,860

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

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

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

1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

	Reserve classification	Dec. 1977	Feb. 1978	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.^p
		Monthly averages of daily figures									
	All member banks										
	Reserves:										
1	At F.R. Banks	27,057	27,337	27,155	27,776	27,890	27,840	28,570	28,079	28,010	28,784
2	Currency and coin	9,351	9,320	8,992	9,028	9,151	9,345	9,542	9,512	9,605	9,651
3	*Total held*[1]	*36,471*	*36,738*	*36,231*	*36,880*	*37,119*	*37,262*	*38,189*	*37,666*	*37,689*	*38,508*
4	Required	36,297	36,605	35,925	36,816	36,867	37,125	38,049	37,404	37,614	38,223
5	Excess[1]	174	133	306	64	252	137	140	262	75	285
	Borrowings at F.R. Banks:[2]										
6	Total	558	405	344	539	1,227	1,111	1,286	1,147	1,068	1,262
7	Seasonal	54	52	47	43	93	120	143	188	191	223
	Large banks in New York City										
8	*Reserves held*	*6,244*	*6,563*	*6,276*	*6,247*	*6,315*	*6,341*	*6,606*	*6,334*	*6,182*	*6,320*
9	Required	6,279	6,584	6,193	6,320	6,236	6,376	6,581	6,290	6,251	6,352
10	Excess	35	−21	83	−73	79	−35	25	44	−69	−32
11	Borrowings[2]	48	12	21	61	113	54	129	58	78	157
	Large banks in Chicago										
12	*Reserves held*	*1,593*	*1,623*	*1,629*	*1,670*	*1,697*	*1,668*	*1,708*	*1,648*	*1,655*	*1,655*
13	Required	1,613	1,633	1,620	1,686	1,669	1,670	1,707	1,646	1,650	1,649
14	Excess	−20	−10	9	−16	28	−2	1	2	5	6
15	Borrowings[2]	26	....	11	11	19	20	20	3	35	14
	Other large banks										
16	*Reserves held*	*13,993*	*13,867*	*13,729*	*14,135*	*14,106*	*14,250*	*14,553*	*14,502*	*14,564*	*14,711*
17	Required	13,931	13,861	13,662	14,077	14,079	14,225	14,569	14,423	14,541	14,854
18	Excess	62	6	67	58	27	25	−16	79	23	−143
19	Borrowings[2]	243	150	92	249	500	536	499	417	363	410
	All other banks										
20	*Reserves held*	*14,641*	*14,685*	*14,597*	*14,828*	*15,001*	*15,003*	*15,322*	*15,182*	*15,288*	*15,371*
21	Required	14,474	14,527	14,450	14,733	14,883	14,854	15,192	15,045	15,172	15,368
22	Excess	167	158	147	95	118	149	130	137	116	3
23	Borrowings[2]	241	243	220	218	595	501	638	669	592	681

		Weekly averages of daily figures for weeks ending 1978									
		Aug. 23	Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27	Oct. 4	Oct. 11	Oct. 18^p	Oct. 25^p
	All member banks										
	Reserves:										
24	At F.R. Banks	28,455	28,256	27,947	27,189	28,492	28,525	28,890	27,890	29,223	28,948
25	Currency and coin	8,777	9,474	9,578	9,973	8,896	9,842	9,904	10,031	9,509	9,099
26	*Total held*[1]	*37,307*	*37,804*	*37,600*	*37,236*	*37,462*	*38,441*	*38,869*	*37,997*	*38,804*	*38,119*
27	Required	37,316	37,535	37,295	37,123	37,287	38,218	38,746	37,647	38,906	37,752
28	Excess[1]	−9	269	305	113	175	223	123	350	−102	367
	Borrowings at F.R. Banks:[2]										
29	Total	1,606	1,023	1,165	510	925	1,560	1,286	1,239	1,249	1,314
30	Seasonal	196	204	187	175	189	204	208	205	220	236
	Large banks in New York City										
31	*Reserves held*	*6,287*	*6,158*	*6,378*	*6,106*	*6,211*	*6,249*	*6,586*	*6,225*	*6,391*	*6,049*
32	Required	6,207	6,198	6,281	6,172	6,119	6,307	6,551	6,209	6,739	6,025
33	Excess	80	−40	97	−66	92	58	35	16	−348	24
34	Borrowings[2]	25	66	143	....	6	113	174	263	226	75
	Large banks in Chicago										
35	*Reserves held*	*1,610*	*1,662*	*1,669*	*1,699*	*1,616*	*1,693*	*1,681*	*1,613*	*1,741*	*1,560*
36	Required	1,609	1,662	1,669	1,684	1,621	1,618	1,677	1,612	1,743	1,568
37	Excess	1	....	....	15	5	75	4	1	2	8
38	Borrowings[2]	4	....	9	....	134	4	6	3	36	12
	Other large banks										
39	*Reserves held*	*14,246*	*14,689*	*14,372*	*14,376*	*14,392*	*14,892*	*15,045*	*14,850*	*14,737*	*14,711*
40	Required	14,395	14,526	14,336	14,356	14,407	14,799	15,091	14,652	15,033	14,728
41	Excess	−149	163	36	20	15	93	46	198	−296	17
42	Borrowings[2]	846	158	379	123	210	727	424	435	396	427
	All other banks										
43	*Reserves held*	*15,164*	*15,295*	*15,181*	*15,055*	*15,243*	*15,607*	*15,557*	*15,309*	*15,352*	*15,372*
44	Required	15,105	15,149	15,009	14,911	15,140	15,494	15,427	15,174	15,391	15,431
45	Excess	59	146	172	144	103	113	130	135	−39	59
46	Borrowings[2]	731	799	634	387	575	716	682	538	591	800

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

2 Based on closing figures.

1.13 FEDERAL FUNDS TRANSACTIONS Money Market Banks

Millions of dollars, except as noted

	Type	Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25
		1978, week ending –								
		Total, 46 banks								
	Basic reserve position									
1	Excess reserves[1]	131	144	41	93	136	65	182	-103	104
	LESS:									
2	Borrowings at F.R. Banks	129	297	....	227	202	261	344	404	227
3	Net interbank Federal funds transactions	14,334	16,176	18,905	15,867	14,917	15,375	18,536	17,470	13,747
	EQUALS: Net surplus, or deficit (–):									
4	Amount	–14,333	–16,328	–18,864	–16,001	–14,983	–15,571	–18,698	–17,977	13,870
5	*Per cent of average required reserves*	*91.4*	*104.2*	*120.8*	*103.3*	*93.9*	*94.7*	*118.6*	*108.0*	*89.0*
	Interbank Federal funds transactions									
	Gross transactions:									
6	Purchases	22,130	23,697	25,096	23,696	23,266	23,623	25,677	24,696	22,043
7	Sales	7,796	7,522	6,191	7,828	8,350	8,248	7,141	7,226	8,296
8	Two-way transactions[2]	5,680	5,428	5,380	5,434	5,133	5,601	5,930	5,973	6,446
	Net transactions:									
9	Purchases of net buying banks	16,450	18,270	19,717	18,262	18,134	18,022	19,747	18,722	15,598
10	Sales of net selling banks	2,116	2,094	811	2,394	3,218	2,647	1,211	1,253	1,850
	Related transactions with U.S. Government securities dealers									
11	Loans to dealers[3]	2,524	2,985	5,342	3,128	3,005	3,222	3,397	3,159	2,704
12	Borrowing from dealers[4]	2,028	1,297	1,421	951	2,574	2,186	1,505	1,661	2,133
13	Net loans	496	1,688	3,921	2,178	431	1,037	1,892	1,498	572
		8 banks in New York City								
	Basic reserve position									
14	Excess reserves[1]	3	101	2	91	27	34	76	-45	28
	LESS:									
15	Borrowings at F.R. Banks	66	143	....	....	99	174	196	226	45
16	Net interbank Federal funds transactions	3,906	4,664	5,504	5,062	5,050	5,032	6,172	4,647	3,122
	EQUALS: Net surplus, or deficit (–):									
17	Amount	–3,969	–4,707	–5,502	–4,971	–5,122	–5,173	–6,292	–4,918	–3,139
18	*Per cent of average required reserves*	*70.9*	*83.0*	*98.8*	*89.7*	*89.9*	*87.0*	*112.4*	*80.7*	*57.7*
	Interbank Federal funds transactions									
	Gross transactions:									
19	Purchases	5,453	5,686	6,067	5,932	5,858	5,953	7,238	5,813	4,964
20	Sales	1,547	1,022	564	871	808	921	1,067	1,166	1,842
21	Two-way transactions[2]	1,547	1,022	564	871	808	921	1,067	1,024	1,606
	Net transactions:									
22	Purchases of net buying banks	3,906	4,664	5,504	5,062	5,050	5,032	6,172	4,789	3,358
23	Sales of net selling banks	....	....	....	....	....	....	....	142	236
	Related transactions with U.S. Government securities dealers									
24	Loans to dealers[3]	1,657	2,129	3,300	2,180	1,848	1,968	2,148	1,717	1,610
25	Borrowing from dealers[4]	598	546	848	536	539	491	547	564	556
26	Net loans	1,060	1,583	2,453	1,643	1,309	1,477	1,602	1,152	1,054
		38 banks outside New York City								
	Basic reserve position									
27	Excess reserves[1]	128	43	40	2	109	31	106	59	76
	LESS:									
28	Borrowings at F.R. Banks	64	154	....	227	104	86	148	177	182
29	Net interbank Federal funds transactions	10,429	11,511	13,402	10,806	9,867	10,343	12,364	12,823	10,625
	EQUALS: Net surplus, or deficit (–):									
30	Amount	–10,364	–11,622	–13,362	–11,031	–9,861	10,398	–12,406	–13,059	–10,731
31	*Per cent of average required reserves*	*102.8*	*116.2*	*133.6*	*110.9*	*96.1*	*99.1*	*121.9*	*123.9*	*105.8*
	Interbank Federal funds transactions									
	Gross transactions:									
32	Purchases	16,677	18,012	19,029	17,763	17,409	17,670	18,439	18,883	17,080
33	Sales	6,249	6,500	5,627	6,958	7,542	7,327	6,075	6,060	6,454
34	Two-way transactions[2]	4,133	4,406	4,816	4,563	4,325	4,680	4,864	4,950	4,840
	Net transactions:									
35	Purchases of net buying banks	12,545	13,606	14,213	13,200	13,084	12,990	13,575	13,933	12,240
36	Sales of net selling banks	2,116	2,094	811	2,394	3,218	2,647	1,211	1,110	1,614
	Related transactions with U.S. Government securities dealers									
37	Loans to dealers[3]	866	856	2,042	949	1,157	1,255	1,249	1,442	1,095
38	Borrowing from dealers[4]	1,431	750	574	414	2,036	1,695	958	1,096	1,577
39	Net loans	–564	105	1,468	535	–878	–440	291	346	–482

For notes see end of table.

1.13 Continued

	Type	Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25
		1978, week ending								
		5 banks in City of Chicago								
	Basic reserve position									
40	Excess reserves[1]	8	1	22	7	74	31	15	6	13
	LESS:									
41	Borrowings at F.R. Banks	...	...	...	132	...	...	...	33	...
42	Net interbank Federal funds transactions	4,356	4,922	5,593	5,206	4,998	4,992	5,163	5,297	3,911
	EQUALS: Net surplus, or deficit (−):									
43	Amount	-4,349	-4,921	−5,571	-5,331	-4,924	-4,960	−5,148	-5,323	-3,898
44	*Per cent of average required reserves*	*280.0*	*315.5*	*353.5*	*352.4*	*325.8*	*316.5*	*342.2*	*325.7*	*266.1*
	Interbank Federal funds transactions									
	Gross transactions:									
45	Purchases	5,749	6,240	6,918	6,436	6,175	6,147	6,395	6,749	5,242
46	Sales	1,393	1,319	1,325	1,230	1,178	1,156	1,232	1,452	1,331
47	Two-way transactions[2]	1,392	1,318	1,325	1,229	1,178	1,156	1,232	1,452	1,331
	Net transactions:									
48	Purchases of net buying banks	4,356	4,922	5,593	5,207	4,997	4,992	5,163	5,297	3,911
49	Sales of net selling banks	...	...	...	...	...	...	...	...	...
	Related transactions with U.S. Government securities dealers									
50	Loans to dealers[3]	173	253	247	103	166	344	208	334	77
51	Borrowing from dealers[4]	336	341	196	58	727	325	189	241	396
52	Net loans	-163	-88	51	45	−561	19	19	93	319
		33 other banks								
	Basic reserve position									
53	Excess reserves[1]	120	42	18	-6	35	...	91	-65	63
	LESS:									
54	Borrowings at F.R. Banks	64	154	...	94	104	86	148	145	182
55	Net interbank Federal funds transactions	6,072	6,589	7,809	5,600	4,870	5,351	7,201	7,527	6,714
	EQUALS: Net surplus, or deficit (−):									
56	Amount	−6,016	-6,701	-7,791	-5,700	-4,938	-5,438	7,258	−7,736	-6,833
57	*Per cent of average required reserves*	*70.6*	*79.4*	*92.0*	*67.6*	*56.4*	*60.9*	*83.7*	*86.8*	*78.7*
	Interbank Federal funds transactions									
	Gross transactions:									
58	Purchases	10,929	11,771	12,111	11,328	11,234	11,522	12,044	12,135	11,838
59	Sales	4,856	5,182	4,302	5,728	6,364	6,171	4,843	4,608	5,124
60	Two-way transactions[2]	2,740	3,088	3,491	3,334	3,147	3,524	3,631	3,498	3,509
	Net transactions:									
61	Purchases of net buying banks	8,188	8,684	8,620	7,994	8,087	7,998	8,412	8,637	8,329
62	Sales of net selling banks	2,116	2,094	811	2,394	3,218	2,647	1,211	1,110	1,614
	Related transactions with U.S. Government securities dealers									
63	Loans to dealers[3]	694	603	1,795	846	991	911	1,041	1,108	1,018
64	Borrowing from dealers[4]	1,094	409	378	356	1,308	1,370	769	855	1,181
65	Net loans	−401	193	1,417	490	−317	-459	272	253	163

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

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

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

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

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Per cent per annum

Current and previous levels

Federal Reserve Bank	Loans to member banks— Under Secs. 13 and 13a[1]			Under Sec. 10(b)[2] Regular rate			Under Sec. 10(b)[2] Special rate[3]			Loans to all others under Sec. 13, last par.[4]		
	Rate on 10/31/78	Effective date	Previous rate	Rate on 10/31/78	Effective date	Previous rate	Rate on 10/31/78	Effective date	Previous rate	Rate on 10/31/78	Effective date	Previous rate
Boston	8½	10/16/78	8	9	10/16/78	8½	9½	10/16/78	9	11½	10/16/78	11
New York	8½	10/16/78	8	9	10/16/78	8½	9½	10/16/78	9	11½	10/16/78	11
Philadelphia	8½	10/20/78	8	9	10/20/78	8½	9½	10/20/78	9	11½	10/20/78	11
Cleveland	8½	10/16/78	8	9	10/16/78	8½	9½	10/16/78	9	11½	10/16/78	11
Richmond	8½	10/16/78	8	9	10/16/78	8½	9½	10/16/78	9	11½	10/16/78	11
Atlanta	8½	10/16/78	8	9	10/16/78	8½	9½	10/16/78	9	11½	10/16/78	11
Chicago	8½	10/16/78	8	9	10/16/78	8½	9½	10/16/78	9	11½	10/16/78	11
St. Louis	8½	10/16/78	8	9	10/16/78	8½	9½	10/16/78	9	11½	10/16/78	11
Minneapolis	8½	10/16/78	8	9	10/16/78	8½	9½	10/16/78	9	11½	10/16/78	11
Kansas City	8½	10/16/78	8	9	10/16/78	8½	9½	10/16/78	9	11½	10/16/78	11
Dallas	8½	10/16/78	8	9	10/16/78	8½	9½	10/16/78	9	11½	10/16/78	11
San Francisco	8½	10/16/78	8	9	10/16/78	8½	9½	10/16/78	9	11½	10/16/78	11

Range of rates in recent years[5]

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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1973—May 4	5¾	5¾
11	5¾–6	6
18	6	6
June 11	6–6½	6½
15	6½	6½
July 2	7	7
Aug. 14	7–7½	7½
23	7½	7½
1974—Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975—Jan. 6	7¼–7¾	7¾
10	7¼–7¾	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6
23	6	6

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

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

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

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

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

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

ERRATUM

The current and previous levels of Federal Reserve Bank interest rates shown in the October 1978 BULLETIN were incorrect. The rates for all Reserve Banks should have been:

Loans	Rate on 9/30/78	Effective date	Previous rate
Secs. 13 and 13a	8	9/22/78	7¾
Sec. 10(b)			
Regular rate	8½	9/22/78	8¼
Special rate	9	9/22/78	8¾
Sec. 13, last par.	11	9/22/78	10¾

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Per cent of deposits

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

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

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

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

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

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

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

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

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

Per cent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Oct. 31, 1978		Previous maximum		In effect Oct. 31, 1978		Previous maximum	
	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date
1 Savings	5	7/1/73	4½	1/21/70	5¼	(7)	5	(8)
2 Negotiable orders of withdrawal accounts[1]	5	1/1/74	(10)	....	5	1/1/74	(10)	....
3 Money market time deposit of less than $100,000[2]	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
Other time (multiple- and single-maturity unless otherwise indicated)[3]								
30–89 days:								
4 Multiple-maturity	5	7/1/73	4¼	1/21/70	(10)	....	(10)	....
5 Single-maturity			5	9/26/66				
90 days to 1 year:								
6 Multiple-maturity	5½	7/1/73	5	7/20/66	5¾	(7)	5¼	1/21/70
7 Single-maturity				9/26/66				
8 1 to 2 years[4]	6	7/1/73	5½	1/21/70	6½	(7)	5¼	1/21/70
9 2 to 2½ years[4]			5¾	1/21/70			6	1/21/70
10 2½ to 4 years[4]	6½	7/1/73	5¾	1/21/70	6¾	(7)	6	1/21/70
11 4 to 6 years[5]	7¼	11/1/73	(11)	....	7½	11/1/73	(11)	....
12 6 to 8 years[5]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
13 8 years or more[5]	7¾	6/1/78	(10)	....	8	6/1/78	(10)	....
14 Issued to governmental units (all maturities)	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
15 Individual retirement accounts and Keogh (H.R. 10) plans[6]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77

[1] For authorized States only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks were first permitted to offer negotiable orders 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.

[2] Must have a maturity of exactly 26 weeks and a minimum denomination of $10,000, and must be nonnegotiable.

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

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

[5] $1,000 minimum except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) Plan established pursuant to the Internal Revenue Code. The $1,000 minimum requirement was removed for such accounts in December 1975 and November 1976, respectively.

[6] 3-year minimum maturity.

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

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

[9] Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks is the discount rate on most recently issued 6-month U.S. Treasury bills. The ceiling rate for savings and loan associations and mutual savings banks is ¼ per cent higher than the rate for commercial banks. The most recent rates and effective dates are as follows:

	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26
Banks	8.276	8.377	8.422	8.561	8.612
Thrifts	8.526	8.627	8.672	8.811	8.862

[10] No separate account category.

[11] Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $1,000; however, the amount of such certificates that an institution could issue was limited to 5 per cent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than $1,000, were limited to the 6½ per cent ceiling on time deposits maturing in 2½ years or more.

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

NOTE—Maximum rates that can be paid by Federally insured commercial banks, mutual savings banks, and savings and loan associations are established by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board under the provisions of 12 CFR 217, 329, and 526, respectively. The maximum rates on time deposits in denominations of $100,000 or more were suspended in mid-1973. For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the Federal Reserve BULLETIN, the Federal Home Loan Bank Board *Journal*, and the *Annual Report* of the Federal Deposit Insurance Corporation.

1.161 MARGIN REQUIREMENTS

Per cent of market value; effective dates shown.

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

NOTE. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 per cent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

	Type of transaction	1975	1976	1977	1978 Mar.	Apr.	May	June	July	Aug.	Sept.
	U.S. GOVT. SECURITIES										
	Outright transactions (excl. matched sale-purchase transactions)										
	Treasury bills:										
1	Gross purchases	11,562	14,343	13,738	748	1,670	416	4,395	701	972	2,635
2	Gross sales	5,599	8,462	7,241	50	....	737	....	466	689	....
3	Redemptions	[2]6,431	[2]5,017	2,136	31	....	300	....	....	....	....
	Others within 1 year:[1]										
4	Gross purchases	3,886	472	3,017	288	100	53	135	....	171	168
5	Gross sales	....	....	....	....	....	....	....	....	....	....
6	Exchange, or maturity shift	−4	792	4,499	261	136	−2,343	−380	−241	−1,544	563
7	Redemptions	3,549	....	2,500	....	....	....	....	....	....	....
	1 to 5 years:										
8	Gross purchases	[2]3,284	[2]3,202	2,833	813	235	290	631	....	424	350
9	Gross sales	....	177	....	....	....	....	....	....	....	....
10	Exchange, or maturity shift	3,854	−2,588	−6,649	−261	−136	−79	467	241	490	−563
	5 to 10 years:										
11	Gross purchases	1,510	1,048	758	370	191	101	176	....	238	110
12	Gross sales	....	....	....	....	....	....	....	....	....	....
13	Exchange, or maturity shift	−4,697	1,572	584	....	....	1,526	−87	....	1,434	....
	Over 10 years:										
14	Gross purchases	1,070	642	553	147	145	74	115	....	113	122
15	Gross sales	....	....	....	....	....	....	....	....	....	....
16	Exchange, or maturity shift	848	225	1,565	....	....	895	....	....	600	....
	All maturities:[1]										
17	Gross purchases	[2]21,313	[2]19,707	20,898	2,367	2,341	935	5,451	701	1,919	3,386
18	Gross sales	5,599	8,639	7,241	50	....	737	....	466	689	....
19	Redemptions	[2]9,980	[2]5,017	4,636	31	....	300	....	....	....	....
	Matched sale-purchase transactions										
20	Gross sales	151,205	196,078	425,214	44,976	42,262	40,634	52,544	44,657	29,162	33,346
21	Gross purchases	152,132	196,579	423,841	44,129	42,799	40,362	52,557	44,712	29,641	33,130
	Repurchase agreements										
22	Gross purchases	140,311	232,891	178,683	13,155	8,044	11,517	14,956	15,822	16,286	10,724
23	Gross sales	139,538	230,355	180,535	11,468	8,999	11,819	13,100	17,374	15,140	10,353
24	Net change in U.S. Government securities	7,434	9,087	5,798	3,127	1,923	−674	7,320	1,261	2,854	3,540
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions:										
25	Gross purchases	1,616	891	1,433	....	....	....	301	....	....	....
26	Gross sales	....	....	....	....	....	....	....	....	173	....
27	Redemptions	246	169	223	53	....	34	28	4	13	28
	Repurchase agreements:										
28	Gross purchases	r15,175	10,520	13,811	2,638	1,282	3,927	3,421	5,170	3,080	3,877
29	Gross sales	r15,567	10,360	13,638	2,374	1,410	4,037	3,088	5,457	3,032	3,348
30	Net change in Federal agency obligations	978	882	1,383	211	−128	144	606	291	−138	501
	BANKERS ACCEPTANCES										
31	Outright transactions, net	163	−545	−196	....	....	....	....	....	....	....
32	Repurchase agreements, net	−35	410	159	770	−480	−17	747	−753	28	419
33	Net change in bankers acceptances	127	−135	−37	770	−480	−17	747	753	28	419
34	**Total net change in System Open Market Account**	**8,539**	**9,833**	**7,143**	**4,107**	**1,315**	**834**	**8,673**	**2,305**	**2,744**	**4,460**

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

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

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

1.18 FEDERAL RESERVE BANKS Condition and F.R. Note Statements

Millions of dollars

	Account	Wednesday 1978					End of month 1978		
		Sept. 27	Oct. 4	Oct. 11	Oct. 18p	Oct. 25p	Aug.	Sept.	Oct.p
		Consolidated condition statement							
	ASSETS								
1	Gold certificate account	11,668	11,668	11,667	11,655	11,655	11,679	11,668	11,655
2	Special Drawing Rights certificate account	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
3	Coin	279	282	287	291	294	283	292	300
	Loans:								
4	Member bank borrowings	1,158	1,505	676	1,660	1,796	954	1,365	1,206
5	Other	....	....	....	....	....	....	....	....
	Acceptances:								
6	Bought outright	....	....	....	....	....	....	....	....
7	Held under repurchase agreements	753	216	611	....	724	296	715	236
	Federal agency obligations:								
8	Bought outright	7,950	7,941	7,941	7,941	7,938	7,978	7,950	7,938
9	Held under repurchase agreements	1,188	79	1,228	....	1,185	119	647	127
	U.S. Government securities								
	Bought outright:								
10	Bills	47,783	46,802	48,184	46,239	48,206	45,133	47,551	48,376
11	Certificates- Special	....	....	....	....	....	....	....	....
12	Other	....	....	....	....	....	....	....	....
13	Notes	53,859	53,859	53,859	54,526	54,526	53,229	53,859	54,526
14	Bonds	11,617	11,617	11,617	11,757	11,757	11,496	11,617	11,757
15	Total[1]	113,259	112,278	113,660	112,522	114,489	109,858	113,027	114,659
16	Held under repurchase agreements	3,104	182	3,178	....	3,046	1,881	2,252	663
17	**Total U.S. Government securities**	**116,363**	**112,460**	**116,838**	**112,522**	**117,535**	**111,739**	**115,279**	**115,322**
18	**Total loans and securities**	**127,412**	**122,201**	**127,294**	**122,123**	**129,178**	**121,086**	**125,956**	**124,829**
19	Cash items in process of collection	12,404	12,899	16,051	15,075	10,997	10,728	9,492	13,307
20	Bank premises	396	393	400	395	395	392	394	395
	Other assets:								
21	Denominated in foreign currencies	20	19	19	19	62	18	20	27
22	All other	1,914	2,154	2,141	2,222	2,281	1,653	2,025	2,334
23	**Total assets**	**155,393**	**150,916**	**159,159**	**153,080**	**156,162**	**147,139**	**151,147**	**154,147**
	LIABILITIES								
24	F.R. notes	96,867	97,452	98,455	98,225	97,902	96,534	96,572	98,154
	Deposits:								
25	Member bank reserves	33,197	29,733	32,893	27,010	34,860	27,705	26,830	26,200
26	U.S. Treasury—General account	13,543	12,162	15,084	15,348	11,748	12,068	16,647	15,467
27	Foreign	253	272	300	252	257	309	325	305
28	Other[2]	559	545	533	554	624	691	628	531
29	**Total deposits**	**47,552**	**42,712**	**48,810**	**43,164**	**47,489**	**40,773**	**44,430**	**42,503**
30	Deferred availability cash items	6,662	6,848	7,785	7,438	6,118	5,503	5,773	8,930
31	Other liabilities and accrued dividends	1,689	1,670	1,707	1,685	1,916	1,541	1,700	1,686
32	**Total liabilities**	**152,770**	**148,682**	**156,757**	**150,512**	**153,425**	**144,351**	**148,475**	**151,273**
	CAPITAL ACCOUNTS								
33	Capital paid in	1,062	1,061	1,062	1,064	1,067	1,058	1,061	1,069
34	Surplus	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029
35	Other capital accounts	532	144	311	475	641	701	582	776
36	**Total liabilities and capital accounts**	**155,393**	**150,916**	**159,159**	**153,080**	**156,162**	**147,139**	**151,147**	**154,147**
37	MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account	85,412	85,479	86,697	87,479	88,046	85,731	86,450	83,606
		Federal Reserve note statement							
38	F.R. notes outstanding (issued to Bank)	109,572	109,919	110,049	110,387	110,610	108,625	109,590	110,741
	Collateral held against notes outstanding:								
39	Gold certificate account	11,668	11,668	11,667	11,655	11,655	11,679	11,668	11,655
40	Special Drawing Rights certificate account	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
41	Eligible paper	1,067	1,403	577	1,576	1,623	886	1,137	1,094
42	U.S. Government securities	95,537	95,548	96,505	95,856	96,032	94,760	95,485	96,692
43	**Total collateral**	**109,572**	**109,919**	**110,049**	**110,387**	**110,610**	**108,625**	**109,590**	**110,741**

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

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday					End of month		
	1978					1978		
	Sept. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25	Aug. 31	Sept. 30	Oct. 31
1 **Loans**	1,157	1,506	675	1,660	1,796	953	1,363	1,206
2 Within 15 days	1,115	1,207	466	1,579	1,745	892	1,288	1,108
3 16 days to 90 days	42	269	181	81	51	61	75	98
4 91 days to 1 year	....	30	28	....	....	....	....	....
5 **Acceptances**	753	216	611	....	724	296	715	236
6 Within 15 days	753	216	611	....	724	296	715	236
7 16 days to 90 days	....	....	....	....	....	....	....	....
8 91 days to 1 year	....	....	....	....	....	....	....	....
9 **U.S. Government securities**	116,363	112,460	116,838	112,522	117,535	111,739	115,279	115,322
10 Within 15 days[1]	8,008	3,914	8,061	3,452	6,446	4,086	5,150	7,195
11 16 days to 90 days	23,444	23,877	24,452	22,823	24,328	22,058	25,203	22,072
12 91 days to 1 year	30,142	29,952	29,609	30,796	31,311	31,408	30,157	30,730
13 Over 1 year to 5 years	31,309	31,257	31,256	31,764	31,763	30,959	31,309	31,638
14 Over 5 years to 10 years	13,632	13,632	13,632	13,719	13,719	13,521	13,632	13,719
15 Over 10 years	9,828	9,828	9,828	9,968	9,968	9,707	9,828	9,968
16 **Federal agency obligations**	9,138	8,020	9,169	7,941	9,123	8,097	8,597	8,065
17 Within 15 days[1]	1,242	152	1,301	111	1,223	264	701	164
18 16 days to 90 days	340	350	350	312	369	258	340	369
19 91 days to 1 year	1,467	1,429	1,472	1,472	1,488	1,479	1,467	1,488
20 Over 1 year to 5 years	3,619	3,619	3,577	3,577	3,663	3,594	3,619	3,664
21 Over 5 years to 10 years	1,609	1,609	1,609	1,609	1,520	1,641	1,609	1,520
22 Over 10 years	861	861	860	860	860	861	861	860

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	1975	1976	1977	1978				
				May	June	July	Aug.	Sept.
	Debits to demand deposits[2] (seasonally adjusted)							
1 All commercial banks	25,028.5	29,180.4	34,322.8	39,590.0	41,538.5	40,575.1	42,722.1	41,529.9
2 Major New York City banks	9,670.7	11,467.2	13,860.6	14,774.6	15,976.0	15,355.3	16,432.9	15,493.6
3 Other banks	15,357.8	17,713.2	20,462.2	24,815.4	25,562.5	25,219.7	26,289.2	26,036.3
	Debits to savings deposits[3] (not seasonally adjusted)							
4 All customers	....	....	174.0	398.1	444.0	432.1	433.0	420.4
5 Business[1]	....	....	21.7	51.9	61.5	55.6	57.6	60.9
6 Others	....	....	152.3	346.1	382.6	376.5	375.4	359.5
	Demand deposit turnover[2] (seasonally adjusted)							
7 All commercial banks	105.3	116.8	129.2	139.4	144.4	139.0	146.2	143.3
8 Major New York City banks	356.9	411.6	503.0	555.3	596.0	553.0	577.5	549.6
9 Other banks	72.9	79.8	85.9	96.4	98.0	95.5	99.7	99.5
	Savings deposit turnover[3] (not seasonally adjusted)							
10 All customers	....	....	1.6	1.8	2.0	2.0	2.0	1.9
11 Business[1]	....	....	4.1	4.7	5.5	5.1	5.2	5.3
12 Others	....	....	1.5	1.6	1.8	1.8	1.8	1.7

1 Represents corporations and other profit-seeking organizations (excluding commercial banks but including savings and loan associations, mutual savings banks, credit unions, the Export-Import Bank, and Federally sponsored lending agencies).

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

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

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

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1974 Dec.	1975 Dec.	1976 Dec.	1977 Dec.	1978 Apr.	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.
	Seasonally adjusted									
MEASURES[1]										
1 *M*-1	282.9	295.2	313.5	338.5	348.5	350.6	352.8	354.2	356.7	360.9
2 *M*-2	612.2	664.7	740.5	809.5	830.3	835.2	840.6	846.2	853.5	862.4
3 *M*-3	981.2	1,092.5	1,236.5	1,376.1	1,411.4	1,419.9	1,429.8	1,440.9	1,455.1	1,472.0
4 *M*-4	701.2	746.1	803.2	883.5	913.7	922.2	927.3	933.6	939.8	950.5
5 *M*-5	1,070.3	1,173.8	1,299.2	1,450.1	1,494.9	1,506.9	1,516.5	1,528.3	1,541.4	1,560.1
COMPONENTS										
6 Currency	67.8	73.7	80.7	88.6	91.2	92.1	92.8	93.3	94.0	95.2
Commercial bank deposits:										
7 Demand	215.1	221.5	232.8	249.9	257.3	258.5	259.9	260.9	262.8	265.7
8 *Time and savings*	*418.3*	*450.9*	*489.7*	*545.0*	*565.2*	*571.6*	*574.5*	*579.4*	*583.0*	*589.7*
9 Negotiable CD's[2]	89.0	81.3	62.7	74.0	83.4	87.1	86.7	87.4	86.3	88.1
10 Other	329.3	369.6	427.0	471.0	481.8	484.5	487.8	492.0	496.7	501.6
11 Nonbank thrift institutions[3]	369.1	427.8	496.0	566.6	581.2	584.7	589.2	594.7	601.6	609.6
	Not seasonally adjusted									
MEASURES[1]										
12 *M*-1	291.3	303.9	322.6	348.2	350.9	345.3	351.7	356.0	354.2	358.8
13 *M*-2	617.5	670.0	745.8	814.9	836.6	833.6	842.0	848.7	850.8	858.4
14 *M*-3	983.8	1,095.0	1,238.4	1,377.5	1,421.2	1,420.3	1,435.2	1,447.9	r1,452.9	1,466.4
15 *M*-4	708.0	753.5	810.0	890.9	917.9	918.2	928.3	936.0	938.8	948.7
16 *M*-5	1,074.3	1,178.4	1,320.7	1,453.4	1,502.6	1,505.0	1,521.5	1,535.2	r1,541.0	1,556.7
COMPONENTS										
17 Currency	69.0	75.1	82.1	90.1	91.0	91.9	92.9	94.1	94.3	95.0
Commercial bank deposits:										
18 *Demand*	*222.2*	*228.8*	*240.5*	*258.1*	*259.9*	*253.3*	*258.8*	*262.0*	*259.9*	*263.8*
19 Member	159.7	162.8	169.4	177.5	177.3	172.6	175.7	177.7	176.1	178.2
20 Domestic nonmember	58.5	62.6	67.5	76.2	78.5	76.9	79.1	80.3	79.9	81.1
21 *Time and savings*	*416.7*	*449.6*	*487.4*	*542.6*	*567.1*	*572.9*	*576.6*	*579.9*	*584.6*	*589.9*
22 Negotiable CD's[2]	90.5	83.5	64.3	75.9	81.4	84.6	86.3	87.3	88.0	90.3
23 Other	326.3	366.2	423.1	466.7	485.7	488.3	490.3	492.6	496.6	499.6
24 Nonbank thrift institutions[3]	366.3	424.9	492.7	562.5	584.6	586.7	593.2	599.2	r602.1	608.0
25 U.S. Government deposits (all commercial banks)	4.9	4.1	4.4	5.1	5.0	4.0	6.2	4.5	3.6	6.2

[1] Composition of the money stock measures is as follows:

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

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

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

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

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

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

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

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

NOTES TO TABLE 1.23:

[1] Adjusted to exclude domestic commercial interbank loans.

[2] Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company. Prior to Aug. 28, 1974, the institutions included had been defined somewhat differently, and the reporting panel of banks was also different. On the new basis, both "Total loans" and "Commercial and industrial loans" were reduced by about $100 million.

[3] Data beginning June 30, 1974, include one large mutual savings bank that merged with a nonmember commercial bank. As of that date there were increases of about $500 million in loans, $100 million in "Other" securities, and $600 million in "Total loans and investments."

As of Oct. 31, 1974, "Total loans and investments" of all commercial banks were reduced by $1.5 billion in connection with the liquidation of one large bank. Reductions in other items were: "Total loans," $1.0 billion (of which $0.6 billion was in "Commercial and industrial loans"), and "Other securities," $0.5 billion. In late November "Commercial and industrial loans" were increased by $0.1 billion as a result of loan reclassifications at another large bank.

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

[5] Reclassification of loans at one large bank reduced these loans by about $200 million as of Dec. 31, 1977.

NOTE.—Data are for last Wednesday of month except for June 30 and Dec. 31; data are partly or wholly estimated except when June 30 and Dec. 31 are call dates.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1974 Dec.	1975 Dec.	1976 Dec.	1977 Dec.	1978 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Seasonally adjusted											
1 **Reserves**[1]	**36.57**	**34.68**	**34.93**	**36.14**	**36.93**	**36.67**	**36.95**	**37.26**	**37.73**	**38.19**	**37.91**	**38.17**
2 Nonborrowed	35.84	34.55	34.89	35.57	36.52	36.34	36.39	36.05	36.63	36.88	36.77	37.11
3 Required	36.31	34.42	34.29	35.95	36.69	36.47	36.80	37.04	37.55	38.00	37.74	37.97
4 **Deposits subject to reserve requirements**[2]	**486.1**	**504.6**	**528.9**	**569.1**	**577.9**	**582.1**	**586.0**	**592.0**	**595.6**	**600.3**	**601.0**	**606.3**
5 Time and savings	322.1	337.1	354.3	387.0	395.4	399.2	400.7	406.0	407.1	410.5	411.4	416.0
Demand:												
6 Private	160.6	164.5	171.4	178.5	179.5	179.6	182.0	183.5	184.6	186.1	186.5	186.3
7 U.S. Government	3.3	2.9	3.2	3.6	3.0	3.4	3.3	2.6	3.9	3.7	3.3	4.1
	Not seasonally adjusted											
8 **Deposits subject to reserve requirements**[2]	**491.8**	**510.9**	**534.8**	**575.3**	**572.5**	**579.4**	**588.6**	**588.3**	**596.8**	**600.6**	**599.2**	**605.9**
9 Time and savings	321.7	337.2	353.6	386.4	393.2	399.3	401.2	406.1	408.6	411.1	412.8	416.5
Demand:												
10 Private	166.6	170.7	177.9	185.1	176.1	176.6	183.8	179.3	183.7	186.4	183.9	184.7
11 U.S. Government	3.4	3.1	3.3	3.8	3.1	3.5	3.6	2.9	4.5	3.2	2.5	4.6

1 Series reflects actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. There are breaks in series because of changes in reserve requirements effective Dec. 12, 1974; Feb. 13, May 22, and Oct. 30, 1975; Jan. 8, and Dec. 30, 1976. In addition, effective Jan. 1, 1976, statewide branching in New York was instituted. The subsequent merger of a number of banks raised required reserves because of higher reserve requirements on aggregate deposits at these banks.

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

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

1.23 LOANS AND INVESTMENTS All Commercial Banks

Billions of dollars; last Wednesday of month except for June 30 and Dec. 31

Category	1974 Dec. 31 [3]	1975 Dec. 31	1976 Dec. 31	1977 Dec. 31	1978 May 31 p	June 30 p	July 26 p	Aug. 30 p	Sept. 27 p	Oct. 25 p
	Seasonally adjusted									
1 **Loans and investments**[1]	**690.4**	**721.1**	**784.4**	**870.6**	**917.9**	**922.4**	**935.2**	**939.2**	**947.1**	**955.4**
2 Including loans sold outright[2]	695.2	725.5	788.2	875.5	922.3	926.9	939.8	943.9	951.7	959.2
Loans:										
3 Total	500.2	496.9	538.9	617.0	657.9	661.2	672.0	677.2	684.4	693.7
4 Including loans sold outright[2]	505.0	501.3	542.7	621.9	662.3	665.7	676.6	681.9	689.0	697.5
5 Commercial and industrial	183.3	176.0	[4]179.5	[5]201.4	219.2	220.4	222.3	224.4	226.3	228.8
6 Including loans sold outright[2]	186.0	178.5	[4]181.9	[5]204.2	221.5	222.6	224.6	226.9	228.7	230.7
Investments:										
7 U.S. Treasury	50.4	79.4	97.3	95.6	97.1	98.4	99.7	97.0	96.3	94.3
8 Other	139.8	144.8	148.2	158.0	162.9	162.8	163.5	165.0	166.4	167.4
	Not seasonally adjusted									
9 **Loans and investments**[1]	**705.6**	**737.0**	**801.6**	**888.9**	**917.0**	**928.9**	**931.1**	**936.6**	**946.1**	**952.9**
10 Including loans sold outright[2]	710.4	741.4	805.4	893.8	921.4	933.3	935.7	941.3	950.8	956.7
Loans:										
11 Total[1]	510.7	507.4	550.2	629.9	657.1	669.2	672.6	678.0	685.8	693.5
12 Including loans sold outright[2]	515.5	511.8	554.0	634.8	661.5	673.7	677.1	682.7	690.5	697.3
13 Commercial and industrial	186.8	179.3	[4]182.9	[5]205.0	219.2	223.0	222.4	223.3	225.6	228.3
14 Including loans sold outright[2]	189.5	181.8	[4]185.3	[5]207.8	221.5	225.2	224.7	225.8	228.0	230.2
Investments:										
15 U.S. Treasury	54.5	84.1	102.5	100.2	96.6	96.1	95.2	93.9	94.1	92.6
16 Other	140.5	145.5	148.9	158.8	163.4	163.6	163.4	164.7	166.2	166.7

For notes see bottom of opposite page.

1.24 COMMERCIAL BANK ASSETS AND LIABILITIES Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

	Account	1976 Dec.	1977 Dec.	1978[3] Feb.[p]	Mar.[p]	Apr.[p]	May[p]	June[p]	July[p]	Aug.[p]	Sept.[p]	Oct.[p]
		All commercial										
1	**Loans and investments**	**846.4**	**939.1**	**926.0**	**936.0**	**947.7**	**967.4**	**966.8**	**972.1**	**977.0**	**987.7**	**994.3**
2	Loans, gross	594.9	680.1	668.0	677.8	685.0	707.4	707.8	713.5	718.4	727.4	735.0
	Investments:											
3	U.S. Treasury securities	102.5	100.2	99.6	98.6	99.6	96.6	95.9	95.2	93.9	94.1	92.6
4	Other	148.9	158.8	158.5	159.6	163.1	163.4	163.2	163.4	164.7	166.2	166.7
5	**Cash assets**	**136.1**	**168.7**	**145.2**	**131.5**	**134.1**	**162.7**	**142.6**	**131.8**	**139.9**	**143.6**	**148.0**
6	Currency and coin	12.1	13.9	13.8	14.3	14.1	14.3	14.6	14.6	15.0	15.0	14.9
7	Reserves with F.R. Banks	26.1	29.3	31.0	30.2	27.6	30.3	30.8	23.6	29.7	32.6	34.6
8	Balances with banks	49.6	59.0	46.9	44.1	44.7	53.3	45.5	46.3	44.9	46.4	46.7
9	Cash items in process of collection	48.4	66.4	53.5	43.0	47.6	64.7	51.6	47.3	50.3	49.6	51.7
10	**Total assets/total liabilities and capital**[1]	**1,030.7**	**1,166.0**	**1,136.4**	**1,136.7**	**1,151.2**	**1,199.5**	**1,177.3**	**1,170.4**	**1,184.5**	**1,200.6**	**1,210.9**
11	**Deposits**	**838.2**	**939.4**	**899.7**	**896.2**	**910.3**	**946.1**	**926.2**	**924.0**	**929.8**	**941.1**	**943.9**
	Demand:											
12	Interbank	45.4	51.7	42.6	37.4	38.8	50.7	40.5	40.2	40.1	41.6	42.9
13	U.S. Government	3.0	7.3	5.8	4.8	6.1	3.2	7.1	4.2	2.7	10.7	7.4
14	Other	288.4	323.9	288.6	280.2	292.0	310.6	294.9	293.2	295.8	294.2	296.0
	Time:											
15	Interbank	9.2	9.8	8.7	9.0	9.0	9.4	9.8	10.2	10.6	11.5	11.1
16	Other	492.2	546.6	554.0	564.8	564.4	572.2	573.9	576.2	580.6	583.1	586.5
17	Borrowings	80.2	96.2	103.7	105.7	104.5	111.4	109.0	102.3	108.2	111.9	117.4
18	**Total capital accounts**[2]	**78.1**	**85.8**	**82.8**	**83.3**	**83.7**	**84.6**	**84.7**	**85.4**	**85.9**	**87.1**	**87.1**
19	MEMO: Number of banks	14,671	14,707	14,682	14,689	14,697	14,702	14,701	14,713	14,721	14,715	14,715
		Member										
20	**Loans and investments**	**620.5**	**675.5**	**661.8**	**668.6**	**676.8**	**693.8**	**691.5**	**695.8**	**698.9**	**706.9**	**713.4**
21	Loans, gross	442.9	494.9	483.1	490.5	495.3	514.3	512.8	517.7	520.3	527.0	533.9
	Investments:											
22	U.S. Treasury securities	74.6	70.4	69.2	68.2	68.8	66.9	66.2	65.7	65.3	65.4	64.1
23	Other	103.1	110.1	109.5	109.9	112.7	112.7	112.5	112.5	113.3	114.5	115.3
24	**Cash assets, total**	**108.9**	**134.4**	**117.2**	**104.8**	**106.5**	**130.7**	**114.6**	**104.2**	**111.6**	**115.4**	**118.6**
25	Currency and coin	9.1	10.4	10.2	10.6	10.5	10.6	10.8	10.8	11.1	11.1	11.1
26	Reserves with F.R. Banks	26.0	29.3	31.0	30.2	27.6	30.3	30.8	23.6	29.7	32.6	34.6
27	Balances with banks	27.4	30.8	24.6	22.9	22.7	28.1	23.6	24.3	22.9	24.0	23.2
28	Cash items in process of collection	46.5	63.9	51.4	41.2	45.7	61.7	49.4	45.4	48.0	47.7	49.7
29	**Total assets/total liabilities and capital**[1]	**772.9**	**861.8**	**835.3**	**833.2**	**843.3**	**884.7**	**864.5**	**857.3**	**868.9**	**882.2**	**891.2**
30	**Deposits**	**618.7**	**683.5**	**649.2**	**645.1**	**655.1**	**686.7**	**668.4**	**666.1**	**670.5**	**679.6**	**682.5**
	Demand:											
31	Interbank	42.4	48.0	39.5	34.7	36.0	47.5	37.7	37.3	37.2	38.6	39.9
32	U.S. Government	2.1	5.4	4.4	3.7	4.5	2.2	5.1	3.1	1.9	8.1	5.7
33	Other	215.5	239.4	211.8	205.1	213.4	229.1	216.2	214.6	217.0	215.6	217.0
	Time:											
34	Interbank	7.2	7.8	6.7	7.0	6.9	7.3	7.7	8.2	8.6	9.4	9.0
35	Other	351.5	382.9	386.9	394.7	394.3	400.5	401.7	402.9	405.9	407.8	411.0
36	Borrowings	71.7	84.9	90.8	91.8	91.1	96.9	94.2	88.0	93.9	97.2	101.4
37	**Total capital accounts**[2]	**58.6**	**63.7**	**62.1**	**62.4**	**62.7**	**63.3**	**63.4**	**64.0**	**64.3**	**65.1**	**65.2**
38	MEMO: Number of banks	5,759	5,669	5,659	5,654	5,645	5,638	5,611	5,613	5,610	5,593	5,593

1 Includes items not shown separately.
Effective Mar. 31, 1976, some of the item "reserve for loan losses" and all of the item "unearned income on loans" are no longer reported as liabilities. As of that date the "valuation" portion of "reserve for loan losses" and the "unearned income on loans" have been netted against "other assets," and against "total assets" as well.
Total liabilities continue to include the deferred income tax portion of "reserve for loan losses."
2 Effective Mar. 31, 1976, includes "reserves for securities" and the contingency portion (which is small) of "reserve for loan losses."
3 Figures partly estimated except on call dates.

NOTE.—*Figures include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries.*
Commercial banks: All such banks in the United States, including member and nonmember banks, stock savings banks, nondeposit trust companies, and U.S. branches of foreign banks.
Member banks: The following numbers of noninsured trust companies that are members of the Federal Reserve System are excluded from member banks in Tables 1.24 and 1.25 and are included with noninsured banks in Table 1.25: 1976—December, 11; 1978—January, 12.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars, except for number of banks

	Account	1976		1977		1976		1977	
		June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31
		Total insured				National (all insured)			
1	**Loans and investments, gross**	**773,701**	**827,696**	**854,734**	**914,783**	**443,959**	**476,610**	**488,240**	**523,000**
	Loans:								
2	Gross	539,021	578,734	601,122	657,513	315,628	340,691	351,311	384,722
3	Net	520,976	560,076	581,143	636,323	305,280	329,971	339,955	372,702
	Investments:								
4	U.S. Treasury securities	90,947	101,461	100,568	99,333	49,688	55,727	53,345	52,244
5	Other	143,731	147,500	153,053	157,937	78,642	80,191	83,583	86,033
6	Cash assets	124,072	129,562	130,726	159,264	75,488	76,072	74,641	92,050
7	**Total assets/total liabilities[1]**	**942,519**	**1,003,969**	**1,040,945**	**1,129,711**	**548,702**	**583,304**	**599,743**	**651,360**
8	**Deposits**	**776,957**	**825,003**	**847,372**	**922,664**	**444,251**	**469,377**	**476,381**	**520,167**
	Demand:								
9	U.S. Government	4,622	3,022	2,817	7,310	2,858	1,676	1,632	4,172
10	Interbank	37,502	44,064	44,965	49,849	20,329	23,149	22,876	25,646
11	Other	265,671	285,200	284,544	319,873	152,383	163,346	161,358	181,821
	Time:								
12	Interbank	9,406	8,248	7,721	8,731	5,532	4,907	4,599	5,730
13	Other	459,753	484,467	507,324	536,899	263,147	276,296	285,915	302,795
14	Borrowings	63,828	75,291	81,137	89,332	45,187	54,421	57,283	63,218
15	**Total capital accounts**	**68,988**	**72,061**	**75,503**	**79,084**	**39,501**	**41,319**	**43,142**	**44,994**
16	MEMO: Number of banks	14,373	14,397	14,425	14,397	4,747	4,735	4,701	4,654
		State member (all insured)				Insured nonmember			
17	**Loans and investments, gross**	**136,915**	**144,000**	**144,597**	**152,518**	**192,825**	**207,085**	**221,896**	**239,265**
	Loans:								
18	Gross	98,889	102,277	102,117	110,247	124,503	135,766	147,694	162,543
19	Net	96,037	99,474	99,173	107,210	119,658	130,630	142,015	156,411
	Investments:								
20	U.S. Treasury securities	16,323	18,849	19,296	18,179	24,934	26,884	27,926	28,909
21	Other	21,702	22,874	23,183	24,091	43,387	44,434	46,275	47,812
22	Cash assets	30,422	32,859	35,918	42,305	18,161	20,631	20,166	24,908
23	**Total assets/total liabilities[1]**	**179,649**	**189,578**	**195,452**	**210,441**	**214,167**	**231,086**	**245,749**	**267,910**
24	**Deposits**	**142,061**	**149,491**	**152,472**	**163,443**	**190,644**	**206,134**	**218,519**	**239,053**
	Demand:								
25	U.S. Government	869	429	371	1,241	894	917	813	1,896
26	Interbank	15,833	19,295	20,568	22,353	1,339	1,619	1,520	1,849
27	Other	49,659	52,204	52,570	57,605	63,629	69,648	70,615	80,445
	Time:								
28	Interbank	3,074	2,384	2,134	2,026	799	956	988	973
29	Other	72,624	75,178	76,827	80,216	123,980	132,993	144,581	153,887
30	Borrowings	15,300	17,310	19,697	21,729	3,339	3,559	4,155	4,384
31	**Total capital accounts**	**12,791**	**13,199**	**13,441**	**14,184**	**16,696**	**17,542**	**18,919**	**19,905**
32	MEMO: Number of banks	1,029	1,023	1,019	1,014	8,597	8,639	8,705	8,729
		Noninsured nonmember				Total nonmember			
33	**Loans and investments, gross**	**15,905**	**18,819**	**22,940**	**24,415**	**208,730**	**225,904**	**244,837**	**263,681**
	Loans:								
34	Gross	13,209	16,336	20,865	22,686	137,712	152,103	168,559	185,230
35	Net	13,092	16,209	20,679	22,484	132,751	146,840	162,694	178,896
	Investments:								
36	U.S. Treasury securities	472	1,054	993	879	25,407	27,938	28,919	29,788
37	Other	2,223	1,428	1,081	849	45,610	45,863	47,357	48,662
38	Cash assets	4,362	6,496	8,330	9,458	22,524	27,127	28,496	34,367
39	**Total assets/total liabilities[1]**	**21,271**	**26,790**	**33,390**	**36,433**	**235,439**	**257,877**	**279,139**	**304,343**
40	**Deposits**	**11,735**	**13,325**	**14,658**	**16,844**	**202,380**	**219,460**	**233,177**	**255,898**
	Demand:								
41	U.S. Government	4	4	8	10	899	921	822	1,907
42	Interbank	1,006	1,277	1,504	1,868	2,346	2,896	3,025	3,718
43	Other	2,555	3,236	3,588	4,073	66,184	72,884	74,203	84,518
	Time:								
44	Interbank	1,292	1,041	1,164	1,089	2,092	1,997	2,152	2,063
45	Other	6,876	7,766	8,392	9,802	130,857	140,760	152,974	163,690
46	Borrowings	3,372	4,842	7,056	6,908	6,711	8,401	11,212	11,293
47	**Total capital accounts**	**663**	**818**	**893**	**917**	**17,359**	**18,360**	**19,812**	**20,823**
48	MEMO: Number of banks	270	275	293	310	8,867	8,914	8,998	9,039

1 Includes items not shown separately.

For Note see Table 1.24.

1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, March 31, 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**	**148,275**	**126,359**	**40,297**	**4,853**	**44,741**	**36,468**	**21,923**
2 Currency and coin	11,654	8,556	922	183	2,734	4,718	3,097
3 Reserves with F.R. Banks	29,373	29,373	5,021	1,338	11,935	11,079	1
4 Demand balances with banks in United States	35,658	22,002	10,601	95	2,928	8,377	13,662
5 Other balances with banks in United States	5,250	2,914	584	5	726	1,598	2,337
6 Balances with banks in foreign countries	4,235	3,713	582	327	1,819	985	522
7 *Cash items in process of collection*	*62,105*	*59,801*	*22,588*	*2,904*	*24,599*	*9,710*	*2,303*
8 **Total securities held - Book value**	**256,200**	**177,684**	**20,044**	**8,012**	**57,309**	**92,319**	**78,536**
9 U.S. Treasury	98,358	68,855	9,874	3,223	22,426	33,333	29,518
10 Other U.S. Government agencies	37,712	24,043	1,767	976	6,868	14,432	13,670
11 States and political subdivisions	113,825	80,789	8,027	3,616	26,803	42,344	33,038
12 All other securities	6,202	3,923	376	197	1,192	2,157	2,280
13 Unclassified total	103	74	....	....	20	54	29
14 *Trading-account securities*	*5,922*	*5,745*	*2,143*	*867*	*2,487*	*248*	*176*
15 U.S. Treasury	3,358	3,338	1,361	659	1,245	72	21
16 Other U.S. Government agencies	981	974	365	65	496	48	7
17 States and political subdivisions	998	983	285	96	529	73	15
18 All other trading account securities	482	377	132	47	197	1	105
19 Unclassified	103	74	....	....	20	54	29
20 *Bank investment portfolios*	*250,278*	*171,939*	*17,901*	*7,145*	*54,822*	*92,071*	*78,359*
21 U.S. Treasury	94,999	65,518	8,513	2,564	21,180	33,261	29,497
22 Other U.S. Government agencies	36,731	23,069	1,402	911	6,372	14,384	13,664
23 States and political subdivisions	112,827	79,807	7,742	3,520	26,274	42,270	33,023
24 All other portfolio securities	5,720	3,546	244	150	996	2,156	2,175
25 F.R. stock and corporate stock	1,624	1,373	307	107	488	471	252
26 **Federal funds sold and securities resale agreement**	**45,780**	**35,129**	**3,622**	**1,931**	**17,552**	**12,024**	**10,715**
27 Commercial banks	38,829	28,401	2,139	1,587	13,391	11,284	10,492
28 Brokers and dealers	4,315	4,168	1,151	269	2,166	581	147
29 Others	2,636	2,560	332	75	1,995	158	75
30 **Other loans, gross**	**616,444**	**459,958**	**72,630**	**24,555**	**173,551**	**189,222**	**156,486**
31 Less: Unearned income on loans	14,864	9,980	586	96	3,243	6,054	4,884
32 Reserves for loan loss	6,904	5,471	1,233	321	2,070	1,846	1,433
33 Other loans, net	594,676	444,507	70,811	24,137	168,237	181,322	150,169
Other loans, gross, by category							
34 *Real estate loans*	*182,790*	*125,708*	*9,472*	*2,463*	*46,667*	*67,105*	*57,082*
35 Construction and land development	21,562	16,178	2,253	505	7,951	5,470	5,384
36 Secured by farmland	7,919	3,453	21	8	381	3,042	4,466
37 Secured by residential properties	104,315	73,123	4,769	1,344	27,459	39,552	31,191
38 *1- to 4-family residences*	*99,365*	*69,561*	*4,203*	*1,244*	*26,163*	*37,951*	*29,804*
39 FHA-insured or VA-guaranteed	7,612	6,613	547	45	3,581	2,440	999
40 Conventional	91,754	62,948	3,655	1,199	22,582	35,511	28,805
41 *Multifamily residences*	*4,950*	*3,562*	*566*	*100*	*1,296*	*1,600*	*1,387*
42 FHA-insured	387	325	129	25	84	86	62
43 Conventional	4,562	3,237	437	74	1,212	1,514	1,325
44 Secured by other properties	48,994	32,953	2,430	607	10,875	19,041	16,041
45 *Loans to financial institutions*	*34,258*	*32,199*	*11,202*	*4,135*	*13,951*	*2,910*	*2,059*
46 REIT's and mortgage companies	8,476	8,092	2,267	869	4,298	658	384
47 Domestic commercial banks	2,806	2,136	743	138	1,008	247	670
48 Banks in foreign countries	6,597	6,427	2,786	264	2,681	696	170
49 Other depositary institutions	1,424	1,302	211	40	840	212	122
50 Other financial institutions	14,955	14,242	5,196	2,824	5,124	1,097	713
51 Loans to security brokers and dealers	10,108	9,805	5,597	1,420	2,497	291	303
52 Other loans to purchase or carry securities	4,216	3,494	376	302	1,833	983	722
53 Loans to farmers except real estate	25,440	13,955	165	157	3,321	10,312	11,485
54 Commercial and industrial loans	201,203	163,093	37,199	12,602	64,071	49,221	38,110
55 Loans to individuals	142,918	98,541	6,336	2,195	35,289	54,721	44,377
56 *Instalment loans*	*115,070*	*79,424*	*4,732*	*1,406*	*29,071*	*44,215*	*35,646*
57 Passenger automobiles	51,361	32,804	889	157	9,796	21,962	18,557
58 *Residential repair and modernization*	7,325	4,834	286	69	1,771	2,708	2,491
59 Credit cards and related plans	18,708	16,487	2,085	1,003	8,846	4,554	2,221
60 Charge-account credit cards	14,819	13,256	1,351	964	7,288	3,653	1,564
61 Check and revolving credit plans	3,888	3,231	734	39	1,558	900	657
62 Other retail consumer goods	17,696	12,036	368	53	4,480	7,136	5,660
63 Mobile homes	9,097	6,376	169	20	2,359	3,828	2,721
64 Other	8,599	5,659	199	33	2,121	3,307	2,939
65 Other instalment loans	19,980	13,262	1,104	124	4,178	7,856	6,718
66 Single-payment loans to individuals	27,848	19,117	1,604	789	6,218	10,505	8,731
67 All other loans	15,510	13,163	2,284	1,279	5,921	3,679	2,348
68 **Total loans and securities, net**	**898,279**	**658,693**	**94,784**	**34,187**	**243,587**	**286,136**	**239,671**
69 Direct lease financing	5,990	5,626	1,041	140	3,458	988	364
70 Fixed assets—Buildings, furniture, real estate	21,948	16,359	2,380	760	6,227	6,992	5,595
71 Investment in unconsolidated subsidiaries	3,079	3,038	1,498	242	1,201	98	41
72 Customer acceptances outstanding	13,803	13,376	6,540	939	5,492	405	427
73 Other assets	37,661	33,818	14,263	1,283	13,472	4,800	3,907
74 **Total assets**	**1,129,035**	**857,269**	**160,802**	**42,404**	**318,177**	**335,885**	**271,928**

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**	**343,578**	**264,614**	**61,165**	**10,354**	**94,367**	**98,728**	**78,977**
76	Mutual savings banks	1,242	1,068	511	2	252	304	176
77	Other individuals, partnerships, and corporations	264,540	196,602	31,756	7,025	75,203	82,618	67,937
78	U.S. Government	3,550	2,370	146	31	681	1,512	1,180
79	States and political subdivisions	16,671	11,298	663	277	3,340	7,019	5,372
80	Foreign governments, central banks, etc.	1,439	1,346	1,083	15	203	44	92
81	Commercial banks in United States	36,160	34,900	17,748	2,499	10,586	4,067	1,271
82	Banks in foreign countries	7,023	6,856	5,306	213	1,130	207	167
83	Certified and officers' checks, etc.	12,955	10,173	3,951	293	2,971	2,957	2,783
84	**Time deposits**	**340,980**	**247,508**	**36,646**	**14,894**	**88,682**	**107,286**	**93,472**
85	Accumulated for personal loan payments	97	77	....	....	1	76	21
86	Mutual savings banks	367	350	171	45	113	21	17
87	Other individuals, partnerships, and corporations	267,045	192,741	27,651	10,975	67,811	86,305	74,304
88	U.S. Government	858	669	45	22	354	249	189
89	States and political subdivisions	56,281	38,502	1,820	1,340	15,789	19,553	17,779
90	Foreign governments, central banks, etc.	8,469	8,224	4,872	1,442	1,794	116	245
91	Commercial banks in United States	6,473	5,719	1,380	982	2,599	758	754
92	Banks in foreign countries	1,389	1,226	708	88	221	209	163
93	**Savings deposits**	**224,267**	**155,670**	**11,086**	**2,909**	**56,219**	**85,456**	**68,597**
94	Individuals and nonprofit organizations	208,729	145,150	10,324	2,758	52,523	79,545	63,579
95	Corporations and other profit organizations	10,674	7,433	509	142	3,103	3,678	3,241
96	U.S. Government	60	47	4	....	18	26	13
97	States and political subdivisions	4,766	3,006	231	10	559	2,205	1,760
98	All other	38	35	18	*	15	2	4
99	**Total deposits**	**908,825**	**667,792**	**108,896**	**28,157**	**239,268**	**291,470**	**241,046**
100	**Federal funds purchased and securities sold under agreements to repurchase**	**89,613**	**84,592**	**21,755**	**9,112**	**40,981**	**12,744**	**5,026**
101	Commercial banks	45,167	43,009	8,459	6,188	22,824	5,537	2,158
102	Brokers and dealers	10,272	9,595	2,115	1,115	5,029	1,336	682
103	Others	34,175	31,988	11,181	1,808	13,128	5,871	2,186
104	Other liabilities for borrowed money	6,413	6,073	2,583	123	2,608	759	340
105	Mortgage indebtedness	1,686	1,380	229	29	681	442	310
106	Bank acceptances outstanding	14,394	13,966	7,119	942	5,499	407	428
107	Other liabilities	21,389	18,620	6,655	1,158	7,006	3,802	2,897
108	**Total liabilities**	**1,042,320**	**792,424**	**147,237**	**39,521**	**296,042**	**309,623**	**250,047**
109	Subordinated notes and debentures	5,734	4,459	1,109	80	1,995	1,275	1,275
110	**Equity capital**	**80,981**	**60,387**	**12,456**	**2,802**	**20,141**	**24,987**	**20,606**
111	Preferred stock	80	32	....	....	2	29	49
112	Common stock	17,439	12,623	2,645	570	3,926	5,482	4,822
113	Surplus	31,468	22,763	4,542	1,404	7,997	8,821	8,708
114	Undivided profits	30,246	23,763	5,137	776	7,855	9,994	6,485
115	Other capital reserves	1,748	1,206	132	52	361	660	543
116	**Total liabilities and equity capital**	**1,129,035**	**857,269**	**160,802**	**42,404**	**318,177**	**335,885**	**271,928**
	MEMO ITEMS:							
117	Demand deposits adjusted[2]	241,764	167,543	20,683	4,920	58,500	83,439	74,223
	Average for last 15 or 30 days:							
118	Cash and due from bank	133,088	113,373	32,111	5,086	42,039	34,136	19,722
119	Federal funds sold and securities purchased under agreements to resell	46,678	35,671	4,328	1,997	16,675	12,671	11,090
120	Total loans	596,705	446,117	71,996	24,061	168,519	181,541	150,589
121	Time deposits of $100,000 or more	165,180	135,150	30,866	11,960	56,901	35,422	30,030
122	Total deposits	887,163	649,600	101,607	26,568	233,300	288,125	237,573
123	Federal funds purchased and securities sold under agreements to repurchase	91,131	86,470	23,676	9,751	40,486	12,557	4,661
124	Other liabilities for borrowed money	6,488	6,176	2,702	117	2,538	820	312
125	Standby letters of credit outstanding	16,408	15,465	8,772	1,169	4,378	1,146	944
126	Time deposits of $100,000 or more	168,974	138,295	31,243	12,496	58,552	36,004	30,679
127	Certificates of deposit	144,741	117,812	27,027	10,698	49,085	31,002	26,930
128	Other time deposits	24,233	20,483	4,216	1,798	9,467	5,002	3,750
129	Number of banks	14,372	5,652	12	9	153	5,478	8,733

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. Govt., less cash items reported as in process of collection.

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

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

	Account	1978 Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27	Oct. 4p	Oct. 11p	Oct. 18p	Oct. 25p
1	**Total loans and investments**	**469,516**	**479,086**	**474,578**	**477,078**	**475,523**	**481,817**	**481,185**	**480,249**	**481,573**
	Loans:									
2	*Federal funds sold*[1]	*23,813*	*28,575*	*24,741*	*24,591*	*23,119*	*25,582*	*24,891*	*23,974*	*25,119*
3	To commercial banks	18,346	21,101	19,287	18,857	17,946	19,075	20,111	18,100	19,714
	To brokers and dealers involving—									
4	U.S. Treasury securities	2,768	4,601	2,991	3,007	2,347	3,844	2,238	3,214	2,433
5	Other securities	519	558	513	581	606	582	629	560	512
6	To others	2,180	2,315	1,950	2,146	2,220	2,081	1,913	2,100	2,460
7	*Other, gross*	*345,497*	*348,286*	*348,142*	*350,215*	*351,173*	*354,804*	*354,917*	*355,595*	*356,015*
8	Commercial and industrial	134,968	135,402	135,546	136,543	136,710	137,791	138,434	138,295	138,826
9	Agricultural	5,259	5,282	5,314	5,314	5,334	5,360	5,398	5,421	5,420
	For purchasing or carrying securities:									
	To brokers and dealers:									
10	U.S. Treasury securities	933	1,600	1,493	1,321	921	1,436	715	1,317	863
11	Other securities	8,857	8,915	8,602	8,942	9,253	9,211	8,718	8,664	8,464
	To others:									
12	U.S. Treasury securities	107	106	109	106	105	109	108	109	110
13	Other securities	2,625	2,637	2,620	2,599	2,586	2,577	2,574	2,571	2,575
	To nonbank financial institutions:									
14	Personal and sales finance cos., etc.	7,874	8,242	8,309	8,074	8,122	8,209	8,421	8,545	8,254
15	Other	15,702	15,638	15,786	15,875	15,899	15,960	16,002	15,914	15,609
16	Real estate	84,423	84,671	85,158	85,555	85,882	86,243	86,617	87,063	87,302
	To commercial banks:									
17	Domestic	2,313	2,392	2,162	2,329	2,561	2,723	2,647	2,323	2,477
18	Foreign	5,929	6,024	5,968	5,962	6,063	6,619	6,650	6,611	6,797
19	Consumer instalment	53,043	53,242	53,372	53,637	53,941	54,207	54,341	54,526	54,696
20	Foreign govts., official institutions, etc.	1,634	1,714	1,706	1,645	1,666	1,768	1,800	1,826	2,016
21	All other loans	21,830	22,421	21,997	22,313	22,130	22,591	22,492	22,410	22,606
22	LESS: Loan loss reserve and unearned income on loans	10,682	10,732	10,793	10,840	10,789	10,746	10,860	10,896	10,956
23	*Other loans, net*	*334,815*	*337,554*	*337,349*	*339,375*	*340,384*	*344,058*	*344,057*	*344,699*	*345,059*
	Investments:									
24	*U.S. Treasury securities*	*42,777*	*43,803*	*43,518*	*43,918*	*42,917*	*43,046*	*42,369*	*41,916*	*41,724*
25	Bills	4,590	4,610	4,506	4,838	4,338	4,331	3,543	3,641	3,446
	Notes and bonds, by maturity:									
26	Within 1 year	6,741	6,915	6,920	6,937	6,979	6,936	7,047	7,129	7,212
27	1 to 5 years	25,850	26,694	26,487	26,500	26,014	26,020	25,881	25,408	25,351
28	After 5 years	5,596	5,584	5,605	5,643	5,586	5,759	5,898	5,738	5,715
29	*Other securities*	*68,111*	*69,154*	*68,970*	*69,194*	*69,103*	*69,131*	*69,868*	*69,660*	*69,671*
	Obligations of States and political subdivisions:									
30	Tax warrants, short-term notes, and bills	6,156	6,784	6,069	6,080	6,141	6,625	6,729	6,704	6,562
31	All other	45,750	45,931	46,226	46,028	45,953	45,673	45,880	45,754	45,797
	Other bonds, corporate stocks, and securities:									
32	Certificates of participation[2]	2,835	2,840	2,855	2,936	2,855	2,920	2,938	2,940	3,012
33	All other, including corporate stocks	13,370	13,599	13,820	14,150	14,154	13,913	14,321	14,262	14,300
34	Cash items in process of collection	43,132	52,742	46,007	47,020	43,352	48,432	47,996	45,848	45,104
35	Reserves with Federal Reserve Banks	22,408	18,229	22,708	19,210	25,261	23,644	25,097	19,998	26,853
36	Currency and coin	6,782	6,155	6,863	6,755	6,936	6,043	6,740	6,807	6,956
37	Balances with domestic banks	14,295	15,275	13,104	14,362	14,783	15,349	15,406	15,493	14,035
38	Investments in subsidiaries not consolidated	3,256	3,325	3,306	3,315	3,319	3,278	3,346	3,445	3,509
39	Other assets	63,298	63,412	64,970	65,876	65,376	64,400	65,178	65,436	64,670
40	**Total assets/total liabilities**	**622,687**	**638,224**	**631,536**	**633,616**	**634,550**	**642,963**	**644,948**	**637,276**	**642,700**
	Deposits:									
41	*Demand deposits*	*186,538*	*200,217*	*192,868*	*195,335*	*191,858*	*198,648*	*199,048*	*195,278*	*192,444*
42	Individuals, partnerships, and corporations	135,136	141,823	142,160	139,295	135,128	139,241	144,463	140,863	135,804
43	States and political subdivisions	5,592	5,736	5,364	5,832	5,802	5,695	5,558	5,745	5,597
44	U.S. Government	1,030	2,985	1,482	5,700	5,970	3,760	1,309	2,327	4,857
	Domestic interbank:									
45	Commercial	27,563	31,272	27,263	27,784	28,666	31,243	31,242	29,982	30,108
46	Mutual savings	784	945	804	801	754	1,071	973	872	824
	Foreign:									
47	Governments, official institutions, etc.	1,261	1,656	1,074	1,238	1,346	1,723	1,143	1,255	1,342
48	Commerial banks	6,497	6,758	6,534	6,658	6,634	6,565	7,131	6,829	6,323
49	Certified and officers' checks	8,675	9,042	8,187	8,027	7,558	9,350	7,229	7,405	7,589
50	*Time and savings deposits*[3]	*270,102*	*270,573*	*272,167*	*271,820*	*272,480*	*272,501*	*271,331*	*272,376*	*274,903*
51	Savings[4]	91,592	91,805	91,540	91,459	91,633	92,091	91,838	91,668	91,388
52	Time:	178,510	178,768	180,627	180,361	180,847	180,410	179,493	180,708	183,515
53	Individuals, partnerships, and corps.	137,420	137,482	139,084	138,877	139,486	139,479	138,909	139,857	141,830
54	States and political subdivisions	26,298	26,278	26,335	26,200	26,153	26,158	26,161	26,444	26,729
55	Domestic interbank	6,453	6,487	6,730	6,950	7,041	6,736	6,354	6,340	6,714
56	Foreign govts., official institutions, etc.	6,655	6,775	6,745	6,604	6,409	6,366	6,404	6,408	6,587
57	Federal funds purchased, etc.[5]	79,304	80,175	79,797	78,034	82,370	82,175	86,103	79,643	84,438
	Borrowings from:									
58	Federal Reserve Banks	608	350	176	1,487	509	1,090	282	1,193	1,062
59	Others	6,688	6,882	6,746	6,616	6,661	6,737	6,859	7,248	7,476
60	Other liabilities, etc.[6]	32,694	33,043	32,738	33,407	33,658	34,698	34,133	34,436	35,086
61	Total equity capital and subordinated notes/debentures[7]	46,753	46,984	47,044	46,917	47,014	47,114	47,192	47,102	47,291

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 Includes reserves for securities and contingency portion of reserves for loans.

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

Millions of dollars, Wednesday figures

Account	1978 Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27	Oct. 4p	Oct. 11p	Oct. 18p	Oct. 25p
1 **Total loans and investments**	**94,099**	**96,907**	**94,792**	**96,634**	**94,795**	**98,005**	**96,646**	**96,714**	**97,288**
Loans:									
2 *Federal funds sold*[1]	*4,534*	*4,586*	*3,442*	*4,294*	*3,884*	*4,439*	*3,886*	*4,024*	*4,839*
3 To commercial banks	2,900	2,795	2,008	2,604	2,344	2,364	2,404	2,354	2,725
To brokers and dealers involving—									
4 U.S. Treasury securities	929	1,322	963	1,114	900	1,542	965	1,078	1,089
5 Other securities	10	4	4	4	4	4	4	4	4
6 To others	695	465	467	572	636	529	513	588	1,021
7 *Other gross*	*71,156*	*72,979*	*72,917*	*73,728*	*73,148*	*75,380*	*74,606*	*74,859*	*74,927*
8 Commercial and industrial	35,745	36,205	36,318	36,667	36,771	37,282	37,503	37,333	37,856
9 Agricultural	163	163	167	161	157	155	157	164	170
For purchasing or carrying securities:									
To brokers and dealers:									
10 U.S. Treasury securities	786	1,477	1,371	1,204	809	1,297	590	1,203	766
11 Other securities	4,605	4,772	4,652	5,075	4,801	4,846	4,516	4,575	4,446
To others:									
12 U.S. Treasury securities	28	28	29	28	26	26	27	28	28
13 Other securities	364	368	359	354	358	358	356	351	361
To nonbank financial institutions:									
14 Personal and sales finance cos., etc.	2,626	2,802	2,879	2,790	2,759	2,857	2,993	3,103	2,919
15 Other	4,746	4,710	4,723	4,827	4,820	4,864	4,861	4,810	4,714
16 Real estate	9,428	9,447	9,603	9,657	9,718	9,708	9,767	9,808	9,851
To commercial banks:									
17 Domestic	672	730	612	736	767	1,024	882	691	720
18 Foreign	2,737	2,744	2,697	2,706	2,737	3,168	3,149	3,110	3,148
19 Consumer instalment	4,841	4,854	4,886	4,907	4,935	4,954	4,989	5,005	5,026
20 Foreign govts. official institutions, etc.	375	409	395	361	389	441	430	429	592
21 All other loans	4,040	4,270	4,226	4,255	4,101	4,400	4,386	4,249	4,330
22 LESS: Loan loss reserve and unearned income on loans	1,847	1,867	1,889	1,889	1,849	1,843	1,858	1,864	1,880
23 *Other loans, net*	*69,309*	*71,112*	*71,028*	*71,839*	*71,299*	*73,537*	*72,748*	*72,995*	*73,047*
Investments:									
24 *U.S. Treasury securities*	*9,477*	*10,002*	*9,274*	*9,415*	*8,723*	*9,146*	*8,738*	*8,584*	*8,315*
25 Bills	1,893	1,982	1,385	1,630	1,178	1,429	982	1,141	848
Notes and bonds, by maturity:									
26 Within 1 year	672	597	561	539	566	534	507	627	636
27 1 to 5 years	5,629	6,282	6,121	6,010	5,762	5,937	5,915	5,597	5,695
28 After 5 years	1,283	1,141	1,207	1,236	1,217	1,246	1,334	1,219	1,136
29 *Other securities*	*10,779*	*11,207*	*11,048*	*11,086*	*10,889*	*10,883*	*11,274*	*11,111*	*11,087*
Obligations of States and political subdivisions:									
30 Tax warrants, short-term notes, and bills	1,732	2,150	1,772	1,868	1,850	1,807	1,992	1,963	1,845
31 All other	7,023	7,034	7,174	6,949	6,910	6,887	7,000	6,866	6,933
Other bonds, corporate stocks, and securities:									
32 Certificates of participation[2]	517	517	501	540	521	527	529	527	521
33 All other, including corporate stocks	1,507	1,506	1,601	1,729	1,608	1,662	1,753	1,755	1,788
34 Cash items in process of collection	15,534	15,451	14,706	15,327	14,243	15,158	14,254	14,568	15,781
35 Reserves with Federal Reserve Banks	4,683	6,650	6,442	3,657	5,658	6,921	8,156	3,715	6,586
36 Currency and coin	973	955	1,025	1,034	1,039	921	1,010	1,014	1,050
37 Balances with domestic banks	7,786	6,840	6,427	7,409	7,145	8,220	7,371	8,353	7,677
38 Investments in subsidiaries not consolidated	1,722	1,713	1,729	1,729	1,732	1,740	1,760	1,771	1,783
39 Other assets	25,361	24,723	26,510	27,330	26,912	25,015	25,962	26,412	25,486
40 **Total assets/total liabilities**	**150,158**	**153,239**	**151,631**	**153,120**	**151,524**	**155,980**	**155,159**	**152,547**	**155,651**
Deposits:									
41 *Demand deposits*	*53,163*	*54,312*	*51,990*	*54,469*	*53,142*	*55,113*	*53,862*	*54,377*	*54,205*
42 Individuals, partnerships, and corporations	28,215	27,707	28,152	28,753	27,281	27,652	28,713	28,439	27,172
43 States and political subdivisions	388	411	397	511	509	501	524	484	536
44 U.S. Government	114	563	133	1,174	1,155	1,127	128	368	699
Domestic interbank:									
45 Commercial	13,648	13,977	13,005	13,769	14,447	14,197	14,716	15,145	16,157
46 Mutual savings	377	482	407	402	371	599	524	458	444
Foreign:									
47 Governments, official institutions, etc.	994	1,354	849	1,007	1,084	1,502	928	1,020	1,030
48 Commercial banks	4,924	5,157	4,844	5,052	4,849	4,754	5,384	5,127	4,588
49 Certified and officers' checks	4,503	4,661	4,203	3,801	3,446	4,781	2,945	3,336	3,579
50 *Time and savings deposits*[3]	*45,634*	*45,908*	*46,105*	*45,800*	*45,770*	*46,097*	*45,919*	*46,466*	*46,808*
51 Savings[4]	9,526	9,551	9,540	9,525	9,571	9,585	9,563	9,566	9,485
52 Time	36,108	36,357	36,565	36,275	36,199	36,512	36,356	36,900	37,323
53 Individuals, partnerships and corps.	27,681	27,900	28,142	27,821	27,835	27,915	27,580	27,926	28,101
54 States and political subdivisions	1,790	1,766	1,797	1,829	1,845	1,909	1,964	2,000	2,035
55 Domestic interbank	1,919	1,870	1,890	1,967	2,015	2,227	2,275	2,340	2,474
56 Foreign govts., official institutions, etc.	3,956	4,028	3,949	3,847	3,666	3,632	3,713	3,807	3,887
57 Federal funds purchased, etc.[5]	20,150	22,244	22,937	22,330	21,822	22,433	23,629	19,110	22,072
Borrowings from:									
58 Federal Reserve Banks	460	*	*	*	*	471	*	425	360
59 Others	3,379	3,315	3,398	3,257	3,289	3,507	3,563	3,776	3,905
60 Other liabilities, etc.[6]	14,143	14,176	13,914	13,979	14,217	15,059	14,860	15,097	14,978
61 Total equity capital and subordinated notes/debentures[7]	13,229	13,284	13,287	13,285	13,284	13,300	13,326	13,296	13,323

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 Includes reserves for securities and contingency portion of reserves for loans.

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

Millions of dollars, Wednesday figures

Account	1978 Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27	Oct. 4p	Oct. 11p	Oct. 18p	Oct. 25p
1 **Total loans and investments**	**375,417**	**382,179**	**379,786**	**380,444**	**380,728**	**383,812**	**384,539**	**383,535**	**384,285**
Loans:									
2 *Federal funds sold*[1]	*19,279*	*23,989*	*21,299*	*20,297*	*19,235*	*21,143*	*21,005*	*19,950*	*20,280*
3 To commercial banks	15,446	18,306	17,279	16,253	15,602	16,711	17,707	15,746	16,989
To brokers and dealers involving—									
4 U.S. Treasury securities	1,839	3,279	2,028	1,893	1,447	2,302	1,273	2,136	1,344
5 Other securities	509	554	509	577	602	578	625	556	508
6 To others	1,485	1,850	1,483	1,574	1,584	1,552	1,400	1,512	1,439
7 *Other, gross*	*274,341*	*275,307*	*275,225*	*276,487*	*278,025*	*279,424*	*280,311*	*280,736*	*281,088*
8 Commercial and industrial	99,223	99,197	99,228	99,876	99,939	100,509	100,931	100,962	100,970
9 Agricultural	5,096	5,119	5,147	5,153	5,177	5,205	5,241	5,257	5,250
For purchasing or carrying securities:									
To brokers and dealers:									
10 U.S. Treasury securities	147	123	122	117	112	139	125	114	97
11 Other securities	4,252	4,143	3,950	3,867	4,452	4,365	4,202	4,089	4,018
To others:									
12 U.S. Treasury securities	79	78	80	78	79	83	81	81	82
13 Other securities	2,261	2,269	2,261	2,245	2,228	2,219	2,218	2,220	2,214
To nonbank financial institutions:									
14 Personal and sales finance cos., etc.	5,248	5,440	5,430	5,284	5,363	5,352	5,428	5,442	5,335
15 Other	10,956	10,928	11,063	11,048	11,079	11,096	11,141	11,104	10,895
16 Real estate	74,995	75,224	75,555	75,898	76,164	76,535	76,850	77,255	77,451
To commercial banks:									
17 Domestic	1,641	1,662	1,550	1,593	1,794	1,699	1,765	1,632	1,757
18 Foreign	3,192	3,280	3,271	3,256	3,326	3,451	3,501	3,501	3,649
19 Consumer instalment	48,202	48,388	48,486	48,730	49,006	49,253	49,352	49,521	49,670
20 Foreign govts., official institutions, etc.	1,259	1,305	1,311	1,284	1,277	1,327	1,370	1,397	1,424
21 All other loans	17,790	18,151	17,771	18,058	18,029	18,191	18,106	18,161	18,276
22 LESS: Loan reserve and unearned income on loans	8,835	8,865	8,904	8,951	8,940	8,903	9,002	9,032	9,076
23 *Other loans, net*	*265,506*	*266,442*	*266,321*	*267,536*	*269,085*	*270,521*	*271,309*	*271,704*	*272,012*
Investments:									
24 *U.S. Treasury securities*	*33,300*	*33,801*	*34,244*	*34,503*	*34,194*	*33,900*	*33,631*	*33,332*	*33,409*
25 Bills	2,697	2,628	3,121	3,208	3,160	2,902	2,561	2,500	2,598
Notes and bonds, by maturity:									
26 Within 1 year	6,069	6,318	6,359	6,398	6,413	6,402	6,540	6,502	6,576
27 1 to 5 years	20,221	20,412	20,366	20,490	20,252	20,083	19,966	19,811	19,656
28 After 5 years	4,313	4,443	4,398	4,407	4,369	4,513	4,564	4,519	4,579
29 *Other securities*	*57,332*	*57,947*	*57,922*	*58,108*	*58,214*	*58,248*	*58,594*	*58,549*	*58,584*
Obligations of States and political subdivisions:									
30 Tax warrants, short-term notes, and bills	4,424	4,634	4,297	4,212	4,291	4,818	4,737	4,741	4,717
31 All other	38,727	38,897	39,052	39,079	39,043	38,786	38,880	38,888	38,864
Other bonds, corporate stocks, and securities:									
32 Certificates of participation[2]	2,318	2,323	2,354	2,396	2,334	2,393	2,409	2,413	2,491
33 All other, including corporate stocks	11,863	12,093	12,219	12,421	12,546	12,251	12,568	12,507	12,512
34 Cash items in process of collection	27,598	37,291	31,301	31,693	29,109	33,274	33,742	31,280	29,323
35 Reserves with Federal Reserve Banks	17,725	11,579	16,266	15,553	19,603	16,723	16,941	16,283	20,267
36 Currency and coin	5,809	5,200	5,838	5,721	5,897	5,122	5,730	5,793	5,906
37 Balances with domestic banks	6,509	8,435	6,677	6,953	7,638	7,129	8,035	7,140	6,358
38 Investments in subsidiaries not consolidated	1,534	1,612	1,577	1,586	1,587	1,538	1,586	1,674	1,726
39 Other assets	37,937	38,689	38,460	38,546	38,464	39,385	39,216	39,024	39,184
40 **Total assets/total liabilities**	**472,529**	**484,985**	**479,905**	**480,496**	**483,026**	**486,983**	**489,789**	**484,729**	**487,049**
Deposits:									
41 *Demand deposits*	*133,375*	*145,905*	*140,878*	*140,866*	*138,716*	*143,535*	*145,186*	*140,901*	*138,239*
42 Individuals, partnerships, and corporations	106,921	114,116	114,008	110,542	107,847	111,589	115,750	112,424	108,632
43 States and political subdivisions	5,204	5,325	4,967	5,321	5,293	5,194	5,034	5,261	5,061
44 U.S. Government	916	2,422	1,349	4,526	4,815	2,633	1,181	1,959	4,158
Domestic interbank:									
45 Commercial	13,915	17,295	14,258	14,015	14,219	17,046	16,526	14,837	13,951
46 Mutual savings	407	463	397	399	383	472	449	414	380
Foreign:									
47 Governments, official institutions, etc.	267	302	225	231	262	221	215	235	312
48 Commercial banks	1,573	1,601	1,690	1,606	1,785	1,811	1,747	1,702	1,735
49 Certified and officers' checks	4,172	4,381	3,984	4,226	4,112	4,569	4,284	4,069	4,010
50 *Time and savings deposits*[3]	*224,468*	*224,665*	*226,062*	*226,020*	*226,710*	*226,404*	*225,412*	*225,910*	*228,095*
51 Savings[4]	82,066	82,254	82,000	81,934	82,062	82,506	82,275	82,102	81,903
52 Time	142,402	142,411	144,062	144,086	144,648	143,898	143,137	143,808	146,192
53 Individuals, partnerships, and corps.	109,739	109,582	110,942	111,056	111,651	111,564	111,329	111,931	113,729
54 States and political subdivisions	24,508	24,512	24,538	24,371	24,308	24,249	24,197	24,444	24,694
55 Domestic interbank	4,534	4,617	4,840	4,983	5,026	4,509	4,079	4,000	4,240
56 Foreign govts., official institutions, etc.	2,699	2,747	2,796	2,757	2,743	2,734	2,691	2,601	2,700
57 Federal funds purchased, etc.[5]	59,154	57,931	56,860	55,704	60,548	59,742	62,474	60,533	62,366
Borrowings from:									
58 Federal Reserve Banks	148	350	176	1,487	509	619	282	768	702
59 Others	3,309	3,567	3,348	3,359	3,372	3,230	3,296	3,472	3,571
60 Other liabilities, etc.[6]	18,551	18,867	18,824	19,428	19,441	19,639	19,273	19,339	20,108
61 Total equity capital and subordinated notes/debentures[7]	33,524	33,700	33,757	33,632	33,730	33,814	33,866	33,806	33,968

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 Includes reserves for securities and contingency portion of reserves for loans.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

	Account	1978								
		Aug. 30	Sept. 6	Sept. 13	Sept. 20	Sept. 27	Oct. 4[p]	Oct. 11[p]	Oct. 18[p]	Oct. 25[p]
	Total loans (gross) and investments adjusted[1]									
1	*Large Banks*	*459,539*	*466,325*	*463,922*	*466,732*	*465,865*	*470,765*	*469,287*	*470,722*	*470,338*
2	New York City banks	92,374	95,249	94,061	95,183	93,533	96,460	95,218	95,533	95,723
3	Banks outside New York City	367,165	371,076	369,861	371,549	372,272	374,305	374,069	375,189	374,615
	Total loans (gross), adjusted									
4	*Large banks*	*348,651*	*353,368*	*351,434*	*353,620*	*533,785*	*358,588*	*357,050*	*359,146*	*358,943*
5	New York City banks	72,118	74,040	73,739	74,682	73,921	76,431	75,206	75,838	76,321
6	Banks outside New York City	276,533	279,328	277,695	278,938	279,864	282,157	281,844	283,308	282,622
	Demand deposits, adjusted[2]									
7	*Large Banks*	*114,813*	*113,218*	*118,116*	*114,831*	*113,870*	*115,213*	*118,501*	*117,121*	*112,375*
8	New York City banks	23,867	24,321	24,146	24,199	23,297	24,631	24,764	24,296	21,568
9	Banks outside New York City	90,946	88,897	93,970	90,632	90,573	90,582	93,737	92,825	90,807
	Large negotiable time CD's included in time and savings deposits[3]									
	Total:									
10	**Large banks**	**89,248**	**89,385**	**90,893**	**90,569**	**90,977**	**90,230**	**89,329**	**89,987**	**92,261**
11	New York City	24,817	24,958	25,088	24,723	24,595	24,818	24,738	25,149	25,605
12	Banks outside New York City	64,431	64,427	65,805	65,846	66,382	65,412	64,591	64,838	66,656
	Issued to IPC's:									
13	*Large banks*	*63,164*	*63,111*	*64,363*	*63,912*	*64,380*	*63,916*	*63,293*	*63,876*	*65,445*
14	New York City Banks	17,794	17,976	18,129	17,725	17,721	17,706	17,491	17,730	17,936
15	Banks outside New York City	45,370	45,135	46,234	46,187	46,659	46,210	45,802	46,146	47,509
	Issued to others:									
16	*Large banks*	*26,084*	*26,274*	*26,530*	*26,657*	*26,597*	*26,314*	*26,036*	*26,111*	*26,816*
17	New York City banks	7,023	6,982	6,959	6,998	6,874	7,112	7,247	7,419	7,669
18	Banks outside New York City	19,061	19,292	19,571	19,659	19,723	19,202	18,789	18,692	19,147
	All other large time deposits[4]									
	Total:									
19	**Large banks**	**34,628**	**34,742**	**34,855**	**34,742**	**34,712**	**34,786**	**34,653**	**35,084**	**35,441**
20	New York City banks	6,328	6,455	6,481	6,512	6,540	6,672	6,597	6,703	6,720
21	Banks outside New York City	28,300	28,287	28,374	28,230	28,172	28,114	28,056	28,381	28,721
	Issued to IPC's:									
22	*Large banks*	*20,419*	*20,507*	*20,629*	*20,707*	*20,729*	*21,057*	*21,059*	*21,258*	*21,422*
23	New York City banks	5,096	5,143	5,186	5,227	5,223	5,350	5,266	5,329	5,342
24	Banks outside New York City	15,323	15,364	15,443	15,480	15,506	15,707	15,793	15,929	16,080
	Issued to others:									
25	*Large banks*	*14,209*	*14,235*	*14,226*	*14,035*	*13,983*	*13,729*	*13,594*	*13,826*	*14,019*
26	New York City banks	1,232	1,312	1,295	1,285	1,317	1,322	1,331	1,374	1,378
27	Banks outside New York City	12,977	12,923	12,931	12,750	12,666	12,407	12,263	12,452	12,641
	Savings deposits, by ownership category									
	Individuals and nonprofit organizations:									
28	*Large banks*	*85,306*	*85,465*	*85,220*	*85,197*	*85,342*	*85,750*	*85,470*	*85,319*	*84,910*
29	New York City banks	8,891	8,903	8,881	8,863	8,902	8,894	8,863	8,853	8,807
30	Banks outside New York City	76,415	76,562	76,339	76,334	76,440	76,856	76,607	76,466	76,103
	Partnerships and corporations for profit:[5]									
31	*Large banks*	*5,134*	*5,163*	*5,137*	*5,077*	*5,113*	*5,121*	*5,124*	*5,102*	*5,163*
32	New York City banks	470	474	473	470	473	481	477	473	470
33	Banks outside New York City	4,664	4,689	4,664	4,607	4,640	4,640	4,647	4,629	4,693
	Domestic governmental units:									
34	*Large banks*	*1,138*	*1,154*	*1,152*	*1,153*	*1,145*	*1,197*	*1,225*	*1,223*	*1,297*
35	New York City banks	158	160	169	172	176	194	212	223	197
36	Banks outside New York City	980	994	983	981	969	1,003	1,013	1,000	1,100
	All other:[6]									
37	*Large banks*	*14*	*23*	*31*	*32*	*33*	*23*	*19*	*24*	*18*
38	New York City banks	7	14	17	20	20	16	11	17	11
39	Banks outside New York City	7	9	14	12	13	7	8	7	7
	Gross liabilities of banks to their foreign branches									
40	*Large banks*	*5,039*	*5,544*	*4,623*	*5,667*	*5,322*	*6,437*	*6,470*	*6,323*	*7,674*
41	New York City banks	2,631	3,245	2,016	2,632	2,175	3,613	3,312	2,997	4,027
42	Banks outside New York City	2,408	2,299	2,607	3,035	3,147	2,824	3,158	3,326	3,647
	Loans sold outright to selected institutions by all large banks[7]									
43	Commercial and industrial[8]	*2,444*	*2,378*	*2,389*	*2,331*	*2,342*	*1,961*	*1,972*	*2,086*	*1,886*
44	Real estate[8]	282	291	288	287	287	287	288	283	288
45	All other[8]	1,958	2,033	2,061	2,020	2,022	1,748	1,736	1,648	1,621

1 Exclusive of loans and Federal funds transactions with domestic commercial banks.

2 All demand deposits except U.S. Govt. and domestic commercial banks, less cash items in process of collection.

3 Certificates of deposit (CD's) issued in denominations of $100,000 or more.

4 All other time deposits issued in denominations of $100,000 or more not included in large negotiable CD's.

5 Other than commercial banks.

6 Domestic and foreign commercial banks, and official international organizations.

7 To bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

8 Data revised beginning July 7, 1977, due to reclassifications at one large bank.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding					Net change during—				
	1978					1978		1978		
	Sept. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25p	Q2	Q3	Aug.	Sept.	Oct.
	Total loans classified[2]									
1 **Total**	**111,500**	**112,534**	**113,026**	**112,914**	**113,363**	**5,384**	**1,346**	**210**	**1,791**	**1,863**
Durable goods manufacturing:										
2 Primary metals	2,732	2,755	2,727	2,672	2,664	43	66	18	11	68
3 Machinery	5,388	5,333	5,384	5,398	5,449	177	16	-82	64	61
4 Transportation equipment	2,747	2,793	2,813	2,795	2,588	66	52	34	51	-159
5 Other fabricated metal products	2,522	2,516	2,521	2,497	2,444	181	69	-15	129	-78
6 Other durable goods	4,045	4,045	4,034	4,005	3,966	382	136	48	102	79
Nondurable goods manufacturing:										
7 Food, liquor, and tobacco	4,154	4,205	4,232	4,276	4,340	409	-101	83	2	186
8 Textiles, apparel, and leather	4,383	4,407	4,466	4,347	4,273	565	240	167	-56	110
9 Petroleum refining	2,521	2,504	2,463	2,493	2,474	159	116	4	45	-47
10 Chemicals and rubber	3,468	3,511	3,336	3,299	3,295	154	101	-115	69	-173
11 Other nondurable goods	2,480	2,440	2,447	2,446	2,433	61	213	76	81	-47
12 Mining, including crude petroleum and natural gas	10,577	10,594	10,584	10,563	10,594	883	172	81	124	17
Trade:										
13 Commodity dealers	1,744	1,751	1,724	1,668	1,805	187	-323	215	22	61
14 Other wholesale	9,172	9,250	9,414	9,461	9,451	458	232	-48	199	279
15 Retail	8,194	8,343	8,485	8,635	8,830	639	-80	198	132	636
16 Transportation	5,494	5,401	5,412	5,464	5,528	147	53	73	157	34
17 Communication	1,733	1,828	1,749	1,723	1,713	249	68	4	55	20
18 Other public utilities	5,099	5,283	5,282	5,314	5,344	38	89	62	-15	245
19 Construction	5,221	5,190	5,263	5,259	5,205	483	110	7	17	-16
20 Services	13,959	14,047	14,006	14,106	14,178	1,134	520	9	413	219
21 All other domestic loans	8,036	8,247	8,396	8,346	8,293	296	282	115	6	257
22 Bankers acceptances	3,112	2,991	3,162	3,094	3,322	-429	149	245	233	210
23 Foreign commercial and industrial loans	4,719	5,100	5,126	5,053	5,174	230	166	57	84	455
MEMO ITEMS:										
24 Commercial paper included in total classified loans[1]	63	....	....	....	62	-60	-8	-19	18	1
25 Total commercial and industrial loans of all large weekly reporting banks	136,710	137,791	138,434	138,295	138,826	6,601	1,333	329	1,742	2,116
	1978					1978		1978		
	June 28	July 26	Aug. 30	Sept. 27	Oct. 25p	Q2	Q3	Aug.	Sept.	Oct.
	"Term" loans classified[3]									
26 **Total**	**51,293**	**51,905**	**52,618**	**53,019**	**53,762**	**1,926**	**r1,726**	**713**	**r401**	**743**
Durable goods manufacturing:										
27 Primary metals	1,706	1,695	1,710	1,672	1,641	128	34	15	38	31
28 Machinery	2,576	2,712	2,669	2,650	2,768	45	74	-43	-19	118
29 Transportation equipment	1,420	1,439	1,586	1,565	1,506	-69	145	147	-21	59
30 Other fabricated metal products	994	1,000	990	1,007	1,004	87	13	-10	17	-3
31 Other durable goods	1,678	1,718	1,699	1,713	1,717	106	35	-19	14	4
Nondurable goods manufacturing:										
32 Food, liquor, and tobacco	1,671	1,691	1,740	1,727	1,862	150	56	49	13	135
33 Textiles, apparel, and leather	1,122	1,138	1,133	1,126	1,096	84	4	-5	-7	-30
34 Petroleum refining	1,947	1,882	1,882	1,846	1,789	74	-101	....	-36	57
35 Chemicals and rubber	2,412	2,418	2,322	2,301	2,109	296	-111	-96	21	-192
36 Other nondurable goods	1,091	1,103	1,156	1,177	1,192	-78	86	53	21	15
37 Mining, including crude petroleum and natural gas	7,760	7,660	7,757	7,862	7,852	676	102	97	105	-10
Trade:										
38 Commodity dealers	228	233	248	250	268	24	22	15	2	18
39 Other wholesale	2,175	2,233	2,276	2,360	2,329	187	185	43	84	-31
40 Retail	2,834	2,782	2,827	2,791	3,065	275	-43	45	-36	274
41 Transportation	3,738	3,678	3,732	3,753	3,718	-133	15	54	21	35
42 Communication	1,009	1,061	1,057	1,076	1,065	85	67	-4	19	11
43 Other public utilities	3,529	3,714	3,860	3,847	3,960	-293	318	146	-13	113
44 Construction	2,117	2,177	2,245	2,224	2,264	51	107	68	-21	40
45 Services	6,490	6,592	6,606	6,797	6,936	609	307	14	191	139
46 All other domestic loans	2,320	2,436	2,616	2,713	2,798	-145	r393	180	97	85
47 Foreign commercial and industrial loans	2,476	2,543	2,507	2,562	2,823	-185	r86	-36	55	261

1 Reported for the last Wednesday of each month.
2 Includes "term" loans, shown below.
3 Outstanding loans with an original maturity of more than 1 year and all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations

Billions of dollars, estimated daily-average balances

Type of holder	1974 Dec.	1975 Dec.	1976 Dec.	1977 Mar.	1977 June	1977 Sept.	1977 Dec.	1978 Mar.	1978 June	1978 Sept.
					At commercial banks					
1 All holders, individuals, partnerships, and corporations	**225.0**	**236.9**	**250.1**	**242.3**	**253.8**	**252.7**	**274.4**	**262.5**	**271.2**	**278.8**
2 Financial business	19.0	20.1	22.3	21.6	25.9	23.7	25.0	24.5	25.7	25.9
3 Nonfinancial business	118.8	125.1	130.2	125.1	129.2	128.5	142.9	131.5	137.7	142.5
4 Consumer	73.3	78.0	82.6	81.6	84.1	86.2	91.0	91.8	92.9	95.0
5 Foreign	2.3	2.4	2.7	2.4	2.5	2.5	2.5	2.4	2.4	2.5
6 Other	11.7	11.3	12.4	11.6	12.2	11.8	12.9	12.3	12.4	13.1

	1975 Dec.	1976 Dec.	1977 Dec.	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.
					At weekly reporting banks					
7 All holders, individuals, partnerships, and corporations	**124.4**	**128.5**	**139.1**	**131.9**	**135.6**	**134.3**	**136.9**	**139.9**	**137.7**	**139.7**
8 Financial business	15.6	17.5	18.5	18.2	17.9	18.1	19.0	19.4	19.4	18.9
9 Nonfinancial business	69.9	69.7	76.3	68.9	70.9	70.7	71.9	73.7	72.0	74.1
10 Consumer	29.9	31.7	34.6	35.4	37.6	36.0	36.6	37.1	36.8	37.1
11 Foreign	2.3	2.6	2.4	2.3	2.2	2.4	2.3	2.3	2.4	2.4
12 Other	6.6	7.1	7.4	7.0	7.0	7.1	7.1	7.3	7.1	7.3

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

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1975 Dec.	1976 Dec.	1977 Dec.	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.
					Commercial paper (seasonally adjusted)					
1 All issuers	**48,459**	**53,025**	**65,209**	**67,476**	**70,289**	**71,213**	**74,536**	**74,900**	**73,960**	**76,990**
Financial companies:[1]										
Dealer-placed paper:[2]										
2 Total	6,202	7,250	8,871	8,889	9,670	10,314	10,327	10,617	10,868	11,279
3 Bank-related	1,762	1,900	2,132	1,993	2,078	2,217	2,442	2,633	2,935	2,622
Directly-placed paper:[3]										
4 Total	31,374	32,500	40,496	42,903	44,326	44,664	47,315	46,594	45,510	47,791
5 Bank-related	6,892	5,959	7,102	8,153	7,995	9,258	9,585	10,030	9,634	10,383
6 Nonfinancial companies[4]	10,883	13,275	15,842	15,684	16,293	16,235	16,894	17,689	17,582	17,920
					Dollar acceptances (not seasonally adjusted)					
7 Total	**18,727**	**22,523**	**25,654**	**26,181**	**26,256**	**26,714**	**28,289**	**27,579**	**28,319**	**27,952**
Held by:										
8 *Accepting banks*	*7,333*	*10,442*	*10,434*	*7,375*	*7,091*	*7,286*	*7,502*	*7,244*	*7,048*	*7,647*
9 Own bills	5,899	8,769	8,915	6,375	6,117	6,365	6,520	6,345	6,131	6,461
10 Bills bought	1,435	1,673	1,519	1,000	974	921	983	899	917	1,186
F.R. Banks:										
11 Own account	1,126	991	954	1	....	....	1	....	....	1
12 Foreign correspondents	293	375	362	522	550	679	625	568	633	556
13 Others	9,975	10,715	13,904	18,283	18,614	18,749	20,160	19,766	20,638	19,748
Based on:										
14 Imports into United States	3,726	4,992	6,532	6,979	7,108	7,027	7,578	7,415	7,885	7,957
15 Exports from United States	4,001	4,818	5,895	6,034	6,216	6,494	6,906	6,565	6,558	6,350
16 All other	11,000	12,713	13,227	13,168	12,932	13,193	13,805	13,599	13,876	13,644

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

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

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

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

1.34 PRIME RATE CHARGED BY BANKS on Short-term Business Loans

Per cent per annum

Effective date	Rate	Effective date	Rate	Month	Average rate	Month	Average rate
1977—Aug. 22	7	1978—June 16	8¼	1977—Jan.	6.25	1978—Jan.	7.93
Sept. 16	7¼	30	9	Feb.	6.25	Feb.	8.00
Oct. 7	7½	Aug. 31	9¼	Mar.	6.25	Mar.	8.00
24	7¾	Sept. 15	9½	Apr.	6.25	Apr.	8.00
1978—Jan. 10	8	28	9¾	May	6.41	May	8.27
May 5	8¼	Oct. 13	10	June	6.75	June	8.63
26	8½	27	10¼	July	6.75	July	9.00
				Aug.	6.83	Aug.	9.01
				Sept.	7.13	Sept.	9.41
				Oct.	7.52	Oct.	9.94
				Nov.	7.75		
				Dec.	7.75		

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 7–12, 1978

Item	All sizes	Size of loan (in thousands of dollars) 1–24	25–49	50–99	100–499	500–999	1,000 and over
Short-term commercial and industrial loans							
1 Amount of loans (thousands of dollars)	7,198,593	1,049,321	559,214	638,138	1,899,754	532,767	2,519,400
2 Number of loans	187,673	147,855	16,858	10,683	10,445	863	970
3 Weighted-average maturity (months)	3.0	2.8	3.4	2.4	3.0	3.3	3.1
4 Weighted-average interest rate (per cent per annum)	9.97	10.45	10.19	10.30	10.19	9.93	9.47
5 Interquartile range [1]	9.31–10.47	9.25–11.65	9.34–10.50	9.73–10.75	9.38–10.64	9.31–10.43	9.00–9.88
Percentage of amount of loans:							
6 With floating rate	48.3	32.0	36.6	46.5	43.2	57.4	60.1
7 Made under commitment	38.1	15.2	21.0	27.5	31.2	58.5	54.9
Long-term commercial and industrial loans							
8 Amount of loans (thousands of dollars)	1,417,990		293,717		355,547	99,274	669,452
9 Number of loans	22,251		19,735		2,218	150	148
10 Weighted-average maturity (months)	45.2		33.7		47.2	57.7	47.4
11 Weighted-average interest rate (per cent per annum)	10.20		10.66		10.35	9.83	9.96
12 Interquartile range [1]	9.38–11.00		9.89–11.57		9.38–11.02	9.25–10.50	9.00–10.48
Percentage of amount of loans:							
13 With floating rate	65.5		30.1		62.3	55.1	84.3
14 Made under commitment	51.3		25.0		35.7	50.6	71.2
Construction and land development loans							
15 Amount of loans (thousands of dollars)	1,177,413	228,314	144,262	155,635	381,591	267,611	
16 Number of loans	30,901	22,364	4,546	2,278	1,490	223	
17 Weighted-average maturity (months)	8.4	10.7	9.6	3.8	7.2	9.6	
18 Weighted-average interest rate (per cent per annum)	10.43	10.27	10.66	11.05	10.33	10.23	
19 Interquartile range [1]	9.95–11.02	9.27–10.87	10.00–11.00	10.00–12.73	10.03–10.70	9.27–11.30	
Percentage of amount of loans:							
20 With floating rate	49.3	12.3	13.0	18.3	80.2	74.3	
21 Secured by real estate	92.9	85.4	97.1	94.5	97.1	90.3	
22 Made under commitment	55.2	49.7	32.7	68.2	43.5	81.3	
23 Type of construction: 1- to 4-family	42.1	77.2	71.3	64.9	20.2	14.5	
24 Multifamily	8.5	1.2	10.0	1.7	7.8	18.8	
25 Nonresidential	49.4	21.6	18.8	33.4	71.9	66.8	

Item	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
Loans to farmers							
26 Amount of loans (thousands of dollars)	824,790	159,057	150,908	157,111	82,007	92,298	183,409
27 Number of loans	63,389	45,994	10,109	4,942	1,338	689	317
28 Weighted-average maturity (months)	6.6	7.5	6.6	10.2	6.1	5.8	3.9
29 Weighted-average interest rate (per cent per annum)	9.62	9.33	9.33	9.46	9.51	9.92	10.15
30 Interquartile range [1]	9.13–10.21	8.77–9.73	8.77–9.73	9.00–10.00	9.20–9.84	9.25–10.38	9.54–10.97
By purpose of loan:							
31 Feeder livestock	9.49	9.13	9.11	9.37	9.48	9.60	9.91
32 Other livestock	9.47	9.36	9.44	10.03	8.86	10.19	9.76
33 Other current operating expenses	9.66	9.27	9.44	9.26	9.81	9.96	10.41
34 Farm machinery and equipment	9.63	9.52	9.53	9.86	9.41	(2)	(2)
35 Other	9.87	9.61	9.22	9.67	9.77	10.39	10.28

1 Interest rate range that covers the middle 50 per cent of the total dollar amount of loans made.
2 Fewer than three sample loans.

NOTE.—For more detail, see the Board's 416 (G.14) statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum

	Instrument	1975	1976	1977	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978, week ending Sept. 30	1978, week ending Oct. 7	1978, week ending Oct. 14	1978, week ending Oct. 21	1978, week ending Oct. 28
	Money market rates												
1	Federal funds[1]	5.82	5.05	5.54	7.81	8.04	8.45	8.96	8.62	8.85	8.71	8.78	9.24
	Prime commercial paper[2,3]												
2	90- to 119-day	6.26	5.24	5.54	7.85	7.83	8.39	8.98	8.56	8.70	8.92	9.02	9.13
3	4- to 6-month	6.33	5.35	5.60	7.91	7.90	8.44	9.03	8.60	8.75	8.97	9.07	9.19
4	Finance company paper, directly placed, 3- to 6-month[3,4]	6.16	5.22	5.49	7.66	7.65	8.18	8.78	8.37	8.54	8.71	8.80	8.92
5	Prime bankers acceptances, 90-day[3,5]	6.30	5.19	5.59	8.02	7.98	8.54	9.32	8.82	8.89	9.06	9.33	9.59
	Large negotiable certificates of deposit												
6	3-month, secondary market[6]	6.43	5.26	5.58	9.00	8.05	8.61	9.14	8.83	8.95	9.15	9.26	9.64
7	3-month, primary market[7]	......	5.15	5.52	8.00	7.86	8.42	9.17	8.65	8.75	9.13	9.38	9.40
8	Euro-dollar deposits, 3-month[8]	6.97	5.57	6.05	8.52	8.48	9.12	10.12	9.41	9.58	9.74	9.91	10.31
	U.S. Government securities												
	Bills:[3,9]												
	Market yields:												
9	3-month	5.80	4.98	5.27	7.01	7.08	7.85	7.99	7.96	8.14	7.98	7.89	7.70
10	6-month	6.11	5.26	5.53	7.44	7.37	7.99	8.55	8.28	8.39	8.39	8.59	8.57
11	1-year	6.30	5.52	5.71	7.79	7.73	8.01	8.45	8.16	8.23	8.28	8.46	8.53
	Rates on new issue:[10]												
12	3-month	5.838	4.989	5.265	7.074	7.036	7.836	8.132	8.106	8.161	8.256	8.209	7.900
13	6-month	6.122	5.266	5.510	7.471	7.363	7.948	8.493	8.276	8.377	8.422	8.561	8.612
	Capital market rates												
	Government notes and bonds												
	U.S. Treasury												
	Constant maturities:[11]												
14	1-year	6.76	5.88	6.09	8.39	8.31	8.64	9.14	8.81	8.88	8.93	9.17	9.24
15	2-year	......	......	6.45	8.49	8.37	8.57	8.85	8.73	8.69	8.70	8.80	8.96
16	3-year	7.49	6.77	6.69	8.54	8.33	8.41	8.62	8.49	8.50	8.47	8.57	8.69
17	5-year	7.77	7.18	6.99	8.54	8.33	8.43	8.61	8.52	8.52	8.49	8.59	8.66
18	7-year	7.90	7.42	7.23	8.55	8.38	8.42	8.64	8.54	8.56	8.52	8.63	8.69
19	10-year	7.99	7.61	7.42	8.64	8.41	8.42	8.64	8.55	8.58	8.54	8.62	8.69
20	20-year	8.19	7.86	7.67	8.69	8.45	8.47	8.69	8.61	8.64	8.61	8.67	8.73
21	30-year	......	......	......	8.65	8.47	8.47	8.67	8.59	8.63	8.60	8.66	8.70
	Notes and bonds maturing in[12]												
22	3 to 5 years	7.55	6.94	6.85	8.54	8.31	8.38	8.61	8.48	8.48	8.47	8.56	8.69
23	Over 10 years (long-term)	6.98	6.78	7.06	8.09	7.87	7.82	8.07	7.94	7.99	8.00	8.06	8.12
	State and local:												
	Moody's series:[13]												
24	Aaa	6.42	5.66	5.20	5.80	5.56	5.53	5.53	5.60	5.50	5.50	5.50	5.60
25	Baa	7.62	7.49	6.12	6.45	6.54	6.63	6.18	6.30	6.10	6.30	6.10	6.20
26	*Bond Buyer* series[14]	7.05	6.64	5.68	6.28	6.12	6.09	6.13	6.09	6.07	6.10	6.14	6.21
	Corporate bonds												
	Seasoned issues[15]												
27	All industries	9.57	9.01	8.43	9.22	9.08	9.08	9.20	9.08	9.10	9.15	9.21	9.29
	By rating groups:												
28	Aaa	8.83	8.43	8.02	8.88	8.69	8.78	8.89	8.77	8.81	8.85	8.88	8.94
29	Aa	9.17	8.75	8.24	9.07	8.96	8.96	9.07	8.97	8.97	9.04	9.08	9.14
30	A	9.65	9.09	8.49	9.33	9.18	9.11	9.26	9.11	9.14	9.19	9.27	9.38
31	Baa	10.61	9.75	8.97	9.60	9.48	9.47	9.59	9.46	9.48	9.52	9.60	9.69
	Aaa utility bonds:[16]												
32	New issue	9.40	8.48	8.19	9.14	8.82	8.86	9.17	9.06	9.04	......	9.19	9.23
33	Recently offered issues	9.41	8.49	8.19	9.18	8.91	8.86	9.13	9.00	9.04	9.03	9.15	9.24
	Dividend/price ratio												
34	Preferred stocks	8.38	7.97	7.60	8.42	8.26	8.24	8.29	8.22	8.19	8.24	8.32	8.39
35	Common stocks	4.31	3.77	4.56	5.25	4.93	4.97	5.11	5.08	5.02	4.91	5.16	5.33

1 Weekly figures are 7-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.

2 Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by those dealers.

3 Yields are quoted on a bank-discount basis.

4 Averages of the most representative daily offering rates published by finance companies for varying maturities in this range.

5 Average of the midpoint of the range of daily dealer closing rates offered for domestic issues.

6 Weekly figures (week ending Wednesday) are 7-day averages of the daily midpoints as determined from the range of offering rates; monthly figures are averages of total days in the month. Beginning Apr. 5, 1978, weekly figures are simple averages of offering rates.

7 Posted rates, which are the annual interest rates most often quoted on new offerings of negotiable CD's in denominations of $100,000 or more by large New York City banks. Rates prior to 1976 not available. Weekly figures are for Wednesday dates.

8 Averages of daily quotations for the week ending Wednesday.

9 Except for new bill issues, yields are computed from daily closing bid prices.

10 Rates are recorded in the week in which bills are issued.

11 Yields on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.

12 Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years, including a number of very low yielding "flower" bonds.

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.

1.37 STOCK MARKET Selected Statistics

	Indicator	1975	1976	1977	1978 Apr.	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.	1978 Oct.
		Prices and trading (averages of daily figures)									
	Common stock prices										
1	New York Stock Exchange (Dec. 31, 1965 = 50)	45.73	54.45	53.67	51.75	54.49	54.83	54.61	58.53	58.58	56.40
2	Industrial	51.88	60.44	57.84	55.48	59.14	59.63	59.35	64.07	64.23	61.60
3	Transportation	30.73	39.57	41.07	41.19	44.21	44.19	44.74	49.45	50.19	46.70
4	Utility	31.45	36.97	40.91	39.69	39.47	39.41	39.28	40.20	39.82	39.44
5	Finance	46.62	52.94	55.23	55.04	57.95	58.31	57.97	63.28	63.22	60.42
6	**Standard & Poor's Corporation (1941–43 = 10)**[1]	85.17	102.01	98.18	92.71	97.41	97.66	97.19	103.92	103.86	100.58
7	**American Stock Exchange (Aug. 31, 1973 = 100)**	83.15	101.63	116.18	133.67	142.26	147.64	149.87	162.52	170.95	160.14
	Volume of trading (thousands of shares)[2]										
8	New York Stock Exchange	18,568	21,189	20,936	34,780	35,261	30,514	27,074	37,603	33,612	31,020
9	American Stock Exchange	2,150	2,565	2,514	4,151	4,869	4,220	3,496	5,526	5,740	4,544
		Customer financing (end-of-period balances, in millions of dollars)									
10	**Regulated margin credit at brokers/dealers and banks**[3]	6,500	9,011	10,866	11,424	....	....	....	....	....	....
11	*Brokers, total*	*5,540*	*8,166*	*9,993*	*10,510*	*10,910*	*11,332*	....	....	....	....
12	Margin stock[4]	5,390	7,960	9,740	10,260	10,660	11,090	11,190	11,740	12,400	....
13	Convertible bonds	147	204	250	248	245	242	....	....	....	....
14	Subscription issues	3	2	3	2	1	....	....	....	....	....
15	*Banks, total*	*960*	*845*	*873*	*914*	....	....	....	....	....	....
16	Margin stocks	909	800	827	882	....	....	....	....	....	....
17	Convertible bonds	36	30	30	25	....	....	....	....	....	....
18	Subscription issues	15	15	16	7	....	....	....	....	....	....
19	**Unregulated nonmargin stock credit at banks**[5]	2,281	2,283	2,568	2,560	....	....	....	....	....	....
	MEMO: Free credit balances at brokers[6]										
20	Margin-account	475	585	640	715	755	700	710	795	825	....
21	Cash-account	1,525	1,855	2,060	2,170	2,395	2,300	2,295	2,555	2,655	....
		Margin-account debt at brokers (percentage distribution, end of period)									
22	**Total**	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	....
	By equity class (in per cent):[7]										
23	Under 40	24.0	12.0	18.0	15.0	15.0	16.0	13.0	12.0	15.0	....
24	40–49	28.8	23.0	36.0	32.0	33.0	34.0	34.0	34.0	36.0	....
25	50–59	22.3	35.0	23.0	27.0	26.0	26.0	25.0	23.0	23.0	....
26	60–69	11.6	15.0	11.0	13.0	13.0	12.0	14.0	16.0	13.0	....
27	70–79	6.9	8.7	6.0	7.0	7.0	7.0	8.0	9.0	7.0	....
28	80 or more	5.3	6.0	5.0	6.0	6.0	5.0	6.0	6.0	6.0	....
		Special miscellaneous-account balances at brokers (end of period)									
29	Total balances (millions of dollars)[8]	7,290	8,776	9,910	10,212	10,516	....	....	....	....	....
	Distribution by equity status (per cent)										
30	Net credit status	43.8	41.3	43.4	41.9	42.6	....	....	....	....	....
	Debit status, equity of—										
31	60 per cent or more	40.8	47.8	44.9	46.2	46.0	....	....	....	....	....
32	Less than 60 per cent	15.4	10.9	11.7	11.9	11.4	....	....	....	....	....

1 Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

2 Based on trading for a 5½-hour day.

3 Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended by brokers is end-of-month data for member firms of the New York Stock Exchange; June data for banks are universe totals; all other data for banks are estimates for all commercial banks based on data from a sample of reporting banks.

In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

4 A distribution of this total by equity class is shown on lines 23–28.

5 Nonmargin stocks are those not listed on a national securities exchange and not included on the Federal Reserve System's list of over-the-counter margin stocks. At banks, loans to purchase or carry nonmargin stocks are unregulated; at brokers, such stocks have no loan value.

6 Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

7 Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

8 Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.

NOTE.—For table on "Margin Requirements" see p. A-10, Table 1.161.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1975	1976	1977	1978								
				Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[p]
	Savings and loan associations[9]											
1 **Assets**	**338,233**	**391,907**	**459,241**	**464,238**	**469,685**	**475,281**	**480,947**	**487,052**	**491,576**	**498,301**	**504,298**	**508,956**
2 Mortgages	278.590	323.005	381,163	384,182	387.591	392,428	397.284	402,305	407.965	411.956	416,677	420,947
3 Cash and investment securities[1]	30,853	35,724	39,150	40,309	41,599	41,823	41,853	42.444	41.505	43,627	44.188	44,026
4 Other	28,790	33,178	38.928	39,747	40.495	41.030	41,810	42,303	42,106	42,718	43,433	43,983
5 **Liabilities and net worth**	**338,233**	**391,907**	**459,241**	**464,238**	**469,685**	**475,281**	**480,947**	**487,052**	**491,576**	**498,301**	**504.298**	**508,956**
6 Savings capital	285.743	335.912	386.800	389.544	391.840	398,992	399.550	401,930	408,586	411,660	413,972	420,378
7 *Borrowed money*	*20,634*	*19,083*	*27,840*	*27,943*	*28,714*	*29,323*	*31,904*	*32,759*	*34,270*	*35,730*	*37,219*	*38,624*
8 FHLBB	17,524	15,708	19,945	20.129	20,602	21,030	22.692	23,323	24,875	26.151	27.363	28,668
9 Other	3,110	3,375	7,895	7.814	8,112	8,293	9,212	9.436	9,395	9.579	9,856	9.956
10 Loans in process	5.128	6,840	9,911	9,828	9.902	10,414	10,937	11,386	11,632	11,540	11,422	11,221
11 Other	6,949	8.074	9.506	11.479	13,462	10,518	12,186	14.239	10.046	11,972	13,906	10,664
12 Net worth[2]	19.779	21.998	25,184	25.444	25,767	26,034	26,370	26.738	27.042	27.399	27.779	28,069
13 MEMO: Mortgage loan commitments outstanding[3]	10.673	14.826	19.875	19,523	20,614	22,308	23.398	23,939	22,927	22.393	22.047	21,669
	Mutual savings banks											
14 **Assets**	**121,056**	**134,812**	**147,287**	**148,511**	**149,528**	**150,962**	**151,383**	**152,202**	**153,158**	**154,290**	**155,185**	....
Loans:												
15 Mortgage	77,221	81,630	88,195	88.905	89,247	89,800	90,346	90,915	91,535	92,217	92,853	....
16 Other	4,023	5,183	6,210	6,803	7,398	7,782	7,422	7,907	7,793	8,240	8.411	....
Securities:												
17 U.S. Government	4,740	5,840	5,895	5.785	5,737	5,677	5,670	5,491	5,268	5,225	5,168	....
18 State and local government	1,545	2,417	2.828	2.886	2,808	2,850	2,915	2,994	3,007	3,024	3.096	....
19 Corporate and other[4]	27,992	33,793	37,918	38.360	38,605	38,964	39,146	39,225	39.447	39,673	39,624	....
20 Cash	2,330	2,355	2,401	1.889	1,838	1,990	1,940	1,798	2,188	2.033	2,079	....
21 Other assets	3,205	3,593	3,839	3.882	3,895	3,899	3,945	3,873	3,921	3,879	3,954	....
22 **Liabilities**	**121,056**	**134,812**	**147,287**	**148.511**	**149,528**	**150,962**	**151,383**	**152,202**	**153,158**	**154,290**	**155,185**	....
23 *Deposits*	*109,873*	*122,877*	*134,017*	*134.771*	*135,200*	*136,997*	*136,931*	*137,307*	*138,674*	*139,093*	*139,274*	....
24 Regular:[5]	109.291	121,961	132,744	133.370	133,846	135,558	135,349	135.785	137,062	137,403	137,664	....
25 Ordinary savings	69,653	74,535	78,005	77.754	77,837	78,783	78,170	78,273	77,269	76.053	75,515	....
26 Time and other	39,639	47,426	54,739	55.616	56,009	56,775	57,179	57,512	59,793	61,350	62,148	....
27 Other	582	916	1,272	1.401	1,354	1,439	1,582	1,521	1,612	1,690	1.611	....
28 Other liabilities	2,755	2,884	3,292	3,676	4,155	3,735	4,152	4,481	3,996	4,658	5,268	....
29 General reserve accounts	8,428	9,052	9,978	10.064	10,174	10,230	10,301	10,414	10.487	10,538	10,642	....
30 MEMO: Mortgage loan commitments outstanding[6]	1,803	2,439	4,066	3.998	4,027	4,185	4,342	4,606	4,958	4.872	4,789	....
	Life insurance companies[10]											
31 **Assets**	**289,304**	**321,552**	**351,722**	**354,020**	**356,266**	**359,110**	**363,269**	**366,938**	**369,879**	**374,415**	**378,124**	....
Securities:												
32 *Government*	*13,758*	*17,942*	*19,553*	*19,714*	*19,692*	*19,573*	*19,330*	*19,489*	*19,401*	*19,447*	*19,563*	....
33 United States[7]	4,736	5,368	5,315	5.376	5,373	5,229	5,087	5,206	4,984	5,006	5.155	....
34 State and local	4,508	5,594	6,051	6.102	6,071	6,041	5,923	5,915	5,943	5,925	5,884	....
35 Foreign[8]	4,514	6,980	8,187	8,236	8,248	8,303	8,320	8,368	8,474	8,516	8,524	....
36 *Business*	*135,317*	*157,246*	*175,654*	*177,864*	*179,547*	*181,441*	*184,917*	*187,126*	*188,500*	*192,112*	*194,620*	....
37 Bonds	107,256	122,984	141,891	145.355	147,509	148,849	150,419	152,267	153,812	156,207	157.888	....
38 Stocks	28,061	34,262	33,763	32,509	32,038	32,592	34,498	34.859	34,688	35,905	36.732	....
39 Mortgages	89,167	91,552	96,848	97.148	97,475	98,022	98,585	99,190	100,040	100.596	101,602	....
40 Real estate	9,621	10,476	11,060	11.138	11,218	11,213	11,269	11,537	11,540	11,562	11,538	....
41 Policy loans	24,467	25,834	27,556	27,693	27,839	28,024	28,246	28,431	28,649	28,843	29.067	....
42 Other assets	16.971	18,502	21,051	20,463	20,495	20,837	20,922	21,165	21,749	21,855	21,734	....
	Credit unions											
43 **Total assets/liabilities and capital**	**38,037**	**45,225**	**54,084**	**53,982**	**54,989**	**56,703**	**56,827**	**58,018**	**59,381**	**59,152**	**60,141**	**61.277**
44 Federal	20,209	24.396	29.574	29.579	30,236	31,274	31,255	31,925	32,793	32,679	33,315	34.058
45 State	17,828	20,829	24.510	24,403	24,753	25,429	25,572	26,093	26,588	26.473	26,826	27.219
46 *Loans outstanding*	*28,169*	*34,384*	*42,055*	*41,876*	*42,331*	*43,379*	*44,133*	*45,506*	*47,118*	*47,620*	*49,103*	*50.121*
47 Federal	14,869	18.311	22,717	22,590	22,865	23,555	23,919	24,732	25,762	25,970	26,840	27,510
48 State	13,300	16,073	19,338	19.286	19,466	19,824	20,214	20,774	21,356	21,650	22,263	22,611
49 *Savings*	*33,013*	*39,173*	*46,832*	*47,317*	*48,093*	*49,706*	*49,931*	*50,789*	*52,076*	*51,551*	*51,772*	*52,867*
50 Federal (shares)	17,530	21,130	25.849	26,076	26,569	27,514	27,592	28,128	28,903	28,627	28,779	29,429
51 State (shares and deposits)	15,483	18,043	20.983	21.241	21,524	22,192	22,339	22,661	23,173	22,924	22,993	23,438

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

	Type of account or operation	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Fiscal year 1978	Calendar year 1977 H1	Calendar year 1977 H2	Calendar year 1978 H1	Calendar year 1978 July	Calendar year 1978 Aug.	Calendar year 1978 Sept.
	U.S. Budget									
1	Receipts[1]	81,772	357,762	401,997	190,278	175,820	210,650	29,194	35,040	42,591
2	Outlays[1]	94,742	402,803	450,758	200,350	216,781	222,518	36,426	39,572	38,935
3	*Surplus, or deficit* (−)	*−12,970*	*−45,041*	*−48,761*	*−10,072*	*40,961*	*−11,870*	*−7,232*	*−4,532*	*3,655*
4	Trust funds	−1,952	7,833	12,693	7,332	4,293	4,334	−2,810	3,890	5,922
5	Federal funds ²	−11,018	−52,874	−61,454	−17,405	−45,254	−16,204	−4,421	−8,422	−2,267
	Off-budget entities surplus, or deficit (−)									
6	Federal Financing Bank outlays	−2,575	8,415	−10,660	−2,075	6,663	−5,105	−824	−1,056	−753
7	Other[3]	793	−269	354	−2,086	428	−790	72	−525	−29
	U.S. Budget plus off-budget, including Federal Financing Bank									
8	*Surplus, or deficit* (−)	*−14,752*	*−53,725*	*−59,067*	*−14,233*	*−47,196*	*−17,765*	*−7,984*	*−6,113*	*−2,873*
	Financed by:									
9	Borrowing from the public	18,027	53,516	59,106	16,480	40,284	23,374	3,195	9,039	2,821
10	Cash and monetary assets (decrease, or increase (−))	−2,899	−2,238	−3,023	−4,666	4,317	−5,098	5,824	−956	−9,731
11	Other[4]	−373	2,440	2,984	2,420	2,597	−511	−7,035	−1,970	9,783
	MEMO ITEMS:									
12	**Treasury operating balance (level, end of period)**	**17,418**	**19,104**	**22,444**	**16,255**	**12,274**	**17,526**	**13,078**	**13,078**	**22,444**
13	F.R. Banks	13,299	15,740	16,647	15,183	7,114	11,614	12,068	12,068	16,647
14	Tax and loan accounts	4,119	3,364	5,797	1,072	5,160	5,912	1,010	1,010	5,797

1 Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.

2 Half years calculated as a residual of total surplus/deficit and trust fund surplus/deficit.

3 Includes Pension Benefit Guaranty Corp.; Postal Service Fund; Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank; and Housing for the Elderly or Handicapped Fund until October 1977.

4 Includes public debt accrued interest payable to the public; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seignorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment.

SOURCE.—"Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and *U.S. Budget, Fiscal Year 1978*.

NOTES TO TABLE 1.38

1 Holdings of stock of the Federal home loan banks are included in "other assets."

2 Includes net undistributed income, which is accrued by most, but not all, associations.

3 Excludes figures for loans in process, which are shown as a liability.

4 Includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. Govt. agencies.

5 Excludes checking, club, and school accounts.

6 Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Assn. of the State of New York.

7 Direct and guaranteed obligations. Excludes Federal agency issues not guaranteed, which are shown in this table under "business" securities.

8 Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

9 Data reflect benchmark revisions back to 1977.

10 Data for 1977 and 1978 have been revised by the American Council of Life Insurance.

NOTE.—*Savings and loan associations:* Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of Federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States. Data are reported on a gross-of-valuation-reserves basis.

Life insurance companies: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

Credit unions: Estimates by the National Credit Union Administration for a group of Federal and State-chartered credit unions that account for about 30 per cent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Fiscal year 1978	Calendar year 1977 H1	Calendar year 1977 H2	Calendar year 1978 H1	1978 July	1978 Aug.	1978 Sept.
				Receipts					
1 **All sources**[1]	**81,772**	**357,762**	**401,997**	**190,278**	**175,820**	**210,650**	**29,194**	**35,040**	**42,591**
2 *Individual income taxes, net*	*38,800*	*157,626*	*180,988*	*78,816*	*82,911*	*90,336*	*14,590*	*14,784*	*20,883*
3 Withheld	32,949	144,820	165,215	73,303	75,480	82,784	14,182	14,370	14,843
4 Presidential Election Campaign Fund	1	37	39	37	1	36	2	....	....
5 Nonwithheld	6,809	42,062	47,804	32,959	9,397	37,584	1,088	868	6,354
6 Refunds[1]	958	29,293	32,070	27,482	1,967	30,068	682	454	314
7 *Corporation income taxes:*									
8 Gross receipts	9,808	60,057	65,380	37,133	25,121	38,496	2,127	1,509	10,153
9 Refunds	1,348	5,164	5,428	2,324	2,819	2,782	342	388	400
10 *Social insurance taxes and contributions, net*	*25,760*	*108,683*	*123,410*	*58,099*	*52,347*	*66,191*	*9,518*	*15,587*	*8,515*
11 Payroll employment taxes and contributions[2]	21,534	88,196	99,626	45,242	44,384	51,668	7,960	12,191	7,485
12 Self-employment taxes and contributions[3]	269	4,014	4,267	3,687	316	3,892	....	....	369
13 Unemployment insurance	2,698	11,312	13,850	6,575	4,936	7,800	1,094	2,912	162
14 Other net receipts[4]	1,259	5,162	5,668	2,595	2,711	2,831	464	484	499
15 Excise taxes	4,473	17,548	18,376	8,432	9,284	8,835	1,707	1,591	1,637
16 Customs deposits	1,212	5,150	6,573	2,519	2,848	3,320	596	681	610
17 Estate and gift taxes	1,455	7,327	5,285	4,332	2,837	2,587	407	515	445
18 Miscellaneous receipts[5]	1,612	6,536	7,413	3,269	3,292	3,667	590	760	747
				Outlays[8]					
19 **All types**[1]	**94,742**	**402,803**	**450,758**	**200,350**	**216,781**	**222,518**	**36,426**	**39,572**	**38,935**
20 National defense	22,307	97,501	105,192	48,721	50,873	52,979	8,495	9,742	9,006
21 International affairs	2,180	4,831	6,083	2,522	2,896	2,904	231	987	387
22 General science, space, and technology	1,161	4,677	4,721	2,108	2,318	2,395	368	405	403
23 Energy	794	4,172	6,045	....	....	2,487	548	620	933
24 Natural resources and environment	2,532	10,000	11,022	....	....	4,959	854	982	1,391
25 Agriculture	584	5,526	7,618	2,628	5,477	2,353	183	386	283
26 Commerce and housing credit	1,391	−31	3,340	....	....	946	460	−110	467
27 Transportation	3,306	14,636	15,461	....	....	7,723	1,415	1,288	1,572
28 Community and regional development	1,340	6,283	11,255	3,149	4,924	5,928	859	1,218	1,439
29 Education, training, employment, and social services	5,162	20,985	25,889	9,775	10,800	12,792	2,099	2,716	2,263
30 Health	8,720	38,785	44,529	18,654	19,422	21,391	3,597	4,039	3,595
31 Income security[1]	32,795	137,905	145,640	70,785	71,081	75,201	11,641	12,266	12,756
32 Veterans benefits and services	3,962	18,038	18,987	9,382	9,864	9,603	610	1,529	1,442
33 Administration of justice	859	3,600	3,786	1,783	1,723	1,946	303	317	324
34 General government	878	3,357	3,544	1,587	1,749	1,803	186	340	335
35 General-purpose fiscal assistance	2,092	9,499	9,377	4,333	4,926	4,665	1,964	36	127
36 Interest[6]	7,246	38,092	44,040	18,927	19,962	22,280	3,013	3,539	3,306
37 Undistributed offsetting receipts[6,7]	−2,567	−15,053	−15,772	−6,803	−8,506	−7,945	−402	−729	−1,089

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 F.R. 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. Govt. 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. Govt. contributions for employee retirement.

8 For some types of outlays the categories are new or represent regroupings; data for these categories are from the *Budget of the United States Government, Fiscal Year 1979*; data are not available for half years or for months prior to February 1978.

Two categories have been renamed: "Law enforcement and justice" has become "Administration of justice" and "Revenue sharing and general purpose fiscal assistance" has become "General purpose fiscal assistance."

In addition, for some categories the table includes revisions in figures published earlier.

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1975	1976			1977			1978	
	Dec. 31	June 30	Sept. 30	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**587.6**	**631.9**	[2] **646.4**	**665.5**	**685.2**	**709.1**	**729.2**	**747.8**	**758.8**
2 *Public debt securities*	*576.6*	*620.4*	*634.7*	*653.5*	*674.4*	*698.8*	*718.9*	*738.0*	749.0
3 Held by public	437.3	470.8	488.6	506.4	523.2	543.4	564.1	585.2	587.9
4 Held by agencies	139.3	149.6	146.1	147.1	151.2	155.5	154.8	152.7	161.1
5 *Agency securities*	*10.9*	*11.5*	*11.6*	*12.0*	*10.8*	*10.3*	*10.2*	9.9	*9.8*
6 Held by public	8.9	9.5	[2] 9.7	10.0	9.0	8.5	8.4	8.1	8.0
7 Held by agencies	2.0	2.0	1.9	1.9	1.8	1.8	1.8	1.8	1.8
8 **Debt subject to statutory limit**	**577.8**	**621.6**	**635.8**	**654.7**	**675.6**	**700.0**	**720.1**	**739.1**	**750.2**
9 Public debt securities	576.0	619.8	634.1	652.9	673.8	698.2	718.3	737.3	748.4
10 Other debt[1]	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.8
11 MEMO: Statutory debt limit	595.0	636.0	636.0	682.0	700.0	700.0	752.0	752.0	752.0

1 Includes guaranteed debt of Govt. agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

2 Gross Federal debt and agency debt held by the public increased $0.5 billion due to a retroactive reclassification of the Export-Import Bank certificates of beneficial interest from loan asset sales to debt, effective July 1, 1975.

NOTE.—Data from *Treasury Bulletin* (U.S. Treasury Dept.).

1.42 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1974	1975	1976	1977	1978				
					June	July	Aug.	Sept.	Oct.
1 **Total gross public debt**	**492.7**	**576.6**	**653.5**	**718.9**	**749.0**	**750.5**	**764.4**	**771.5**	**776.4**
By type:									
2 **Interest-bearing debt**	**491.6**	**575.7**	**652.5**	**715.2**	**748.0**	**749.5**	**763.4**	**767.0**	**775.5**
3 *Marketable*	*282.9*	*363.2*	*421.3*	*459.9*	*477.7*	*481.0*	*485.6*	*485.2*	*491.7*
4 Bills	119.7	157.5	164.0	161.1	159.8	160.1	160.6	160.9	161.2
5 Notes	129.8	167.1	216.7	251.8	265.3	266.6	268.5	267.9	272.6
6 Bonds	33.4	38.6	40.6	47.0	52.6	54.4	56.4	56.4	57.8
7 *Nonmarketable*[1]	*208.7*	*212.5*	*231.2*	*255.3*	*270.3*	*268.4*	*227.8*	*281.8*	*283.8*
8 Convertible bonds[2]	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2
9 State and local government series	.6	1.2	4.5	13.9	20.6	20.8	24.2	24.2	24.1
10 Foreign issues[3]	22.8	21.6	22.3	22.2	21.5	20.8	22.2	21.7	24.0
11 Savings bonds and notes	63.8	67.9	72.3	77.0	79.4	79.7	79.9	80.2	80.5
12 Government account series[4]	119.1	119.4	129.7	139.8	146.4	144.7	149.0	153.3	152.7
13 Non-interest-bearing debt	1.1	1.0	1.1	3.7	1.0	1.0	1.0	4.6	.9
By holder:[5]									
14 U.S. Government agencies and trust funds	138.2	r139.1	r147.1	154.8	161.1	159.3	163.7	....	....
15 Federal Reserve Banks	80.5	r89.8	r97.0	102.5	110.1	108.9	111.7	....	....
16 **Private investors**	**271.0**	**349.4**	**409.5**	**461.3**	**477.8**	**482.3**	**489.0**	....	....
17 Commercial banks	55.6	85.1	103.8	101.4	98.5	97.7	95.8	....	....
18 Mutual savings banks	2.5	4.5	5.9	5.9	5.5	5.6	5.5	....	....
19 Insurance companies	6.2	9.5	12.7	15.1	14.7	15.0	15.1	....	....
20 Other corporations	11.0	20.2	r27.7	22.7	19.0	20.0	22.4	....	....
21 State and local governments	29.2	34.2	41.6	55.2	62.7	61.7	69.2	....	....
Individuals:									
22 Savings bonds	63.4	67.3	72.0	76.7	79.1	79.4	79.7	....	....
23 Other securities	21.5	24.0	28.8	28.6	29.0	29.0	29.2	....	....
24 Foreign and international[6]	58.8	66.5	78.1	109.6	119.3	120.5	121.2	....	....
25 Other miscellaneous investors[7]	22.8	38.0	38.9	46.1	r50.0	53.4	50.9	....	....

1 Includes (not shown separately): Securities issued to the Rural Electrification Administration and to State and local governments, depositary bonds, retirement plan bonds, and individual retirement bonds.

2 These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ per cent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category above.

3 Nonmarketable foreign government dollar-denominated and foreign currency denominated series.

4 Held almost entirely by U.S. Govt. agencies and trust funds.

5 Data for F.R. Banks and U.S. Govt. agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

6 Consists of the investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.

7 Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain Govt. deposit accounts, and Govt.-sponsored agencies.

NOTE.—Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues. Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Dept.); data by holder from *Treasury Bulletin.*

1.43 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity

Par value; millions of dollars, end of period

	Type of holder	1976	1977	1978 July	1978 Aug.	1976	1977	1978 July	1978 Aug.
		All maturities				1 to 5 years			
1	**All holders**	**421,276**	**459,927**	**481,041**	**485,557**	**141,132**	**151,264**	**175,250**	**171,890**
2	U.S. Government agencies and trust funds	16,485	14,420	13,902	13,898	6,141	4,788	4,856	3,705
3	Federal Reserve banks	96,971	101,191	108,885	111,739	31,249	27,012	31,377	31,722
4	*Private investors*	*307,820*	*344,315*	*358,255*	*359,919*	*103,742*	*119,464*	*139,017*	*136,462*
5	Commercial banks	78,262	75,363	70,901	70,817	40,005	38,691	42,050	41,594
6	Mutual savings banks	4,072	4,379	3,869	3,789	2,010	2,112	2,179	2,115
7	Insurance companies	10,284	12,378	11,780	11,852	3,885	4,729	5,327	5,119
8	Nonfinancial corporations	14,193	9,474	6,839	9,776	2,618	3,183	3,707	4,819
9	Savings and loan associations	4,576	4,817	4,359	4,369	2,360	2,368	2,421	2,470
10	State and local governments	12,252	15,495	14,543	19,394	2,543	3,875	4,549	5,150
11	All others	184,182	222,409	245,964	239,922	50,321	64,505	78,784	75,195
		Total, within 1 year				5 to 10 years			
12	**All holders**	**211,035**	**230,691**	**221,343**	**222,329**	**43,045**	**45,328**	**44,441**	**49,274**
13	U.S. Government agencies and trust funds	2,012	1,906	1,145	2,293	2,879	2,129	1,987	1,987
14	Federal Reserve banks	51,569	56,702	56,580	56,524	9,148	10,404	11,880	13,684
15	*Private investors*	*157,454*	*172,084*	*163,619*	*163,512*	*31,018*	*32,795*	*30,573*	*33,603*
16	Commercial banks	31,213	29,477	19,993	19,334	6,278	6,162	6,714	7,630
17	Mutual savings banks	1,214	1,400	896	860	567	584	526	551
18	Insurance companies	2,191	2,398	1,557	1,624	2,546	3,204	2,707	2,869
19	Nonfinancial corporations	11,009	5,770	2,637	4,212	370	307	222	376
20	Savings and loan associations	1,984	2,236	1,744	1,713	155	143	122	113
21	State and local governments	6,622	7,917	5,662	8,392	1,465	1,283	1,230	1,521
22	All others	103,220	122,885	131,129	127,377	19,637	21,112	19,052	20,543
		Bills, within 1 year				10 to 20 years			
23	**All holders**	**163,992**	**161,081**	**160,092**	**160,615**	**11,865**	**12,906**	**16,638**	**16,608**
24	U.S. Government agencies and trust funds	449	32	2	2	3,102	3,102	3,273	3,273
25	Federal Reserve banks	41,279	42,004	44,644	45,895	1,363	1,510	1,852	1,928
26	*Private investors*	*122,264*	*119,035*	*115,446*	*114,719*	*7,400*	*8,295*	*11,513*	*11,407*
27	Commercial banks	17,303	11,996	6,172	5,906	339	456	1,012	950
28	Mutual savings banks	454	484	193	206	139	137	139	135
29	Insurance companies	1,463	1,187	650	742	1,114	1,245	1,300	1,317
30	Nonfinancial corporations	9,939	4,329	1,218	2,265	142	133	138	159
31	Savings and loan associations	1,266	806	450	374	64	54	55	57
32	State and local governments	5,556	6,092	3,600	6,166	718	890	1,078	1,133
33	All others	86,282	94,152	103,173	99,060	4,884	5,380	7,790	7,655
		Other, within 1 year				Over 20 years			
34	**All holders**	**47,043**	**69,610**	**61,251**	**61,714**	**14,200**	**19,738**	**23,370**	**25,457**
35	U.S. Government agencies and trust funds	1,563	1,874	1,143	2,291	2,350	2,495	2,640	2,640
36	Federal Reserve banks	10,290	14,698	11,936	10,630	3,642	5,564	7,197	7,881
37	*Private investors*	*35,190*	*53,039*	*48,173*	*48,793*	*8,208*	*11,679*	*13,533*	*14,936*
38	Commercial banks	13,910	15,482	13,821	13,428	427	578	1,132	1,309
39	Mutual savings banks	760	916	703	654	143	146	128	128
40	Insurance companies	728	1,211	907	882	548	802	889	923
41	Nonfinancial corporations	1,070	1,441	1,419	1,947	55	81	134	210
42	Savings and loan associations	718	1,430	1,294	1,339	13	16	16	16
43	State and local governments	1,066	1,825	2,062	2,225	904	1,530	2,024	3,199
44	All others	16,938	28,733	27,956	28,318	6,120	8,526	9,209	9,152

NOTE.—Direct public issues only. Based on Treasury Survey of Ownership from *Treasury Bulletin* (U.S. Treasury Dept.).

Data complete for U.S. Govt. agencies and trust funds and F.R. Banks, but data for other groups include only holdings of those institutions that report. The following figures show, for each category, the number and proportion reporting as of Aug. 31, 1978: (1) 5,468 commercial banks, 464 mutual savings banks, and 728 insurance companies, each about 90 per cent; (2) 435 nonfinancial corporations and 485 savings and loan assns., each about 50 per cent; and (3) 493 State and local govts., about 40 per cent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

Item	1975	1976	1977	1978 July	1978 Aug.	1978 Sept.	1978, week ending Wednesday— Aug. 16	Aug. 23	Aug. 30	Sept. 6	Sept. 13	Sept. 20
1 **U.S. Government securities**	**6,027**	**10,449**	**10,838**	**8,829**	**11,526**	**9,526**	**11,638**	**10,663**	**9,395**	**8,456**	**8,886**	**9,116**
By maturity:												
2 Bills	3,889	6,676	6,746	5,367	6,074	5,552	6,235	6,309	5,133	5,028	5,263	5,613
3 Other within 1 year	223	210	237	428	386	315	499	258	285	193	265	243
4 1–5 years	1,414	2,317	2,318	1,524	2,251	1,863	2,046	1,768	2,267	1,698	1,745	1,610
5 5–10 years	363	1,019	1,148	668	1,619	802	1,807	1,270	902	780	796	732
6 Over 10 years	138	229	388	842	1,196	994	1,051	1,057	808	757	818	917
By type of customer:												
7 U.S. Government securities dealers	885	1,360	1,267	1,053	942	921	983	859	861	681	912	861
8 U.S. Government securities brokers	1,750	3,407	3,709	3,299	4,988	3,868	5,026	4,653	3,866	3,381	3,741	3,529
9 Commercial banks	1,451	2,426	2,295	1,419	1,908	1,473	2,042	1,737	1,533	1,173	1,420	1,498
10 All others[1]	1,941	3,257	3,567	3,058	3,688	3,263	3,586	3,413	3,135	3,221	2,814	3,228
11 **Federal agency securities**	**1,043**	**1,548**	**693**	**1,918**	**2,077**	**2,172**	**1,896**	**2,051**	**1,890**	**1,545**	**2,654**	**1,830**

[1] Includes, among others, all other dealers and brokers in commodities and securities, foreign banking agencies, and the F.R. System.

NOTE.—Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. Govt. securities dealers reporting to the F.R. Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. Govt. securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase, reverse repurchase (resale), or similar contracts.

1.45 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

Par value; averages of daily figures, in millions of dollars

Item	1975	1976	1977	1978 July	1978 Aug.	1978 Sept	1978, week ending Wednesday— July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
	Positions[2]											
1 **U.S. Government securities**	**5,884**	**7,592**	**5,172**	**633**	**2,753**	**2,948**	**1,689**	**1,656**	**3,769**	**2,672**	**1,906**	**2,822**
2 Bills	4,297	6,290	4,772	1,260	2,330	2,824	2,120	1,960	2,387	2,272	2,211	2,360
3 Other within 1 year	265	188	99	330	348	405	384	407	489	364	258	291
4 1–5 years	886	515	60	−474	−64	−320	−229	143	281	−223	−555	60
5 5–10 years	300	402	92	−321	218	11	−366	−448	618	275	89	162
6 Over 10 years	136	198	149	−162	−78	28	−221	−405	5	−16	−98	−51
7 **Federal agency securities**	**943**	**729**	**693**	**214**	**656**	**977**	**154**	**423**	**550**	**508**	**562**	**997**
	Sources of financing[3]											
8 **All sources**	**6,666**	**8,715**	**9,877**	**8,239**	**11,041**	**11,558**	**7,861**	**r9,170**	**10,834**	**11,596**	**11,006**	**11,176**
Commercial banks:												
9 New York City	1,621	1,896	1,313	38	608	997	−208	r20	761	600	733	611
10 Outside New York City	1,466	1,660	1,987	1,759	2,370	2,344	1,509	1,953	2,175	2,533	2,593	2,288
11 Corporations[1]	842	1,479	2,358	1,981	2,501	2,287	1,864	2,353	2,427	2,540	2,505	2,590
12 All others	2,738	3,681	4,170	4,460	5,563	5,930	4,696	4,843	5,471	5,923	5,175	5,687

[1] All business corporations except commercial banks and insurance companies.

[2] Net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreements to resell.

[3] Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. Govt. and Federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreement to resell are excluded where the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

NOTE.—Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1975	1976	1977	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July	1978 Aug.
1 **Federal and Federally sponsored agencies**	**97,680**	**103,325**	**110,409**	**114,371**	**115,903**	**119,728**	**121,239**	**123,497**	**124,478**
2 *Federal agencies*	*19,046*	*21,896*	*23,245*	*23,695*	*23,766*	*23,864*	*23,983*	*24,145*	*23,686*
3 Defense Department[1]	1,220	1,113	983	954	949	935	926	916	906
4 Export-Import Bank[2,3]	7,188	7,801	9,156	9,416	9,416	9,416	9,455	9,455	9,455
5 Federal Housing Administration[4]	564	575	581	607	607	608	606	603	603
6 Government National Mortgage Association participation certificates[5]	4,200	4,120	3,743	3,743	3,701	3,701	3,701	3,666	3,166
7 Postal Service[6]	1,750	2,998	2,431	2,431	2,431	2,364	2,364	2,364	2,364
8 Tennessee Valley Authority	3,915	5,185	6,015	6,195	6,310	6,485	6,575	6,785	6,835
9 United States Railway Association[6]	209	104	336	349	352	355	356	356	357
10 *Federally sponsored agencies*	*78,634*	*81,429*	*87,164*	*90,676*	*92,137*	*95,864*	*97,256*	*99,352*	*100,792*
11 Federal home loan banks	18,900	16,811	18,345	20,007	20,163	22,217	22,306	23,430	24,360
12 Federal Home Loan Mortgage Corporation	1,550	1,690	1,686	1,768	1,639	1,637	1,937	1,937	1,937
13 Federal National Mortgage Association	29,963	30,565	31,890	33,350	34,024	35,297	36,404	36,900	37,518
14 Federal land banks	15,000	17,127	19,118	19,350	19,686	19,686	19,686	20,198	20,198
15 Federal intermediate credit banks	9,254	10,494	11,174	10,881	10,977	11,081	11,257	11,392	11,482
16 Banks for cooperatives	3,655	4,330	4,434	4,728	5,046	5,264	4,974	4,788	4,570
17 Student Loan Marketing Association[7]	310	410	515	590	600	680	690	705	725
18 Other	2	2	2	2	2	2	2	2	2
MEMO ITEMS:									
19 **Federal Financing Bank debt**[6,8]	**17,154**	**28,711**	**38,580**	**42,169**	**42,964**	**43,871**	**44,504**	**45,550**	**46,668**
Lending to Federal and Federally sponsored agencies:									
20 Export-Import Bank[3]	4,595	5,208	5,834	6,094	6,094	6,094	6,132	6,132	6,132
21 Postal Service[6]	1,500	2,748	2,181	2,181	2,181	2,114	2,114	2,114	2,114
22 Student Loan Marketing Association[7]	310	410	515	590	600	680	690	705	725
23 Tennessee Valley Authority	1,840	3,110	4,190	4,370	4,485	4,660	4,750	4,960	5,010
24 United States Railway Association[6]	209	104	336	349	352	355	356	356	357
Other lending:[9]									
25 Farmers Home Administration	7,000	10,750	16,095	18,050	19,120	20,090	20,910	21,580	22,275
26 Rural Electrification Administration	566	1,415	2,647	3,124	3,323	3,498	3,602	3,684	3,919
27 Other	1,134	4,966	6,782	7,411	6,809	6,380	5,950	6,019	6,136

1 Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2 Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3 Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
4 Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5 Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
6 Off-budget.
7 Unlike other Federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.
8 The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other Federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
9 Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

	Type of issue or issuer, or use	1975	1976	1977	1978 Apr.[r]	May[r]	June[r]	July[r]	Aug.[r]	Sept.
1	**All issues, new and refunding** [1]	**30,607**	**35,313**	**46,769**	**3,835**	**5,494**	**4,345**	**3,902**	**6,360**	**2,265**
	By type of issue:									
2	General obligation	16,020	18,040	18,042	1,374	2,222	1,984	1,062	2,157	697
3	Revenue	14,511	17,140	28,655	2,450	3,252	2,355	2,837	4,194	1,561
4	Housing Assistance Administration [2]	....	....	....	....	....	....	....	....	....
5	U.S. Government loans	76	133	72	11	20	6	3	9	7
	By type of issuer:									
6	State	7,438	7,054	6,354	237	884	912	650	919	84
7	Special district and statutory authority	12,441	15,304	21,717	1,879	2,220	1,452	2,161	3,086	1,551
8	Municipalities, counties, townships, school districts	10,660	12,845	18,623	1,709	2,370	1,973	1,087	2,348	622
9	**Issues for new capital, total**	**29,495**	**32,108**	**36,189**	**2,624**	**3,146**	**3,854**	**3,479**	**3,337**	**2,201**
	By use of proceeds:									
10	Education	4,689	4,900	5,076	342	664	406	499	277	399
11	Transportation	2,208	2,586	2,951	160	130	359	291	632	297
12	Utilities and conservation	7,209	9,594	8,119	720	557	818	940	686	688
13	Social welfare	4,392	6,566	8,274	861	960	698	1,234	965	496
14	Industrial aid	445	483	4,676	273	371	412	236	332	80
15	Other purposes	10,552	7,979	7,093	268	464	1,161	279	445	241

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	1975	1976	1977	1978 Feb.	Mar.	April	May	June	July
1	**All issues** [1]	**53,619**	**53,488**	**54,205**	**2,657**	**4,442**	**3,285**	**4,035**	**5,215**	**4,226**
2	**Bonds**	**42,756**	**42,380**	**42,193**	**2,131**	**3,620**	**2,811**	**2,996**	**3,810**	**3,718**
	By type of offering:									
3	Public	32,583	26,453	24,186	1,464	1,902	1,958	1,719	1,744	2,177
4	Private placement	10,172	15,927	18,007	667	1,718	853	1,277	2,066	1,541
	By industry group:									
5	Manufacturing	16,980	13,264	12,510	716	1,155	534	837	1,105	675
6	Commercial and miscellaneous	2,750	4,372	5,887	87	428	421	314	562	417
7	Transportation	3,439	4,387	2,033	101	217	291	244	225	235
8	Public utility	9,658	8,297	8,261	205	631	505	885	815	768
9	Communication	3,464	2,787	3,059	9	291	35	....	344	326
10	Real estate and financial	6,469	9,274	10,438	1,012	898	1,027	714	761	1,296
11	**Stocks**	**10,863**	**11,108**	**12,013**	**526**	**822**	**474**	**1,039**	**1,405**	**508**
	By type:									
12	Preferred	3,458	2,803	3,878	138	148	235	390	586	57
13	Common	7,405	8,305	8,135	388	674	239	649	819	451
	By industry group:									
14	Manufacturing	1,670	2,237	1,265	....	74	15	41	366	167
15	Commercial and miscellaneous	1,470	1,183	1,838	91	94	183	90	245	167
16	Transportation	1	24	418	....	....	28	20	38	40
17	Public utility	6,235	6,121	6,058	260	627	238	800	429	31
18	Communication	1,002	776	1,379	25	....	....	....	5	27
19	Real estate and financial	488	771	1,054	150	28	10	88	320	76

1 Figures, which represent gross proceeds of issues maturing in more than 1 year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

SOURCE.—Securities and Exchange Commission.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1976	1977	1978 Mar.	Apr.	May	June	July	Aug.[r]	Sept.
INVESTMENT COMPANIES excluding money market funds									
1 Sales of own shares[1]	4,226	6,401	613	625	558	487	474	638	519
2 Redemptions of own shares[2]	6,802	6,027	459	580	831	757	645	882	673
3 Net sales	−2,496	357	154	45	−273	−270	−181	−244	−154
4 Assets[3]	**47,537**	**45,049**	**44,052**	**46,594**	**46,969**	**46,106**	**47,975**	**49,299**	**48,151**
5 Cash position[4]	2,747	3,274	4,331	4,592	4,642	4,493	4,285	3,948	3,703
6 Other	44,790	41,775	39,721	42,002	42,327	41,613	43,690	45,351	44,448

1 Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.

2 Excludes share redemption resulting from conversions from one fund to another in the same group.

3 Market value at end of period, less current liabilities.

4 Also includes all U.S. Govt. securities and other short-term debt securities.

NOTE.—Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Account	1975	1976	1977	1976 Q4	1977 Q1	1977 Q2	1977 Q3	1977 Q4	1978 Q1	1978 Q2
1 **Profits before tax**	**120.4**	**155.9**	**173.9**	**154.6**	**164.8**	**175.1**	**177.5**	**178.3**	**172.1**	**205.5**
2 Profits tax liability	49.8	64.3	71.8	62.4	68.3	72.3	72.8	73.9	70.0	85.0
3 Profits after tax	70.6	91.6	102.1	92.2	96.5	102.8	104.7	104.4	102.1	120.5
4 Dividends	31.9	37.9	43.7	41.4	41.5	42.7	44.1	46.3	47.0	48.1
5 Undistributed profits	38.7	53.7	58.4	50.8	55.0	60.1	60.6	58.1	55.1	72.4
6 Capital consumption allowances	89.2	97.1	106.0	100.5	102.0	105.0	107.6	109.3	111.3	113.3
7 Net cash flow	127.9	150.8	164.4	151.3	157.0	165.1	168.2	167.4	166.4	185.7

SOURCE.—*Survey of Current Business* (U.S. Dept. of Commerce).

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1974	1975	1976 Q3	1976 Q4	1977 Q1	1977 Q2	1977 Q3	1977 Q4	1978 Q1[r]	1978 Q2
1 **Current assets**	**734.6**	**756.3**	**817.4**	**823.1**	**842.0**	**856.4**	**880.3**	**900.1**	**924.2**	**953.6**
2 Cash	73.0	80.0	79.5	86.8	80.8	83.1	83.4	94.2	88.5	90.9
3 U.S. Government securities	11.3	19.6	24.1	26.0	26.8	22.1	21.5	20.9	20.9	19.7
4 Notes and accounts receivable	265.5	272.1	297.9	292.4	304.1	312.8	326.9	325.7	338.3	356.8
5 Inventories	318.9	314.7	342.2	341.4	352.1	358.8	367.5	375.0	389.7	399.1
6 Other	65.9	69.9	73.6	76.4	78.3	79.6	81.0	84.3	86.8	87.0
7 **Current liabilities**	**451.8**	**446.9**	**484.0**	**487.5**	**502.6**	**509.5**	**528.9**	**543.2**	**570.4**	**590.6**
8 Notes and accounts payable	272.3	261.2	271.2	273.2	280.2	286.8	297.8	306.8	317.2	331.4
9 Other	179.5	185.7	212.8	214.2	222.4	222.7	231.1	236.3	253.2	259.2
10 **Net working capital**	**282.8**	**309.5**	**333.4**	**335.6**	**339.5**	**346.9**	**351.4**	**357.0**	**353.8**	**363.0**
11 MEMO: Current ratio[1]	1.626	1.693	1.689	1.688	1.675	1.681	1.664	1.657	1.620	1.615

1 (Total current assets)/(Total current liabilities).

NOTE.—For a description of this series see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

SOURCE.—Federal Trade Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry	1977	1978[2]	1977 Q1	1977 Q2	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 Q4[2]
1 **All industries**	**135.72**	**152.28**	**130.16**	**134.24**	**140.38**	**138.11**	**144.25**	**150.76**	**155.13**	**158.98**
Manufacturing										
2 Durable goods industries	27.75	31.53	26.30	27.26	29.23	28.19	28.72	31.40	32.11	33.89
3 Nondurable goods industries	32.33	36.23	30.13	32.19	33.79	33.22	32.86	35.80	36.54	39.72
Nonmanufacturing										
4 Mining	4.49	4.78	4.24	4.49	4.74	4.50	4.45	4.81	4.80	5.07
Transportation:										
5 Railroad	2.82	3.28	2.71	2.57	3.20	2.80	3.35	3.09	3.64	3.05
6 Air	1.63	2.45	1.62	1.43	1.69	1.76	2.67	2.08	2.97	2.08
7 Other	2.55	2.27	2.96	2.96	1.96	2.32	2.44	2.23	2.37	2.05
Public utilities:										
8 Electric	21.57	24.49	21.19	21.14	21.90	22.05	23.15	23.83	25.04	25.94
9 Gas and other	4.21	4.48	4.16	4.16	4.32	4.18	4.78	4.62	4.22	4.28
10 Communication	15.43	....	14.19	15.32	16.40	15.82	17.07	18.18	} 43.44	42.90
11 Commercial and other[1]	22.95	....	22.67	22.73	23.14	23.27	24.76	24.71		

1 Includes trade, service, construction, finance, and insurance.
2 Anticipated by business.

NOTE.—Estimates for corporate and noncorporate business, excluding agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

SOURCE.—*Survey of Current Business* (U.S. Dept. of Commerce).

1.521 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1972	1973	1974	1975	1976	1977 Q2	1977 Q3	1977 Q4	1978 Q1	1978 Q2
ASSETS										
Accounts receivable, gross										
1 Consumer	31.9	35.4	36.1	36.0	38.6	40.7	42.3	44.0	44.5	47.1
2 Business	27.4	32.3	37.2	39.3	44.7	50.4	50.6	55.2	57.6	59.5
3 *Total*	*59.3*	*67.7*	*73.3*	*75.3*	*83.4*	*91.2*	*92.9*	*99.2*	*102.1*	*106.6*
4 LESS: Reserves for unearned income and losses	7.4	8.4	9.0	9.4	10.5	11.1	11.7	12.7	12.8	14.1
5 Accounts receivable, net	51.9	59.3	64.2	65.9	72.9	80.1	81.2	86.5	89.3	92.6
6 Cash and bank deposits	2.8	2.6	3.0	2.9	2.6	2.5	2.5	2.6	2.2	2.9
7 Securities	.9	.8	.4	1.0	1.1	1.2	1.8	.9	1.2	1.3
8 All other	10.0	10.6	12.0	11.8	12.6	13.7	14.2	14.3	15.0	16.2
9 **Total assets**	**65.6**	**73.2**	**79.6**	**81.6**	**89.2**	**97.5**	**99.6**	**104.3**	**107.7**	**112.9**
LIABILITIES										
10 Bank loans	5.6	7.2	9.7	8.0	6.3	5.7	5.4	5.9	5.8	5.4
11 Commercial paper	17.3	19.7	20.7	22.2	23.7	27.5	25.7	29.6	29.9	31.3
Debt:										
12 Short-term, n.e.c.	4.3	4.6	4.9	4.5	5.4	5.5	5.4	6.2	5.3	6.6
13 Long-term, n.e.c.	22.7	24.6	26.5	27.6	32.3	35.0	34.8	36.0	38.0	40.1
14 Other	4.8	5.6	5.5	6.8	8.1	9.4	13.7	11.5	12.9	13.6
15 Capital, surplus, and undivided profits	10.9	11.5	12.4	12.5	13.4	14.4	14.6	15.1	15.7	16.0
16 **Total liabilities and capital**	**65.6**	**73.2**	**79.6**	**81.6**	**89.2**	**97.5**	**99.6**	**104.3**	**107.7**	**112.9**

NOTE.—Components may not add to totals due to rounding.

1.522 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Aug. 31, 1978[1]	Changes in accounts receivable during— 1978 June	July	Aug.	Extensions 1978 June	July	Aug.	Repayments 1978 June	July	Aug.
1 **Total**	**57,598**	**560**	**284**	**716**	**14,994**	**14,688**	**15,417**	**14,434**	**14,404**	**14,701**
2 Retail automotive (commercial vehicles)	13,774	400	111	247	1,314	1,073	1,222	914	962	975
3 Wholesale automotive	9,477	−472	103	77	5,705	6,148	6,314	6,177	6,045	6,391
4 Retail paper on business, industrial, and farm equipment	15,779	283	210	295	1,194	1,324	1,225	911	1,114	930
5 Loans on commercial accounts receivable	4,182	182	−140	−19	3,314	2,748	3,269	3,132	2,888	3,288
6 Factored commercial accounts receivable	2,472	104	−11	55	1,743	1,716	1,481	1,639	1,727	1,426
7 All other business credit	11,914	63	11	215	1,724	1,679	1,906	1,661	1,668	1,691

1 Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

	Item	1975	1976	1977	1978 Apr.	May	June	July	Aug.	Sept.
					Terms and yields in primary and secondary markets					
	PRIMARY MARKETS									
	Conventional mortgages on new homes									
	Terms:[1]									
1	Purchase price (thous. dollars)	44.6	48.4	54.3	61.6	59.8	62.6	61.9	63.6	64.7
2	Amount of loan (thous. dollars)	33.3	35.9	40.5	45.7	44.2	45.9	45.3	46.4	46.7
3	Loan/price ratio (per cent)	74.7	74.2	76.3	76.1	75.5	75.6	75.3	75.3	74.2
4	Maturity (years)	26.8	27.2	27.9	28.4	27.7	28.3	28.2	28.0	27.8
5	Fees and charges (per cent of loan amount)[2]	1.54	1.44	1.33	1.44	1.34	1.40	1.40	1.43	1.36
6	Contract rate (per cent per annum)	8.75	8.76	8.80	9.07	9.14	9.23	9.34	9.45	9.50
	Yield (per cent per annum):									
7	FHLBB series[3]	9.01	8.99	9.01	9.30	9.37	9.46	9.57	9.70	9.73
8	HUD series[4]	9.10	8.99	8.95	9.40	9.60	9.75	9.80	9.80	9.80
	SECONDARY MARKETS									
	Yields (per cent per annum):									
9	FHA mortgages (HUD series)[5]	9.19	8.82	7.96	9.37	9.67	....	9.92	9.78	9.78
10	GNMA securities[6]	8.52	8.17	8.04	8.71	8.71	9.05	9.16	8.96	8.95
	FNMA auctions:[7]									
11	Government-underwritten loans	9.26	8.99	8.73	9.44	9.66	9.91	10.01	9.81	9.78
12	Conventional loans	9.37	9.11	8.98	9.72	9.90	10.10	10.19	10.11	10.02
					Activity in secondary markets					
	FEDERAL NATIONAL MORTGAGE ASSOCIATION									
	Mortgage holdings (end of period)									
13	**Total**	**31,824**	**32,904**	34,370	36,702	37,937	38,753	39,409	40,325	**41,189**
14	FHA-insured	19,732	18,916	18,457	18,950	19,382	19,608	19,763	20,034	20,325
15	VA-guaranteed	9,573	9,212	9,315	9,905	10,255	10,398	10,457	10,535	10,575
16	Conventional	2,519	4,776	6,597	7,847	8,300	8,747	9,189	9,752	10,289
	Mortgage transactions (during period)									
17	Purchases	4,263	3,606	497	937	1,551	1,148	945	1,230	1,132
18	Sales	2	86	....	....	....	....	....	....	....
	Mortgage commitments:[8]									
19	Contracted (during period)	6,106	6,247	1,333	2,119	3,439	1,517	927	527	882
20	Outstanding (end of period)	4,126	3,398	4,698	8,486	10,271	10,395	10,171	9,419	9,068
	Auction of 4-month commitments to buy—									
	Government-underwritten loans:									
21	Offered[9]	7,042.6	4,929.8	1,184.5	909.3	2,117.7	1,095.0	756.7	499.1	717.9
22	Accepted	3,848.3	2,787.2	794.0	529.2	1,093.7	636.6	471.5	277.2	335.9
	Conventional loans:									
23	Offered[9]	1,401.3	2,595.7	591.6	974.2	1,935.8	574.5	316.0	224.7	484.7
24	Accepted	765.0	1,879.2	359.4	578.1	968.3	342.0	178.9	128.5	283.7
	FEDERAL HOME LOAN MORTGAGE CORPORATION									
	Mortgage holdings (end of period)[10]									
25	**Total**	**4,987**	**4,269**	**3,276**	**3,092**	**2,878**	**2,255**	**2,024**	**2,448**	**2,486**
26	FHA/VA	1,824	1,618	1,395	1,373	1,356	1,338	1,321	1,304	1,287
27	Conventional	3,163	2,651	1,881	1,719	1,522	917	702	1,144	1,199
	Mortgage transactions (during period)									
28	Purchases	1,716	1,175	489	356	479	500	520	742	670
29	Sales	1,020	1,396	477	466	651	1,093	725	299	594
	Mortgage commitments:[11]									
30	Contracted (during period)	982	1,477	361	512	811	762	737	838	760
31	Outstanding (end of period)	111	333	1,063	1,346	1,640	1,870	2,055	2,142	2,130

1 Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.

2 Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.

3 Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

4 Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Dept. of Housing and Urban Development.

5 Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

6 Average net yields to investors on Government National Mortgage Association-guaranteed, mortgage-backed, fully-modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.

7 Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.

8 Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA Tandem plans.

9 Mortgage amounts offered by bidders are total bids received.

10 Includes participations as well as whole loans.

11 Includes conventional and Government-underwritten loans.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

	Type of holder, and type of property	1973	1974	1975	1976	1977 Q4	1978 Q1	1978 Q2	1978 Q3p
1	**All holders**	**682,321**	**742,512**	**801,537**	**889,327**	**r1,023,417**	**r1,052,307**	**1,090,234**	**1,128,398**
2	1- to 4-family	416,211	449,371	490,761	556,557	r656,116	r675,514	701,392	727,096
3	Multifamily	93,132	99,976	100,601	104,516	r111,804	r114,202	116,793	119,422
4	Commercial	131,725	146,877	159,298	171,223	r189,829	r194,545	201,054	208,017
5	Farm	41,253	46,288	50,877	57,031	65,668	68,046	71,004	73,863
6	**Major financial institutions**	**505,400**	**542,560**	**581,193**	**647,650**	**r745,011**	**r764,614**	**792,762**	**819,264**
7	*Commercial banks*[1]	*119,068*	*132,105*	*136,186*	*151,326*	*178,979*	*184,423*	*193,223*	*202,423*
8	1- to 4-family	67,998	74,758	77,018	86,234	105,115	108,699	113,886	119,308
9	Multifamily	6,932	7,619	5,915	8,082	9,215	9,387	9,816	10,283
10	Commercial	38,696	43,679	46,882	50,289	56,898	58,407	61,194	64,107
11	Farm	5,442	6,049	6,371	6,721	7,751	7,930	8,327	8,725
12	*Mutual savings banks*	*73,230*	*74,920*	*77,249*	*81,639*	*88,104*	*89,800*	*91,535*	*93,511*
13	1- to 4-family	48,811	49,213	50,025	53,089	57,637	58,747	59,882	61,175
14	Multifamily	12,343	12,923	13,792	14,177	15,304	15,398	15,900	16,243
15	Commercial	12,012	12,722	13,373	14,313	15,110	15,401	15,698	16,037
16	Farm	64	62	59	60	53	54	55	56
17	*Savings and loan associations*	*231,733*	*249,301*	*278,590*	*323,130*	*r381,163*	*392,479*	*407,964*	*420,947*
18	1- to 4-family	187,078	200,987	223,903	260,895	r310,686	319,910	332,532	343,114
19	Multifamily	22,779	23,808	25,547	28,436	r32,513	33,478	34,779	35,907
20	Commercial	21,876	24,506	29,140	33,799	r37,964	39,091	40,633	41,926
21	*Life insurance companies*	*81,369*	*86,234*	*89,168*	*91,555*	*96,765*	*97,963*	*100,040*	*102,383*
22	1- to 4-family	20,426	19,026	17,590	16,088	14,727	14,476	14,129	13,929
23	Multifamily	18,451	19,625	19,629	19,178	18,807	18,851	18,745	18,945
24	Commercial	36,496	41,256	45,196	48,864	54,388	55,426	57,463	59,309
25	Farm	5,996	6,327	6,753	7,425	8,843	9,210	9,703	10,200
26	**Federal and related agencies**	**46,721**	**58,320**	**66,891**	**66,753**	**70,006**	**72,014**	**73,991**	**77,919**
27	*Government National Mortgage Assn.*	*4,029*	*4,846*	*7,438*	*4,241*	*3,660*	*3,291*	*3,283*	*3,523*
28	1- to 4-family	1,455	2,248	4,728	1,970	1,548	948	922	989
29	Multifamily	2,574	2,598	2,710	2,271	2,112	2,343	2,361	2,534
30	*Farmers Home Admin.*	*1,366*	*1,432*	*1,109*	*1,064*	*1,353*	*1,179*	*618*	*668*
31	1- to 4-family	743	759	208	454	626	202	124	135
32	Multifamily	29	167	215	218	275	408	102	110
33	Commercial	218	156	190	72	149	218	104	112
34	Farm	376	350	496	320	303	351	288	311
35	*Federal Housing and Veterans Admin.*	*3,476*	*4,015*	*4,970*	*5,150*	*5,212*	*5,219*	*5,225*	*5,295*
36	1- to 4-family	2,013	2,009	1,990	1,676	1,627	1,585	1,543	1,565
37	Multifamily	1,463	2,006	2,980	3,474	3,585	3,634	3,682	3,730
38	*Federal National Mortgage Assn.*	*24,175*	*29,578*	*31,824*	*32,904*	*34,369*	*36,029*	*38,753*	*41,189*
39	1- to 4-family	20,370	23,778	25,813	26,934	28,504	30,208	32,974	35,437
40	Multifamily	3,805	5,800	6,011	5,970	5,865	5,821	5,779	5,752
41	*Federal land banks*	*11,071*	*13,863*	*16,563*	*19,125*	*22,136*	*22,925*	*23,857*	*24,758*
42	1- to 4-family	123	406	549	601	670	691	727	819
43	Farm	10,948	13,457	16,014	18,524	21,466	22,234	23,130	23,939
44	*Federal Home Loan Mortgage Corp.*	*2,604*	*4,586*	*4,987*	*4,269*	*3,276*	*3,371*	*2,255*	*2,486*
45	1- to 4-family	2,446	4,217	4,588	3,889	2,738	2,785	1,856	1,994
46	Multifamily	158	369	399	380	538	586	399	492
47	**Mortgage pools or trusts**[2]	**18,040**	**23,799**	**34,138**	**49,801**	**70,289**	**74,080**	**78,602**	**82,325**
48	*Government National Mortgage Assn.*	*7,890*	*11,769*	*18,257*	*30,572*	*44,896*	*46,357*	*48,032*	*50,844*
49	1- to 4-family	7,561	11,249	17,538	29,583	43,555	44,906	46,515	49,276
50	Multifamily	329	520	719	989	1,341	1,451	1,517	1,568
51	*Federal Home Loan Mortgage Corp.*	*766*	*757*	*1,598*	*2,671*	*6,610*	*7,471*	*9,423*	*9,934*
52	1- to 4-family	617	608	1,349	2,282	5,621	6,286	7,797	8,358
53	Multifamily	149	149	249	389	989	1,185	1,626	1,576
54	*Farmers Home Admin.*	*9,384*	*11,273*	*14,283*	*16,558*	*18,783*	*20,252*	*21,147*	*21,547*
55	1- to 4-family	5,458	6,782	9,194	10,219	11,379	12,235	12,742	12,943
56	Multifamily	138	116	295	532	759	732	1,128	1,154
57	Commercial	1,124	1,473	1,948	2,440	2,945	3,528	3,301	3,380
58	Farm	2,664	2,902	2,846	3,367	3,682	3,757	3,976	4,070
59	**Individuals and others**[3]	**112,160**	**117,833**	**119,315**	**125,123**	**138,111**	**141,599**	**144,888**	**148,890**
60	1- to 4-family	51,112	53,331	56,268	62,643	71,665	73,878	75,763	78,054
61	Multifamily	23,982	24,276	22,140	20,420	20,501	20,732	20,939	21,128
62	Commercial	21,303	23,085	22,569	21,446	22,375	22,479	22,661	23,146
63	Farm	15,763	17,141	18,338	20,614	23,570	24,510	25,525	26,562

1 Includes loans held by nondeposit trust companies but not bank trust departments.

2 Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.

3 Other holders include mortgage companies, real estate investment trusts, State and local credit agencies, State and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE.—Based on data from various institutional and Govt. sources, with some quarters estimated in part by Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Dept. of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations where required, are estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of 5 or more units.

1.55 CONSUMER INSTALMENT CREDIT Total Outstanding, and Net Change

Millions of dollars

	Holder, and type of credit	1975	1976	1977	1978 Mar.	Apr.	May	June	July	Aug.	Sept.
		Amounts outstanding (end of period)									
1	**Total**	**164,955**	**185,489**	**216,572**	**219,203**	**222,737**	**227,561**	**233,416**	**237,197**	**242,538**	**246,056**
	By holder:										
2	Commercial banks	78,667	89,511	105,291	107,166	109,336	111,673	114,756	117,110	119,889	121,519
3	Finance companies	35,994	38,639	44,015	44,486	45,182	46,136	47,147	47,967	48,982	49,673
4	Credit unions	25,666	30,546	37,036	38,185	38,750	39,951	41,388	41,802	42,931	43,747
5	Retailers [1]	18,002	19,052	21,082	19,920	19,941	20,141	20,310	20,432	20,655	20,872
6	Others [2]	6,626	7,741	9,149	9,446	9,528	9,660	9,815	9,886	10,081	10,245
	By type of credit:										
7	*Automobile*	*55,879*	*66,116*	*79,352*	*81,666*	*83,490*	*85,954*	*88,767*	*90,671*	*92,956*	*94,268*
8	Commercial banks	31,553	37,984	46,119	47,534	48,731	50,119	51,714	52,938	54,224	54,803
9	Indirect	18,353	21,176	25,370	26,327	27,049	27,854	28,773	29,496	30,202	30,566
10	Direct	13,200	16,808	20,749	21,207	21,682	22,265	22,941	23,442	24,022	24,237
11	Finance companies	11,155	12,489	14,263	14,577	14,921	15,382	15,863	16,327	16,753	17,069
12	Credit unions	12,741	15,163	18,385	18,955	19,239	19,835	20,549	20,754	21,314	21,719
13	Others	430	480	585	600	599	618	641	652	665	677
14	*Mobile homes*	*14,423*	*14,572*	*15,014*	*15,062*	*15,156*	*15,220*	*15,309*	*15,438*	*15,577*	*15,690*
15	Commercial banks	8,649	8,734	8,862	8,845	8,876	8,912	8,967	9,061	9,117	9,169
16	Finance companies	3,451	3,273	3,109	3,085	3,095	3,098	3,103	3,123	3,139	3,152
17	*Home improvement*	*9,405*	*10,990*	*12,952*	*13,162*	*13,375*	*13,691*	*14,037*	*14,260*	*14,633*	*14,905*
18	Commercial banks	4,965	5,554	6,473	6,479	6,598	6,782	6,971	7,129	7,331	7,472
	Revolving credit:										
19	Bank credit cards	9,501	11,351	14,262	14,142	14,345	14,456	14,929	15,288	15,857	16,371
20	Bank check credit	2,810	3,041	3,724	3,844	3,856	3,919	3,996	4,043	4,178	4,241
21	*All other*	*72,937*	*79,418*	*91,269*	*91,327*	*92,515*	*94,321*	*96,378*	*97,497*	*99,337*	*100,581*
22	Commercial banks, total	21,188	22,847	25,850	26,322	26,930	27,485	28,179	28,651	29,182	29,463
23	Personal loans	14,629	15,669	17,740	18,002	18,383	18,640	19,049	19,301	19,655	19,871
24	Finance companies, total	21,238	22,749	26,498	26,675	27,012	27,496	28,012	28,336	28,898	29,249
25	Personal loans	17,263	18,554	21,302	21,416	21,700	22,110	22,547	22,906	23,344	23,569
26	Credit unions	10,754	12,799	15,518	15,999	16,232	16,735	17,337	17,511	17,984	18,326
27	Retailers	18,002	19,052	21,082	19,920	19,941	20,141	20,310	20,432	20,655	20,872
28	Others	1,755	1,971	2,321	2,411	2,400	2,464	2,540	2,567	2,618	2,671
		Net change (during period) [3]									
29	**Total**	**7,504**	**20,533**	**31,090**	**4,068**	**3,719**	**3,857**	**3,792**	**3,301**	**2,986**	**3,278**
	By holder:										
30	Commercial banks	2,821	10,845	15,779	2,021	2,001	1,881	1,960	1,915	1,645	1,446
31	Finance companies	-90	2,644	5,376	662	781	763	553	605	607	877
32	Credit unions	3,771	4,880	6,490	836	699	911	836	369	508	728
33	Retailers [1]	69	1,050	2,032	367	129	170	282	364	45	75
34	Others [2]	933	1,115	1,413	182	109	132	161	48	181	152
	By type of credit:										
35	*Automobile*	*3,007*	*10,238*	*13,235*	*1,522*	*1,728*	*1,789*	*1,543*	*1,520*	*1,446*	*1,439*
36	Commercial banks	559	6,431	8,135	882	989	944	946	937	894	698
37	Indirect	-334	2,823	4,194	564	603	575	554	553	464	432
38	Direct	894	3,608	3,941	318	386	369	392	384	430	266
39	Finance companies	532	1,334	1,774	238	375	367	199	371	260	348
40	Credit unions	1,872	2,422	3,222	406	343	465	383	206	261	372
41	Other	44	50	105	-4	21	13	15	6	31	21
42	*Mobile homes*	*-195*	*150*	*441*	*108*	*95*	*58*	*15*	*104*	*87*	*78*
43	Commercial banks	-323	85	128	46	28	33	-1	79	26	32
44	Finance companies	-73	-177	-164	2	11	-3	-7	14	7	2
45	*Home improvement*	*881*	*1,585*	*1,967*	*217*	*212*	*222*	*209*	*156*	*229*	*234*
46	Commercial banks	271	588	920	74	111	109	95	101	123	110
	Revolving credit:										
47	Bank credit cards	1,220	1,850	2,911	448	311	263	362	398	280	349
48	Bank check credit	14	231	683	120	56	129	90	27	44	0
49	*All other*	*2,577*	*6,479*	*11,853*	*1,653*	*1,317*	*1,396*	*1,573*	*1,096*	*900*	*1,178*
50	Commercial banks, total	1,080	1,659	3,003	451	506	403	468	373	278	257
51	Personal loans	858	1,040	2,070	263	333	207	303	220	154	181
52	Finance companies, total	-348	1,509	3,749	419	387	395	358	210	329	513
53	Personal loans	279	1,290	2,748	309	307	327	301	238	236	372
54	Credit unions	1,580	2,045	2,719	358	301	371	383	133	212	289
55	Retailers	69	1,050	2,032	367	129	170	282	364	45	75
56	Others	196	217	350	58	-6	57	82	16	36	44

1 Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

2 Mutual savings banks, savings and loan associations, and auto dealers.

3 Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

NOTE.—Total consumer noninstalment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to $44.2 billion at the end of 1977, $38.7 billion at the end of 1976, $35.7 billion at the end of 1975, and $33.8 billion at the end of 1974. Comparable data for Dec. 31, 1978 will be published in the February 1979 BULLETIN.

1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations

Millions of dollars

	Holder, and type of credit	1975	1976	1977	1978 Mar.	Apr.	May	June	July	Aug.	Sept.
					Extensions[3]						
1	**Total**	**164,169**	**193,328**	**225,645**	**21,595**	**22,117**	**22,336**	**22,680**	**22,332**	**22,632**	**22,514**
	By holder:										
2	Commercial banks	77,312	94,220	110,777	10,608	11,120	11,004	11,329	11,315	11,474	11,176
3	Finance companies	31,173	36,028	41,770	3,914	4,226	4,241	4,113	4,078	4,214	4,281
4	Credit unions	24,096	28,587	33,592	3,309	3,267	3,508	3,433	3,128	3,271	3,388
5	Retailers[1]	27,049	29,188	33,202	3,148	2,955	2,995	3,185	3,300	2,995	3,058
6	Others[2]	4,539	5,305	6,303	616	549	588	620	511	678	611
	By type of credit:										
7	*Automobile*	*51,413*	*62,988*	*72,888*	*6,822*	*7,248*	*7,387*	*7,241*	*7,156*	*7,399*	*7,129*
8	Commercial banks	28,573	36,585	42,570	3,924	4,212	4,189	4,178	4,267	4,349	4,059
9	Indirect	15,766	19,882	22,904	2,173	2,347	2,327	2,305	2,329	2,370	2,274
10	Direct	12,807	16,704	19,666	1,751	1,865	1,862	1,873	1,938	1,979	1,785
11	Finance companies	9,674	11,209	12,635	1,173	1,314	1,337	1,278	1,208	1,324	1,279
12	Credit unions	12,683	14,675	17,041	1,679	1,654	1,798	1,721	1,624	1,644	1,720
13	Others	483	518	642	46	68	63	64	57	82	71
14	*Mobile homes*	*4,323*	*4,841*	*5,244*	*502*	*508*	*490*	*460*	*517*	*546*	*489*
15	Commercial banks	2,622	3,071	3,153	284	279	294	271	334	310	285
16	Finance companies	764	690	651	74	85	74	69	81	78	72
17	*Home improvement*	*5,556*	*6,736*	*8,066*	*770*	*753*	*798*	*801*	*736*	*850*	*817*
18	Commercial banks	2,722	3,245	3,968	352	382	395	390	390	429	399
	Revolving credit:										
19	Bank credit cards	20,428	25,862	31,761	3,231	3,255	3,245	3,482	3,466	3,499	3,603
20	Bank check credit	4,024	4,783	5,886	608	646	677	694	599	625	640
21	*All other*	*78,425*	*88,117*	*101,801*	*9,662*	*9,707*	*9,739*	*10,002*	*9,858*	*9,713*	*9,836*
22	Commercial banks, total	18,944	20,673	23,439	2,209	2,346	2,204	2,314	2,259	2,262	2,190
23	Personal loans	13,386	14,480	16,828	1,537	1,669	1,511	1,614	1,574	1,587	1,555
24	Finance companies, total	20,657	24,087	28,396	2,659	2,814	2,819	2,755	2,773	2,793	2,906
25	Personal loans	16,944	19,579	22,348	2,105	2,226	2,273	2,231	2,211	2,194	2,278
26	Credit unions	10,134	12,340	14,604	1,429	1,431	1,500	1,501	1,335	1,444	1,462
27	Retailers	27,049	29,188	33,202	3,148	2,955	2,995	3,185	3,300	2,995	3,058
28	Others	1,642	1,830	2,160	217	161	221	247	191	219	220
					Liquidations[3]						
29	**Total**	**156,665**	**172,795**	**194,555**	**17,527**	**18,398**	**18,479**	**18,888**	**19,031**	**19,646**	**19,236**
	By holder:										
30	Commercial banks	74,491	83,376	94,998	8,587	9,119	9,123	9,369	9,400	9,829	9,730
31	Finance companies	31,263	33,384	36,394	3,252	3,445	3,478	3,560	3,473	3,607	3,404
32	Credit unions	20,325	23,707	27,103	2,473	2,568	2,597	2,597	2,759	2,763	2,660
33	Retailers[1]	26,980	28,138	31,170	2,781	2,826	2,825	2,903	2,936	2,950	2,983
34	Others[2]	3,606	4,191	4,890	434	440	456	459	463	497	459
	By type of credit:										
35	*Automobile*	*48,406*	*52,750*	*59,652*	*5,300*	*5,520*	*5,598*	*5,698*	*5,636*	*5,953*	*5,690*
36	Commercial banks	28,014	30,154	34,435	3,042	3,223	3,245	3,232	3,330	3,455	3,361
37	Indirect	16,101	17,059	18,710	1,609	1,744	1,752	1,751	1,776	1,906	1,842
38	Direct	11,913	13,095	15,726	1,433	1,479	1,493	1,481	1,554	1,549	1,519
39	Finance companies	9,142	9,875	10,819	935	939	970	1,079	837	1,064	931
40	Credit unions	10,811	12,253	13,819	1,273	1,311	1,333	1,338	1,418	1,383	1,348
41	Others	439	468	536	50	47	50	49	51	51	50
42	*Mobile homes*	*4,517*	*4,691*	*4,802*	*394*	*413*	*432*	*445*	*413*	*459*	*411*
43	Commercial banks	2,944	2,986	3,025	238	251	261	272	255	284	253
44	Finance companies	837	867	806	72	74	77	76	67	71	70
45	*Home improvement*	*4,675*	*5,151*	*6,098*	*553*	*541*	*576*	*592*	*580*	*621*	*583*
46	Commercial banks	2,451	2,657	3,048	278	271	286	295	289	306	289
	Revolving credit:										
47	Bank credit cards	19,208	24,012	28,851	2,783	2,944	2,982	3,120	3,068	3,219	3,254
48	Bank check credit	4,010	4,552	5,202	488	590	548	604	572	581	640
49	*All other*	*75,849*	*81,638*	*89,948*	*8,009*	*8,390*	*8,343*	*8,429*	*8,762*	*8,813*	*8,658*
50	Commercial banks, total	17,864	19,014	20,436	1,758	1,840	1,801	1,846	1,886	1,984	1,933
51	Personal loans	12,528	13,439	14,757	1,274	1,336	1,304	1,311	1,354	1,433	1,374
52	Finance companies, total	21,005	22,578	24,647	2,240	2,427	2,424	2,397	2,563	2,464	2,393
53	Personal loans	16,665	18,289	19,600	1,796	1,919	1,946	1,930	1,973	1,958	1,906
54	Credit unions	8,554	10,295	11,884	1,071	1,130	1,129	1,118	1,202	1,232	1,173
55	Retailers	26,980	28,138	31,170	2,781	2,826	2,825	2,903	2,936	2,950	2,983
56	Others	1,446	1,613	1,811	159	167	164	165	175	183	176

1 Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

2 Mutual savings banks, savings and loan associations, and auto dealers.

3 Monthly figures are seasonally adjusted.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

	Transaction category, or sector	1972	1973	1974	1975	1976	1977	1977				1978	
								Q1	Q2	Q3	Q4	Q1	Q2
							Nonfinancial sectors						
1	**Total funds raised**	**176.0**	**203.5**	**188.0**	**208.5**	**272.1**	**340.5**	**303.8**	**300.6**	**390.6**	**367.1**	**380.6**	**370.5**
2	*Excluding equities*	*165.5*	*196.1*	*184.9*	*198.0*	*261.7*	*337.4*	*303.6*	*298.4*	*385.0*	*362.5*	*380.9*	*370.0*
	By sector and instrument:												
3	**U.S. Government**	**15.1**	**8.3**	**11.8**	**85.4**	**69.0**	**56.8**	**47.3**	**37.8**	**80.1**	**61.9**	**66.1**	**48.5**
4	Public debt securities	14.3	7.9	12.0	85.8	69.1	57.6	48.0	38.2	82.2	62.2	67.4	49.0
5	Agency issues and mortgages	.8	.4	.2	.4	.1	.9	.7	.4	-2.1	.3	1.4	-.5
6	**All other nonfinancial sectors**	**160.9**	**195.2**	**176.2**	**123.1**	**203.0**	**283.8**	**256.5**	**262.8**	**310.5**	**305.2**	**314.6**	**322.0**
7	Corporate equities	10.5	7.4	3.1	10.5	10.4	3.1	.1	2.2	5.6	4.6	.3	.5
8	Debt instruments	150.4	187.9	173.1	112.6	192.6	280.6	256.3	260.6	304.9	300.6	314.9	321.6
9	**Private domestic nonfinancial sectors**	**156.9**	**189.3**	**161.6**	**109.5**	**182.8**	**271.4**	**250.4**	**253.8**	**288.5**	**292.9**	**301.4**	**300.0**
10	Corporate equities	10.9	7.9	4.1	9.9	10.5	2.7	-.6	1.7	4.4	5.4	1.0	.7
11	*Debt instruments*	*146.0*	*181.4*	*157.5*	*99.6*	*172.3*	*268.7*	*251.0*	*252.1*	*284.1*	*287.5*	*300.4*	*299.3*
12	*Debt capital instruments*	*102.3*	*105.0*	*98.0*	*97.8*	*126.8*	*181.1*	*144.8*	*181.9*	*198.4*	*199.3*	*171.7*	*188.5*
13	State and local obligations	14.7	14.7	16.5	15.6	19.0	29.2	20.5	38.2	33.0	25.0	22.3	35.8
14	Corporate bonds	12.2	9.2	19.7	27.2	22.8	21.0	18.3	13.6	27.3	24.7	15.0	18.7
	Mortgages:												
15	Home	42.6	46.4	34.8	39.5	63.7	96.4	79.1	97.9	103.9	104.6	92.4	89.7
16	Multifamily residential	12.7	10.4	6.9	*	1.8	7.4	4.4	8.5	7.0	9.7	10.6	10.2
17	Commercial	16.5	18.9	15.1	11.0	13.4	18.4	13.9	14.4	18.6	26.6	21.9	24.4
18	Farm	3.6	5.5	5.0	4.6	6.1	8.8	8.6	9.2	8.6	8.8	9.5	9.7
19	*Other debt instruments*	*43.7*	*76.4*	*59.6*	*1.8*	*45.5*	*87.6*	*106.2*	*70.2*	*85.7*	*88.2*	*128.7*	*110.8*
20	Consumer credit	17.1	23.8	10.2	9.4	23.6	35.0	33.2	38.3	32.6	36.2	38.0	51.6
21	Bank loans n.e.c.	18.9	39.8	29.0	-14.0	3.5	30.6	48.9	19.0	33.8	20.7	61.3	45.9
22	Open market paper	.8	2.5	6.6	-2.6	4.0	2.9	1.7	5.3	.5	4.2	5.3	5.1
23	Other	6.9	10.3	13.7	9.0	14.4	19.0	22.5	7.6	18.8	27.1	24.1	8.2
24	*By borrowing sector*	*156.9*	*189.3*	*161.6*	*109.5*	*182.8*	*271.4*	*250.4*	*253.8*	*288.5*	*292.9*	*301.4*	*300.0*
25	State and local governments	14.5	13.2	15.5	13.2	18.5	25.9	19.6	25.9	34.8	23.2	20.9	24.4
26	Households	64.3	80.9	49.2	48.6	89.9	139.6	127.7	134.7	150.0	145.9	143.0	141.1
27	Farm	5.8	9.7	7.9	8.7	11.0	14.7	15.5	15.5	14.5	13.2	13.1	13.7
28	Nonfarm noncorporate	14.1	12.8	7.4	2.0	5.2	12.6	11.7	14.0	9.2	15.5	17.5	19.5
29	Corporate	58.3	72.7	81.8	37.0	58.2	78.7	75.9	63.7	80.1	95.2	107.0	101.3
30	**Foreign**	**4.0**	**5.9**	**14.6**	**13.6**	**20.2**	**12.3**	**6.1**	**9.0**	**22.0**	**12.3**	**13.2**	**22.0**
31	Corporate equities	.4	.5	1.0	.6	.1	.4	.8	.5	1.2	.8	-1.3	-.3
32	*Debt instruments*	*4.4*	*6.4*	*15.6*	*13.0*	*20.4*	*11.9*	*5.3*	*8.5*	*20.8*	*13.1*	*14.5*	*22.2*
33	Bonds	1.0	1.0	2.1	6.2	8.5	5.0	2.2	6.6	7.5	3.7	5.1	4.0
34	Bank loans n.e.c.	2.9	2.8	4.7	3.7	6.6	1.6	-3.9	-2.6	7.2	5.6	7.4	8.0
35	Open market paper	1.0	.9	7.3	.3	1.9	2.4	3.0	2.3	2.5	1.8	.9	8.1
36	U.S. Government loans	1.5	1.7	1.5	2.8	3.3	3.0	4.0	2.2	3.7	2.0	2.9	2.1
							Financial sectors						
37	**Total funds raised**	**28.3**	**57.6**	**36.4**	**11.7**	**29.2**	**58.8**	**57.6**	**65.4**	**41.3**	**71.1**	**111.1**	**94.3**
	By instrument:												
38	*U.S. Government related*	*8.4*	*19.9*	*23.1*	*13.5*	*18.6*	*26.3*	*27.4*	*22.6*	*25.4*	*29.7*	*38.8*	*39.8*
39	Sponsored credit agency securities	3.5	16.3	16.6	2.3	3.3	7.0	9.4	9.5	1.7	7.2	23.7	24.4
40	Mortgage pool securities	4.9	3.6	5.8	10.3	15.7	20.5	22.6	13.1	23.7	22.5	15.2	15.3
41	Loans from U.S. Government	...	...	.7	.9	.4	-1.2	4.7	...	...	...	...	...
42	*Private financial sectors*	*19.9*	*37.7*	*13.3*	*1.9*	*10.6*	*32.6*	*30.2*	*42.8*	*15.9*	*41.4*	*72.2*	*54.5*
43	Corporate equities	2.8	1.5	.3	.6	1.0	.6	1.4	2.5	-1.4	2.8	1.2	1.7
44	*Debt instruments*	*17.1*	*36.2*	*13.0*	*2.5*	*9.6*	*32.0*	*31.6*	*40.3*	*17.3*	*38.7*	*71.1*	*52.8*
45	Corporate bonds	5.1	3.5	2.1	2.9	5.8	10.1	7.3	13.0	8.5	11.7	10.3	9.6
46	Mortgages	1.7	1.2	1.3	2.3	2.1	3.1	2.7	3.8	3.1	2.8	2.6	1.6
47	Bank loans n.e.c.	5.9	8.9	4.6	3.6	3.7	*	1.9	6.5	.1	4.7	-1.1	2.9
48	Open market paper and Rp's	4.4	17.8	.9	-.1	7.3	14.4	17.1	25.7	5.8	9.0	46.4	23.4
49	Loans from FHLB's	*	7.2	6.7	-4.0	-2.0	4.3	2.6	4.3	.1	10.4	12.8	15.3
	By sector:												
50	Sponsored credit agencies	3.5	16.3	17.3	3.2	2.9	5.8	4.7	9.5	1.7	7.2	23.7	24.4
51	Mortgage pools	4.9	3.6	5.8	10.3	15.7	20.5	22.6	13.1	23.7	22.5	15.2	15.3
52	*Private financial sectors*	*19.9*	*37.7*	*13.3*	*-1.9*	*10.6*	*32.6*	*30.2*	*42.8*	*15.9*	*41.4*	*72.2*	*54.5*
53	Commercial banks	4.5	14.1	5.6	-1.4	7.5	4.8	10.0	10.0	2.5	3.4	31.1	3.6
54	Bank affiliates	.7	2.2	3.5	.3	.8	1.3	.4	2.3	1.5	.9	3.6	8.0
55	Savings and loan associations	2.0	6.0	6.3	2.2	*	11.9	8.7	12.5	5.6	20.7	18.1	20.7
56	Other insurance companies	.5	.5	.9	1.0	.9	.9	.9	.9	.9	1.0	1.0	1.0
57	Finance companies	6.5	9.4	6.0	.6	6.4	16.9	15.1	19.8	11.1	21.6	14.0	16.9
58	REIT's	6.3	6.5	.6	1.4	2.4	2.4	-2.7	2.4	2.6	1.9	1.9	-1.4
59	Open-end investment companies	-.5	1.2	.7	-.1	1.0	1.0	2.6	1.0	-3.3	.9	*	.4
60	Money market funds	...	...	2.4	1.3	*	.2	.3	-1.3	.1	1.7	6.4	5.3
							All sectors						
60	**Total funds raised, by instrument**	**204.3**	**261.1**	**224.4**	**220.2**	**301.3**	**399.4**	**361.3**	**366.0**	**431.8**	**438.2**	**491.7**	**464.8**
62	Investment company shares	-.5	1.2	.7	.1	-1.0	1.0	-2.6	1.0	-3.3	.9	*	.4
63	Other corporate equities	13.8	10.1	4.1	11.2	12.4	4.8	1.3	3.7	7.5	6.5	.9	1.8
64	*Debt instruments*	*191.0*	*252.3*	*221.0*	*209.1*	*289.8*	*395.6*	*362.6*	*361.3*	*427.6*	*430.9*	*490.9*	*462.6*
65	U.S. Government securities	23.6	28.3	34.3	98.2	88.1	84.3	79.5	60.6	105.5	91.7	105.0	88.4
66	State and local obligations	14.7	14.7	16.5	15.6	19.0	29.2	20.5	38.2	33.0	25.0	22.3	35.8
67	Corporate and foreign bonds	18.4	13.6	23.9	36.4	37.2	36.1	27.7	33.2	43.3	40.1	30.3	32.3
68	Mortgages	77.0	79.9	60.5	57.2	87.1	134.0	108.6	133.8	141.0	152.4	137.0	135.5
69	Consumer credit	17.1	23.8	10.2	9.4	23.6	35.0	33.2	38.3	32.6	36.2	38.0	51.6
70	Bank loans n.e.c.	27.8	51.6	38.3	-13.9	6.4	32.2	46.9	9.9	40.9	30.9	67.6	56.8
71	Open market paper and Rp's	4.1	21.2	14.8	-2.4	13.3	19.8	21.9	33.3	8.8	15.0	50.8	36.6
72	Other loans	8.4	19.1	22.6	8.7	15.3	25.1	24.4	14.0	22.4	39.6	39.9	25.6

1.58 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	1972	1973	1974	1975	1976	1977	1977				1978	
							Q1	Q2	Q3	Q4	Q1	Q2
1 **Total funds advanced in credit markets to nonfinancial sectors**	**165.5**	**196.1**	**184.9**	**198.0**	**261.7**	**337.4**	**303.6**	**298.4**	**385.0**	**362.5**	**380.9**	**370.0**
By public agencies and foreign:												
2 *Total net advances*	*19.8*	*34.1*	*52.6*	*44.3*	*54.5*	*85.4*	*59.2*	*79.3*	*81.4*	*121.8*	*116.3*	*83.0*
3 U.S. Government securities	7.6	9.5	11.9	22.5	26.8	40.2	14.8	39.7	40.8	65.6	48.7	33.9
4 Residential mortgages	7.0	8.2	14.7	16.2	12.8	20.4	23.6	16.3	18.8	23.0	27.2	20.0
5 FHLB advances to S&L's	*	7.2	6.7	-4.0	-2.0	4.3	2.6	4.3	-.1	10.4	12.8	15.3
6 Other loans and securities	5.1	9.2	19.4	9.5	16.9	20.5	18.2	19.1	21.9	22.8	27.5	13.8
Totals advanced, by sector												
7 U.S. Government	1.8	2.8	9.7	15.1	8.9	11.8	10.3	1.8	17.4	17.8	28.7	8.5
8 Sponsored credit agencies	9.2	21.4	25.6	14.5	20.6	26.9	28.4	24.9	25.7	28.7	39.9	43.6
9 Monetary authorities	.3	9.2	6.2	8.5	9.8	7.1	-5.8	26.1	2.1	6.2	-4.1	30.7
10 Foreign	8.4	.6	11.2	6.1	15.2	39.5	26.2	26.5	36.2	69.2	51.8	.3
11 Agency borrowing not included in line 1	8.4	19.9	23.1	13.5	18.6	26.3	27.4	22.6	25.4	29.7	38.8	39.8
Private domestic funds advanced												
12 *Total net advances*	*154.1*	*182.0*	*155.3*	*167.3*	*225.7*	*278.2*	*271.8*	*241.7*	*328.9*	*270.4*	*303.5*	*326.8*
13 U.S. Government securities	16.0	18.8	22.4	75.7	61.3	44.1	64.7	20.9	64.8	26.1	56.3	54.5
14 State and local obligations	14.7	14.7	16.5	15.6	19.0	29.2	20.5	38.2	33.0	25.0	22.3	35.8
15 Corporate and foreign bonds	13.1	10.0	20.9	32.8	30.5	22.3	19.6	14.9	31.1	23.6	19.3	21.5
16 Residential mortgages	48.2	48.4	26.9	23.2	52.7	83.2	59.7	90.0	92.0	91.2	75.6	79.8
17 Other mortgages and loans	62.1	97.2	75.4	16.1	60.4	103.7	109.9	82.0	107.9	115.0	142.8	150.6
18 LESS: FHLB advances	*	7.2	6.7	-4.0	-2.0	4.3	2.6	4.3	-.1	10.4	12.8	15.3
Private financial intermediation												
19 *Credit market funds advanced by private financial institutions*	*149.7*	*165.4*	*126.2*	*119.9*	*191.2*	*249.6*	*239.3*	*242.9*	*280.6*	*235.4*	*266.6*	*307.9*
20 Commercial banking	70.5	86.5	64.5	27.6	58.0	85.8	85.0	77.1	103.1	77.9	114.2	136.8
21 Savings institutions	48.2	36.9	26.9	52.0	71.4	84.8	85.5	85.1	89.1	79.6	79.1	81.6
22 Insurance and pension funds	17.2	23.9	30.0	41.5	51.7	62.0	58.6	62.0	66.4	61.1	62.7	66.2
23 Other finance	13.9	18.0	4.7	1.1	10.1	16.9	10.2	18.7	22.0	16.8	10.6	23.3
24 *Sources of funds*	*149.7*	*165.4*	*126.2*	*119.9*	*191.2*	*249.6*	*239.3*	*242.9*	*280.6*	*235.4*	*266.6*	*307.9*
25 Private domestic deposits	100.6	86.6	69.4	90.6	121.5	136.0	140.3	113.7	165.4	124.5	112.3	124.0
26 Credit market borrowing	17.1	36.2	13.0	2.5	9.6	32.0	31.6	40.3	17.3	38.7	71.1	52.8
27 *Other sources*	*32.0*	*42.5*	*43.8*	*31.9*	*60.1*	*81.6*	*67.3*	*89.0*	*97.9*	*72.3*	*83.2*	*131.1*
28 Foreign funds	4.6	5.8	16.8	.9	5.1	11.6	7.6	9.1	20.4	24.4	-2.4	16.4
29 Treasury balances	.7	-1.0	-5.1	-1.7	-.1	4.3	4.3	-7.9	5.5	15.2	-14.1	12.3
30 Insurance and pension reserves	11.6	18.4	26.0	29.6	34.8	48.0	40.6	50.4	51.9	48.9	47.7	50.1
31 Other, net	15.0	19.4	6.0	3.1	20.3	17.8	30.0	37.4	20.0	16.2	52.0	52.3
Private domestic nonfinancial investors												
32 *Direct lending in credit markets*	*21.5*	*52.8*	*42.2*	*44.9*	*44.1*	*60.6*	*64.1*	*39.1*	*65.6*	*73.6*	*108.0*	*71.8*
33 U.S. Government securities	3.9	19.2	17.5	23.0	19.6	24.6	34.3	-6.0	37.8	32.5	51.7	20.7
34 State and local obligations	3.0	5.4	9.3	8.3	6.8	9.1	2.1	14.2	7.3	12.9	4.4	9.6
35 Corporate and foreign bonds	4.4	1.3	4.7	8.0	2.1	1.1	.9	*	3.5	.2	-3.5	-2.1
36 Commercial paper	2.9	18.3	2.4	-.8	4.1	9.5	12.7	13.3	.5	11.5	37.2	22.6
37 Other	7.3	8.6	8.2	6.4	11.5	16.2	14.3	17.6	16.5	16.5	18.3	21.0
38 *Deposits and currency*	*105.0*	*90.6*	*75.7*	*96.8*	*128.8*	*144.3*	*146.9*	*118.3*	*182.2*	*129.7*	*123.2*	*133.9*
39 *Time and savings accounts*	*83.8*	*76.1*	*66.7*	*84.8*	*112.2*	*120.1*	*119.6*	*101.5*	*151.4*	*108.0*	*110.5*	*110.5*
40 Large negotiable CD's	7.7	18.1	18.8	14.1	14.4	9.3	-13.5	4.8	13.1	32.7	5.4	19.8
41 Other at commercial banks	30.6	29.6	26.1	39.4	58.1	41.7	62.9	27.7	60.0	16.3	52.8	33.6
42 At savings institutions	45.4	28.5	21.8	59.4	68.5	69.1	70.2	69.0	78.3	59.0	52.3	57.0
43 *Money*	*21.2*	*14.4*	*8.9*	*12.0*	*16.6*	*24.2*	*27.3*	*16.8*	*30.8*	*21.7*	*12.7*	*23.5*
44 Demand deposits	16.8	10.5	2.6	5.8	9.3	15.9	20.8	12.2	14.0	16.5	1.8	13.5
45 Currency	4.4	3.9	6.3	6.2	7.3	8.3	6.6	4.6	16.8	5.2	11.0	9.9
46 **Total of credit market instruments, deposits and currency**	**126.5**	**143.4**	**117.8**	**141.6**	**172.9**	**204.9**	**211.1**	**157.3**	**247.8**	**203.3**	**231.3**	**205.7**
47 Public support rate (in per cent)	12.0	17.4	28.5	22.4	20.8	25.3	19.5	26.6	21.1	33.6	30.5	22.4
48 Private financial intermediation (in per cent)	97.2	90.9	81.3	71.7	84.7	89.7	88.0	100.5	85.3	87.1	87.8	94.2
49 Total foreign funds	13.0	6.4	28.0	7.1	20.3	51.1	18.6	35.6	56.6	93.5	49.4	16.6
MEMO: Corporate equities not included above												
50 **Total net issues**	**13.3**	**8.9**	**3.4**	**11.1**	**11.4**	**3.8**	**1.3**	**4.7**	**4.2**	**7.4**	**.9**	**2.1**
51 Mutual fund shares	-.5	-1.2	.7	-.1	-1.0	-1.0	2.6	1.0	-3.3	.9	*	.4
52 Other equities	13.8	10.1	4.1	11.2	12.4	4.8	1.3	3.7	7.5	6.5	.9	1.8
53 Acquisitions by financial institutions	16.5	13.3	5.8	9.7	12.5	6.2	6.0	6.2	8.0	4.6	-1.5	.4
54 Other net purchases	-3.3	-4.4	-2.4	1.4	-1.1	-2.4	-7.3	-1.5	-3.8	2.8	2.3	1.8

NOTES BY LINE NUMBER.
1. Line 2 of p. A-44.
2. Sum of lines 3-6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by Federally sponsored credit agencies, and net issues of Federally related mortgage pool securities. Included below in lines 3, 13, and 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Sum of lines 39 and 44.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33-37. Lines 13–17 less amounts acquired by private finance. Line 37 includes mortgages.
45. Mainly an offset to line 9.
46. Lines 32 plus 38, or line 12 less line 27 plus line 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Sum of lines 10 and 28.
50, 52. Includes issues by financial institutions.

NOTE.—Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

	Measure	1975	1976	1977	1978 Mar.	Apr.	May	June	July^r	Aug.^r	Sept.^r	Oct.
1	**Industrial production**	**117.8**	**129.8**	**137.0**	**140.9**	**143.2**	**143.9**	**144.9**	**146.1**	**147.0**	**147.7**	**148.4**
	Market groupings:											
2	*Products, total*	*119.3*	*129.3*	*137.1*	*141.6*	*143.0*	*143.1*	*144.0*	*145.0*	*146.0*	*146.4*	*147.3*
3	Final, total	118.2	127.2	134.9	138.9	140.5	140.5	141.1	142.2	143.2	143.7	144.8
4	Consumer goods	124.0	136.2	143.4	145.9	147.5	147.0	147.0	147.7	148.4	148.8	150.2
5	Equipment	110.2	114.6	123.2	129.1	130.8	131.6	133.0	134.7	136.0	136.7	137.5
6	Intermediate	123.1	137.2	145.1	151.4	152.1	152.6	154.7	155.6	155.9	156.5	156.8
7	Materials	115.5	130.6	136.9	139.9	143.7	145.1	146.4	147.9	148.7	149.6	150.2
	Industry groupings:											
8	Manufacturing	116.3	129.5	137.1	141.4	143.5	144.3	145.5	146.7	147.6	148.3	149.1
	Capacity utilization (per cent)[1]											
9	Manufacturing	73.6	80.2	82.4	82.7	83.7	83.9	84.3	84.7	85.0	85.1	85.3
10	Industrial materials industries	73.6	80.4	81.9	81.9	84.0	84.5	85.1	85.7	86.0	86.3	86.4
11	Construction contracts[2]	162.3	190.2	253.0	254.0	279.0	332.0	249.0	286.0	289.0	300.0	....
12	**Nonagricultural employment, total**[3]	**117.0**	**120.7**	**125.0**	**128.8**	**129.8**	**130.1**	**130.7**	**130.8**	**130.9**	**131.0**	**131.6**
13	Goods-producing, total	97.0	100.4	104.2	106.9	108.6	108.7	109.3	109.4	109.2	109.2	110.1
14	Manufacturing, total	94.2	97.7	101.0	104.0	104.3	104.4	104.5	104.4	104.3	104.3	105.0
15	Manufacturing, production-worker	91.2	95.3	98.6	101.8	102.0	102.1	102.0	101.8	101.6	101.6	102.4
16	Service-producing	127.9	131.9	136.4	140.8	141.5	141.9	142.5	142.5	142.8	142.9	143.4
17	**Personal income, total**[4]	**200.4**	**220.4**	**244.0**	**262.7**	**266.4**	**268.4**	**270.6**	**274.3**	**275.7**	**277.0**	....
18	Wages and salary disbursements	188.5	208.2	230.1	249.5	253.5	254.6	256.9	259.2	259.7	260.7	....
19	Manufacturing	157.3	177.1	198.6	218.0	219.5	220.7	222.3	224.9	224.5	226.0	....
20	Disposable personal income	199.6	217.5	239.3	....	....	265.5	....	....	267.0	....	....
21	Retail sales[5]	184.6	203.5	224.4	239.5	244.8	245.4	246.3	244.9	251.7	253.1	251.8
	Prices:[6]											
22	Consumer[7]	161.2	170.5	181.6	189.8	191.5	193.3	195.3	196.7	197.8	199.3	....
23	Producer finished goods[8]	163.4	170.3	180.6	189.1	191.5	193.1	194.5	195.9	195.3	196.9	199.7

1 Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

2 Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Informations Systems Company, F. W. Dodge Division.

3 The establishment survey data in this table have been revised to conform to the industry definitions of the 1972 Standard Industrial Classification (SIC) Manual and to reflect employment benchmark levels for March 1977. In addition, seasonal factors for these data have been revised, based on experience through May 1978. Based on data in *Employment and Earnings* (U.S. Dept. of Labor). Series covers employees only, excluding personnel in the Armed Forces.

4 Based on data in *Survey of Current Business* U.S. Dept. of Commerce). Series for disposable income is quarterly.

5 Based on Bureau of Census data published in *Survey of Current Business* (U.S. Dept. of Commerce)

6 Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Dept. of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Dept. of Labor.

7 Beginning Jan. 1978, based on new index for all urban consumers.

8 Beginning with the November 1978 BULLETIN, producer price data in this table have been changed to the BLS series for producer finished goods. The previous data were producer prices for all commodities.

NOTE.—Basic data (not index numbers) for series mentioned in notes 3, 4, and 5, and indexes for series mentioned in notes 2 and 6 may also be found in the *Survey of Current Business* (U.S. Dept. of Commerce).

Figures for industrial production for the last 2 months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

	Series	Output (1967 = 100) 1977 Q4	1978 Q1	1978 Q2	1978 Q3^r	Capacity (per cent of 1967 output) 1977 Q4	1978 Q1	1978 Q2	1978 Q3	Utilization rate (per cent) 1977 Q4	1978 Q1	1978 Q2	1978 Q3^r
1	**Manufacturing**	**139.9**	**139.8**	**144.4**	**147.5**	**168.7**	**170.3**	**172.0**	**173.7**	**82.9**	**82.1**	**84.0**	**84.9**
2	Primary processing	148.2	148.2	154.1	157.7	175.1	176.8	178.5	180.2	84.6	83.8	86.3	87.5
3	Advanced processing	135.6	135.4	139.3	142.1	165.3	166.9	168.5	170.2	82.0	81.1	82.7	83.5
4	**Materials**	**138.9**	**139.2**	**145.1**	**148.7**	**168.9**	**170.4**	**171.7**	**173.0**	**82.2**	**81.7**	**84.5**	**86.0**
5	Durable goods	137.7	137.9	144.0	150.2	172.8	174.0	175.2	176.3	79.6	79.3	82.2	85.2
6	Basic metal	109.4	110.5	117.5	124.2	145.5	145.8	146.1	146.5	75.2	75.8	80.4	84.8
7	Nondurable goods	155.0	158.0	163.2	163.0	180.4	182.3	184.4	186.5	85.9	86.7	88.5	87.4
8	Textile, paper, and chemical	159.5	163.1	167.7	168.0	188.9	190.8	193.1	195.4	84.5	85.5	86.8	86.0
9	Textile	117.9	115.3	117.1	116.8	143.0	143.5	144.1	144.7	82.4	80.3	81.2	80.7
10	Paper	132.3	136.5	139.7	135.0	152.5	153.6	154.8	155.8	86.7	88.9	90.3	86.7
11	Chemical	188.9	194.9	201.4	203.8	223.6	226.6	230.1	233.5	85.4	86.0	87.5	87.3
12	Energy	121.9	119.1	125.5	127.5	145.7	147.2	147.8	148.4	83.7	80.9	84.9	85.9

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1975	1976	1977	1978 Apr.	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.	1978 Oct.
				Household survey data						
1 **Noninstitutional population**[1]	**153,449**	**156,048**	**158,559**	**160,504**	**160,713**	**160,928**	**161,148**	**161,348**	**161,570**	**161,829**
2 **Labor force (including Armed Forces)**[1]	**94,793**	**96,917**	**99,534**	**101,902**	**102,374**	**102,671**	**102,734**	**102,671**	**102,993**	**103,184**
3 Civilian labor force	92,613	94,773	97,401	99,784	100,261	100,573	100,618	100,549	100,870	101,062
Employment:										
4 Nonagricultural industries[2]	81,403	84,188	87,302	90,526	90,877	91,346	91,038	91,221	91,457	91,812
5 Agriculture	3,380	3,297	3,244	3,275	3,235	3,473	3,387	3,360	3,411	3,380
Unemployment:										
6 Number	7,830	7,288	6,855	5,983	6,149	5,754	6,193	5,968	6,002	5,870
7 *Rate (per cent of civilian labor force)*	*8.5*	*7.7*	*7.0*	*6.0*	*6.1*	*5.7*	*6.2*	*5.9*	*6.0*	*5.8*
8 **Not in labor force**	**58,655**	**59,130**	**59,025**	**58,602**	**58,340**	**58,257**	**58,414**	**58,677**	**58,577**	**58,645**
				Establishment survey data[4]						
9 **Nonagricultural payroll employment**[3]	**76,945**	**79,382**	**82,256**	**85,418**	**85,618**	**85,996**	**86,033**	**^{r}86,149**	**^{r}86,167**	**^{p}86,597**
10 Manufacturing	18,323	18,997	19,647	20,282	20,297	20,316	20,302	^{r}20,278	^{r}20,279	^{p}20,419
11 Mining	751	779	809	867	869	879	882	^{r}887	^{r}891	^{p}897
12 Contract construction	3,529	3,576	3,827	4,164	4,175	4,278	4,317	^{r}4,298	^{r}4,285	^{p}4,344
13 Transportation and public utilities	4,542	4,582	4,695	4,847	4,847	4,881	4,827	^{r}4,846	^{r}4,855	^{p}4,907
14 Trade	17,053	17,754	18,487	19,252	19,335	19,412	19,469	^{r}19,523	^{r}19,539	^{p}19,638
15 Finance	4,165	4,271	4,452	4,623	4,637	4,670	4,690	^{r}4,707	^{r}4,721	^{p}4,737
16 Service	13,892	14,552	15,247	15,866	15,896	15,963	15,989	^{r}16,074	^{r}16,143	^{p}16,197
17 Government	14,683	14,869	15,078	15,517	15,562	15,597	15,557	^{r}15,536	^{r}15,454	^{p}15,458

1 Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2 Includes self-employed, unpaid family, and domestic service workers.

3 Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

4 The establishment survey data in this table have been revised to conform to the industry definitions of the 1972 Standard Industrial Classification (SIC) Manual and to reflect employment benchmark levels for March 1977. In addition, seasonal factors for these data have been revised, based on experience through May 1978.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

	Grouping	1967 proportion	1977 average	1977 Aug.	1977 Sept.	1977 Oct.	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July r	1978 aug.	1978 Sept. p	1978 Oct. e
			Index (1967 = 100)											
	MAJOR MARKET													
1	**Total index**	100.00	137.1	138.1	138.5	138.9	140.9	143.2	143.9	144.9	146.1	147.0	147.7	148.4
2	**Products**	60.71	137.1	138.4	138.8	138.9	141.6	143.0	143.1	144.0	145.0	146.0	146.4	147.3
3	*Final products*	47.82	134.9	136.3	136.8	136.5	138.9	140.5	140.5	141.1	142.2	143.2	143.7	144.8
4	Consumer goods	27.68	143.4	144.7	144.9	144.9	145.9	147.5	147.0	147.0	147.7	148.4	148.8	150.2
5	Equipment	20.14	123.2	124.9	125.6	125.0	129.1	130.8	131.6	133.0	134.7	136.0	136.7	137.5
6	Intermediate products	12.89	145.1	146.1	146.5	147.8	151.4	152.1	152.6	154.7	155.6	155.9	156.5	156.8
7	**Materials**	39.29	136.9	137.6	137.9	138.9	139.9	143.7	145.1	146.4	147.9	148.7	149.6	150.2
	Consumer goods													
8	*Durable consumer goods*	7.89	153.1	154.7	155.6	156.8	157.5	161.8	160.2	160.6	160.9	161.1	160.3	163.7
9	Automotive products	2.83	174.2	177.2	177.0	179.4	175.8	184.3	180.0	179.9	182.2	182.1	178.0	187.0
10	Autos and utility vehicles	2.03	169.2	173.1	172.6	176.1	171.0	182.7	175.6	173.4	176.7	175.6	170.2	182.7
11	Autos	1.90	148.4	150.9	151.6	154.3	149.7	159.1	151.6	149.8	152.7	151.1	144.4	155.0
12	Auto parts and allied goods	.80	186.8	187.3	188.1	187.6	188.5	188.2	191.5	193.9	196.1	198.0	197.9	197.5
13	Home goods	5.06	141.3	142.1	143.6	144.2	147.2	149.2	148.9	149.7	148.9	149.5	150.3	150.8
14	Appliances, A/C, and TV	1.40	127.3	129.6	129.4	128.6	135.4	142.2	138.3	139.0	133.7	133.9	134.4	134.5
15	Appliances and TV	1.33	130.5	133.0	134.1	131.6	137.9	144.7	140.7	141.0	136.8	135.6	136.9	......
16	Carpeting and furniture	1.07	152.2	154.8	159.0	160.5	159.3	158.9	163.4	166.0	168.5	168.2	169.9	......
17	Miscellaneous home goods	2.59	144.3	143.6	144.9	145.8	148.7	149.0	148.8	148.8	149.1	150.1	150.9	151.4
18	*Nondurable consumer goods*	19.79	139.6	140.6	140.7	140.1	141.3	141.8	141.7	141.6	142.4	143.2	144.3	144.7
19	Clothing	4.29	125.2	126.4	128.3	128.0	122.4	124.9	125.4	124.8	125.1	126.6	......	......
20	Consumer staples	15.50	143.6	144.6	144.1	143.5	146.4	146.6	146.2	146.3	147.3	147.9	148.7	149.1
21	Consumer foods and tobacco	8.33	135.5	137.9	137.1	135.2	138.7	140.8	139.9	139.0	140.2	140.7	141.4	......
22	Nonfood staples	7.17	152.9	152.4	152.4	153.4	155.3	153.3	153.4	154.8	155.5	156.2	157.3	157.7
23	Consumer chemical products	2.63	180.5	181.8	182.5	183.7	182.1	182.5	182.0	185.5	186.7	188.0	188.4	......
24	Consumer paper products	1.92	117.1	117.0	116.4	117.6	118.9	117.7	117.9	118.0	117.5	117.5	119.9	......
25	Consumer energy products	2.62	151.4	148.9	148.6	149.1	155.0	149.9	150.7	150.8	151.9	152.5	153.7	......
26	Residential utilities	1.45	159.0	156.1	153.8	155.8	166.9	159.0	157.2	159.0	159.9	......	......	......
	Equipment													
27	*Business equipment*	12.63	149.2	151.1	152.1	152.6	157.4	159.3	160.2	161.8	163.8	165.4	166.1	166.8
28	Industrial equipment	6.77	138.5	140.4	141.4	141.8	146.9	147.8	149.7	150.9	151.9	152.9	153.2	153.6
29	Building and mining equipment	1.44	202.5	203.9	204.5	205.7	221.7	225.1	226.0	227.3	228.9	228.6	227.6	227.6
30	Manufacturing equipment	3.85	113.9	115.3	117.6	118.5	118.3	119.0	121.3	122.8	122.6	123.9	124.2	124.9
31	Power equipment	1.47	140.2	143.7	141.4	139.8	148.8	147.3	149.2	149.2	152.8	154.6	155.8	156.2
32	*Commercial transit, farm equipment*	5.86	161.6	163.4	164.4	165.1	169.4	172.6	172.3	174.4	177.5	179.8	181.1	182.0
33	Commercial equipment	3.26	191.6	193.0	193.7	195.4	202.0	203.8	204.2	206.9	210.6	212.2	213.9	214.7
34	Transit equipment	1.93	117.8	121.9	125.1	123.3	126.1	133.7	132.2	132.3	134.9	138.5	139.7	140.5
35	Farm equipment	.67	142.3	139.2	134.9	142.1	137.0	132.9	131.9	137.3	138.5	140.3	141.4	......
36	*Defense and space equipment*	7.51	79.6	80.8	80.9	78.9	81.9	82.9	83.6	84.6	85.9	86.5	87.5	88.1
	Intermediate products													
37	Construction supplies	6.42	140.8	141.7	143.2	144.9	147.9	148.5	150.4	152.1	153.5	154.2	155.3	155.4
38	Business supplies	6.47	149.5	150.6	149.7	150.5	155.0	155.6	155.0	157.0	157.6	157.6	157.8	......
39	Commercial energy products	1.14	164.6	165.0	162.7	163.0	164.3	163.5	162.7	163.0	164.1	165.1	166.5	......
	Materials													
40	*Durable goods materials*	20.35	134.5	135.4	135.7	137.1	138.6	142.7	143.9	145.4	148.7	150.3	151.7	152.3
41	Durable consumer parts	4.58	132.0	135.2	135.8	135.4	133.1	136.8	137.9	138.7	142.0	142.2	144.3	145.0
42	Equipment parts	5.44	143.1	145.6	146.8	147.6	151.3	154.8	155.8	157.4	161.7	162.9	164.0	164.8
43	Durable materials n.e.c.	10.34	131.1	130.1	129.8	132.4	134.5	138.9	140.3	141.8	144.7	147.2	148.4	149.0
44	Basic metal materials	5.57	110.9	108.7	106.8	110.0	110.4	116.7	117.5	118.2	121.7	124.9	126.0	......
45	*Nondurable goods materials*	10.47	153.5	155.1	153.9	154.4	160.5	162.0	163.5	164.1	162.5	162.5	163.9	163.7
46	Textile, paper, and chemical materials	7.62	158.3	159.6	159.0	160.0	165.7	166.4	167.9	168.8	168.3	166.8	169.0	168.9
47	Textile materials	1.85	113.0	112.2	114.5	118.5	115.1	116.5	116.7	118.0	117.1	115.9	117.4	......
48	Paper materials	1.62	133.5	135.7	135.2	134.4	137.8	139.2	140.1	139.9	135.1	131.5	138.5	......
49	Chemical materials	4.15	188.2	190.1	188.2	188.5	199.2	199.5	201.7	202.9	204.0	203.4	203.9	......
50	Containers, nondurable	1.70	150.9	156.2	151.2	148.9	158.1	160.5	161.9	162.8	155.4	161.7	161.3	......
51	Nondurable materials n.e.c.	1.14	125.3	122.4	124.1	125.4	129.3	134.6	135.8	135.0	135.7	134.6	133.7	......
52	Energy materials	8.48	122.4	121.4	123.5	124.0	117.5	123.9	125.2	127.5	127.9	127.7	127.0	129.0
53	Primary energy	4.65	107.3	106.8	110.0	112.2	104.5	115.5	114.4	116.1	116.7	116.1	112.7	......
54	Converted fuel materials	3.82	140.7	139.1	140.0	138.4	133.3	134.1	138.6	141.4	141.6	141.9	144.2	......
	Supplementary groups													
55	Home goods and clothing	9.35	133.9	134.9	136.5	136.8	135.9	138.0	138.2	138.3	138.0	139.0	140.2	140.8
56	Energy, total	12.23	132.5	131.4	132.5	133.0	129.8	133.1	134.2	135.9	136.4	136.5	136.4	137.9
57	Products	3.76	155.4	153.7	153.0	153.3	157.9	154.1	154.3	154.6	155.6	156.2	157.5	......
58	Materials	8.48	122.4	121.4	123.5	124.0	117.5	123.9	125.2	127.5	127.9	127.7	127.0	129.0

For NOTE see opposite page.

2.13 Continued

	Grouping	SIC code	1967 proportion	1977 average	1977 Aug.	1977 Sept.	1977 Oct.	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July[r]	1978 Aug.	1978 Sept.[p]	1978 Oct.[e]
			Index (1967 = 100)												
	MAJOR INDUSTRY														
1	*Mining and utilities*	.....	*12.05*	*136.2*	*134.4*	*135.1*	*135.8*	*138.2*	*140.9*	*140.9*	*142.5*	*142.6*	*142.5*	*142.1*	*143.8*
2	Mining	.....	6.36	117.8	115.4	118.0	119.6	119.3	127.2	126.7	128.0	127.1	126.2	124.6	127.9
3	Utilities	.....	5.69	156.5	155.7	154.1	154.0	159.5	156.0	157.0	158.6	159.9	160.6	161.4	161.7
4	Electric	.....	3.88	175.5	175.4	173.7	173.6	178.8	175.0	177.1	180.1	182.1	.....	.....	.....
5	*Manufacturing*	.....	*87.95*	*137.1*	*138.6*	*139.0*	*139.4*	*141.4*	*143.5*	*144.3*	*145.5*	*146.7*	*147.6*	*148.3*	*149.1*
6	Nondurable	.....	35.97	148.1	149.4	149.5	149.6	151.4	153.2	154.0	154.9	155.0	155.6	156.4	156.6
7	Durable	.....	51.98	129.5	131.3	131.7	132.4	134.4	136.9	137.6	139.0	141.1	142.1	142.7	143.9
	Mining														
8	Metal mining	10	.51	105.4	70.0	71.4	80.0	127.6	122.3	120.0	121.1	117.0	117.9	117.0	.....
9	Coal	11, 12	.69	118.0	113.6	133.0	141.4	78.4	129.5	131.7	136.4	131.7	124.9	114.7	145.5
10	Oil and gas extraction	13	4.40	118.0	119.3	119.6	119.4	123.3	127.3	126.3	127.1	126.8	126.5	125.6	125.3
11	Stone and earth minerals	14	.75	124.9	125.0	126.7	128.1	128.2	128.9	130.1	130.7	131.3	131.6	132.8	.....
	Nondurable manufactures														
12	Foods	20	8.75	137.9	139.3	138.3	137.3	141.1	143.1	142.8	141.8	142.9	143.8	144.0	.....
13	Tobacco products	21	.67	114.3	117.0	113.5	113.8	115.6	121.0	120.2	122.7	120.8	118.6	.....	.....
14	Textile mill products	22	2.68	137.1	136.6	140.7	142.4	135.1	138.1	138.5	140.4	141.0	139.4	141.2	.....
15	Apparel products	23	3.31	124.2	124.1	127.7	129.0	122.8	126.1	125.8	126.8	124.5	127.6	.....	.....
16	Paper and products	26	3.21	137.4	140.3	139.1	137.9	144.9	145.7	146.6	148.0	140.5	141.4	143.9	144.3
17	Printing and publishing	27	4.72	124.9	125.0	124.2	125.7	129.1	128.6	128.2	128.7	130.3	129.8	130.3	130.3
18	Chemicals and products	28	7.74	180.7	182.6	181.3	182.3	185.2	185.5	188.1	191.1	192.3	192.1	192.4	.....
19	Petroleum products	29	1.79	141.0	139.9	141.9	141.4	140.1	141.7	143.4	142.8	144.3	145.7	146.9	146.8
20	Rubber & plastic products	30	2.24	232.2	237.4	239.5	236.3	243.1	249.1	252.7	255.5	259.1	260.6	261.8	.....
21	Leather and products	31	.86	75.3	74.5	74.0	77.0	72.1	76.0	75.7	75.1	74.5	74.0	73.3	.....
	Durable manufactures														
22	Ordnance, private & government	19, 91	3.64	73.9	75.5	75.1	74.4	72.7	73.0	74.3	74.7	75.2	76.4	76.1	76.6
23	Lumber and products	24	1.64	133.4	131.8	137.1	135.7	136.5	136.9	136.5	138.7	138.1	136.9	138.7	.....
24	Furniture and fixtures	25	1.37	140.9	142.9	145.6	146.6	149.5	148.9	152.8	156.2	158.1	159.5	161.6	.....
25	Clay, glass, stone products	32	2.74	146.1	148.8	145.5	148.0	154.2	156.7	157.9	159.8	158.8	160.2	161.6	.....
26	Primary metals	33	6.57	110.2	112.5	109.0	113.5	106.1	114.3	115.5	117.5	123.0	124.9	125.9	126.5
27	Iron and steel	331, 2	4.21	103.4	110.6	104.6	107.7	96.4	109.0	110.5	114.5	119.0	120.2	121.8	.....
28	Fabricated metal products	34	5.93	130.9	134.0	133.6	133.8	138.1	139.5	140.4	142.3	144.0	145.5	145.8	146.1
29	Nonelectrical machinery	35	9.15	144.8	145.2	147.4	148.9	151.5	152.2	152.9	154.6	156.1	157.3	158.2	159.2
30	Electrical machinery	36	8.05	141.9	143.9	144.6	144.2	149.5	152.3	152.9	154.1	157.9	156.8	157.7	157.9
31	Transportation equipment	37	9.27	121.1	124.3	125.5	124.3	126.5	130.5	130.1	130.4	132.1	133.4	133.6	137.6
32	Motor vehicles & parts	371	4.50	159.7	164.4	165.6	168.4	165.1	171.7	168.3	167.7	169.7	171.0	168.7	176.1
33	Aerospace & misc. trans. eq.	372 9	4.77	84.7	86.5	87.7	82.8	90.1	91.8	93.9	95.0	96.5	98.3	100.6	101.4
34	Instruments	38	2.11	159.1	158.3	160.3	162.2	168.7	170.5	169.8	170.9	172.2	174.5	175.0	175.9
35	Miscellaneous mfrs.	39	1.51	149.1	147.5	150.7	151.0	153.7	152.9	152.7	153.5	153.2	153.8	154.0	154.3
			Gross value (billions of 1972 dollars, annual rates)												
	MAJOR MARKET														
36	**Products, total**	.....	**[1]507.4**	**583.9**	**590.2**	**590.1**	**591.3**	**601.1**	**608.8**	**606.8**	**608.9**	**610.3**	**612.8**	**614.1**	**619.5**
37	*Final products*	.....	*[1]390.9*	*452.1*	*456.9*	*456.8*	*457.8*	*463.5*	*470.7*	*468.2*	*468.9*	*469.6*	*472.5*	*473.0*	*478.5*
38	Consumer goods	.....	[1]277.5	317.5	320.0	319.1	319.5	321.6	326.3	324.0	323.0	323.4	324.7	324.2	328.0
39	Equipment	.....	[1]113.4	134.6	137.0	137.6	138.1	142.0	144.4	144.2	146.0	146.4	147.9	148.8	150.4
40	Intermediate products	.....	[1]116.6	131.9	133.1	133.5	133.8	137.5	138.3	138.6	140.3	140.7	140.6	141.1	141.5

[1] 1972 dollars.

NOTE. Published groupings include some series and subtotals not shown separately. For description and historical data, see *Industrial Production –1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), Dec. 1977.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1975	1976	1977	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July[r]	1978 Aug.[r]	1978 Sept.
	Private residential real estate activity (thousands of units)									
NEW UNITS										
1 *Permits authorized*	*927*	*1,296*	*18,133*	*1,647*	*1,740*	*1,597*	*1,821*	*1,632*	*1,563*	*1,707*
2 1-family	669	894	12,265	1,037	1,157	1,058	1,123	1,035	1,020	1,098
3 2-or-more-family	278	402	5,861	610	583	539	698	597	543	609
4 *Started*	*1,160*	*1,538*	*1,986*	*2,047*	*2,165*	*2,054*	*2,124*	*2,119*	*2,044*	*2,073*
5 1-family	892	1,163	1,451	1,429	1,492	1,478	1,441	1,453	1,454	1,451
6 2-or-more-family	268	377	535	618	673	576	683	666	590	622
7 *Under construction, end of period* [1]	*1,003*	*1,147*	*1,442*	*1,260*	*1,274*	*1,282*	*[r]1,296*	*1,299*	*1,306*	....
8 1-family	531	655	829	778	774	770	[r]774	780	791	....
9 2-or-more-family	472	492	613	483	500	513	522	519	515	....
10 *Completed*	*1,297*	*1,362*	*1,652*	*1,821*	*1,943*	*1,854*	*[r]1,890*	*1,942*	*1,950*	....
11 1-family	866	1,026	1,254	1,363	1,515	1,426	[r]1,344	1,286	1,345	....
12 2-or-more-family	430	336	398	458	428	428	[r]546	656	605	....
13 Mobile homes shipped	213	246	277	285	252	258	263	232	283	290
Merchant builder activity in 1-family units:										
14 Number sold	544	639	819	793	827	846	[r]831	794	779	775
15 Number for sale, end of period[1]	383	433	407	404	410	412	418	418	420	422
Price (thous. of dollars)[2]										
Median:										
16 Units sold	39.3	44.2	48.9	53.2	53.3	55.7	[r]56.7	54.9	56.6	57.1
17 Units for sale	38.9	41.6	48.2	....	....	....	....	....	....	....
Average:										
18 Units sold	42.5	48.1	54.4	60.0	59.3	62.3	[r]63.2	63.0	63.3	64.7
EXISTING UNITS (1-family)										
19 Number sold	2,452	3,002	3,572	3,770	3,880	3,770	3,780	3,890	4,080	3,950
Price of units sold (thous. of dollars):[2]										
20 Median	35.3	38.1	42.9	46.5	48.2	47.8	48.4	49.4	50.3	50.2
21 Average	39.0	42.2	47.9	51.1	53.6	54.8	55.1	56.5	57.5	57.7
	Value of new construction [4] (millions of dollars)									
CONSTRUCTION										
22 **Total put in place**	**134,293**	**147,481**	**170,685**	**185,381**	**195,261**	**201,555**	**205,843**	**208,300**	**206,464**	**207,027**
23 *Private*	*93,624*	*109,499*	*133,652*	*147,709*	*153,728*	*156,456*	*160,594*	*159,912*	*158,087*	*159,268*
24 Residential	46,472	60,519	81,067	88,141	92,433	94,533	94,902	93,998	92,555	92,433
25 Nonresidential, total	47,152	48,980	52,585	59,568	61,295	61,923	65,692	65,914	65,532	66,835
Buildings:										
26 Industrial	8,017	7,182	7,182	9,199	9,244	8,735	11,335	11,170	12,043	12,805
27 Commercial	12,804	12,757	14,604	16,227	17,177	18,546	19,246	19,463	18,835	19,098
28 Other	5,585	6,155	6,226	6,358	6,806	6,935	6,761	7,036	6,721	6,526
29 Public utilities and other	20,746	22,886	24,573	27,784	28,068	27,707	28,350	28,245	27,933	28,406
30 *Public*	*40,669*	*37,982*	*37,033*	*37,672*	*41,532*	*45,099*	*45,249*	*48,388*	*48,376*	*47,760*
31 Military	1,392	1,508	1,478	1,405	1,500	1,446	1,358	1,493	1,481	1,573
32 Highway	10,861	9,756	9,170	8,125	8,491	10,556	10,338	10,015	....	....
33 Conservation and development	3,256	3,722	3,765	4,237	4,586	4,172	3,508	4,947	....	....
34 Other[3]	25,160	22,996	22,620	23,905	26,955	28,925	30,045	31,972	....	....

1 Not at annual rates.
2 Not seasonally adjusted.
3 Beginning Jan. 1977 Highway imputations are included in Other.
4 Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE.—Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are for 14,000 jurisdictions reporting to the Census Bureau.

2.15 CONSUMER AND 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 Sept. 1978 (1967 = 100)[2]
	1977 Sept	1978 Sept.	1977 Dec.	1978 Mar.	1978 June	1978 Sept.	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.	
	Consumer prices[3]											
1 **All items**	**6.6**	**8.3**	**4.9**	**9.3**	**11.4**	**7.8**	**.9**	**.9**	**.5**	**.6**	**.8**	**199.3**
2 *Commodities*	*5.7*	*7.9*	*4.9*	*9.3*	*11.2*	*6.3*	*.9*	*.9*	*.4*	*.4*	*.7*	*190.5*
3 Food	7.1	10.8	4.2	16.4	20.4	3.0	1.5	1.3	.0	.3	.5	215.6
4 Commodities less food	4.9	6.7	5.4	6.1	7.2	7.8	.6	.6	.6	.5	.9	177.8
5 Durable	4.8	7.7	5.2	8.7	9.0	8.3	.8	.8	.7	.5	.9	177.2
6 Nondurable	5.0	5.2	5.1	3.1	5.5	7.3	.4	.4	.5	.5	.8	177.1
7 *Services*	*7.9*	*9.1*	*4.9*	*9.1*	*11.8*	*10.3*	*1.0*	*.9*	*.8*	*.8*	*.8*	*215.6*
8 Rent	6.2	7.1	6.3	6.2	8.5	7.5	.7	.6	.5	.5	.8	166.4
9 Services less rent	8.2	9.4	4.8	9.6	12.2	10.8	1.0	.9	.9	.9	.9	224.6
Other groupings:												
10 All items less food	6.4	7.8	5.0	8.1	9.3	9.1	.8	.7	.7	.7	.8	195.1
11 All items less food and energy	6.2	7.9	5.3	8.0	9.9	8.3	.8	.9	.7	.6	.7	192.4
12 Homeownership	7.6	12.0	7.1	12.2	14.5	14.7	1.1	1.2	1.2	1.0	1.3	234.2
	Producer prices, formerly Wholesale prices											
13 Finished goods	6.6	8.2	7.2	9.6	r11.4	5.0	.7	.7	.5	-.1	.9	196.9
14 Consumer	6.5	8.2	5.4	10.9	r12.5	4.2	.6	r.8	.4	-.3	.9	195.1
15 Foods	6.7	10.2	7.4	21.2	14.6	-1.0	.4	1.2	-.3	1.5	1.7	209.4
16 Excluding foods	6.4	7.1	4.7	5.3	r11.2	7.6	.8	r.5	r.9	.4	.5	186.0
17 Capital Equipment	6.7	8.3	10.9	7.1	r8.7	6.4	.8	r.7	r.6	.4	.6	201.0
18 Materials	5.0	9.0	8.3	13.9	r9.0	5.2	.5	r.7	.3	.1	.9	223.3
19 Intermediate[1]	6.8	6.6	4.2	9.2	r6.6	6.7	.5	r.6	r.3	.7	.6	219.6
Crude:												
20 Nonfood	7.1	15.0	20.1	16.2	r11.6	12.2	.4	1.6	r2.4	-.5	1.0	294.9
21 Food	-3.7	20.1	27.6	40.3	28.1	-9.4	.0	1.9	-2.5	1.8	1.9	218.5

1 Excludes intermediate materials for food manufacturing and manufactured animal feeds.
2 Not seasonally adjusted.
3 Beginning Jan. 1978 figures for consumer prices are those for all urban consumers.

SOURCE.—Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1975	1976	1977	1977 Q2	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Q3[p]
	Gross national product								
1 **Total**	**1,528.8**	**1,700.1**	**1,887.2**	**1,867.0**	**1,916.8**	**1,958.1**	**1,992.0**	**2,087.5**	**2,141.1**
By source:									
2 *Personal consumption expenditures*	*979.1*	*1,090.2*	*1,206.5*	*1,188.6*	*1,214.5*	*1,255.2*	*1,276.7*	*1,322.9*	*1,354.5*
3 Durable goods	132.6	156.6	178.4	175.6	177.4	187.2	183.5	197.8	199.3
4 Nondurable goods	408.9	442.6	479.0	473.6	479.7	496.9	501.4	519.3	529.4
5 Services	437.5	491.0	549.2	539.4	557.5	571.1	591.8	605.8	625.8
6 *Gross private domestic investment*	*190.9*	*243.0*	*297.8*	*295.6*	*309.7*	*313.5*	*322.7*	*345.4*	*351.7*
7 Fixed investment	201.6	232.8	282.3	278.6	287.8	300.5	306.0	325.3	334.1
8 *Nonresidential*	*150.2*	*164.6*	*190.4*	*187.2*	*193.5*	*200.3*	*205.6*	*220.1*	*225.4*
9 Structures	53.8	57.3	63.9	63.4	65.4	67.4	68.5	76.6	79.5
10 Producers' durable equipment	96.4	107.3	126.5	123.8	128.1	132.8	137.1	143.5	145.9
11 Residential structures	51.5	68.2	91.9	91.4	94.3	100.2	100.3	105.3	108.8
12 Nonfarm	49.5	65.8	88.9	88.4	91.2	97.5	97.3	102.1	105.5
13 Change in business inventories	-10.7	10.2	15.6	17.0	21.9	13.1	16.7	20.1	17.6
14 Nonfarm	-14.3	12.2	15.0	16.5	22.0	10.4	16.9	22.1	18.6
15 *Net exports of goods and services*	*20.4*	*7.4*	*-11.1*	*-5.9*	*-7.0*	*-23.2*	*-24.1*	*-5.5*	*-6.5*
16 Exports	147.3	163.2	175.5	178.1	180.8	172.1	181.7	205.4	210.9
17 Imports	126.9	155.7	186.6	184.0	187.8	195.2	205.8	210.9	217.3
18 *Government purchases of goods and services*	*338.4*	*359.5*	*394.0*	*388.8*	*399.5*	*412.5*	*416.7*	*424.7*	*441.3*
19 Federal	123.1	129.9	145.1	142.9	146.8	152.2	151.5	147.2	156.1
20 State and local	215.4	229.6	248.9	245.9	252.7	260.3	265.2	277.6	285.2
By major type of product:									
21 Final sales, total	1,539.6	1,689.9	1,871.6	1,850.0	1,894.9	1,945.0	1,975.3	2,067.4	2,123.4
22 *Goods*	*686.6*	*760.3*	*832.6*	*825.8*	*844.7*	*859.6*	*861.8*	*912.2*	*930.7*
23 Durable	259.0	304.6	341.3	339.1	346.5	347.4	351.2	375.8	381.4
24 Nondurable	427.5	455.7	491.3	486.7	498.2	512.2	510.6	536.4	549.3
25 Services	697.6	778.0	862.8	850.0	875.3	893.6	926.4	952.0	977.6
26 Structures	144.7	161.9	191.8	191.3	196.8	204.9	203.8	223.4	232.8
27 Change in business inventories	-10.7	10.2	15.6	17.0	21.9	13.1	16.7	20.1	17.6
28 Durable goods	8.9	5.3	8.4	9.1	11.9	6.3	14.8	10.8	11.2
29 Nondurable goods	-1.8	4.9	7.2	7.9	10.0	6.8	1.9	9.3	6.4
30 **MEMO: Total GNP in 1972 dollars**	**1,202.3**	**1,271.0**	**1,332.7**	**1,325.5**	**1,343.9**	**1,354.5**	**1,354.2**	**1,382.6**	**1,394.3**
	National income								
31 **Total**	**1,215.0**	**1,359,2**	**1,515.3**	**1,499.3**	**1,537.6**	**1,576.9**	**1,603.1**	**1,688.1**	....
32 Compensation of employees	931.1	1,036.8	1,153.4	1,140.5	1,165.8	1,199.7	1,241.0	1,287.8	1,314.7
33 *Wages and salaries*	*805.9*	*890.1*	*983.6*	*973.4*	*993.6*	*1,021.2*	*1,050.8*	*1,090.2*	*1,111.2*
34 Government and Government enterprises	175.4	187.6	200.8	198.1	201.7	208.1	211.4	213.9	216.9
35 Other	630.4	702.5	782.9	775.3	791.9	813.1	839.3	876.3	894.3
36 *Supplement to wages and salaries*	*125.2*	*146.7*	*169.8*	*167.1*	*172.2*	*178.4*	*190.2*	*197.6*	*203.5*
37 Employer contributions for social insurance	60.1	69.7	79.4	78.6	79.9	82.4	90.2	93.6	95.6
38 Other labor income	65.1	77.0	90.4	88.5	92.2	96.1	100.0	104.0	107.9
39 *Proprietors' income*[1]	*87.0*	*88.6*	*99.8*	*98.9*	*97.2*	*107.3*	*105.0*	*110.1*	*113.2*
40 Business and professional[1]	63.5	70.2	79.5	78.9	80.8	82.3	83.1	86.1	89.7
41 Farm[1]	23.5	18.4	20.3	20.0	16.5	25.1	21.9	24.0	23.5
42 Rental income of persons[2]	22.4	22.5	22.5	22.4	22.4	22.7	22.8	22.2	24.4
43 Corporate profits[1]	95.9	127.0	144.2	143.7	154.8	148.2	132.6	163.4	....
44 Profits before tax[3]	120.4	155.9	173.9	175.1	177.5	178.3	172.1	205.5	....
45 Inventory valuation adjustment	-12.4	14.5	-14.8	-16.6	-7.7	-14.8	-23.5	-24.9	-20.9
46 Capital consumption adjustment	12.0	14.4	-14.9	-14.8	-15.0	-15.3	-16.1	17.2	-19.3
47 Net interest	78.6	84.3	95.4	93.7	97.3	99.0	101.7	104.6	107.0

1 With inventory valuation and capital consumption adjustments.
2 With capital consumption adjustments.
3 For after-tax profits, dividends, etc., see Table 1.50.

SOURCE.—*Survey of Current Business* (U.S. Dept. of Commerce).

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.

Account	1975	1976	1977	1977 Q2	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Q3[p]
	Personal income and saving								
1 **Total personal income**	**1,255.5**	**1,380.9**	**1,529.0**	**1,508.6**	**1,543.7**	**1,593.0**	**1,628.9**	**1,682.4**	**1,727.2**
2 *Wage and salary disbursements*	*805.9*	*890.1*	*983.6*	*973.4*	*993.6*	*1,021.2*	*1,050.8*	*1,090.2*	*1,110.9*
3 Commodity-producing industries	275.0	307.5	343.7	342.0	348.3	357.1	365.9	387.0	395.9
4 Manufacturing	211.0	237.5	266.3	264.1	269.3	277.3	286.9	296.1	301.9
5 Distributive industries	195.3	216.4	239.1	236.5	241.2	247.5	257.0	266.4	270.4
6 Service industries	160.1	178.6	200.1	196.8	202.3	208.5	216.5	222.8	228.0
7 Government and government enterprises	175.4	187.6	200.8	198.1	201.7	208.1	211.4	213.9	216.7
8 Other labor income	65.1	77.0	90.4	88.5	92.2	96.1	100.0	104.0	107.9
9 *Proprietors' income*[1]	*87.0*	*88.6*	*99.8*	*98.9*	*97.2*	*107.3*	*105.0*	*110.1*	*113.2*
10 Business and professional[1]	63.5	70.2	79.5	78.9	80.8	82.3	83.1	86.1	89.7
11 Farm[1]	23.5	18.4	20.3	20.0	16.5	25.1	21.9	24.0	23.5
12 Rental income of persons[2]	22.4	22.5	22.5	22.4	22.4	22.7	22.8	22.2	24.4
13 Dividends	31.9	37.9	43.7	42.7	44.1	46.3	47.0	48.1	50.1
14 Personal interest income	115.5	126.3	141.2	139.1	143.6	146.0	151.4	156.3	160.9
15 Transfer payments	178.2	193.9	208.8	204.0	211.9	215.9	219.2	220.6	230.2
16 Old-age survivors, disability, and health insurance benefits	81.4	92.9	105.0	101.8	108.5	110.1	112.1	113.7	120.9
17 LESS: Personal contributions for social insurance	50.5	55.5	61.0	60.5	61.4	62.6	67.2	69.2	70.4
18 EQUALS: Personal income	1,255.5	1,380.9	1,529.0	1,508.6	1,543.7	1,593.0	1,628.9	1,682.4	1,727.2
19 LESS: Personal tax and nontax payments	168.8	196.5	226.0	223.3	224.6	233.3	237.3	249.1	262.5
20 EQUALS: Disposable personal income	1,086.7	1,184.4	1,303.0	1,285.3	1,319.1	1,359.6	1,391.6	1,433.3	1,464.7
21 LESS: Personal outlays	1,003.0	1,116.3	1,236.1	1,217.8	1,244.8	1,285.9	1,309.2	1,357.0	1,390.2
22 EQUALS: Personal saving	83.6	68.0	66.9	67.5	74.3	73.7	82.4	76.3	74.4
MEMO ITEMS: Per capita (1972 dollars):									
23 Gross national product	5,629	5,906	6,144	6,120	6,191	6,226	6,215	6,333	6,375
24 Personal consumption expenditures	3,626	3,808	3,954	3,922	3,953	4,030	4,009	4,060	4,086
25 Disposable personal income	4,025	4,136	4,271	4,241	4,293	4,365	4,370	4,399	4,418
26 Saving rate (per cent)	7.7	5.7	5.1	5.3	5.6	5.4	5.9	5.3	5.1
	Gross saving								
27 **Gross private saving**	**259.8**	**270.7**	**290.8**	**288.6**	**310.7**	**304.3**	**305.4**	**319.9**	....
28 Personal saving	83.6	68.0	66.9	67.5	74.3	73.7	82.4	76.3	74.4
29 Undistributed corporate profits[1]	14.2	24.8	28.7	28.7	38.0	28.0	15.6	30.3	....
30 Corporate inventory valuation adjustment	−12.4	−14.5	−14.8	−16.6	−7.7	−14.8	−23.5	−24.9	−20.9
Capital consumption allowances:									
31 Corporate	101.3	111.5	120.9	119.8	122.6	124.6	127.4	130.5	134.7
32 Noncorporate	60.7	66.3	74.3	72.6	75.9	77.9	79.9	82.8	86.1
33 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
34 *Government surplus, or deficit (−), national income and product accounts*	*−64.4*	*−33.2*	*−18.6*	*−11.8*	*−25.2*	*−29.6*	*−21.1*	*6.2*	....
35 Federal	−70.6	−53.8	−48.1	−40.3	−56.4	−58.6	−52.6	−23.6	....
36 State and local	6.2	20.7	29.6	28.5	31.2	29.0	31.5	29.8	....
37 Capital grants received by the United States, net	....	....	....	....	....	....	....	....	....
38 *Investment*	*202.8*	*241.7*	*276.9*	*280.4*	*292.6*	*279.5*	*286.4*	*326.6*	*331.5*
39 Gross private domestic	190.9	243.0	297.8	295.6	309.7	313.5	322.7	345.4	351.7
40 Net foreign	11.9	−1.2	−20.9	−15.2	−17.1	−34.1	−36.3	−18.9	−20.3
41 Statistical discrepancy	7.4	4.2	4.7	3.7	7.1	4.8	2.2	.5	....

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE.—*Survey of Current Business* (U.S. Dept. of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1975	1976	1977	1977 Q2	1977 Q3	1977 Q4	1978 Q1r	1978 Q2
1 Merchandise exports	107,088	114,694	r120,555	r30,630	r31,012	r29,434	30,664	35,067
2 Merchandise imports	98,041	124,047	r151,658	r37,258	r38,265	r39,639	41,865	42,869
3 Merchandise trade balance[2]	9,047	-9,353	r-31,103	r-6,628	r-7,253	r-10,205	-11,201	-7,802
4 Military transactions, net	-876	312	1,334	295	467	5	210	575
5 Investment income, net[3]	12,795	15,933	17,507	4,487	r4,609	r3,813	4,877	4,620
6 Other service transactions, net	2,095	2,469	1,705	412	583	482	538	699
7 **Balance on goods and services[3,4]**	**23,060**	**9,361**	**r-10,558**	**r-1,434**	**r-1,594**	**r-5,905**	**-5,576**	**-1,908**
8 Remittances, pensions, and other transfers	-1,721	-1,878	-1,932	-480	-490	-473	-504	-549
9 U.S. Government grants (excluding military)	-2,894	-3,145	-2,776	-763	-787	-591	-778	-804
10 **Balance on current account[3]**	**18,445**	**4,339**	**r-15,265**	**r-2,677**	**r-2,871**	**r-6,969**	**-6,858**	**-3,261**
11 *Not seasonally adjusted[3]*				*r-2,500*	*r-5,182*	*r-5,247*	*-6,382*	*-2,811*
12 Change in U.S. Government assets, other than official reserve assets, net (increase, -)	-3,470	-4,213	-3,679	-795	-1,098	-838	-896	-1,151
13 *Change in U.S. official reserve assets (increase, -)*	*-607*	*-2,530*	*-231*	*6*	*151*		*246*	*329*
14 Gold			-118			-60		
15 Special Drawing Rights (SDR's)	-66	-78	-121	83	-9	29	-16	-104
16 Reserve position in International Monetary Fund (IMF)	-466	-2,212	-294	80	133	42	324	437
17 Foreign currencies	75	240	302	169	27	47	-62	-4
18 **Change in U.S. private assets abroad (increase, -)[3]**	**-35,368**	**-43,865**	**-30,740**	**-11,214**	**-5,668**	**-13,862**	**-14,386**	**4,144**
19 Bank-reported claims	-13,532	-21,368	-11,427	-4,582	-1,779	-8,750	-6,270	1,422
20 *Nonbank-reported claims*	*-1,357*	*-2,030*	*-1,700*	*-1,137*	*1,389*	*-1,184*	*-2,222*	*-284*
21 Long-term	366	5	25	66	205	-279	-57	-268
22 Short-term	-991	-2,035	-1,725	-1,203	1,184	-905	-2,165	-16
23 U.S. purchase of foreign securities, net	-6,235	-8,852	-5,398	-1,766	-2,165	731	-949	-1,116
24 U.S. direct investments abroad, net[3]	-14,244	-11,614	-12,215	-3,729	-3,113	-3,197	-4,945	-4,166
25 *Change in foreign official assets in the United States (increase, +)*	*6,907*	*18,073*	*37,124*	*7,884*	*8,246*	*15,543*	*15,760*	*-4,924*
26 U.S. Treasury securities	4,408	9,333	30,294	5,123	6,948	12,900	12,965	-5,095
27 Other U.S. Government obligations	905	573	2,308	610	627	973	117	211
28 Other U.S. Government liabilities[5]	1,647	4,993	1,644	417	332	390	804	-310
29 Other U.S. liabilities reported by U.S. banks	-2,158	969	773	752	-163	909	1,456	-367
30 Other foreign official assets[6]	2,104	2,205	2,105	982	502	371	418	637
31 **Change in foreign private assets in the United States (increase, +)[3]**	**8,643**	**18,897**	**13,746**	**6,180**	**6,005**	**4,522**	**2,336**	**5,152**
32 U.S. bank-reported liabilities	628	10,990	6,719	6,240	2,640	3,143	-314	1,679
33 *U.S. nonbank-reported liabilities*	*319*	*-507*	*257*	*-412*	*590*	*425*	*495*	*10*
34 Long-term	406	-958	620	-176	18	-242	38	-19
35 Short-term	-87	451	877	236	572	667	457	29
36 Foreign private purchases of U.S. Treasury securities, net	2,590	2,783	563	-1,370	1,251	-299	881	803
37 Foreign purchases of other U.S. securities, net	2,503	1,284	2,869	725	513	803	462	1,314
38 Foreign direct investments in the United States, net[3]	2,603	4,347	3,338	996	1,012	450	812	1,347
39 Allocation of SDR's								
40 *Discrepancy*	*5,449*	*9,300*	*r-954*	*r616*	*r-4,766*	*r1,604*	*3,798*	*7,998*
41 Owing to seasonal adjustments				r-178	-2,230	2,276	160	12
42 Statistical discrepancy in recorded data before seasonal adjustment	5,449	9,300	r-954	r794	r-2,536	r-672	3,638	7,986
MEMO ITEMS:								
Changes in official assets:								
43 U.S. official reserve assets (increase, -)	-607	-2,530	-231	6	151		246	329
44 Foreign official assets in the United States (increase, +)	5,259	13,080	35,480	7,467	7,914	15,153	14,956	-4,614
45 Changes in Organization of Petroleum Exporting Countries (OPEC) official assets in the Unites States (part of line 25 above)	7,092	9,581	6,733	1,344	1,438	1,024	1,963	-2,737
46 Transfers under military grant programs (excluded from lines 1, 4, and 9 above)	2,207	373	194	53	31	71	75	57

1 Seasonal factors are no longer calculated for lines 13 through 46.

2 Data are on an international accounts (IA) basis. Differs from the Census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of Line 4.

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 excludes certain military sales to Israel from exports and excludes U.S. Govt. interest payments from imports.

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	1975r	1976r	1977	1978 Mar.	Apr.	May	June	July	Aug.	Sept.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	107,589	115,156	121,151	10,912	11,635	11,754	12,126	11,793	12,469	13,429
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	96,573	121,009	147,685	13,699	14,496	13,992	13,723	14,779	14,090	15,120
3 **Trade balance**	**11,016**	**−5,853**	**−26,534**	**−2,787**	**−2,861**	**−2,238**	**−1,597**	**−2,987**	**−1,621**	**−1,691**

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. Dept. of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1975	1976	1977	1978 Apr.	May	June	July	Aug.	Sept.	Oct.
1 **Total**	**16,226**	**18,747**	**19,312**	**18,842**	**18,966**	**18,864**	**18,832**	**18,783**	**18,850**	[3] **18,935**
2 Gold stock, including Exchange Stabilization Fund[1]	11,599	11,598	11,719	11,718	11,718	11,706	11,693	11,679	11,668	11,655
3 Special Drawing Rights[2]	2,335	2,395	2,629	2,669	2,760	2,804	2,860	2,885	2,942	[3] 3,097
4 Reserve position in International Monetary Fund	2,212	4,434	4,946	4,388	4,347	4,270	4,177	4,196	4,214	[3] 4,147
5 Convertible foreign currencies	80	320	18	67	141	84	102	23	26	36

1 Gold held under earmark at F.R. Banks for foreign and international accounts is not included in the gold stock of the United States; see Table 3.24.

2 Includes allocations by the International Monetary Fund (IMF) of SDR's as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; and $710 million on Jan. 1, 1972; plus net transactions in SDR's.

3 Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974. At valuation used prior to July 1974 (SDR1 = $1.20635) total U.S. reserve assets at end of Oct. amounted to $18,010; SDR holdings, $2,770; and reserve position in IMF $3,549.

3.13 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1975	1976	1977	1978						
				Feb.	Mar.	Apr.	May[2]	June[r]	July	Aug.[p]
						All foreign countries				
1 **Total, all currencies**	**176,493**	**219,420**	**258,897**	**256,779**	**263,468**	**260,558**	**259,452**	**271,706**	**269,552**	**275,065**
2 *Claims on United States*	*6,743*	*7,889*	*11,623*	*9,361*	*11,013*	*13,754*	*8,727*	*10,866*	*9,254*	*10,348*
3 Parent bank	3,665	4,323	7,806	5,410	6,708	9,348	4,863	6,750	5,096	6,142
4 Other	3,078	3,566	3,817	3,951	4,305	4,406	3,864	4,116	4,158	4,206
5 *Claims on foreigners*	*163,391*	*204,486*	*238,848*	*238,658*	*243,316*	*237,447*	*241,784*	*251,818*	*250,710*	*254,586*
6 Other branches of parent bank	34,508	45,955	55,772	54,201	55,554	51,817	52,719	55,363	55,243	58,746
7 Banks	69,206	83,765	91,883	92,341	95,348	92,370	91,912	96,663	94,641	92,854
8 Public borrowers[1]	5,792	10,613	14,634	15,093	15,284	15,207	21,139	22,495	23,382	23,292
9 Nonbank foreigners	53,886	64,153	76,560	77,023	77,130	78,053	76,014	77,297	77,444	79,694
10 Other assets	6,359	7,045	8,425	8,761	9,139	9,357	8,941	9,022	9,588	10,131
11 **Total payable in U.S. dollars**	**132,901**	**167,695**	**193,764**	**189,372**	**194,855**	**194,168**	**192,466**	**202,792**	**198,205**	**200,982**
12 *Claims on United States*	*6,408*	*7,595*	*11,049*	*8,629*	*10,320*	*12,952*	*8,035*	*10,082*	*8,473*	*9,364*
13 Parent bank	3,628	4,264	7,692	5,162	6,611	9,158	4,712	6,580	4,906	5,773
14 Other	2,780	3,332	3,357	3,467	3,709	3,795	3,323	3,502	3,567	3,591
15 *Claims on foreigners*	*123,496*	*156,896*	*178,896*	*176,737*	*180,341*	*176,877*	*180,331*	*188,615*	*185,425*	*187,090*
16 Other branches of parent bank	28,478	37,909	44,256	42,664	43,502	40,628	41,209	43,544	43,447	46,325
17 Banks	55,319	66,331	70,786	69,721	71,934	70,504	70,124	74,867	71,574	69,601
18 Public borrowers[1]	4,864	9,022	12,632	13,087	13,276	13,232	18,275	19,515	20,397	20,202
19 Nonbank foreigners	34,835	43,634	51,222	51,267	51,628	52,513	50,723	50,689	50,007	50,962
20 Other assets	2,997	3,204	3,820	4,005	4,195	4,339	4,100	4,095	4,307	4,528
						United Kingdom				
21 **Total, all currencies**	**74,883**	**81,466**	**90,933**	**89,626**	**90,162**	**87,100**	**89,645**	**93,538**	**92,989**	**93,341**
22 *Claims on United States*	*2,392*	*3,354*	*4,341*	*2,547*	*3,075*	*2,506*	*2,333*	*3,142*	*2,615*	*2,820*
23 Parent bank	1,449	2,376	3,518	1,775	2,274	1,548	1,476	2,279	1,515	1,791
24 Other	943	978	823	771	802	958	857	863	1,100	1,029
25 *Claims on foreigners*	*70,331*	*75,859*	*84,016*	*84,423*	*84,648*	*81,871*	*84,700*	*87,808*	*87,479*	*87,575*
26 Other branches of parent bank	17,557	19,753	22,017	21,114	21,092	19,514	19,550	19,944	20,438	21,661
27 Banks	35,904	38,089	39,899	40,996	41,612	40,436	40,807	43,044	42,462	40,401
28 Public borrowers[1]	881	1,274	2,206	2,100	2,192	2,020	4,150	4,400	4,750	4,532
29 Nonbank foreigners	15,990	16,743	19,895	20,213	19,753	19,901	20,193	20,420	19,829	20,981
30 Other assets	2,159	2,253	2,576	2,656	2,439	2,724	2,612	2,588	2,895	2,946
31 **Total payable in U.S. dollars**	**57,361**	**61,587**	**66,635**	**63,870**	**64,565**	**62,330**	**63,565**	**67,016**	**65,452**	**64,456**
32 *Claims on United States*	*2,273*	*3,275*	*4,100*	*2,186*	*2,850*	*2,312*	*2,163*	*2,870*	*2,321*	*2,337*
33 Parent bank	1,445	2,374	3,431	1,558	2,236	1,520	1,452	2,178	1,386	1,483
34 Other	828	902	669	628	614	793	711	692	935	854
35 *Claims on foreigners*	*54,121*	*57,488*	*61,408*	*60,521*	*60,610*	*58,845*	*60,277*	*63,043*	*61,938*	*60,906*
36 Other branches of parent bank	15,645	17,249	18,947	17,782	17,603	16,531	16,406	17,025	17,438	18,304
37 Banks	28,224	28,983	28,530	28,641	28,947	28,177	28,324	30,686	29,455	27,310
38 Public borrowers[1]	648	846	1,669	1,640	1,710	1,631	3,254	3,366	3,785	3,502
39 Nonbank foreigners	9,604	10,410	12,263	12,457	12,349	12,507	12,293	11,966	11,260	11,790
40 Other assets	967	824	1,126	1,163	1,104	1,173	1,125	1,103	1,193	1,213
						Bahamas and Caymans				
41 **Total, all currencies**	**45,203**	**66,774**	**79.052**	**79,711**	**82,947**	**84,409**	**82,083**	**84.692**	**82,145**	**85,654**
42 *Claims on United States*	*3,229*	*3,508*	*5,782*	*5,837*	*6,761*	*9,908*	*5,237*	*6.416*	*5,132*	*5,620*
43 Parent bank	1,477	1,141	3,051	2,918	3,585	6,710	2,502	3,449	2,381	2,751
44 Other	1,752	2,367	2,731	2,919	3,176	3,198	2,735	2.967	2,751	2,869
45 *Claims on foreigners*	*41,040*	*62,048*	*71,671*	*72,272*	*74,397*	*72,720*	*74,846*	*76.307*	*74,988*	*77,950*
46 Other branches of parent bank	5,411	8,144	11,120	11,025	11,367	9,565	10,580	10.803	10,292	12,134
47 Banks	16,298	25,354	27,939	28,179	29,602	28,712	29,045	30.332	29,284	29,749
48 Public borrowers[1]	3,576	7,105	9,109	9,486	9,438	9,362	11,424	12.394	12,580	12,442
49 Nonbank foreigners	15,756	21,445	23,503	23,583	23,990	25,082	23,797	22.778	22,832	23,625
50 Other assets	933	1,217	1,599	1,602	1,789	1,781	2,000	1,969	2,025	2,084
51 **Total payable in U.S. dollars**	**41,887**	**62,705**	**73,987**	**74,283**	**77,521**	**79,324**	**76,660**	**79,277**	**76,494**	**79,724**

For notes see opposite page.

3.13 Continued

Liability account	1975	1976	1977	1978						
				Feb.	Mar.	Apr.	May[2]	June[r]	July	Aug.[p]
						All foreign countries				
52 **Total, all currencies**	**176,493**	**219,420**	**258,897**	**256,779**	**263,468**	**260,558**	**259,452**	**271,706**	**269,552**	**275,065**
53 *To United States*	*20,221*	*32,719*	*44,154*	*45,810*	*50,860*	*49,088*	*49,907*	*50,441*	*51,442*	*52,258*
54 Parent bank	12,165	19,773	24,542	26,999	27,650	26,643	r28,422	25,199	27,714	29,050
55 Other banks in United States	8,057	12,946	19,613	18,811	23,209	22,445	r9,003	10,381	8,608	7,648
56 Nonbanks							r12,482	14,861	15,120	15,560
57 *To foreigners*	*149,815*	*179,954*	*206,579*	*203,041*	*204,629*	*202,946*	*202,241*	*213,772*	*209,960*	*214,284*
58 Other branches of parent bank	34,111	44,370	53,244	50,896	52,090	48,850	50,368	53,547	53,796	56,955
59 Banks	72,259	83,880	94,140	90,904	90,557	91,699	87,567	93,497	88,481	89,241
60 Official institutions	22,773	25,829	28,110	28,850	28,018	28,568	29,776	31,320	31,714	31,452
61 Nonbank foreigners	20,672	25,877	31,085	32,390	33,963	33,830	34,530	35,408	35,969	36,636
62 Other liabilities	6,456	6,747	8,163	7,929	7,980	8,524	7,304	7,493	8,150	8,523
63 **Total payable in U.S. dollars**	**135,907**	**173,071**	**198,572**	**194,537**	**199,879**	**197,575**	**196,746**	**207,117**	**202,407**	**205,074**
64 *To United States*	*19,503*	*31,932*	*42,881*	*44,472*	*49,248*	*47,811*	*48,278*	*48,727*	*49,527*	*50,150*
65 Parent bank	11,939	19,559	24,213	26,688	27,321	26,348	r21,787	24,477	26,943	28,158
66 Other banks in United States	7,564	12,373	18,669	17,784	21,927	21,463	r8,704	10,088	8,286	7,275
67 Nonbanks							r11,787	14,162	14,298	14,717
68 *To foreigners*	*112,879*	*137,612*	*151,363*	*145,958*	*146,406*	*145,356*	*144,758*	*154,606*	*148,771*	*150,780*
69 Other branches of parent bank	28,217	37,098	43,268	40,720	41,636	39,214	40,099	42,682	42,860	45,620
70 Banks	51,583	60,619	64,872	60,815	60,353	61,665	57,871	62,518	56,390	55,292
71 Official institutions	19,982	22,878	23,972	24,453	23,593	23,865	25,124	26,493	26,726	26,175
72 Nonbank foreigners	13,097	17,017	19,251	19,970	20,824	20,606	21,664	22,913	22,795	23,693
73 *Other liabilities*	3,526	3,527	4,328	4,107	4,224	4,414	3,710	3,784	4,109	4,144
						United Kingdom				
74 **Total, all currencies**	**74,883**	**81,466**	**90,933**	**89,626**	**90,162**	**87,100**	**89,645**	**93,538**	**92,989**	**93,341**
75 *To United States*	*5,646*	*5,997*	*7,753*	*6,785*	*7,609*	*7,266*	*6,758*	*8,174*	*8,003*	*6,978*
76 Parent bank	2,122	1,198	1,451	1,550	1,646	1,983	1,636	1,822	1,951	1,905
77 Other banks in United States	3,523	4,798	6,302	5,236	5,962	5,283	2,346	3,273	2,987	2,290
78 Nonbanks							2,776	3,079	3,065	2,783
79 *To foreigners*	*67,240*	*73,228*	*80,736*	*80,331*	*80,036*	*77,169*	*80,108*	*82,703*	*81,855*	*82,991*
80 Other branches of parent bank	6,494	7,092	9,376	9,037	8,674	8,014	9,009	9,700	10,106	11,708
81 Banks	32,964	36,259	37,893	36,764	36,250	34,940	35,980	36,950	34,779	35,293
82 Official institutions	16,553	17,273	18,318	19,580	19,262	18,817	19,087	19,980	20,746	19,863
83 Nonbank foreigners	11,229	12,605	15,149	14,950	15,850	15,399	16,032	16,073	16,224	16,127
84 Other liabilities	1,997	2,241	2,445	2,509	2,518	2,665	2,779	2,661	3,131	3,372
85 **Total payable in U.S. dollars**	**57,820**	**63,174**	**67,573**	**65,021**	**65,477**	**62,662**	**64,025**	**67,936**	**65,671**	**64,926**
86 *To United States*	*5,415*	*5,849*	*7,480*	*6,479*	*7,250*	*6,938*	*6,446*	*7,852*	*7,644*	*6,606*
87 Parent bank	2,083	1,182	1,416	1,524	1,598	1,953	1,609	1,794	1,918	1,852
88 Other banks in United States	3,332	4,667	6,064	4,955	5,652	4,985	2,281	3,176	2,904	2,209
89 Nonbanks							2,556	2,882	2,822	2,545
90 *To foreigners*	*51,447*	*56,372*	*58,977*	*57,386*	*57,045*	*54,498*	*56,274*	*58,856*	*56,644*	*57,015*
91 Other branches of parent bank	5,442	5,874	7,505	7,211	6,747	6,202	6,696	7,259	7,704	9,163
92 Banks	23,330	25,527	25,608	23,352	23,075	22,115	22,554	23,566	20,644	20,601
93 Official institutions	14,498	15,423	15,482	16,541	16,213	15,672	15,908	16,772	17,280	16,113
94 Nonbank foreigners	8,176	9,547	10,382	10,282	11,009	10,509	11,116	11,259	11,016	11,138
95 Other liabilities	959	953	1,116	1,156	1,182	1,227	1,305	1,228	1,383	1,305
						Bahamas and Caymans				
96 **Total, all currencies**	**45,203**	**66,774**	**79,052**	**79,711**	**82,947**	**84,409**	**82,083**	**84,692**	**82,145**	**85,654**
97 *To United States*	*11,147*	*22,721*	*32,176*	*35,082*	*38,380*	*37,256*	*37,350*	*35,092*	*36,908*	*39,225*
98 Parent bank	7,628	16,161	20,956	23,374	23,854	22,289	r23,255	19,078	21,755	23,186
99 Other banks in United States	3,520	6,560	11,220	11,708	14,526	14,967	r5,625	5,524	4,587	4,498
100 Nonbanks							r8,470	10,490	10,566	11,541
101 *To foreigners*	*32,949*	*42,899*	*45,292*	*43,272*	*43,153*	*45,610*	*43,394*	*48,181*	*43,782*	*44,903*
102 Other branches of parent bank	10,569	13,801	12,816	11,598	10,839	10,288	11,250	11,657	11,165	11,436
103 Banks	16,825	21,760	24,717	22,840	23,374	25,847	21,452	25,742	21,951	21,888
104 Official institutions	3,308	3,573	3,000	3,207	3,060	3,489	4,419	4,583	4,221	4,598
105 Nonbank foreigners	2,248	3,765	4,759	5,628	5,880	5,986	6,273	6,199	6,445	6,981
106 Other liabilities	1,106	1,154	1,584	1,358	1,414	1,543	1,339	1,419	1,455	1,526
107 **Total payable in U.S. dollars**	**42,197**	**63,417**	**74,463**	**75,253**	**78,467**	**80,243**	**78,254**	**80,650**	**78,131**	**81,314**

1 In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

2 In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1975	1976	1977	1978						
				Mar.	Apr. ▲	May	June	July	Aug.[p]	Sept.[p]
					A. By type					
1 **Total**[1]	**82,572**	**95,634**	**131,049**	**145,998**	**142,625**	**140,918**	**140,625**	**144,167**	**146,103**	**145,175**
2 Liabilities reported by banks in the United States[2]	16,262	17,231	18,003	19,459	19,450	19,057	18,821	19,445	20,040	16,689
3 U.S. Treasury bills and certificates[3]	34,199	37,725	47,820	59,302	57,613	56,449	55,606	56,842	56,299	55,014
U.S. Treasury bonds and notes:										
4 Marketable	6,671	11,788	32,116	34,528	32,838	32,272	32,865	34,178	34,888	35,592
5 Nonmarketable[4]	19,976	20,648	20,443	19,513	19,444	19,355	19,284	19,214	20,375	20,304
6 U.S. securities other than U.S. Treasury securities[5]	5,464	8,242	12,667	13,196	13,280	13,785	14,049	14,488	14,501	14,576
					B. By area					
7 **Total**	**82,572**	**95,634**	**131,049**	**145,998**	**142,625**	**140,918**	**140,625**	**144,167**	**146,103**	**145,175**
8 Western Europe[1]	45,701	45,882	70,707	76,238	73,666	72,735	74,493	75,768	79,751	80,075
9 Canada	3,132	3,406	2,334	1,633	2,493	2,702	2,609	2,490	2,071	1,497
10 Latin America and Caribbean	4,461	4,926	4,649	5,773	5,554	5,426	4,665	4,629	4,611	3,895
11 Asia	24,411	37,767	50,693	59,587	57,945	57,203	56,199	58,081	56,847	56,807
12 Africa	2,983	1,893	1,742	1,756	1,872	1,945	1,689	2,220	2,037	2,006
13 Other countries[6]	1,884	1,760	924	1,011	1,095	907	970	979	786	895

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. Govt. corporations and Federally sponsored agencies, and U.S. corporate stocks and bonds.

6 Includes countries in Oceania and Eastern Europe.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks (including Federal Reserve Banks) and securities dealers in the United States.

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.15 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars
Millions of dollars, end of period

Item	1975	1976	1977	1978 Mar.	Apr. ▲	May	June	July	Aug.[p]	Sept.[p]
				A. By holder and type of liability						
1 **All foreigners**	**95,590**	**110,657**	**126,168**	**139,414**	**141,652**	**137,307**	**135,743**	**137,294**	**140,532**	**143,849**
2 Banks' own liabilities					65,364	61,604	60,547	61,429	63,928	68,403
3 Demand deposits	13,564	16,803	18,996	17,163	17,863	17,828	17,189	17,953	16,101	17,208
4 Time deposits[1]	10,267	11,347	11,521	11,274	11,665	11,810	11,638	11,921	12,627	12,525
5 Other[2]					7,343	7,239	6,495	6,876	7,246	6,904
6 Own foreign offices[3]					28,493	24,727	25,225	24,679	27,955	31,766
7 Banks' custody liabilities[4]					76,288	75,704	75,196	75,865	76,604	75,446
8 U.S. Treasury bills and certificates[5]	37,414	40,744	48,906	61,071	59,104	58,262	57,138	57,629	57,264	56,665
9 Other negotiable and readily transferable instruments[6]					14,176	14,796	15,358	15,513	16,693	15,627
10 Other					3,008	2,646	2,700	2,722	2,647	3,155
11 **Nonmonetary international and regional organizations**[7]	**5,699**	**5,714**	**3,274**	**3,618**	**2,998**	**3,120**	**2,942**	**2,678**	**2,823**	**3,386**
12 Banks' own liabilities					831	499	480	1,017	808	767
13 Demand deposits	139	290	231	245	272	286	265	257	142	144
14 Time deposits[1]	148	205	139	109	143	59	119	116	97	99
15 Other[2]					416	154	97	644	569	523
16 Banks' custody liabilities[4]					2,166	2,621	2,462	1,662	2,014	2,619
17 U.S. Treasury bills and certificates	2,554	2,701	706	1,317	892	1,153	922	228	368	1,036
18 Other negotiable and readily transferable instruments[6]					1,274	1,467	1,537	1,432	1,645	1,582
19 Other					1	1	3	1	1	1
20 **Official institutions**[8]	**50,461**	**54,956**	**65,822**	**78,761**	**77,063**	**75,506**	**74,427**	**76,286**	**76,338**	**74,702**
21 Banks' own liabilities					9,586	9,017	8,453	9,422	9,075	9,462
22 Demand deposits	2,644	3,394	3,528	2,804	3,703	3,092	2,611	3,473	2,639	3,312
23 Time deposits[1]	3,423	2,321	1,797	1,777	1,884	1,982	1,981	2,277	2,588	2,593
24 Other[2]					3,999	3,943	3,862	3,673	3,848	3,557
25 Banks' custody liabilities[4]					67,477	66,489	65,974	66,864	67,263	65,240
26 U.S. Treasury bills and certificates[5]	34,199	37,725	47,820	59,302	57,613	56,449	55,606	56,842	56,299	55,014
27 Other negotiable and readily transferable instruments[6]					9,375	9,457	9,870	9,498	10,326	9,281
28 Other					489	583	498	524	638	946
29 **Banks**[9]	**29,330**	**37,174**	**42,335**	**42,115**	**47,283**	**43,531**	**43,132**	**42,922**	**45,552**	**50,327**
30 Banks' own liabilities					42,841	39,251	38,697	38,358	41,034	45,540
31 Unaffiliated foreign banks					14,348	14,524	13,472	13,680	13,079	13,773
32 Demand deposits	7,534	9,104	10,933	10,113	10,195	10,343	10,164	10,240	9,229	9,711
33 Time deposits[1]	1,873	2,297	2,040	1,734	1,643	1,595	1,255	1,321	1,390	1,606
34 Other[2]					2,511	2,585	2,053	2,119	2,461	2,456
35 Own foreign offices[3]					28,493	24,727	25,225	24,679	27,955	31,766
36 Banks' custody liabilities[4]					4,442	4,280	4,435	4,564	4,518	4,787
37 U.S. Treasury bills and certificates	335	119	141	161	314	363	300	269	296	307
38 Other negotiable and readily transferable instruments[6]					1,991	2,174	2,260	2,417	2,393	2,546
39 Other					2,137	1,744	1,875	1,877	1,829	1,934
40 **Other foreigners**	**10,100**	**12,814**	**14,736**	**14,919**	**14,309**	**15,150**	**15,242**	**15,407**	**15,819**	**15,434**
41 Banks' own liabilities					12,106	12,836	12,917	12,631	13,010	12,634
42 Demand deposits	3,248	4,015	4,304	4,000	3,693	4,106	4,149	3,983	4,091	4,041
43 Time deposits[1]	4,823	6,524	7,546	7,654	7,995	8,173	8,284	8,208	8,552	8,226
44 Other[2]					418	557	484	441	368	367
45 Banks' custody liabilities[4]					2,203	2,314	2,325	2,776	2,809	2,800
46 U.S. Treasury bills and certificates	325	198	240	291	286	297	310	290	301	308
47 Other negotiable and readily transferable instruments[6]					1,536	1,699	1,691	2,165	2,329	2,218
48 Other					381	319	323	320	179	274
49 MEMO: Negotiable time certificates of deposit held in custody for foreigners					8,666	9,135	9,260	9,385	10,001	9,844

1 Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2 Includes borrowings under repurchase agreements.
3 U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly-owned subsidiaries of head office or parent foreign bank.
4 Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5 Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
6 Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7 Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8 Foreign central banks and foreign central governments and the Bank for International Settlements.
9 Excludes central banks, which are included in "Official institutions."

NOTE.—Data for time deposits prior to April 1978 represent short-term only.
▲ For a description of the changes in the International Statistics Tables, see July 1978 BULLETIN, p. 612.

3.15 Continued

Item	1975	1976	1977	1978 Mar.	Apr. ▲	May	June	July	Aug.p	Sept.p
					B. By area and country					
1 **Total**	**95,590**	**110,657**	**126,168**	**139,414**	**141,652**	**137,307**	**135,743**	**137,294**	**140,532**	**142,128**
2 **Foreign countries**	**89,891**	**104,943**	**122,893**	**135,795**	**138,654**	**134,187**	**132,801**	**134,616**	**137,710**	**138,742**
3 *Europe*	*44,072*	*47,076*	*60,295*	*63,994*	*63,067*	*62,972*	*64,302*	*64,663*	*67,338*	*69,012*
4 Austria	759	346	318	419	322	350	349	372	424	431
5 Belgium-Luxembourg	2,893	2,187	2,531	2,992	3,109	2,893	2,756	2,277	2,174	2,368
6 Denmark	329	356	770	1,044	1,063	1,110	1,335	1,542	1,593	1,673
7 Finland	391	416	323	357	430	393	352	407	417	415
8 France	7,726	4,876	5,269	5,033	5,499	6,278	6,562	7,353	7,987	8,060
9 Germany	4,543	6,241	7,239	11,530	11,013	9,537	10,029	9,727	10,766	11,205
10 Greece	284	403	603	571	588	563	597	646	826	865
11 Italy	1,059	3,182	6,857	5,626	5,987	6,365	6,870	7,037	8,055	7,394
12 Netherlands	3,407	3,003	2,869	3,132	3,011	2,993	3,118	3,078	3,240	2,756
13 Norway	994	782	944	1,211	1,465	1,643	1,869	1,737	1,516	1,208
14 Portugal	193	239	273	174	164	288	191	227	324	521
15 Spain	423	559	619	717	659	717	688	709	752	762
16 Sweden	2,277	1,692	2,712	2,816	3,177	3,302	3,385	3,340	3,355	3,341
17 Switzerland	8,476	9,460	12,343	13,549	13,090	12,534	12,415	11,888	12,102	13,157
18 Turkey	118	166	130	115	249	200	110	147	137	226
19 United Kingdom	6,867	10,018	14,125	12,274	11,021	11,609	11,471	11,770	10,955	11,796
20 Yugoslavia	126	189	232	138	192	168	229	192	149	167
21 Other Western Europe[1]	2,970	2,673	1,804	2,030	1,757	1,721	1,655	1,935	2,311	2,340
22 U.S.S.R.	40	51	98	72	62	96	66	55	46	65
23 Other Eastern Europe[2]	197	236	236	193	206	211	255	222	210	262
24 *Canada*	*2,919*	*4,659*	*4,607*	*4,564*	*5,923*	*6,600*	*5,816*	*5,623*	*5,890*	*5,122*
25 *Latin America and Caribbean*	*15,028*	*19,132*	*23,670*	*25,338*	*28,764*	*24,995*	*25,367*	*24,831*	*27,259*	*29,198*
26 Argentina	1,146	1,534	1,416	1,801	1,861	2,260	1,692	1,550	1,454	1,393
27 Bahamas	1,874	2,770	3,596	4,199	7,259	3,327	3,981	3,629	4,625	7,245
28 Bermuda	184	218	321	322	364	340	399	383	348	409
29 Brazil	1,219	1,438	1,396	1,327	1,414	1,298	1,220	1,295	1,382	1,447
30 British West Indies	1,311	1,877	3,998	4,097	4,814	3,949	4,742	4,009	5,474	5,206
31 Chile	319	337	360	415	394	361	376	380	346	351
32 Colombia	417	1,021	1,221	1,290	1,350	1,300	1,424	1,429	1,486	1,428
33 Cuba	6	6	6	8	6	7	7	9	10	7
34 Ecuador	120	320	330	438	360	318	325	378	347	405
35 Guatemala[3]					447	552	448	415	419	347
36 Jamaica[3]					41	46	66	75	59	78
37 Mexico	2,070	2,870	2,876	2,793	2,677	2,965	2,774	2,921	3,169	3,113
38 Netherlands Antilles[4]	129	158	196	212	212	289	320	435	288	317
39 Panama	1,115	1,167	2,331	2,132	2,176	2,559	2,336	2,639	2,628	2,741
40 Peru	243	257	287	262	309	274	282	309	311	320
41 Uruguay	172	245	243	226	221	208	220	218	185	197
42 Venezuela	3,309	3,118	2,929	3,438	3,225	3,298	3,147	3,229	3,208	2,558
43 Other Latin America and Caribbean	1,393	1,797	2,167	2,380	1,636	1,644	1,608	1,530	1,519	1,637
44 *Asia*	*22,384*	*29,766*	*30,488*	*37,995*	*36,625*	*35,712*	*33,665*	*35,171*	*33,464*	*33,396*
45 China, People's Republic of (Mainland)	123	48	53	56	50	47	53	47	44	45
46 China, Republic of (Taiwan)	1,025	990	1,013	1,014	1,208	1,043	1,053	1,195	1,262	1,280
47 Hong Kong	605	894	1,094	1,174	1,118	1,489	1,085	1,191	1,211	1,202
48 India	115	638	961	947	937	962	899	798	762	833
49 Indonesia	369	340	410	492	649	451	330	597	309	347
50 Israel	387	392	559	485	486	568	476	519	440	432
51 Japan	10,207	14,363	14,616	21,725	20,392	19,998	19,020	20,374	19,756	19,896
52 Korea	390	438	602	682	753	817	748	714	736	760
53 Philippines	700	628	687	647	601	688	595	640	566	621
54 Thailand	252	277	264	317	258	304	297	320	296	289
55 Middle East oil-exporting countries[5]	7,355	9,360	8,979	9,165	8,866	8,058	7,894	7,267	6,719	6,351
56 Other Asia	856	1,398	1,250	1,291	1,307	1,289	1,215	1,510	1,364	1,339
57 *Africa*	*3,369*	*2,298*	*2,535*	*2,469*	*2,699*	*2,641*	*2,360*	*3,013*	*2,578*	*2,645*
58 Egypt	342	333	404	341	455	461	402	594	463	417
59 Morocco	68	87	66	51	31	29	28	28	67	74
60 South Africa	166	141	174	183	167	185	226	175	161	238
61 Zaire	62	36	39	45	46	49	44	73	52	45
62 Oil-exporting countries[6]	2,250	1,133	1,155	1,226	1,393	1,244	981	1,365	1,198	1,270
63 Other Africa	481	568	698	623	607	673	679	778	638	601
64 *Other countries*	*2,119*	*2,012*	*1,297*	*1,434*	*1,575*	*1,267*	*1,288*	*1,315*	*1,180*	*1,091*
65 Australia	2,006	1,905	1,140	1,229	1,275	1,129	1,085	1,158	1,051	899
66 All other	113	107	158	205	300	138	203	157	130	191
67 **Nonmonetary international and regional organizations**	**5,699**	**5,714**	**3,274**	**3,618**	**2,998**	**3,120**	**2,942**	**2,678**	**2,823**	**3,386**
68 International	5,415	5,157	2,752	3,094	2,591	2,430	2,311	2,027	2,157	2,339
69 Latin American regional	188	267	278	261	117	430	395	411	437	799
70 Other regional[7]	96	290	245	262	290	260	236	241	228	249

1 Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.

3 Included in "Other Latin America and Caribbean" through March 1978.

4 Includes Surinam through December 1975.

5 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

6 Comprises Algeria, Gabon, Libya, and Nigeria.

7 Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.16 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars
Millions of dollars, end of period

Area and country	1975	1976	1977	1978						
				Mar.	Apr. ▲	May	June	July	Aug.^{p}	Sept.^{p}
1 **Total**	**58,308**	**79,301**	**90,206**	**96,449**	**88,387**	**87,876**	**87,349**	**87,347**	**91,799**	**94,237**
2 **Foreign countries**	**58,275**	**79,261**	**90,163**	**96,406**	**88,339**	**87,842**	**87,317**	**87,311**	**91,761**	**94,198**
3 *Europe*	*11,109*	*14,776*	*18,114*	*18,690*	*15,318*	*15,825*	*16,366*	*15,762*	*16,823*	*18,523*
4 Austria	35	63	65	83	76	94	105	116	107	95
5 Belgium-Luxembourg	286	482	561	596	586	793	731	634	823	947
6 Denmark	104	133	173	166	146	186	145	129	145	147
7 Finland	180	199	172	189	180	184	182	190	216	221
8 France	1,565	1,549	2,082	2,265	1,646	1,679	1,891	1,813	2,524	2,793
9 Germany	380	509	644	783	698	752	787	689	625	752
10 Greece	290	279	206	211	200	279	204	190	125	127
11 Italy	443	993	1,334	1,155	907	1,194	965	1,078	1,027	1,007
12 Netherlands	305	315	338	470	419	468	383	436	405	381
13 Norway	131	136	162	184	192	209	217	210	163	264
14 Portugal	30	88	175	155	131	132	126	140	105	100
15 Spain	424	745	722	741	597	700	706	669	714	757
16 Sweden	198	206	218	171	206	185	219	244	283	328
17 Switzerland	199	379	564	696	699	391	685	631	1,013	840
18 Turkey	164	249	360	315	308	306	309	313	311	313
19 United Kingdom	5,170	7,033	8,964	9,204	6,823	6,951	7,387	6,961	6,937	8,074
20 Yugoslavia	210	234	311	307	280	285	320	300	280	306
21 Other Western Europe[1]	76	85	86	49	268	137	153	165	125	129
22 U.S.S.R	406	485	413	370	337	362	319	305	343	370
23 Other Eastern Europe[2]	513	613	566	580	621	536	534	548	553	572
24 *Canada*	*2,834*	*3,319*	*3,355*	*4,084*	*2,779*	*2,434*	*2,516*	*3,116*	*3,346*	*3,445*
25 *Latin America and Caribbean*	*23,863*	*38,879*	*45,850*	*49,866*	*48,991*	*46,947*	*45,991*	*46,974*	*49,461*	*49,965*
26 Argentina	1,377	1,192	1,478	1,642	1,533	1,595	1,554	1,572	1,566	1,695
27 Bahamas	7,583	15,464	19,858	22,801	22,015	21,043	18,725	19,643	22,166	19,929
28 Bermuda	104	150	232	195	176	345	145	145	194	140
29 Brazil	3,385	4,901	4,629	4,832	4,412	4,443	4,661	4,599	4,860	5,276
30 British West Indies	1,464	5,082	6,481	6,851	7,823	6,271	7,412	6,872	6,885	8,037
31 Chile	494	597	675	710	722	717	745	745	809	742
32 Colombia	751	675	671	592	551	578	615	648	690	727
33 Cuba	14	13	10	3	1	1	1	1	1	1
34 Ecuador	252	375	517	544	525	530	562	546	560	646
35 Guatemala[3]	.....	.....	.....	.....	55	79	90	83	115	78
36 Jamaica[3]	.....	.....	.....	.....	19	42	53	49	44	46
37 Mexico	3,745	4,822	4,909	4,836	4,379	4,506	4,864	5,068	5,001	4,982
38 Netherlands Antilles[4]	72	140	224	215	202	206	212	206	198	230
39 Panama	1,138	1,372	1,410	1,699	2,196	2,147	1,902	2,278	1,625	2,280
40 Peru	805	933	962	920	885	920	930	918	929	967
41 Uruguay	57	42	80	65	51	58	53	52	56	52
42 Venezuela	1,319	1,828	2,318	2,367	2,146	2,233	2,242	2,337	2,515	2,764
43 Other Latin America and Caribbean	1,302	1,293	1,394	1,593	1,302	r1,233	1,225	1,212	1,250	1,375
44 *Asia*	*17,706*	*19,204*	*19,236*	*20,039*	*18,064*	*19,453*	*19,313*	*18,324*	*18,884*	*19,041*
45 China, People's Republic of (Mainland)	22	3	10	11	15	22	13	5	31	8
46 China, Republic of (Taiwan)	1,053	1,344	1,719	1,656	1,422	1,456	1,343	1,193	1,176	1,242
47 Hong Kong	289	316	543	609	826	755	769	698	664	692
48 India	57	69	53	97	53	70	80	46	73	76
49 Indonesia	246	218	232	202	165	137	146	139	125	151
50 Israel	721	755	584	491	434	494	468	445	504	545
51 Japan	10,944	11,040	9,839	10,266	9,532	9,745	10,023	9,779	9,842	10,251
52 Korea	1,791	1,978	2,336	2,090	1,850	1,800	2,327	1,936	1,925	1,923
53 Philippines	534	719	594	660	615	751	679	640	743	733
54 Thailand	520	442	633	656	686	730	711	725	693	634
55 Middle East oil-exporting countries[5]	744	1,459	1,746	2,219	1,488	2,522	1,572	1,551	1,951	1,674
56 Other Asia	785	862	947	1,082	978	r971	1,182	1,167	1,157	1,113
57 *Africa*	*1,933*	*2,311*	*2,518*	*2,632*	*2,235*	*2,219*	*2,137*	*2,133*	*2,267*	*2,164*
58 Egypt	123	126	119	107	79	72	70	79	62	67
59 Morocco	8	27	43	39	35	37	38	36	42	38
60 South Africa	657	957	1,066	1,169	1,052	1,055	1,054	1,036	1,058	1,025
61 Zaire	181	112	98	101	77	80	79	79	79	83
62 Oil-exporting countries[6]	382	524	510	493	416	441	383	340	459	408
63 Other	581	565	682	723	575	r534	513	563	566	543
64 *Other countries*	*830*	*772*	*1,090*	*1,695*	*953*	*964*	*995*	*1,002*	*980*	*1,060*
65 Australia	700	597	905	879	785	798	828	836	835	892
66 All other	130	175	186	216	168	166	167	167	145	168
67 **Nonmonetary International and Regional Organizations**[7]	33	40	43	43	48	34	31	36	38	39

1 Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.
3 Included in "Other Latin America and Caribbean" through March 1978.
4 Includes Surinam through December 1975.
5 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
6 Comprises Algeria, Gabon, Libya, and Nigeria.
7 Excludes the Bank for International Settlements, which is included in "Other Western Europe."

▲ Data for period prior to April 1978 include claims of banks' domestic customers on foreigners. For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.17 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States

Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1975	1976	1977	1978						
				Mar.	Apr. ▲	May	June	July	Aug.p	Sept.p
1 **Total**	**58,308**	**79,301**	**90,206**	**96,449**	....	....	....	**87,276**	**91,820**	**103,332**
2 Banks' own claims on foreigners	....	....	....	....	88,387	87,876	87,349	87,276	91,820	94,237
3 Foreign public borrowers	....	....	....	....	4,584	5,283	5,851	6,856	7,282	7,633
4 Own foreign offices[1]	....	....	....	....	35,513	35,714	31,707	33,810	37,341	34,547
5 Unaffiliated foreign banks	....	....	....	....	28,660	27,805	30,154	27,466	27,383	31,417
6 Deposits	....	....	....	....	4,869	4,658	5,116	4,623	4,352	4,430
7 Other	....	....	....	....	23,791	23,147	25,039	22,843	23,032	26,986
8 All other foreigners	....	....	....	....	19,629	19,074	19,637	19,144	19,814	20,640
9 Claims of banks' domestic customers[2]	....	....	....	....	....	....	....	....	....	....
10 Deposits	....	....	....	....	....	....	....	....	....	....
11 Negotiable and readily transferable instruments[3]	....	....	....	....	....	....	....	....	....	....
12 Outstanding collections and other claims[4]	5,467	5,756	6,176	6,765	....	....	....	....	....	....
13 MEMO: Customer liability on acceptances	....	....	....	....	....	....	....	....	....	....

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.

NOTE.—Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' domestic customers are available on a quarterly basis only.

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.18 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	1978▲			1979		
			June[p]	Sept.[p]	Dec.	Mar.	June	Sept.
1 Total	....	....	55,128	57,668	....	....	....	....
By borrower:								
2 Maturity of 1 year or less[1]	....	....	43,682	44,715	....	....	....	....
3 Foreign public borrowers	....	....	2,919	3,589	....	....	....	....
4 All other foreigners	....	....	40,763	41,126	....	....	....	....
5 Maturity of over 1 year[1]	....	....	11,445	12,953	....	....	....	....
6 Foreign public borrowers	....	....	3,162	3,950	....	....	....	....
7 All other foreigners	....	....	8,283	9,003	....	....	....	....
By area:								
Maturity of 1 year or less[1]								
8 Europe	....	....	9,532	9,831	....	....	....	....
9 Canada	....	....	1,615	1,920	....	....	....	....
10 Latin America and Caribbean	....	....	17,036	18,428	....	....	....	....
11 Asia	....	....	13,515	12,519	....	....	....	....
12 Africa	....	....	1,46.	1,492	....	....	....	....
13 All other[2]	....	....	523	525	....	....	....	....
Maturity of over 1 year[1]								
14 Europe	....	....	2,979	3,124	....	....	....	....
15 Canada	....	....	330	787	....	....	....	....
16 Latin America and Caribbean	....	....	5,979	6,931	....	....	....	....
17 Asia	....	....	1,282	1,312	....	....	....	....
18 Africa	....	....	629	578	....	....	....	....
19 All other[2]	....	....	247	220	....	....	....	....

1 Remaining time to maturity.
2 Includes nonmonetary international and regional organizations.

▲ The first available data are for June 1978. For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.19 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies▲

Millions of dollars, end of period

Item	1974	1975	1976	1977		1978		
				Nov.	Dec.	Jan.	Feb.	Mar.
1 Banks' own liabilities	766	560	781	944	925	831	885	986
2 Banks' own claims[1]	1,276	1,459	1,834	2,086	2,356	2,371	2,317	2,383
3 Deposits	669	656	1,103	841	941	940	895	948
4 Other claims	607	802	731	1,245	1,415	1,432	1,422	1,435
5 Claims of banks' domestic customers[2]	....	....	....	....	....	....	....	....

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.

▲ For a description of the changes in the International Statistics Tables, see July 1978 BULLETIN, p. 612.

3.20 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

	Country or area	1976	1977	1978 Jan.–Sept.p	1978 Mar.	Apr.	May	June	July	Aug.p	Sept.p
		Holdings (end of period)[3]									
1	**Estimated total**	**15,799**	**38,620**	....	**41,230**	**39,662**	**39,367**	**40,707**	**41,198**	**41,623**	**42,262**
2	**Foreign countries**	**12,765**	**33,874**	....	**36,475**	**34,813**	**34,345**	**35,014**	**36,356**	**37,169**	**37,875**
3	*Europe*	*2,330*	*13,916*	....	*15,206*	*13,607*	*12,946*	*13,156*	*14,276*	*14,204*	*14,739*
4	Belgium-Luxembourg	14	19	....	19	19	19	19	19	19	19
5	Germany	764	3,168	....	3,816	3,820	4,031	4,361	5,531	5,761	6,157
6	Netherlands	288	911	....	1,029	1,079	1,070	1,113	1,113	1,278	1,306
7	Sweden	191	100	....	155	175	175	185	200	210	211
8	Switzerland	261	477	....	400	443	447	509	569	615	674
9	United Kingdom	485	8,888	....	9,418	7,737	6,856	6,597	6,473	5,932	5,979
10	Other Western Europe	323	349	....	363	r333	r348	r371	370	387	393
11	Eastern Europe	4	4	....	4	r......	r......	r......	....	....	....
12	Canada	256	288	....	251	253	261	264	275	276	276
13	Latin America and Caribbean	313	551	....	551	535	503	494	485	545	445
14	Venezuela	149	199	....	200	189	174	174	174	244	144
15	Other Latin American and Caribbean	47	183	....	189	184	167	158	149	139	139
16	Netherlands Antilles	118	170	....	162	162	162	162	162	162	162
17	Asia	9,323	18,745	....	20,120	20,070	20,137	20,605	20,831	21,647	21,919
18	Japan	2,687	6,860	....	8,313	8,332	8,964	9,616	9,927	10,791	11,096
19	Africa	543	362	....	341	341	491	491	491	491	491
20	All other	*	11	....	6	6	8	4	3	7	5
21	**Nonmonetary international and regional organizations**	**3,034**	**4,746**	....	**4,755**	**4,849**	**5,022**	**5,694**	**4,842**	**4,453**	**4,387**
22	International	2,906	4,646	....	4,640	4,740	4,931	5,633	4,809	4,421	4,387
23	Latin American regional	128	100	....	115	110	90	61	33	33	0
		Transactions (net purchases, or sales (−), during period)									
24	**Total**	**8,096**	**22,823**	**3,641**	**851**	**−1,569**	**-295**	**1,341**	**490**	**425**	**639**
25	**Foreign countries**	**5,393**	**21,110**	**4,000**	**996**	**1,664**	**467**	**669**	**1,342**	**813**	**706**
26	Official institutions	r5,119	20,328	3,476	975	1,690	r-566	592	1,313	710	704
27	Other foreign	r274	782	525	22	26	r98	77	29	103	3
28	**Nonmonetary international and regional organizations**	**2,704**	**1,713**	**359**	**-145**	**95**	**171**	**671**	**852**	**-387**	**−67**
	MEMO: Oil-exporting countries										
29	Middle East[1]	3,887	4,451	1,020	72	72	563	-185	85	31	-31
30	Africa[2]	221	181	130	20	....	150	....	....	....	....

1 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2 Comprises Algeria, Gabon, Libya, and Nigeria.

3 Estimated official and private holdings of marketable U.S. Treasury securities *with an original maturity of more than 1 year*. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

3.21 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

	Assets	1975	1976	1977	1978 Apr.	May	June	July	Aug.	Sept.	Oct.p
1	Deposits	353	352	424	481	453	288	347	309	325	305
	Assets held in custody:										
2	U.S. Treasury securities[1]	60,019	66,532	91,962	102,044	100,146	99,465	101,696	102,902	102,699	107,934
3	Earmarked gold[2]	16,745	16,414	15,988	15,686	15,667	15,620	15,594	15,572	15,553	15,548

1 Marketable U.S. Treasury bills, certificates of indebtedness, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2 The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE.—Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.22 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

	Transactions, and area or country	1976	1977	1978 Jan.–Sept.[p]	1978 Mar.	Apr.	May	June	July	Aug.[p]	Sept.[p]
		U.S. corporate securities									
	Stocks										
1	Foreign purchases	18,227	14,155	15,558	1,413	1,864	2,391	2,035	1,305	2,444	2,257
2	Foreign sales	15,475	11,479	13,721	921	1,151	1,963	1,925	1,296	2,678	2,115
3	**Net purchases, or sales (−)**	**2,753**	**2,676**	**1,836**	**492**	**713**	**427**	**110**	**9**	**235**	**141**
4	**Foreign countries**	**2,740**	**2,661**	**1,884**	**510**	**720**	**427**	**131**	**9**	**−235**	**144**
5	Europe	336	1,006	1,063	319	508	323	31	6	−152	33
6	France	256	40	89	68	79	−2	−39	15	9	2
7	Germany	68	291	375	52	125	52	80	17	54	25
8	Netherlands	−199	22	26	−9	16	9	−18	9	−22	7
9	Switzerland	−100	152	358	7	103	31	−78	−52	−184	−115
10	United Kingdom	340	613	1,018	187	173	229	98	50	110	54
11	Canada	324	65	91	−3	44	−58	−12	−16	−18	17
12	Latin America and Caribbean	155	127	123	17	37	36	33	35	48	1
13	Middle East[1]	1,803	1,390	626	170	97	90	59	69	−134	120
14	Other Asia	119	59	175	5	35	39	23	−5	35	35
15	Africa	7	5	11	1	−1	4	−3	1	12	5
16	Other countries	−4	8	*	*	*	*	*	*	−1	1
17	**Nonmonetary international and regional organizations**	**13**	**15**	**48**	**−19**	**−7**	**1**	**−21**	*	*	**3**
	Bonds[2]										
18	Foreign purchases	5,529	7,739	5,916	600	312	780	678	1,029	872	611
19	Foreign sales	4,322	3,404	3,949	621	343	333	301	595	490	542
20	**Net purchases, or sales (−)**	**1,207**	**4,335**	**1,967**	**21**	**−31**	**447**	**377**	**434**	**383**	**69**
21	**Foreign countries**	**1,248**	**4,239**	**1,820**	*	**−29**	**449**	**306**	**412**	**330**	**72**
22	Europe	91	2,006	723	−163	−93	41	159	388	137	89
23	France	39	34	20	5	4	8	−3	13	6	2
24	Germany	−49	59	131	19	10	21	14	18	38	3
25	Netherlands	−29	72	29	−20	3	3	7	11	18	19
26	Switzerland	158	157	−157	37	−33	−36	5	74	−20	43
27	United Kingdom	23	1,705	705	−122	−54	75	154	416	89	1
28	Canada	96	141	101	5	13	9	6	14	24	16
29	Latin America and Caribbean	94	64	62	11	1	12	2	−8	17	11
30	Middle East[1]	1,179	1,695	859	137	33	370	91	135	99	73
31	Other Asia	−165	338	74	9	16	15	48	116	52	29
32	Africa	25	−6	1	*	*	*	*	*	*	*
33	Other countries	−21	*	3	*	1	1	*	*	1	*
34	**Nonmonetary international and regional organizations**	**−41**	**96**	**147**	**−20**	**−2**	**−1**	**72**	**22**	**53**	**3**
		Foreign securities									
35	**Stocks, net purchases, or sales (−)**	**−323**	**−410**	**389**	**114**	**143**	**13**	**−59**	**10**	**50**	**73**
36	Foreign purchases	1,937	2,255	2,762	337	404	271	244	333	381	257
37	Foreign sales	2,259	2,665	2,373	223	261	284	303	323	331	330
38	**Bonds, net purchases, or sales (−)**	**−8,774**	**−5,115**	**2,921**	**−526**	**−501**	**39**	**−648**	**−291**	**−196**	**33**
39	Foreign purchases	4,932	8,052	7,869	797	1,169	1,017	1,012	921	982	759
40	Foreign sales	13,706	13,167	10,790	1,322	1,670	1,056	1,659	1,212	1,178	726
41	**Net purchases, or sales (−) of stocks and bonds**	**−9,097**	**−5,524**	**−2,532**	**−412**	**−358**	**−51**	**−707**	**−281**	**146**	**40**
42	**Foreign countries**	**−7,199**	**−3,967**	**−2,483**	**−263**	**428**	**67**	**−752**	**−283**	**−150**	**74**
43	Europe	−850	−1,145	179	116	106	194	236	171	94	86
44	Canada	−5,245	−2,404	−2,282	−177	−807	−80	−420	146	−161	41
45	Latin America and Caribbean	3	−80	198	69	120	72	−70	8	17	15
46	Asia	−733	73	107	277	143	131	178	44	54	69
47	Africa	48	2	165	*	7	*	22	−25	−123	1
48	Other countries	−416	267	161	6	2	4	−182	7	3	1
49	**Nonmonetary international and regional organizations**	**−1,898**	**−1,557**	**49**	**−148**	**70**	**16**	**45**	**2**	**5**	**34**

1 Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2 Includes State and local government securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.23 SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

	Type, and area or country	Liabilities to foreigners 1977 June	Sept.	Dec.	1978 Mar.	June p	Claims on foreigners 1977 June	Sept.	Dec.	1978 Mar.	June p
1	**Total**	**r6,624**	**r7,315**	**r7,971**	**8,448**	**8,817**	**r16,352**	**r15,249**	**r16,293**	**18,481**	**18,293**
	By type:										
2	*Payable in dollars*	*r5,909*	*r6,459*	*r7,171*	*7,564*	*7,992*	*r15,192*	*r14,132*	*r14,863*	*16,762*	*16,711*
3	*Payable in foreign currencies*	*r715*	*r857*	*r801*	*884*	*825*	*r1,160*	*r1,117*	*r1,430*	*1,718*	*1,582*
4	Deposits with banks abroad in reporter's name	...	...	...	...	...	448	414	620	724	676
5	Other	...	...	...	...	...	r713	r703	r809	995	907
	By area or country:										
6	**Foreign countries**	**r6,454**	**r7,161**	**r7,756**	**8,301**	**8,685**	**r16,351**	**r15,248**	**r16,291**	**18,479**	**18,291**
7	*Europe*	*r2,253*	*r2,335*	*r2,512*	*2,854*	*3,028*	*r5,799*	*r5,077*	*r5,797*	*5,626*	*5,326*
8	Austria	r23	r19	21	26	26	26	24	24	21	28
9	Belgium-Luxembourg	r151	r126	r116	171	167	r212	226	211	187	155
10	Denmark	14	16	14	23	22	40	44	56	47	40
11	Finland	10	11	9	12	9	90	59	13	13	53
12	France	r156	r170	r238	273	323	413	430	513	545	543
13	Germany	163	226	284	335	355	377	393	453	411	419
14	Greece	73	78	85	108	82	86	52	41	42	40
15	Italy	138	107	128	104	156	440	352	387	382	459
16	Netherlands	r212	r180	r232	253	221	182	161	166	184	187
17	Norway	r12	r12	7	9	13	42	38	42	42	47
18	Portugal	20	12	11	7	25	30	34	69	27	54
19	Spain	68	74	77	94	105	322	307	387	408	376
20	Sweden	36	41	28	37	38	92	91	117	117	78
21	Switzerland	236	257	263	229	282	179	146	220	238	296
22	Turkey	21	97	108	93	92	37	32	39	35	29
23	United Kingdom	r780	r784	r756	954	976	r3,012	r2,495	r2,825	2,706	2,374
24	Yugoslavia	110	92	90	82	84	28	20	20	24	27
25	Other Western Europe	6	9	10	8	18	15	15	25	33	29
26	U.S.S.R.	16	11	24	15	19	76	62	55	44	37
27	Other Eastern Europe	10	14	12	23	18	102	96	135	121	56
28	*Canada*	*448*	*451*	*504*	*530*	*524*	*r2,709*	*r2,649*	*r2,682*	*3,429*	*3,486*
29	*Latin America*	*r1,028*	*r1,035*	*r1,186*	*1,352*	*1,419*	*r5,000*	*r4,619*	*r4,491*	*5,895*	*6,067*
30	Argentina	50	50	40	53	74	51	53	53	53	61
31	Bahamas	r223	r229	r308	310	307	r2,309	r1,963	r2,028	3,108	3,108
32	Brazil	37	76	49	62	78	457	414	517	499	494
33	Chile	24	13	17	14	23	28	40	45	40	37
34	Colombia	22	24	42	26	27	72	85	84	80	79
35	Cuba	*	*	*	*	*	*	*	*	*	*
36	Mexico	120	103	114	169	185	301	302	314	312	331
37	Panama	11	12	22	12	71	121	222	91	175	97
38	Peru	21	13	15	22	17	28	30	32	30	30
39	Uruguay	3	4	3	5	9	5	5	5	6	4
40	Venezuela	208	225	222	280	197	r237	r251	r269	306	311
41	Other Latin American republics	141	122	118	107	101	237	257	281	268	235
42	Netherlands Antilles	17	9	25	41	30	8	8	12	24	19
43	Other Latin America	151	154	209	250	299	1,146	989	r759	994	1,261
44	*Asia*	*r2,017*	*r2,640*	*r2,871*	*2,850*	*3,000*	*r2,323*	*2,403*	*r2,782*	*2,976*	*2,836*
45	China, People's Republic of (Mainland)	2	1	8	1	1	7	12	9	22	21
46	China, Republic of (Taiwan)	138	152	156	167	170	131	139	157	144	173
47	Hong Kong	27	25	40	32	29	93	73	98	85	93
48	India	41	44	37	26	11	51	42	38	85	93
49	Indonesia	80	60	56	57	59	184	185	375	185	153
50	Israel	45	58	63	68	59	70	46	38	47	43
51	Japan	183	604	695	761	799	927	1,026	1,068	1,379	1,157
52	Korea	r88	r75	r103	99	107	158	153	171	133	170
53	Philippines	73	78	74	95	107	90	111	99	94	94
54	Thailand	11	17	17	11	27	22	24	23	32	30
55	Other Asia	r1,329	r1,526	r1,623	1,535	1,631	r591	590	r708	770	808
56	*Africa*	*r609*	*r588*	*r591*	*612*	*603*	*370*	*346*	*393*	*408*	*433*
57	Egypt	33	45	13	19	25	24	22	38	33	38
58	Morocco	72	105	112	130	148	11	10	21	22	16
59	South Africa	27	29	20	30	39	69	75	75	71	85
60	Zaire	39	48	46	55	57	17	19	15	11	16
61	Other Africa	r438	r361	r400	378	335	248	221	245	271	279
62	*Other countries*	*98*	*111*	*93*	*104*	*111*	*149*	*153*	*146*	*145*	*144*
63	Australia	78	93	75	89	97	110	113	111	111	109
64	All other	20	18	18	14	14	40	41	35	34	34
65	**Nonmonetary international and regional organizations**	**170**	**154**	**215**	**147**	**132**	**1**	**1**	**1**	**1**	**2**

NOTE.—Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States. Data exclude claims held through U.S. banks and intercompany accounts between U.S. companies and their affiliates.

3.24 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States

Millions of dollars, end of period

Type and country	1974	1975	1976[r]	1977[r]	1978 Mar.[r]	Apr.[r]	May[r]	June	July	Aug.[p]
1 **Total**	**3,357**	**3,799**	**5,720**	**7,179**	**9,234**	**9,306**	**9,679**	**8,912**	**8,924**	**10,092**
By type:										
2 *Payable in dollars*	*2,660*	*3,042*	*4,984*	*6,158*	*8,002*	*8,090*	*8,534*	*7,771*	*7,639*	*8,804*
3 Deposits	2,591	2,710	4,505	5,740	7,367	7,367	7,897	7,218	7,156	8,243
4 Short-term investments [1]	69	332	479	418	635	723	637	553	483	561
5 *Payable in foreign currencies*	*697*	*757*	*735*	*1,021*	*1,233*	*1,216*	*1,145*	*1,142*	*1,285*	*1,289*
6 Deposits	429	511	404	553	663	645	544	599	669	669
7 Short-term investments [1]	268	246	331	468	570	571	601	543	616	620
By country:										
8 United Kingdom	1,350	1,306	1,838	2,144	1,978	1,817	1,660	1,683	1,861	1,839
9 Canada	967	1,156	1,698	1,777	2,536	2,810	2,866	2,547	2,513	3,008
10 Bahamas	391	546	1,355	1,904	2,990	3,025	3,612	2,975	3,222	3,541
11 Japan	398	343	133	153	416	318	266	273	286	292
12 All other	252	446	716	1,201	1,314	1,336	1,275	1,435	1,042	8,680

1 Negotiable and other readily transferable foreign obligations payable on demand or having a contractural maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

NOTE.—Data represent the assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in Table 3.26.

3.25 LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

Area and country	1977 June	Sept.	Dec.	1978 Mar.	June[p]	1977 June	Sept.	Dec.	1978 Mar.	June[p]
	Liabilities to foreigners					Claims on foreigners				
1 **Total**	**[r]3,358**	**[r]3,388**	**[r]3,259**	**[r]3,234**	**3,158**	**[r]4,914**	**[r]4,715**	**[r]5,073**	**[r]5,140**	**5,060**
2 Europe	[r]2,504	[r]2,602	[r]2,499	[r]2,571	2,494	[r]901	[r]829	[r]860	[r]935	936
3 Germany	370	407	255	295	282	76	76	70	73	65
4 Netherlands	262	272	[r]287	[r]292	266	147	81	82	81	76
5 Switzerland	177	224	241	241	236	43	42	49	48	55
6 United Kingdom	1,277	[r]1,295	[r]1,276	[r]1,284	1,270	283	282	310	332	363
7 Canada	79	76	71	67	66	1,486	1,462	1,776	1,792	1,811
8 Latin America	[r]297	[r]289	[r]284	[r]250	250	[r]1,452	[r]1,367	[r]1,402	1,387	1,298
9 Bahamas	[r]160	[r]151	[r]148	[r]142	141	34	36	40	42	2
10 Brazil	7	7	7	6	7	125	134	144	154	143
11 Chile	1	1	1	1	1	208	201	203	194	190
12 Mexico	26	30	30	30	28	178	187	177	183	188
13 Asia	408	358	342	284	286	[r]851	[r]829	[r]817	[r]810	803
14 Japan	386	319	305	250	251	111	94	66	83	78
15 Africa	3	3	2	2	2	158	165	161	156	154
16 All other [1]	67	59	60	60	60	67	63	59	60	59

1 Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate on Oct. 31, 1978 Per cent	Month effective	Country	Rate on Oct. 31, 1978 Per cent	Month effective	Country	Rate on Oct. 31, 1978 Per cent	Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	7.0	Feb. 1978
Austria	4.5	June 1978	Germany, Fed. Rep. of	3.0	Dec. 1977	Sweden	6.5	July 1978
Belgium	6.0	July 1978	Italy	10.5	Sept. 1978	Switzerland	1.0	Feb. 1978
Brazil	33.6	July 1978	Japan	3.5	Mar. 1978	United Kingdom	10.0	June 1978
Canada	10.25	Oct. 1978	Mexico	4.5	June 1942	Venezuela	5.0	Oct. 1970
Denmark	8.0	July 1977	Netherlands	6.5	Oct. 1978			

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

Per cent per annum, averages of daily figures

Country, or type	1975	1976	1977	1978 May	June	July	Aug.	Sept.	Oct.
1 Euro-dollars	7.02	5.58	6.03	7.82	8.33	8.52	8.48	9.12	10.12
2 United Kingdom	10.63	11.35	8.07	9.17	10.02	10.13	9.42	9.29	10.44
3 Canada	8.00	9.39	7.47	8.01	8.12	8.23	8.77	9.08	9.68
4 Germany	4.87	4.19	4.30	3.60	3.61	3.71	3.64	3.67	3.90
5 Switzerland	3.01	1.45	2.56	1.18	1.38	1.74	0.67	0.58	0.24
6 Netherlands	5.17	7.02	4.73	4.48	4.60	5.61	6.27	6.91	11.23
7 France	7.91	8.65	9.20	8.21	7.94	7.61	7.39	7.40	7.37
8 Italy	10.37	16.32	14.26	11.80	11.75	11.75	11.75	10.94	10.99
9 Belgium	6.63	10.25	6.95	5.71	5.61	5.84	7.09	7.24	8.55
10 Japan	11.64	7.70	6.22	4.50	4.75	4.75	4.64	4.51	4.44

NOTE. Rates are for 3-month interbank loans except for—Canada, finance company paper; Belgium, time deposits of 20 million francs and over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1975	1976	1977	1978 May	June	July	Aug.	Sept.	Oct.
1 Australia/dollar	130.77	122.15	110.82	112.76	113.83	114.94	115.41	115.29	116.87
2 Austria/shilling	5.7467	5.5744	6.0494	6.6031	6.6718	6.7547	6.9490	7.0102	7.4526
3 Belgium/franc	2.7253	2.5921	2.7911	3.0463	3.0590	3.0864	3.1834	3.2207	3.4503
4 Canada/dollar	98.30	101.41	94.112	89.397	89.143	88.921	87.690	85.739	84.546
5 Denmark/krone	17.437	16.546	16.658	17.535	17.723	17.846	18.171	18.411	19.584
6 Finland/markka	27.285	25.938	24.913	23.430	23.390	23.809	24.381	24.586	25.454
7 France/franc	23.354	20.942	20.344	21.513	21.841	22.531	22.998	22.909	23.767
8 Germany/deutsche mark	40.729	39.737	43.079	47.497	47.984	48.647	50.084	50.778	54.430
9 India/rupee	11.926	11.148	11.406	11.653	11.900	12.245	12.483	12.445	12.643
10 Ireland/pound	222.16	180.48	174.49	181.81	183.72	189.49	194.06	195.95	200.75
11 Italy/lira	.15328	.12044	.11328	.11488	.11634	.11804	.11952	.12050	.12317
12 Japan/yen	.33705	.33741	.37342	.44215	.46744	.50101	.53002	.52656	.54478
13 Malaysia/ringgit	41.753	39.340	40.620	41.462	41.964	42.447	43.433	43.603	45.627
14 Mexico/peso	8.0000	6.9161	4.4239	4.3973	4.3840	4.3756	4.3758	4.3907	4.3904
15 Netherlands/guilder	39.632	37.846	40.752	44.407	44.716	45.076	46.203	46.733	50.017
16 New Zealand/dollar	121.16	99.115	96.893	100.69	101.90	103.85	105.42	105.58	107.37
17 Norway/krone	19.180	18.327	18.789	18.360	18.450	18.524	19.018	19.189	20.325
18 Portugal/escudo	3.9286	3.3159	2.6234	2.2208	2.1857	2.1939	2.2042	2.1948	2.2342
19 South Africa/rand	136.47	114.85	114.99	115.01	114.93	115.00	115.00	115.00	115.00
20 Spain/peseta	1.7424	1.4958	1.3287	1.2317	1.2587	1.2885	1.3344	1.3605	1.4317
21 Sri Lanka/rupee	14.385	11.908	11.964	6.2945	6.2859	6.3245	6.3926	6.3855	6.3757
22 Sweden/krona	24.141	22.957	22.383	21.491	21.690	22.012	22.523	22.592	23.349
23 Switzerland/franc	38.743	40.013	41.714	50.892	53.046	55.443	60.013	63.765	65.117
24 United Kingdom/pound	222.16	180.48	174.49	181.81	183.72	189.49	194.06	195.95	200.75
MEMO:									
25 United States/dollar[1]	[r]98.34	[r]105.57	[r]103.31	[r]96.31	[r]94.74	92.44	89.99	89.51	86.04

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

p	Preliminary
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)
e	Estimated
c	Corrected
n.e.c.	Not elsewhere classified
Rp's	Repurchase agreements
IPC's	Individuals, partnerships, and corporations
SMSA's	Standard metropolitan statistical areas
REIT's	Real estate investment trusts
*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
......	(1) Zero, (2) no figure to be expected, or (3) figure delayed or, (4) no change (when figures are expressed in percentages).

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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[2] On loan from the Federal Reserve Bank of New York.

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Index to Statistical Tables

References are to pages A-3 through A-68 although the prefix "A" is omitted in this index

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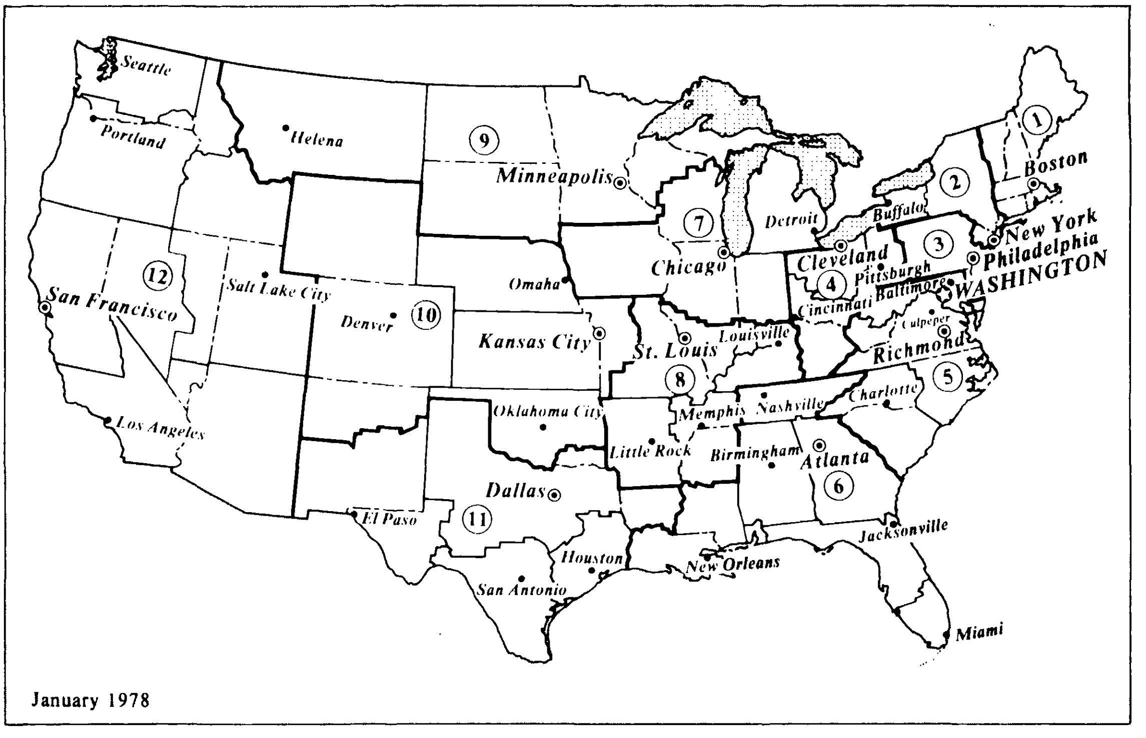

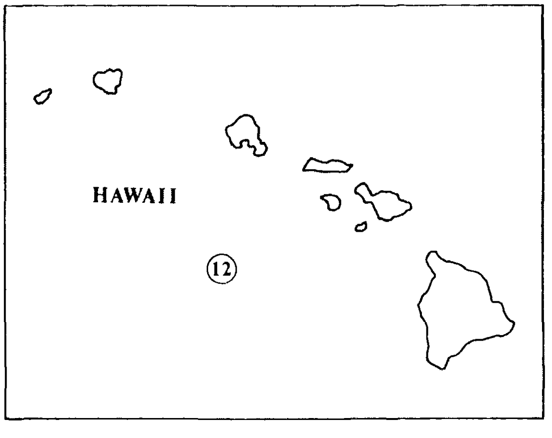

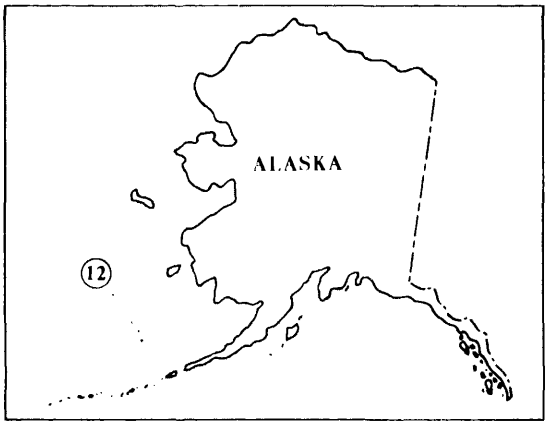

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