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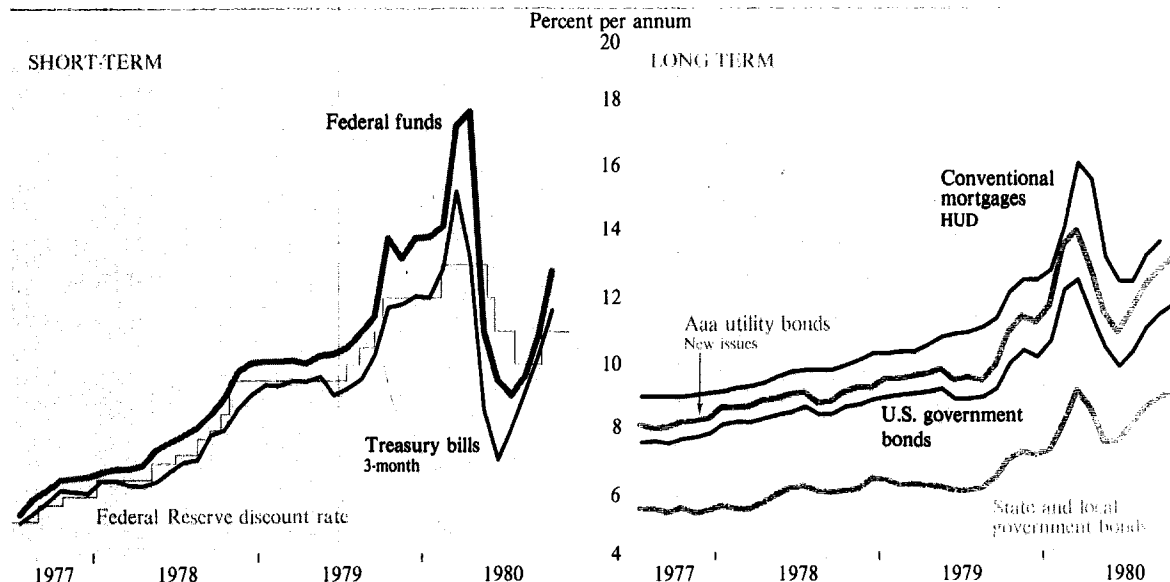
Domestic Financial Developments in the Third Quarter of 1980

This report, which was sent to the Joint Economic Committee of the U.S. Congress on November 6, 1980, highlights the important developments in domestic financial markets during the summer and early fall.

Money and credit grew rapidly during the third quarter following the exceptional weakness of the preceding three months. The expansion was associated in large part with the turnaround in economic activity, the continued rapid increase in prices, and the marked decline in interest rates during the second quarter. In addition, the phasing out of the Federal Reserve's credit control measures—completed in July—may have contributed to a resurgence of borrowing, especially by the household sector.

The large increase in the narrow monetary aggregates, M-1A and M-1B, during the summer appears primarily to have been a normal response of the public's demand for transactions balances to changes in economic activity, prices, and interest rates. However, there appears also to have been some retracing of the second-quarter shortfall from historical money demand patterns. Average third-quarter levels for both M-1A and M-1B were consistent with the ranges set by the Federal Open Market Committee for growth from the fourth quarter of 1979 to the fourth quarter of 1980. The average level of M-2 for the third quarter, however, was slightly above the upper bound of its longer-run range, buoyed by a surge in the nontransactions component. M-3 remained below the upper end of its range,

Interest rates



Monthly averages except for Federal Reserve discount rate and conventional mortgages (based on quotations for one day each month). Yields: U.S. Treasury bills, market yields on three-month issues; prime commercial paper, dealer offering rates; conventional mortgages, rates on first mortgages in primary markets, unweighted and rounded to nearest 5 basis points, from U.S. Department of Housing

and Urban Development; Aaa utility bonds, weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to Aaa basis; U.S. government bonds, market yields adjusted to 20-year constant maturity by U.S. Treasury; state and local government bonds (20 issues, mixed quality), *Bond Buyer*.

Changes in selected monetary aggregates¹

Based on seasonally adjusted data unless otherwise noted, in percent

Item	1977	1978	1979	1979		1980		
				Q3	Q4	Q1	Q2	Q3
Member bank reserves²								
Total	5.0	6.6	2.9	5.3	12.3	4.3	1.0	6.9
Nonborrowed	2.6	6.7	.7	7.3	6.2	3.4	7.6	12.2
Monetary base ³	8.2	9.2	7.7	9.5	9.5	7.6	5.2	9.8
Concepts of money⁴								
M-1A	7.7	7.4	5.0	7.8	4.5	4.8	-3.9	11.0
M-1B	8.1	8.2	7.6	9.6	5.0	5.9	-2.4	13.4
M-2	11.5	8.4	8.9	10.7	7.1	7.2	5.5	15.4
M-3	12.6	11.3	9.8	10.8	9.1	7.8	5.7	12.6
Nontransaction components of M-2								
Total (M-2 minus M-1B)	12.8	8.5	9.4	11.1	7.8	7.7	8.1	16.1
Small time deposits	15.1	16.2	23.1	14.7	25.8	18.3	24.8	2.0
Savings deposits	9.8	-5	-12.0	-1.2	-21.6	-21.1	-23.1	25.6
Money market mutual fund shares ⁵	5.9	163.9	324.2	166.2	120.0	151.9	82.7	75.7
Overnight RPs and overnight Eurodollar deposits ⁵	42.5	25.4	17.2	11.3	-33.1	-7.5	-72.0	132.7
MEMO (change in billions of dollars)								
Managed liabilities at commercial banks	27.8	73.5	59.7	17.9	8.6	10.6	-3.2	-12.0
Large time deposits, gross	19.2	50.4	19.6	2.4	10.7	6.4	5.9	-5.0
Nondeposit funds	8.6	23.1	40.1	15.5	-2.1	4.2	-9.1	-7.0
Net due to foreign related institutions	-3.8	6.6	25.2	8.9	.1	-2.3	-8.5	-12.1
Other ⁶	12.4	16.5	15.0	6.6	-2.1	6.4	-6	5.1
U.S. government deposits at commercial banks	-2	3.3	1.5	5.0	-4.0	1.6	-1.6	2.7

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

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

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

4. M-1A is currency plus private demand deposits net of deposits due to foreign commercial banks and official institutions. M-1B is M-1A plus other checkable deposits (negotiable order of withdrawal accounts, accounts subject to automatic transfer service, credit union share draft balances, and demand deposits at mutual savings banks).

M-2 is M-1B plus overnight repurchase agreements (RPs) issued by commercial banks, overnight Eurodollar deposits held by U.S. non-bank residents at Caribbean branches of U.S. banks, money market mutual fund shares, and savings and small time deposits at all depository institutions. M-3 is M-2 plus large time deposits at all depository institutions and term RPs issued by commercial banks and savings and loan associations. For more information on the redefined monetary aggregates, see the FEDERAL RESERVE BULLETIN, vol. 66 (February 1980), pp. 97-114.

5. Not seasonally adjusted.

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

while bank credit fell short of the lower limit of its long-run range.

With prospects for employment and real income improving over the quarter and with interest rates lower than in the spring, borrowing by the household sector strengthened. The contraction in consumer installment debt came to a halt and home mortgage financing increased. Nonfinancial businesses also raised a greater volume of funds in credit markets than in the second quarter; as credit demands picked up and market interest rates began to rise, many large firms that had relied more heavily on commercial paper and bond financing in the spring shifted their credit demands back to commercial banks. Borrowing by the U.S. Treasury and by state and local governments increased sharply from the first-half pace.

As the quarter progressed, the more rapid growth in money and credit, as well as intensified concerns about inflation and federal deficit spending, was reflected in an upturn in interest rates in money and capital markets. Short-term interest rates began to rise steeply in August and by early October had increased about 4 percentage points above June lows. With the acceleration in deposit growth, the provision of non-borrowed reserves increasingly fell short of bank reserve needs, putting upward pressure on the federal funds rate; in late September, the funds rate rose above 10³/₄ percent and member bank borrowing from the Federal Reserve increased appreciably. To help curb the growth in the monetary aggregates, the Federal Reserve increased the discount rate from 10 to 11 percent. The prime rate at large banks was raised in several

steps to 14 percent in mid-October, as these institutions responded to rising costs of funds and increased loan demand. Intermediate- and longer-term interest rates increased between 2 and 3 percentage points from their mid-June lows. In mortgage markets, interest rates moved up 1½ percentage points to more than 13¾ percent in mid-October. The rise in domestic interest rates over the quarter contributed to a strengthening of the value of the dollar in foreign exchange markets.

MONETARY AGGREGATES AND BANK CREDIT

All of the major monetary aggregates strengthened markedly during the third quarter. A substantial resurgence in demand deposits boosted growth in M-1A to an annual rate of 11 percent, following a record decline in the previous quarter. M-1B expanded at a 13½ percent rate, buoyed further by continued rapid growth of checkable deposits other than commercial bank demand accounts. Commercial banks appear to have marketed interest-bearing transactions balances more aggressively, perhaps in anticipation of greater competition for such balances after January 1, 1981, when all depository institutions will be permitted to offer NOW (negotiable order of withdrawal) accounts. M-2 grew at a 15½ percent rate during the third quarter, as growth in the nontransactions component of that aggregate accelerated in July from its second-quarter pace before slackening in August and September.

A noteworthy development within the nontransactions component of M-2 was the renewed inflow of funds to passbook savings accounts. After nearly a year of outflows, passbook accounts at all types of depository institutions grew during July and August at an annual rate of nearly 33 percent. Although interest rates on such deposits remained well below open market yields, the gap had narrowed substantially during the spring, and given the prevailing economic and financial uncertainties, savers were attracted to these highly liquid instruments. At the same time, growth of less liquid small-denomination time deposits dropped to a negligible rate, following brisk expansion in the first half of the year. In September and early October, however,

after market yields had moved up considerably, small time deposits again attracted funds, and growth in savings deposits slowed.

Net inflows to small-denomination time deposits over the quarter were accounted for entirely by growth of variable-ceiling 2½-year small-saver certificates (SSCs); interest rate ceilings on such certificates have been above those on six-month money market certificates (MMCs) since May. Growth in SSCs at thrift institutions exceeded that at commercial banks, reflecting the ¼-percentage-point-higher ceiling available on such accounts at the thrift institutions. MMCs, which had attracted most consumer deposits in the first half of the year, declined during the third quarter, as did fixed-ceiling deposits. By the end of the quarter, however, yields on shorter maturity instruments were approaching those on the longer maturity SSC accounts; moreover, in early October the "cap" on SSC rates became effective for the first time since last April, reducing the attractiveness of those accounts relative to market instruments. [The SSC ceiling is set biweekly. Market yields on 2½-year Treasury obligations during the five business days preceding each biweekly period provide the base rate; savings and loan associations and mutual savings banks may offer up to that base rate, and commercial banks may offer up to ¼ percentage point less. When the base rate equals or exceeds 12 percent, however, thrift institutions are restricted to 12 percent and commercial banks to 11¾ percent.]

On average over the third quarter, money market mutual fund (MMMF) shares grew at close to the same rapid pace as in the second quarter. The 40- to 50-day average maturity of MMMF asset portfolios slowed the response of shareholder returns to rising open market yields, however, and in September MMMF shares contracted \$2¼ billion. Most of the decline in shares occurred at funds catering only to large investors (generally institutions) although inflows to other funds also slowed.

The growth rate of M-3 was slightly less than that of M-2 in the third quarter, as total large-denomination time deposits at commercial banks and thrift institutions contracted. Much of the runoff in large time deposits occurred in July and August when core deposits at the institutions were expanding rapidly. As core deposit growth

slowed late in the quarter, issuance of large-denomination time deposits increased.

Reflecting the strong expansion of deposits, growth in required reserves of banks accelerated as the quarter progressed. The provision of non-borrowed reserves fell substantially short of bank needs, and borrowings from the Federal Reserve discount window increased from just under \$400 million at the beginning of the quarter to more than \$1.3 billion in September.¹ As member bank reserve positions tightened, the federal funds rate moved above the discount rate in late August for the first time since April. The discount rate was increased a full percentage point on September 26.

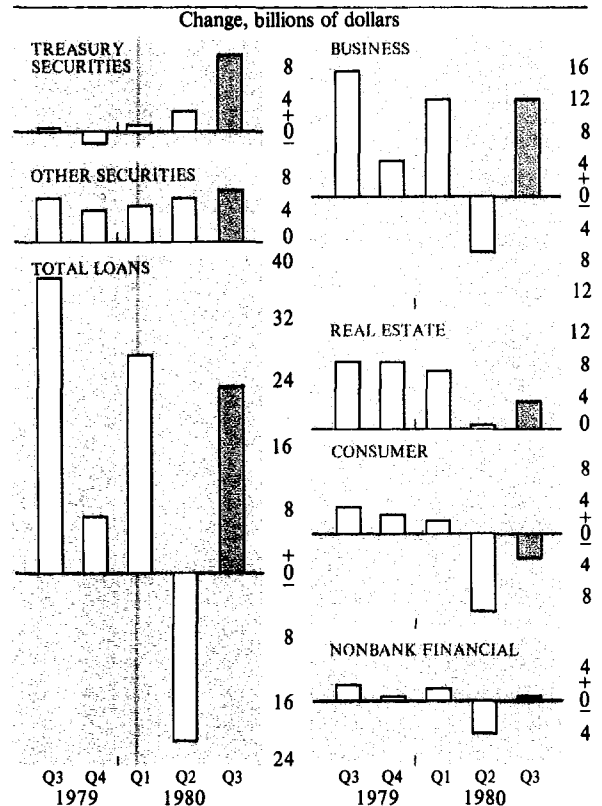
Growth in bank credit rebounded to an annual rate of 13½ percent in the third quarter, following the second-quarter contraction, as banks, no longer subject to the special credit restraint program, met the increased credit demands of businesses and households. By the end of the quarter, all major components of bank loan portfolios, except consumer loans, had expanded. And although consumer loans continued to decline, the rate of contraction slowed as the quarter progressed. Growth in real estate loans picked up after a stagnant second quarter to a 5½ percent rate of increase in the third. Business loans grew at a 16 percent annual rate, following a 9 percent rate of decline in the second quarter. As market interest rates rose, banks increased the prime rate less rapidly, resulting in a more typical relationship among these rates than was evident in the second quarter.

In addition to increased loan growth, banks enlarged their holdings of U.S. Treasury securities at an annual rate of nearly 40 percent in the third quarter. In part, this expansion may have reflected additions to required collateral associated with large increases in the U.S. government deposits and in repurchase agreements.

1. As shown in the table on page 872, the growth in nonborrowed reserves accelerated in the third quarter when growth rates are measured on a quarterly average basis. These quarterly average figures, however, obscure the actual pattern of reserve movements since March. In particular, nonborrowed reserves were quite low on average in the second quarter because of the low level in April. But the pace of nonborrowed reserve provision picked up in April, and was quite rapid in May and June. In July the growth slowed markedly and remained low in the remainder of the quarter.

Components of bank credit

Major categories of bank loans



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

With deposit growth strengthening, banks reduced their managed liabilities \$12 billion over the third quarter, with the greatest reductions continuing to be in net liabilities to their foreign affiliates. Since April, the cost of Eurodollar funds has exceeded domestic rates (adjusted for reserve requirements), thus encouraging this pattern of behavior. Domestically issued managed liability instruments of banks, in contrast, rose in the third quarter.

BUSINESS FINANCE

Total funds raised by nonfinancial businesses in the debt and equity markets increased somewhat in the third quarter from the depressed second-quarter pace. The volume of financing, however, remained below that of 1979 and early 1980, as

the reduction of inventories reduced corporate needs for external funds. The pickup in financing in the third quarter occurred as nonfinancial businesses returned to debt and equity markets to meet a more normal portion of funding requirements, after having relied extensively on the liquidation of short-term financial assets in the second quarter of the year. The increase in business borrowing was primarily from short- and intermediate-term sources, with a rise in bank borrowing more than offsetting a decline in outstanding commercial paper. In the long-term markets, net bond sales by nonfinancial businesses were down slightly, while equity issuance rebounded in a favorable environment of rising stock prices.

Net extensions of loans to businesses by banks totaled \$12 billion in the third quarter, with most of the growth occurring in August and September; this growth followed a contraction of almost \$7 billion in such loans during the second quarter. Overall, short- and intermediate-term borrowing by businesses increased somewhat less than bank credit in the third quarter because of the sharp decline in commercial paper out-

standing. Total nonfinancial commercial paper contracted \$2.4 billion in the third quarter, the first quarterly decline since the fourth quarter of 1977.

The drop in commercial paper and the pickup in bank borrowing by businesses reflected in part the narrowing of the spread between the bank prime rate and the commercial paper rate. The fall in the prime rate to 11 percent in July significantly reduced the difference between these rates from the gap of almost 7½ percentage points that had developed in May. Through most of the quarter, commercial paper rates rose relatively more than the prime rate, further narrowing the spread. According to a survey, moreover, large regional banks increased the proportion of their short-term business loans made at rates below prime during this period. As a result, some issuers of commercial paper turned to banks for shorter-term financing. Bank borrowing also may have been substituted for longer-term debt issues in the latter part of the quarter, as suggested by the marked falloff in public bond offerings when interest rates rose.

Notes and bonds offered publicly by all corporations totaled \$47 billion at an annual rate in the third quarter, about two-thirds of the record volume of the previous quarter. Reduced issuance of long-term debt by nonfinancial businesses, which totaled \$38 billion, accounted for half of the decline in the total volume, but issues of financial concerns also fell sharply following a surge in the second quarter. The heaviest issuance of bonds occurred early in the quarter; the upward movement in corporate bond yields as the quarter progressed resulted in a sharply reduced pace of public offerings by both financial and nonfinancial firms; September's volume was the smallest since March. At the end of September the Federal Reserve index of yields on newly issued, Aaa-rated utility bonds was above 13 percent, 2½ percentage points above its mid-June low, but still 1¼ percentage points below its high in the early spring. Bond offerings by lower-rated issuers remained at a relatively high level in the third quarter; many of these issues were convertible debentures that were made more attractive by the further rise in the level of stock prices.

The large volume of lower-rated issues financed through the public market in part may

Business loans and short- and intermediate-term business credit

Seasonally adjusted annual rates of change, in percent¹

Period	Business loans at banks ²	Short- and intermediate-term business credit ³
1974	19.3	23.5
1975	-3.8	-4.0
1976	1.3	4.4
1977	10.5	13.6
1978	16.3	18.3
1979	17.5	20.0
1979-Q1	20.5	20.8
Q2	16.6	20.1
Q3	22.7	27.4
Q4	6.0	6.4
1980-Q1	16.4	22.0
Q2	-9.1	1.2
Q3	16.1 ^e	9.2 ^e

1. Growth rates calculated between last months of period.

2. Based on monthly averages of Wednesday data for domestically chartered banks and an average of current and previous month-end data for foreign-related institutions. Adjusted for outstanding amounts of loans sold to affiliates. Includes holdings of bankers acceptances.

3. Short- and intermediate-term business credit is business loans at commercial banks plus nonfinancial commercial paper plus finance company loans to businesses and bankers acceptances outstanding outside banks. Commercial paper is a prorated average of Wednesday data. Finance company loans and bankers acceptances outstanding are averages of current and previous month-end data.

e. Estimated.

Gross offerings of new security issues

Seasonally adjusted annual rates, in billions of dollars

Type of security	1979			1980		
	Q2	Q3	Q4	Q1	Q2	Q3 ^e
Domestic corporate	38	56	47	63	92	78
Publicly offered bonds	35	26	25	23	69	47
Nonfinancial	20	16	19	20	49	38
Financial	15	10	6	3	20	9
Privately offered bonds	15	13	10	21	8	11
Stocks	8	17	12	19	15	20
Foreign	7	9	5	2	6	3
State and local government ...	41	44	48	33	57	58

e Estimated.

have reflected a lack of funds available through private placements. Life insurance companies are the major purchasers of privately placed bonds, and these insurers traditionally concentrate their placements in the quality range of Baa to A. Life insurance companies, however, did not provide their usual support to private placements. Earlier in the year, their cash flow had been considerably strained by a strong demand for policy loans and unexpected deferrals of contributions by pension funds, and although the severity of this problem lessened when interest rates subsided from their high levels reached in March and April, activity by the life insurance companies in the market for private placements remained limited in the third quarter.

Stock prices continued to increase in the third quarter. The major indexes of stock prices rose between 9 and 23 percent, about the same as in the second quarter. In contrast to the strength in broad indexes of stock prices, utility prices showed some decline in the third quarter, in part reflecting the relative sensitivity of prices of utility stocks to increases in interest rates. The generally higher level of share prices contributed to a record volume of equity issues in the third quarter, following a substantial number of new stock issues in the second. The large volume of stock issuance this year has included a marked rise in sales of shares by smaller firms, including many that had not previously tapped the public equity market.

GOVERNMENT FINANCE

The gross volume of bonds issued by state and local governments was a record \$58 billion in the

third quarter (seasonally adjusted annual rate), narrowly surpassing the previous high set in the second quarter. The large volume occurred despite an unusually large amount of postponements, most of which were caused by interest rate limitations that became binding as rates rose over the third quarter. Housing-related revenue bond issues accounted for a majority of the postponements, and as a result, state and local governments raised fewer funds for housing in the third quarter.

The rise in interest rates on state and local obligations over the third quarter brought the *Bond Buyer* index for general obligation bonds from 7³/₄ percent at the end of June to near 9¹/₄ percent in late September, only slightly below its March-April peak. Compared with taxable yields, tax-exempt interest rates rose relatively more during the third quarter. By September, the ratio of the tax-exempt yield to the corporate bond yield was about 0.66, up from a level of 0.58 registered in June, but still below the record 0.72 of November 1975. Reportedly, commercial banks and property-casualty insurance companies have reduced their demands for longer-term, tax-exempt securities. Large underwriting losses experienced by the insurance companies likely reduced the attractiveness of tax-exempt investments.

The Treasury's net cash borrowing from the public totaled about \$27 billion (not seasonally adjusted) in the third quarter, as the Treasury financed a deficit of about \$20.5 billion and sought a sizable increase in its cash balance by the end of September. About half of the new money was raised in the Treasury's weekly and monthly bill auctions, and the remainder was obtained in regularly scheduled coupon auctions. During the third quarter, the public redeemed about \$300 million of savings bonds and notes; such redemptions totaled \$3.9 billion and \$2.7 billion in the first and second quarters respectively when market rates of interest were much further above yields on savings bonds. Redemptions of this magnitude possibly may be avoided in the future because the Congress has given the Treasury the authority to raise the yields on savings bonds to make them more competitive with alternative instruments.

Net cash borrowing by federally sponsored agencies amounted to \$400 million (not seasonally adjusted) for the July-September period,

Federal government borrowing and cash balance

Not seasonally adjusted, in billions of dollars

Item	1978		1979				1980		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Treasury financing									
Budget surplus or deficit (-)	-8.1	-23.8	-20.4	21.4	-4.4	-24.6	-27.1	8.2	-15.4
Off-budget deficit ¹	-3.1	-.1	-3.0	-5.2	-4.2	-.9	-3.8	-4.4	-4.9
New cash borrowings or repayments (-)	15.1	15.3	10.6 ^a	-4.6	12.4	18.9	19.1	5.4	27.1
Other means of financing ²	1.0	2.6	4.2	-1.9	2.9	-1.7	4.1	-3.1	.1
Change in cash balance	4.9	-6.1	-8.6	9.8	6.7	-8.3	-7.7	5.9	6.9
Federally sponsored credit agencies, net cash borrowings⁴	6.1	5.2	6.3	5.5	4.7	7.3	8.6	5.8	.4

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

2. Includes \$2.6 billion of borrowing from the Federal Reserve on March 31, which was repaid April 4 after enactment of a new debt-ceiling bill.

3. Checks issued less checks paid, accrued items, and other transactions.

4. Includes debt of the Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Banks, Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, and Federal National Mortgage Association.

considerably less than the more than \$5 billion registered in the third quarter of 1979 and second quarter of this year. All of the net borrowing in the third quarter occurred in September, with the agencies reducing their indebtedness in July and August. The turnaround in September primarily reflected a pickup in the financing activities of the Federal Home Loan Banks (FHLBs). After reducing their borrowings \$1.6 billion in July and August, the FHLBs raised \$800 million in September largely to accommodate increasing demands for FHLB advances by member institutions. However, the Federal National Mortgage Association ran off about \$150 million of its debt in September, following a paydown of \$300 million in July and August combined. The Federal Farm Credit Banks borrowed about \$2.7 billion in the third quarter, near the brisk pace of the first two quarters of 1980.

MORTGAGE AND CONSUMER FINANCE

Mortgage borrowing picked up substantially in the third quarter in lagged response to the easing of interest rates on new mortgage commitments that occurred in the latter part of the second quarter and early in the third. Much of the strengthening in mortgage activity reflected a resumption of net lending in the residential mortgage market by depository institutions, particularly savings and loan associations, whose

deposit flows improved in the spring. Support for mortgage lending provided by federally related agencies operating in the secondary markets continued to be modest in the third quarter, although net issuance of passthrough securities guaranteed by the Government National Mortgage Association increased moderately. Acquisitions of residential mortgages by state and local governments likely remained sizable in the third quarter.

Net change in mortgage debt outstanding

Seasonally adjusted annual rates, in billions of dollars

Mortgage debt	1979			1980		
	Q2	Q3	Q4	Q1	Q2	Q3 ^a
<i>By type of debt</i>						
Total	164	161	150	144	73	136
Residential	118	115	114	104	44	99
Other ¹	47	46	36	40	29	37
<i>By type of holder</i>						
Commercial banks	30	34	32	27	6	14
Savings and loans	51	44	34	25	-1	40
Mutual savings banks	4	4	2	2	*	*
Life insurance companies	11	14	15	16	12	13
FNMA and GNMA	7	3	10	12	8	5
GNMA mortgage pools ...	19	24	27	18	17	23
FHLMC and FHLMC pools	4	5	3	3	3	4
Other ²	38	33	27	41	28	36

1. Includes commercial and other nonresidential as well as farm properties.

2. Includes mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, non-insured pension funds, credit unions, Farmers Home Administration and Farmers Home Administration pools, Federal Land Banks, Federal Housing Administration, Veterans Administration, and individuals.

^a Partially estimated.

*Less than \$0.5 billion.

ter, even though the issuance of housing revenue bonds declined from the record pace of the previous period.

Total deposits at savings and loan associations grew at a seasonally adjusted annual rate of 9 percent in the third quarter, up slightly from 8½ percent in the second. Despite some improvement in deposit flows, savings and loans in the aggregate increased their borrowings by \$1.5 billion (seasonally adjusted) from the FHLBs in August and September, after paying down \$4 billion of advances during the previous three months. The increase in FHLB advances, somewhat unusual during a period of improving deposit flows, could indicate that deposit growth for at least some savings and loans was weaker than they had anticipated when issuing mortgage commitments.

The average interest rate on new commitments for fixed-rate conventional home mortgages at savings and loan associations fell slightly in the first part of the quarter, to about 12¼ percent, and remained almost unchanged through early August. Thereafter, interest rates in the primary market began to rise in response to increases in other long-term yields and as mortgage lenders, including savings and loans, became concerned about the future cost and availability of loanable funds. By the end of September, the average commitment rate on conventional mortgage contracts reached almost 13½ percent, and it continued to climb in early October. Savings and loan

associations in some areas of the country reportedly have offered renegotiable-rate mortgages at ½ to 1 percentage point below fixed-rate loans. In response to the higher secondary market yields for government-underwritten loans, the ceiling rates on both Federal Housing Administration and Veterans Administration contracts were increased twice during the quarter, bringing the ceilings in September to 13 percent for FHA/VA level-payment loans and to 13½ percent for FHA graduated-payment loans.

Consumer credit increased slightly in the third quarter, after a sharp contraction in the second that in part was associated with the credit restraint program initiated in March. The decline in consumer borrowing slowed considerably in July, and in August there was a marginal increase in outstanding installment credit followed by a somewhat larger gain in September. The growth late in the quarter was concentrated primarily in auto loans at finance companies and, to a lesser extent, in revolving credit at retailers and gasoline companies. By August, interest rates and other terms on auto lending at finance companies and commercial banks had eased to near the levels that had existed before mid-March. Offsetting some of the increases in finance company lending and in credit extensions at retailers and gasoline companies were declines in loans to individuals by commercial banks and credit unions. Even these latter categories, however, strengthened late in the quarter. □

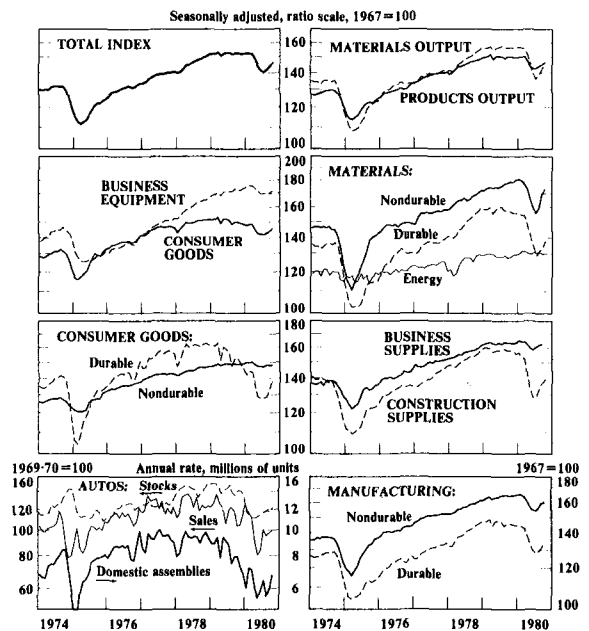
Industrial Production

Released for publication November 14

Industrial production rose an estimated 1.6 percent in October, after gains of 1.0 and 1.3 percent in August and September respectively based on upward revised data. Advances in production were broadly based, with large increases in the output of motor vehicles and steel. Total industrial production has increased 4 percent since its low in July, but the October index, at 146.0 percent of the 1967 average, was still 4.4 percent below a year earlier.

Output of consumer goods rose 1.2 percent in October, reflecting a large gain for durable goods and almost no change for nondurable goods. Autos were assembled at an annual rate of 6.7 million units, compared with 6.0 million units in September. Output of utility vehicles (mainly lightweight trucks) again rose sharply. Production of home goods—such as appliances, carpeting, and furniture—advanced 1.9 percent further, although October output of these goods remained almost 9 percent below a year earlier. After three months of little change, production of business equipment increased 0.7 percent in October; output in this sector had declined 3.6 percent in the spring. Production of defense and space equipment rose sharply again. Output of construction supplies increased 1.7 percent, somewhat less than in August and September; production of these supplies remained about 12 percent below a year earlier.

Production of durable materials surged 3.7 percent in October, reflecting large gains in the output of basic metals and of parts for consumer durables. Output of nondurable materials rose 2.5 percent further after large (upward revised) increases in August and September; the October rise mainly reflected substantial increases in production of chemical materials.



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

Grouping	1967 = 100		Percentage change from preceding month						Percentage change Oct. 1979 to Oct. 1980
	1980		1980						
	Sept. ^p	Oct. ^e	May	June	July	Aug.	Sept.	Oct.	
Total industrial production	143.7	146.0	-2.9	-1.7	-0.8	1.0	1.3	1.6	-4.4
Products, total	145.0	146.4	-2.0	-0.8	.2	.8	.8	1.0	-2.5
Final products	143.7	145.1	-1.6	-0.6	.1	.4	.6	1.0	-1.5
Consumer goods	143.8	145.5	-2.0	-0.2	-0.1	.6	.7	1.2	-3.0
Durable	133.0	138.6	-5.5	-0.5	.1	.3	3.3	4.2	-9.5
Nondurable	148.1	148.3	-.7	-0.1	-0.1	.7	-0.2	.1	-.3
Business equipment	170.5	171.7	-1.3	-1.2	.2	.2	.0	.7	-.3
Intermediate products	149.8	150.9	-3.1	-1.8	.7	2.0	1.6	.7	-6.0
Construction supplies	136.9	139.2	-4.6	-3.4	.1	3.2	3.2	1.7	-11.8
Materials	141.8	145.5	-4.4	-3.0	-2.5	1.6	2.2	2.6	-7.1

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

Announcements

REGULATION D: AMENDMENTS AND INTERPRETATION

The Federal Reserve Board has announced publication of three rules in final form amending Regulation D (Reserve Requirements of Depository Institutions) under the Monetary Control Act of 1980, together with an amendment to the definition of Eurocurrency liabilities. Further, the Board simplified its rule for the calculation of reserve requirements of banks that result from a merger, so the requirements are calculated the same whether the surviving bank is a member or a nonmember bank.

The Board deferred until May 1981 *all* reserve and reporting requirements for nonmember depository institutions with less than \$2 million in total deposits (as of December 31, 1979). At the same time, the Board adopted a procedure for *quarterly* reporting and reserve maintenance beginning next January for institutions with \$2 million to \$15 million in total deposits.

(Until January 15, 1981, nonmember institutions with deposits between \$2 million and \$15 million will not be required to report or hold reserves, but member banks of this size will continue to report and hold reserves weekly.)

Institutions with more than \$15 million in total deposits are required to report weekly to the Federal Reserve (beginning with the reporting week of October 30–November 4) and to begin maintaining reserve requirements November 13.

The deferral of reporting and reserve requirements for nonmembers with less than \$2 million in deposits will affect about 17,000 institutions, primarily credit unions. These institutions, however, hold less than 1/2 percent of deposits in all affected institutions—commercial banks, mutual savings banks, savings and loan associations, and credit unions.

Almost 10,000 institutions with deposits between \$2 million and \$15 million will be affected by quarterly reporting and reserve maintenance

beginning January 1981. These institutions hold less than 4 percent of all deposits.

Consequently, the simplified procedures will relieve a reporting burden for 27,000 institutions—about two-thirds of the total covered by the new law—which hold only 4.33 percent of all deposits. Most of these institutions could cover any required reserves with vault cash and so would not be required to deposit funds with the Federal Reserve.

These actions do not affect the U.S. agencies and branches of foreign banks and Edge Act and Agreement corporations.

The Board has also issued an interpretation of Regulation D, effective November 13, 1980, defining “bankers’ banks” and setting forth the criteria under which bankers’ banks may act as passthrough agents for the reserves of other institutions.

REGULATION J: MODIFICATION

The Federal Reserve Board on October 9, 1980, adopted a clarification and simplification of its Regulation J, which deals with Reserve Bank procedures for check collection (subpart A of the regulation) and wire transfer of funds (subpart B).

The modification, proposed for public comment on December 14, 1979, makes no substantive change in the regulation. It was undertaken by the Board as part of its Regulatory Improvement Project, under which all of the Board’s regulations and rules are being reviewed to determine whether they are in whole or in part required by law, what their costs and benefits are, whether underlying statutes need revision, whether there are nonregulatory alternatives, and whether any regulations can be eliminated. As part of this project, the Board’s regulations are also being simplified or put into better format when possible.

A proposed new section of Regulation J (subpart C), dealing with electronic transfer of funds through automated clearinghouses operated by the Federal Reserve, was issued for comment in November 1979.

Copies of subparts A and B of Regulation J will be distributed to institutions that use the Federal Reserve for check clearing and wire transfer of funds. The text of the regulation is available upon request from the Federal Reserve Board and the Reserve Banks.

REGULATION Q: INTERPRETATION AND AMENDMENT

The Federal Reserve Board on October 27, 1980, issued an interpretation of Regulation Q (Interest on Deposits) providing that fixed-rate obligations of bank holding companies with certain specified features are not subject to interest rate ceilings. Later, on October 30, 1980, the Board announced publication of the official notice of its technical amendment to Regulation Q reducing the minimum maturity of time deposits at member banks to 14 days.

INFORMATION ON ELIGIBLE NOW CUSTOMERS

Because negotiable order of withdrawal (NOW) accounts may be offered by financial institutions in all parts of the nation beginning December 31, 1980, the staff of the Federal Reserve Board has made available information summarizing the categories of depositors eligible to maintain NOW accounts at member banks. The information may be obtained on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

The following categories of depositors are eligible to hold NOW accounts at member banks: individuals, sole proprietors, husband and wife operating unincorporated business, local housing authority, residential tenants' security deposits, independent school districts, redevelopment authority, escrow funds (provided entire beneficial interest is held by individuals or qualifying organizations), labor unions, trust and other fiduci-

ary accounts (provided entire beneficial interest is held by individuals or qualifying organizations), pension funds, and trade associations.

PROPOSED ACTION

The Federal Reserve Board on October 27, 1980, proposed for public comment a policy statement concerning payments to brokers for research and brokerage services by trust institutions subject to the Board's supervision. The Board asked for comment by December 22, 1980.

CHANGE IN BOARD STAFF

The Board of Governors has announced the following appointment.

Laura M. Homer as Securities Credit Officer in the Division of Banking Supervision and Regulation, effective November 16, 1980. Ms. Homer, who joined the Board's staff in 1971, holds a B.A. from the University of Connecticut and a J.D. from the University of Miami.

SYSTEM MEMBERSHIP: ADMISSION OF STATE BANKS

The following banks were admitted to membership in the Federal Reserve System during the period October 11 through November 10, 1980:

- Colorado*
 - Aurora Fidelity Bank and Trust
 - Clifton Bank of Clifton
 - Denver Independent State Bank
 - Leadville . First Mining and Exchange Bank of Leadville
 - Littleton . Columbine Valley Bank and Trust
- Kansas*
 - Olathe First Citibank of Olathe
 - Overland Park . . Corporate Woods State Bank
- New York*
 - New York . Bankamerica Securities Services Company of New York
- Wyoming*
 - Lander Yellowstone State-Bank-Lander
 - Medicine Bow . . . Medicine Bow State Bank

Record of Policy Actions of the Federal Open Market Committee

Meeting Held on September 16, 1980

Domestic Policy Directive

The information reviewed at this meeting suggested that the decline in real output of goods and services had moderated in the third quarter, following a contraction at an annual rate of 9.0 percent in the second quarter, and some recent data indicated that the decline might have ended, at least temporarily. Average prices, as measured by the fixed-weight price index for gross domestic business product, were continuing to rise at a rapid pace, which was, however, slightly below the annual rate of increase of about 10½ percent indicated for the second quarter.

The dollar value of total retail sales rose considerably further in August, according to the advance report, after increasing sharply in June and July. Sales of new automobiles were at an annual rate of 8.6 million units, down from 9.0 million in July but appreciably above the second-quarter rate.

The index of industrial production rose an estimated 0.5 percent in August, following a cumulative decline of about 8.5 percent over the preceding six months. The August increase was fairly widespread among industry groupings, with notable gains in output of construction supplies and consumer home goods.

Nonfarm payroll employment expanded in August after several months of decline, and the unemployment rate edged down from 7.8 to 7.6 percent. Employment in manufacturing, which accounted for about half of

the August increase, registered its first monthly gain since December 1979, and the length of the average workweek rose substantially.

The Department of Commerce survey of business spending plans taken in July and August indicated that current-dollar expenditures for plant and equipment would be about 8¾ percent higher in 1980 than in 1979. In view of the expenditures in the first half of 1980, the indicated increase for the year as a whole implied a marked decline in real outlays for the second half. New orders for nondefense capital goods and contracts for business construction strengthened in June and July but were still well below their levels early in the year.

Private housing starts edged up in July to an annual rate of about 1.3 million units, following a substantial rebound in June from the depressed levels of earlier months; building permits for new units rose markedly. Sales of new houses increased for the third successive month, bringing the number of unsold units to its lowest level in more than four years. Sales of existing homes, which had picked up in June after eight consecutive months of decline, rose substantially further in July.

Producer prices of finished goods rose rapidly in July and August, after increasing at a sharply reduced pace during the second quarter; the recent advances reflected mainly a surge in food prices. At the consumer level, increases in prices of food and many commodities accelerated in July, but a sharp decline in measured costs of homeownership held the overall consumer price index to its month-earlier level. The index of average

hourly earnings of private nonfarm production workers rose at an annual rate of about $8\frac{3}{4}$ percent over the first eight months of the year, somewhat faster than in 1979, but the rate of increase in July and August was more moderate than that earlier in the year.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies had declined somewhat over the interval since the Committee's meeting on August 12. The U.S. foreign trade deficit was reduced further in July to a level significantly lower than the average for the second quarter. A sharp decline in petroleum imports accounted for most of the change as exports and non-oil imports were about unchanged.

At its meeting on August 12, the Committee had decided that open market operations in the period until this meeting should be directed toward expansion of reserve aggregates consistent with growth of M-1A, M-1B, and M-2 from June to September at annual rates of about $6\frac{1}{2}$ percent, 9 percent, and 12 percent respectively, provided that in the intermeeting period the weekly average federal funds rate remained within a range of 8 to 14 percent. Early in the intermeeting interval, incoming data indicated that growth of M-1A and M-1B would probably exceed the Committee's third-quarter objectives, as well as earlier projections, by a wide margin, and growth of M-2 was also expected to be relatively rapid. Required reserves, and thus member bank demands for reserves, rose substantially in relation to the supply being made available through open market operations. As a consequence, member bank borrowings for reserve-adjustment purposes moved up sharply from a weekly average of about \$110 million at the time of the August meeting to an average of about \$825 million in the two latest statement weeks. The pressures on bank reserve positions were also associated with increases in the federal

funds rate from the $8\frac{1}{2}$ to 9 percent area at the time of the August meeting to around $10\frac{1}{2}$ to 11 percent in recent days.

Growth of M-1A and M-1B accelerated in August to record annual rates of about $19\frac{1}{2}$ percent and 22 percent respectively from rates of about $7\frac{3}{4}$ percent and 11 percent in July. Expansion in M-2 remained rapid in August at an annual rate of about $14\frac{1}{4}$ percent but was down from growth rates averaging 18 percent in June and July. For the period from the fourth quarter of 1979 through August, growth of M-1A was in the lower half of the Committee's range for the year ending with the fourth quarter of 1980; growth of M-1B was in the upper half of its range, while growth of M-2 was somewhat above the upper limit of its range.

Total credit outstanding at U.S. commercial banks picked up in July and expanded substantially further in August, following a decline in the second quarter. Bank holdings of securities grew rapidly in both months, and total loans increased substantially in August, after changing little in July. Loans to businesses exhibited renewed strength in August, and real estate lending expanded moderately. A sharp decline in net issues of commercial paper by nonfinancial corporations partly offset the growth in business loans.

Market interest rates fluctuated widely but rose on balance over the intermeeting interval. Upward pressures on rates reflected market response to the exceptionally rapid growth in money and the associated impact on bank reserve positions, to further indications of improvement in real economic activity, to the disappointing performance of measures of inflation, and to concerns about prospective budgetary deficits. On balance, short-term rates increased about $1\frac{1}{2}$ to 2 percentage points over the intermeeting period and long-term rates rose about $\frac{1}{4}$ to $\frac{3}{4}$ percentage point. Commercial banks raised their loan rate to prime busi-

ness borrowers from 11 percent to 12 $\frac{1}{4}$ percent. In primary markets for home mortgages, rates on new commitments at savings and loan associations averaged a little over 13 percent compared with 12 $\frac{1}{4}$ percent at the time of the August meeting.

The staff projections presented at this meeting suggested that the decline in real GNP would be much less pronounced in the third quarter than had appeared likely a month earlier; a modest recovery in real GNP was expected to begin by year-end and to continue in 1981. The unemployment rate was projected to increase somewhat more gradually over the months ahead than had been anticipated earlier. While the projections suggested slightly larger price increases, the staff continued to expect that the rise in the fixed-weight index for gross domestic business product would be somewhat less rapid in 1981 than in 1980.

The Committee's discussion of the economic outlook indicated a broadly shared judgment that a recovery in economic activity was under way, and some members believed that the economy was likely to be somewhat stronger in the fourth quarter than the staff was projecting. Other members were less sanguine about the near-term outlook, and some expressed the view that a renewed downturn could not be ruled out. With regard to the outlook for 1981, the members were in broad agreement with the staff projection of a modest recovery. Concern was expressed that, despite the competitive pressures in many industries and relatively high levels of unemployment, a substantial rise in wages and prices remained in prospect for the year ahead. Under such circumstances several members noted a potential dilemma between the need for sustained recovery and the need for significant progress toward bringing inflation under control.

At its meeting in July, the Committee had reaffirmed the ranges for monetary growth in 1980 that it had established in February. Thus, the

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

In contemplating policy for the period immediately ahead, the Committee took note of a staff analysis indicating that growth of M-1A and M-1B was running well above, and growth of M-2 moderately above, the objectives established by the Committee for the June-to-September period. Given the recent behavior of money, achievement of the Committee's monetary growth objectives for the year would require a marked slowing in growth over the balance of the year and the staff projection suggested that such a slowing was likely in September.

In the Committee's discussion of policy, all of the members favored operations over the period ahead directed toward the deceleration in monetary growth needed to promote achievement of the Committee's objectives for the year. The members recognized that achievement of the growth objectives for M-1A and M-1B might be associated with expansion in M-2 at a rate slightly in excess of the Committee's 1980 range for that broader measure of money, given the shifts that had occurred in the public's preferences for deposits of various types. The members also

recognized that, in light of the rapid expansion in NOW and ATS accounts, growth in M-1B for the year was likely to be higher relative to growth in M-1A than was implied by the ranges set for each of these monetary aggregates at the start of the year.

While there was general agreement that monetary expansion should be reduced substantially from the recent pace, differing views emerged concerning the specific growth objectives that should be established for the August-to-December period. Some members favored growth-rate objectives on the low side of the ranges that were considered at this meeting in order to provide greater assurance that the Committee would achieve its objectives for the year as a whole. Members supporting this view emphasized the need for a policy posture that would minimize any risk of exacerbating inflationary forces in the economy or worsening inflationary expectations. Other members believed that, in light of present economic and financial market conditions, growth in the August-to-December period might reasonably be a bit higher, consistent with growth for the year in the upper part of the range established for M-1B and around the midpoint of the range set for M-1A; this approach was also viewed as consistent with broad, longer-run policy objectives. In this connection it was observed that interest rates had already risen appreciably from their recent lows, that these increases might well begin to reduce money and credit demands over the months ahead, that economic recovery was in its very early stages, and that some sectors such as housing were especially sensitive to emerging credit conditions.

Still other members proposed a middle course—a policy approach that was adopted. It was generally recognized that differences in approach were relatively minor: All of the members favored a policy that would greatly reduce growth in the

aggregates over the balance of the year. In the discussion, it was observed that the reserve path to achieve restraint in money growth would probably not involve an immediate change in money market conditions, assuming that money growth did slow sharply in September. Differences for the most part turned on the degree of pressure on bank reserve positions that could emerge should money demand begin to exceed the money supply path.

At the conclusion of the discussion the Committee agreed that open market operations in the period until the next meeting should be directed toward expansion of reserve aggregates consistent with growth of M-1A, M-1B, and M-2 over the August-to-December period at annual rates of about 4 percent, 6½ percent, and 8½ percent respectively, provided that in the period before the next regular meeting the weekly average federal funds rate remained within a range of 8 to 14 percent. If it appeared during the period before the next regular meeting that the constraint on the federal funds rate was inconsistent with the objective for the expansion of reserves, the Manager for Domestic Operations was promptly to notify the Chairman, who would then decide whether the situation called for supplementary instructions from the Committee.

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

The information reviewed at this meeting suggests that the decline in economic activity has moderated in the third quarter following a sharp contraction in the second quarter. Industrial production and nonfarm payroll employment expanded in August after several months of decline; the unemployment rate edged down from 7.8 to 7.6 percent; and total retail sales advanced considerably further. In July housing starts rose slightly, following a substantial rebound in June, and were well above the depressed levels of the preceding three months. Producer prices of finished goods rose rapidly in July and August, after increasing at a sharply reduced pace in the second quar-

ter; the recent advance reflected mainly a surge in food prices. Over the first eight months of the year, the rise in the index of average hourly earnings was somewhat faster than the pace recorded in 1979.

The weighted average value of the dollar in exchange markets has declined somewhat over the past five weeks. The U.S. trade deficit in July was significantly lower than the monthly average in the second quarter, reflecting a sharp decline in petroleum imports.

M-1A and M-1B grew at record rates in August, while growth in M-2 moderated from an exceptionally rapid pace in June and July. For the year through August growth of M-1A was in the lower half and growth of M-1B in the upper half of their respective ranges set by the Committee for the year from the fourth quarter of 1979 to the fourth quarter of 1980, while growth in M-2 was somewhat above the upper limit of its range. Market interest rates have fluctuated widely since mid-August and on balance short-term rates have risen considerably while long-term rates have increased moderately.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation, encourage economic recovery, and contribute to a sustainable pattern of international transactions. At its meeting in July, the Committee agreed that these objectives would be furthered by growth of M-1A, M-1B, M-2, and M-3 from the fourth quarter of 1979 to the fourth quarter of 1980 within ranges of 3½ to 6 percent, 4 to 6½ percent, 6 to 9 percent, and 6½ to 9½ percent respectively. The associated range for bank credit was 6 to 9 percent. For the period from the fourth quarter of 1980 to the fourth quarter of 1981, the Committee looked toward a reduction in the ranges for growth of M-1A, M-1B, and M-2 on the order of ½

percentage point from the ranges adopted for 1980, abstracting from institutional influences affecting the behavior of the aggregates. These ranges will be reconsidered as conditions warrant.

In the short run, the Committee seeks expansion of reserve aggregates consistent with growth of M-1A, M-1B, and M-2 over the August-to-December period at annual rates of about 4 percent, 6½ percent, and 8½ percent respectively, provided that in the period before the next regular meeting the weekly average federal funds rate remains within a range of 8 to 14 percent.

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

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

Messrs. Guffey, Roos, Wallich, and Winn dissented because they believed that, given the excessive monetary expansion in recent months and the outlook for inflation, the directive adopted at this meeting incurred too much of a risk that the Committee's objectives for monetary growth in 1980 would be exceeded. To enhance the prospects for restraining monetary growth to rates consistent with the longer-run ranges, they favored specifying lower rates of growth for M-1A, M-1B, and M-2 over the August-to-December period than those that were adopted.

* * * * *

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

Legal Developments

AMENDMENTS TO REGULATION D

The Board of Governors has amended its Regulation D, Reserve Requirements of Depository Institutions, to: (1) extend the special rule regarding quarterly reporting to apply to all depository institutions that have total deposits of less than \$15 million (As originally adopted, quarterly reporting was limited to depository institutions with total deposits of less than \$5 million); (2) defer until May 1981 the reporting and reserve maintenance requirements for nonmember depository institutions with less than \$2 million in total deposits; and (3) simplify the method of calculation of reserve requirements where member and nonmember institutions are involved in mergers so that reserves of the surviving institution are calculated by allocating its deposits according to the relative deposit size and structure of the institutions involved in the merger on a proportional basis without regard to whether the surviving institution is a member or a nonmember.

Effective November 13, 1980, Regulation D is amended as follows:

1. In section 204.2, paragraph (h)(1)(i)(B) and (h)(1)(ii)(B) is revised to read as follows:

Section 204.2—Definitions

* * * * *

(h) *Eurocurrency liabilities* means the sum of the following:

(1) Transactions with related offices outside the United States.

(i) ***

(A) ***

(B) assets (including participations) held by its non-United States offices or by non-United States offices of an affiliated Edge or Agreement Corporation that were acquired after October 6, 1979, from its United States offices.

(ii) ***

(A) ***

(B) assets (including participations) held by its foreign bank (including offices thereof located outside the United States), by its parent holding company, or by non-United States offices of an

affiliated Edge or Agreement Corporation that were acquired after October 6, 1979, from the United States branch or agency (other than assets required to be sold by Federal or State supervisory authorities).

* * * * *

2. In section 204.3, paragraph (d)(1) and (d)(3) is revised to read as follows:

Section 204.3—Computation and Maintenance

* * * * *

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

(1) A depository institution with total deposits of less than \$15 million shall file a report of deposits once each calendar quarter for a seven-day computation period that begins on the third Thursday of a given month during the calendar quarter. Each Reserve Bank shall divide the depository institutions in its District that qualify under this paragraph into three substantially equal groups and assign each group a different month to report during each calendar quarter.

(2) ***

(3) A depository institution that has less than \$15 million in total deposits as of December 31, 1979, shall qualify under this paragraph until it reports total deposits of \$15 million or more for two consecutive calendar quarters.

* * * * *

3. In section 204.4, paragraph (g) is revised to read as follows:

Section 204.4—Transitional Adjustments

* * * * *

(g) *Mergers and consolidations.* The following rules concerning transitional adjustments apply to mergers and consolidations of depository institutions.

(1) Where all depository institutions involved in a merger or consolidation are subject to the same paragraph of the transitional adjustment rules contained in paragraphs (a) through (f) of this section

during the reserve computation period immediately preceding the merger, the surviving institution shall continue to compute its transitional adjustment of required reserves under such applicable paragraph, except that the amount of reserves which shall be maintained shall be reduced by an amount determined by multiplying the amount by which the required reserves during the computation period immediately preceding the date of the merger (computed as if the depository institutions had merged) exceeds the sum of the actual required reserves of each depository institution during the same computation period, times the appropriate percentage as specified in the following schedule:

Maintenance periods occurring during quarterly periods following merger	Percentage applied to difference to compute amount to be subtracted
1	87.5
2	75.0
3	62.5
4	50.0
5	37.5
6	25.0
7	12.5
8 and succeeding	0

(2) (i) Where the depository institutions involved in a merger or consolidation are not subject to the same paragraph of the transitional adjustment rules contained in paragraphs (a) through (f) of this section and such merger or consolidation occurs

- (A) on or after July 1, 1979, between a non-member bank and a bank that was a member bank on or after July 1, 1979, and the survivor is a nonmember bank;
- (B) on or after March 31, 1980, between a member bank and a nonmember bank and the survivor is a member bank; or
- (C) on or after September 1, 1980, between any other depository institutions

the required reserves of the surviving institution shall be computed by allocating its deposits, Eurocurrency liabilities, other reservable claims, balances due from other depository institutions and cash items in process of collection to each depository institution involved in the merger transaction and applying to such amounts the transitional adjustment rule of paragraphs (a) through (f) of this section to which each such depository institution was subject during the reserve computation period immediately prior to the merger or consolidation.

(ii) The deposits of the surviving institution shall be allocated according to the ratio that daily aver-

age total required reserves of each depository institution involved in the merger were to the sum of daily average total required reserves of all institutions involved in the merger or consolidation during the reserve computation period immediately preceding the date of the merger.

(A) If the merger occurs before November 6, 1980, such ratio of daily average total required reserves shall be computed using the reserve requirement ratios in section 204.8(b).

(B) If the merger occurs on or after November 6, 1980, such ratio of daily average total required reserves shall be computed using the reserve requirement ratios in section 204.8(a) without regard to the transitional adjustments of this section.

(iii) The low reserve tranche on transaction accounts (section 204.8(a)) shall be allocated to each institution involved in the merger or consolidation using the ratio computed in subparagraph (2)(ii) and the reserve requirement tranches on demand deposits (section 204.8(b)) shall be allocated to member bank deposits using such ratio of daily average total required reserves.

(iv) The vault cash of the surviving depository institution also will be allocated to each institution involved in the merger or consolidation according to the ratio that daily average vault cash of each depository institution involved in the merger was to the sum of daily average vault cash of all institutions involved in the merger or consolidation during the reserve computation period immediately preceding the date of the merger.

(v) The amount of reserves which shall be maintained shall be reduced by an amount determined by multiplying the amount by which the required reserves during the computation period immediately preceding the date of the merger (computed as if the depository institutions had merged) exceeds the sum of the actual required reserves of each depository institution during the same computation period, times the appropriate percentage as specified in the following schedule:

Maintenance periods occurring during quarterly periods following merger	Percentage applied to difference to compute amount to be subtracted
1	87.5
2	75.0
3	62.5
4	50.0
5	37.5
6	25.0
7	12.5
8 and succeeding	0

REVISION OF REGULATION J

The Board of Governors has adopted in final form revisions that clarify and simplify Subparts A and B of Regulation J, Collection of Checks and Other Items and Wire Transfers of Funds.

COLLECTION OF CHECKS AND OTHER ITEMS AND WIRE TRANSFERS OF FUNDS

Subpart A—Collection of Checks and Other Items

Section 210.1—Authority, Purpose, and Scope

The Board of Governors of the Federal Reserve System ("Board") has issued this subpart pursuant to the Federal Reserve Act, section 13 (12 U.S.C. § 342), section 16 (12 U.S.C. §§ 248(o), 360), section 11(i) (12 U.S.C. § 248(i)), and other laws. This subpart governs the collection of checks and other cash and noncash items by Federal Reserve Banks ("Reserve Banks"). Its purpose is to provide rules for collecting items and settling balances.

Section 210.2—Definitions

As used in this subpart, unless the context otherwise requires:

(a) *Actually and finally collected funds* means cash or any other form of payment that is, or has become, final and irrevocable.

(b) *Bank draft* means a check drawn by one bank on another bank.

(c) *Banking day* means a day during which a bank is open to the public for carrying on substantially all its banking functions.

(d) *Cash item* means:

- (1) a check other than one classified as a noncash item under this section; or
- (2) any other item payable on demand and collectible at par that the Reserve Bank of the District in which the item is payable is willing to accept as a cash item.

(e) *Check* means a draft, as defined in the Uniform Commercial Code, that is drawn on a bank and payable on demand.

(f) *Item* means an instrument for the payment of money, whether negotiable or not, that is:

- (1) payable in a Federal Reserve District¹ (*District*);
- (2) sent by a sender to a Reserve Bank for handling under this subpart; and
- (3) collectible in funds acceptable to the Reserve Bank of the District in which the instrument is payable.

Unless otherwise indicated, *item* includes both cash and noncash items. *Item* does not include a check that cannot be collected at par,² or an *item* as defined in section 210.26 that is handled under subpart B.

(g) *Nonbank payor* means a payor of an item, other than a bank.

(h) *Noncash item* means an item that a receiving Reserve Bank classifies in its operating circulars as requiring special handling. The term also means an item normally received as a cash item if a Reserve Bank decides that special conditions require that it handle the item as a noncash item.

(i) *Paying bank* means:

- (1) the bank by which an item is payable, unless the item is payable or collectible through another bank and is sent to the other bank for payment or collection; or
- (2) the bank through which an item is payable or collectible and to which it is sent for payment or collection.

(j) *Sender* means any of the following that sends an item to a Reserve Bank: a member bank, a nonmember clearing bank, another Reserve Bank, an international organization, a foreign correspondent, or a branch or agency of a foreign bank maintaining reserves under section 7 of the International Banking Act of 1978.

(1) *Nonmember clearing bank* means:

- (i) a bank that is not a member of the Federal Reserve System, but maintains with a Reserve Bank the balance referred to in the first paragraph of section 13 of the Federal Reserve Act; or
- (ii) a corporation that maintains an account with a Reserve Bank in conformity with section 211.4 of this chapter (Regulation K).

(2) *International organization* means an international organization for which a Reserve Bank is

1. For purposes of this subpart, the Virgin Islands and Puerto Rico are deemed to be in the Second District, and Guam and American Samoa in the Twelfth District.

2. The Board publishes a *Memorandum on Exchange Charges*, listing the banks that would impose exchange charges on cash items and other checks forwarded by Reserve Banks and therefore would not pay at par.

empowered to act as depository or fiscal agent and maintains an account.

(3) *Foreign correspondent* means any of the following for which a Reserve Bank maintains an account: a foreign bank or banker, a foreign state as defined in section 25(b) of the Federal Reserve Act (12 U.S.C. § 632), or a foreign correspondent or agency referred to in section 14(e) of that Act (12 U.S.C. § 358).

(k) *State* means a State of the United States, the District of Columbia, Puerto Rico, or a territory, possession, or dependency of the United States.

Section 210.3—General Provisions

(a) *General.* Each Reserve Bank shall receive and handle items in accordance with this subpart, and shall issue operating circulars governing the details of its handling of items and other matters deemed appropriate by the Reserve Bank. The circulars may, among other things, classify cash items and noncash items, require separate sorts and letters, and provide different closing times for the receipt of different classes or types of items.

(b) *Binding effect.* This subpart and the operating circulars of the Reserve Banks are binding on the sender of an item, on each collecting bank, paying bank, and nonbank payor, to which a Reserve Bank (or a subsequent collecting bank) presents or sends an item, and on other parties interested in the item, including the owner.

(c) *Government Items.* As depositories and fiscal agents of the United States, Reserve Banks handle certain items payable by the United States or certain Federal agencies as cash or noncash items. To the extent provided by regulations issued by, and arrangements made with, the United States Treasury Department and other Government departments and agencies, the handling of such items is governed by this subpart. The Reserve Banks shall include in their operating circulars such information regarding these regulations and arrangements as the Reserve Banks deem appropriate.

(d) *Government Senders.* Except as otherwise provided by statutes of the United States, or regulations issued or arrangements made thereunder, this subpart and the operating circulars of the Reserve Banks apply to the following when acting as a sender: a department, agency, instrumentality, independent establishment, or office of the United States, or a wholly

owned or controlled Government corporation, that maintains or uses an account with a Reserve Bank.

Section 210.4—Sending Items to Reserve Banks

(a) A sender may send any item to the Reserve Bank with which it maintains or uses an account, but that Reserve Bank may permit or require the sender to send direct to another Reserve Bank an item payable within the other Reserve Bank's District.

(b) With respect to an item sent direct, the relationships and the rights and liabilities between the sender, the Reserve Bank of its District, and the Reserve Bank to which the item is sent are the same as if the sender had sent the item to the Reserve Bank of its District and that Reserve Bank had sent the item to the other Reserve Bank.

(c) The Reserve Banks shall receive cash items and other checks at par.

Section 210.5—Sender's Agreement; Recovery By Reserve Bank

(a) *Sender's agreement.* By sending an item to a Reserve Bank, the sender:

(1) authorizes the receiving Reserve Bank (and any other Reserve Bank or collecting bank to which the item is sent) to handle the item subject to this subpart and to the Reserve Banks' operating circulars, and warrants its authority to give this authorization;

(2) warrants to each Reserve Bank handling the item that: (i) the sender has good title to the item or is authorized to obtain payment on behalf of one who has good title (whether or not this warranty is evidenced by the sender's express guaranty of prior indorsements on the item); and (ii) to the extent prescribed by State law applicable to a Reserve Bank or subsequent collecting bank handling the item, the item has not been materially altered; but this subparagraph (2) does not limit any warranty by a sender arising under State law; and

(3) agrees to indemnify each Reserve Bank for any loss or expense sustained (including attorneys' fees and expenses of litigation) resulting from (i) the sender's lack of authority to make the warranty in paragraph (a)(1) of this section; (ii) any action taken by the Reserve Bank within the scope of its authority in handling the item; or (iii) any warranty made by the Reserve Bank under section 210.6(b) of this subpart.

(b) *Recovery by Reserve Bank.* If an action or proceeding is brought against a Reserve Bank that has handled an item, based on:

(1) the alleged failure of the sender to have the au-

- thority to make the warranty and agreement in subparagraph (a)(1) of this section;
- (2) any action by the Reserve Bank within the scope of its authority in handling the item; or
- (3) any warranty made by the Reserve Bank under section 210.6(b) of this subpart,

the Reserve Bank may, upon the entry of a final judgment or decree, recover from the sender the amount of attorneys' fees and other expenses of litigation incurred, as well as any amount the Reserve Bank is required to pay under the judgment or decree, together with interest thereon.

(c) *Methods of recovery.* The Reserve Bank may recover the amount stated in paragraph (b) of this section by charging any account on its books that is maintained or used by the sender (or if the sender is another Reserve Bank, by entering a charge against the other Reserve Bank through the Interdistrict Settlement Fund), if:

- (1) the Reserve Bank made reasonable written demand on the sender to assume defense of the action or proceedings; and
- (2) the sender has not made any other arrangement for payment that is acceptable to the Reserve Bank.

A Reserve Bank that has been charged through the Interdistrict Settlement Fund may recover from its sender in the manner and under the circumstances set forth in this paragraph. A Reserve Bank's failure to avail itself of the remedy provided in this paragraph does not prejudice its enforcement in any other manner of the indemnity agreement referred to in subparagraph (a)(3) of this section.

Section 210.6—Status, Warranties, and Liability of Reserve Bank

(a)(1) *Status and liability.* A Reserve Bank shall act only as the sender's agent in respect of an item. This agency terminates not later than the time the Reserve Bank receives payment for the item in actually and finally collected funds and makes the proceeds available for use by the sender. A Reserve Bank shall not act as agent or subagent of an owner or holder of an item other than the sender. A Reserve Bank shall not have or assume any liability to the sender in respect of an item or its proceeds except for the Reserve Bank's own lack of good faith or failure to exercise ordinary care.

(2) *Reliance on routing designation appearing on item.* A Reserve Bank may present or send an item based on the routing number or other designation of

a paying bank or nonbank payor appearing in any form on the item when the Reserve Bank receives it. A Reserve Bank shall not be responsible for any delay resulting from its acting on any designation, whether inscribed by magnetic ink or by other means, and whether or not the designation acted on is consistent with any other designation appearing on the item.

(b) *Warranties and liability.* By presenting or sending an item, a Reserve Bank warrants to a subsequent collecting bank and to the paying bank and any other payor:

- (1) that the Reserve Bank has good title to the item (or is authorized to obtain payment on behalf of one who either (i) has good title or (ii) is authorized to obtain payment on behalf of one who has good title), whether or not this warranty is evidenced by the Reserve Bank's express guaranty of prior indorsements on the item; and
- (2) that the item has not been materially altered to the extent prescribed by State law applicable to a Reserve Bank or subsequent collecting bank holding the item.

The Reserve Bank shall not have or assume any other liability to the paying bank or other payor, except for the Reserve Bank's own lack of good faith or failure to exercise ordinary care.

Section 210.7—Presenting Items for Payment

(a) *Presenting or sending.* As provided under State law or as otherwise permitted by this section: (1) a Reserve Bank or a subsequent collecting bank may present an item for payment or send the item for presentment and payment; and (2) a Reserve Bank may send an item to a subsequent collecting bank with authority to present it for payment or to send it for presentment and payment.

(b) *Place of presentment.* A Reserve Bank or subsequent collecting bank may present an item:

- (1) at a place requested by the paying bank;
- (2) at a place requested by the nonbank payor, if the item is payable by a nonbank payor other than through a paying bank;
- (3) under a special collection agreement consistent with this subpart; or
- (4) through a clearing house and subject to its rules and practices.

(c) *Presenting or sending direct.* A Reserve Bank or subsequent collecting bank may, with respect to an item payable in the Reserve Bank's District:

- (1) present or send the item direct to the paying bank, or to a place requested by the paying bank; or
- (2) if the item is payable by a nonbank payor other than through a paying bank, present it direct to the nonbank payor. Documents, securities, or other papers accompanying a noncash item shall not be delivered to the nonbank payor before the item is paid unless the sender specifically authorizes delivery.

(d) *Item payable in another district.* A Reserve Bank receiving an item payable in another District ordinarily sends the item to the Reserve Bank of the other District, but with the agreement of the other Reserve Bank, may present or send the item as if it were payable in its own District.

Section 210.8—Presenting Noncash Items for Acceptance

A Reserve Bank or a subsequent collecting bank may, if instructed by the sender, present a noncash item for acceptance in any manner authorized by law if: (1) the item provides that it must be presented for acceptance; (2) the item is payable elsewhere than at the residence or place of business of the payor; or (3) the date of payment of the item depends on presentment for acceptance. Documents accompanying a noncash item shall not be delivered to the payor upon acceptance of the item unless the sender specifically authorizes delivery. A Reserve Bank shall not have or assume any other obligation to present or to send for presentment for acceptance any noncash item.

Section 210.9—Payment

(a) *Cash items.* A paying bank becomes accountable for the amount of a cash item received directly or indirectly from a Reserve Bank, at the close of the paying bank's banking day on which it receives³ the item if it retains the item after the close of that banking day, unless, prior to that time, it pays for the item by:

- (1) debit to an account on the Reserve Bank's books;
- (2) cash; or
- (3) in the discretion of the Reserve Bank, any other form of payment.

3. A paying bank is deemed to receive a cash item on its next banking day if it receives the item:

- (1) on a day other than a banking day for it; or
- (2) on a banking day for it, but
 - (i) after its regular banking hours;
 - (ii) after a "cut-off hour" established by it in accordance with State law; or
 - (iii) during afternoon or evening periods when it is open for limited functions only.

The proceeds of any payment shall be available to the Reserve Bank by the close of the Reserve Bank's banking day on the banking day of receipt of the item by the paying bank. If the banking day of receipt is not a banking day for the Reserve Bank, payment shall be made on the next day that is a banking day for both the Reserve Bank and the paying bank.

(b) *Noncash items.* A Reserve Bank may require the paying or collecting bank to which it has presented or sent a noncash item to pay for the item in cash, but the Reserve Bank may permit payment by a debit to an account on the Reserve Bank's books or by any of the following that is in a form acceptable to the Reserve Bank: bank draft, transfer of funds or bank credit, or any other form of payment authorized by State law.

(c) *Nonbank payor.* A Reserve Bank may require a nonbank payor to which it has presented an item to pay for it in cash, but the Reserve Bank may permit payment in any of the following that is in a form acceptable to the Reserve Bank: cashier's check, certified check, or other bank draft or obligation.

(d) *Handling of payment.* A Reserve Bank may handle a bank draft or other form of payment it receives in payment of a cash item as a cash item. A Reserve Bank may handle a bank draft or other form of payment it receives in payment of a noncash item as either a cash item or a noncash item.

(e) *Liability of Reserve Bank.* A Reserve Bank shall not be liable for the failure of a collecting bank, paying bank, or nonbank payor to pay for an item, or for any loss resulting from the Reserve Bank's acceptance of any form of payment other than cash authorized in paragraphs (a), (b), and (c) of this section. A Reserve Bank that acts in good faith and exercises ordinary care shall not be liable for the nonpayment of, or failure to realize upon, a bank draft or other form of payment that it accepts under paragraphs (a), (b), and (c).

Section 210.10—Time Schedule and Availability of Credits for Cash Items

(a) Each Reserve Bank shall include in its operating circulars a time schedule for each of its offices indicating when the amount of any cash item received by it (or sent direct to another Reserve office for the account of that Reserve Bank) is counted as reserve for purposes of Part 204 of this chapter (Regulation D) and becomes available for use by the sender. The Reserve Bank shall give either immediate or deferred credit in accordance with its time schedule to a sender other than a foreign correspondent. A Reserve Bank ordi-

narily gives credit to a foreign correspondent only when the Reserve Bank receives payment for the item in actually and finally collected funds, but, in its discretion, a Reserve Bank may give immediate or deferred credit in accordance with its time schedule.

(b) Notwithstanding its time schedule, a Reserve Bank may refuse at any time to permit the use of credit given for any cash item for which the Reserve Bank has not yet received payment in actually and finally collected funds.

Section 210.11—Availability of Proceeds of Noncash Items; Time Schedule

(a) *Availability of credit.* A Reserve Bank shall give credit to the sender for the proceeds of a noncash item when it receives payment in actually and finally collected funds (or advice from another Reserve Bank of such payment to it). The amount of the item is counted as reserve for purposes of Part 204 of this chapter (Regulation D) and becomes available for use by the sender when the Reserve Bank receives the payment or advice, except as provided in paragraph (b) of this section.

(b) *Time schedule.* A Reserve Bank may give credit for the proceeds of a noncash item subject to payment in actually and finally collected funds in accordance with a time schedule included in its operating circulars. The time schedule shall indicate when the proceeds of the noncash item will be counted as reserve for purposes of Part 204 in this chapter (Regulation D) and become available for use by the sender. A Reserve Bank may, however, refuse at any time to permit the use of credit given for a noncash item for which the Reserve Bank has not yet received payment in actually and finally collected funds.

(c) *Handling of payment.* If a Reserve Bank receives, in payment for a noncash item, a bank draft or other form of payment that it elects to handle as a noncash item, the Reserve Bank shall neither count the proceeds as reserve for purposes of Part 204 of this chapter (Regulation D) nor make the proceeds available for use until it receives payment in actually and finally collected funds.

Section 210.12—Return of Cash Items

(a) *Recovery of payment.* A paying bank that receives a cash item directly or indirectly from a Reserve Bank, other than for immediate payment over the counter, and that pays for the item as provided in section 210.9(a) of this subpart, may recover the payment if, before it has finally paid the item, it:

- (1) returns the item before midnight of its next banking day following the banking day of receipt; or
- (2) takes any other action to recover the payment within the times and by the means provided by State law.

The rules or practices of a clearinghouse through which the item was presented, or a special collection agreement under which the item was presented, may not extend these return times, but may provide for a shorter return time.

(b) *Paying bank's warranties and agreement.* A paying bank that obtains a credit or refund for the amount of a payment it has made for a cash item:

- (1) warrants to the Reserve Bank (and to a subsequent collecting bank, and to the sender and all prior parties) that it took all action necessary to entitle it to recover its payment within the time limits of: (i) this subpart; (ii) State law, unless a longer time is afforded by this subpart; (iii) the rules or practices of any clearing house through which the item was presented; and (iv) any special collection agreement under which the item was presented; and
- (2) agrees to indemnify the Reserve Bank for any loss or expense sustained (including attorneys' fees and expenses of litigation) resulting from the Reserve Bank's giving the credit or refund to the paying bank, or charging, or obtaining a refund from, the sender.

A Reserve Bank shall not have or assume any responsibility for determining whether the action taken by a paying bank was timely.

Section 210.13—Chargeback of Unpaid Items

(a) *Right of chargeback.* If a Reserve Bank does not receive payment in actually and finally collected funds for an item for which the Reserve Bank gave credit subject to payment in actually and finally collected funds, the Reserve Bank shall charge back the amount of the item to the sender, whether or not the item itself can be returned. In the event of chargeback, neither the owner or holder of the item nor the sender shall have any interest in any reserve balance or other funds of the paying bank or a collecting bank in the Reserve Bank's possession.

(b) *Suspension or closing of bank.* A Reserve Bank shall not pay or act on a draft, authorization to charge, or other order on a reserve balance or other funds in its possession after it receives notice of suspension or closing of the bank making the payment for that bank's own or another's account.

Section 210.14—Extension of Time Limits

If, because of interruption of communication facilities, suspension of payments by a bank or nonbank payor, war, emergency conditions or other circumstances beyond its control, a bank (including a Reserve Bank) or nonbank payor is delayed in acting on an item beyond applicable time limits, its time for acting is extended for the time necessary to complete the action, if it exercises such diligence as the circumstances require.

Section 210.15—Direct Presentment of Certain Warrants

If a Reserve Bank elects to present direct to the payor a bill, note, or warrant that is issued and payable by a State or a political subdivision and that is a cash item not payable or collectible through a bank: (a) sections 210.9, 210.12, and 210.13 and the operating circulars of the Reserve Banks apply to the payor as if it were a paying bank; (b) section 210.14 applies to the payor as if it were a bank; and (c) under section 210.9 each day on which the payor is open for the regular conduct of its affairs or the accommodation of the public is considered a banking day.

Subpart B—Wire Transfers of Funds**Section 210.25—Authority, Purpose, and Scope**

The Board of Governors of the Federal Reserve System ("Board") has issued this subpart pursuant to the Federal Reserve Act, section 13 (12 U.S.C. § 342), paragraph (f) of section 19 (12 U.S.C. § 464), paragraph 14 of section 16 (12 U.S.C. § 248(o)), paragraphs (i) and (j) of section 11 (12 U.S.C. §§ 248(i) and (j)), and other laws. This subpart governs the handling by Federal Reserve Banks ("Reserve Banks") of transfer items and transfer requests. Its purpose is to provide rules for the wire transfer of funds.

Section 210.26—Definitions

As used in this subpart, unless the context otherwise requires:

(a) *Beneficiary* means a person or organization, other than the transferee, designated in a transfer item or request to receive the amount of the item or request from the transferee.

(b) *Interoffice transaction* means a transfer between a transferor and transferee that do not maintain or use accounts at the same office of a Reserve Bank.

(c) *Item* means a writing evidencing a request for the payment of money, that is handled under this subpart. *Item* does not include a *transfer item* as defined in section 210.2 that is handled under subpart A.

(d) *Transfer item* means an item: (1) sent by a transferor (other than a Reserve Bank) to a Reserve Bank for debit to the transferor's account at the Reserve Bank and for credit to a transferee; (2) sent by a Reserve Bank to another Reserve Bank for credit to the latter or to any other transferee; or (3) issued by a Reserve Bank at the request of a transferor for credit to a transferee.

(e) *Transfer request* or *request* means a request by telephone that a Reserve Bank issue a transfer item.

(f) *Transferee* means a member bank, a Reserve Bank, or other institution that (1) maintains or, if authorized by the Reserve Bank, uses an account at a Reserve Bank and (2) is designated in a transfer item or request to receive the amount of the item or request.

(g) *Transferor* means a member bank, a Reserve Bank, or other institution that maintains or uses an account at a Reserve Bank and that is authorized by that Reserve Bank to send a transfer item or request to it.

(h) *Transferor's account* or *transferee's account* means the account at its Reserve Bank maintained or used by the transferor or transferee, respectively.

(i) *Transferor's Reserve Bank* or *transferee's Reserve Bank* means the Reserve office at which the transferor or transferee, respectively, maintains or uses an account.

Section 210.27—General Provisions

(a) *General*. Each Reserve Bank shall receive and handle transfer items, and shall itself issue transfer items, in accordance with this subpart. Each Reserve Bank shall issue an operating circular governing the details of its funds transfer operations and other matters deemed appropriate by the Reserve Bank. The circulars may, among other things: set minimum and maximum dollar amounts; specify format and authentication requirements for transfer items and requests; and impose reasonable funds transfer charges.

(b) *Binding effect*. This subpart and the operating circulars of the Reserve Banks are binding on transferors, transferees, beneficiaries, and other parties interested in an item.

(c) *Government transferors and transferees.* Except as otherwise provided by statutes of the United States, or regulations issued or arrangements made thereunder, this subpart and the operating circulars of the Reserve Banks apply to the following when acting as a transferor or transferee: a department, agency, instrumentality, independent establishment, or office of the United States, or a wholly owned or controlled Government corporation, that maintains or uses an account with a Reserve Bank.

Section 210.28—Media for Transfer Items and Requests

(a) *Transfer items.* A transferor may issue and send a transfer item in any of the following media, if specified in the operating circular of the transferor's Reserve Bank:

- (1) a letter, memorandum, or similar writing;
- (2) a telegram (including TWX, TELEX, or similar form of communication); and
- (3) any form of communication, other than voice, registered on (or in form suitable for being registered on) magnetic tape, disc, or other medium designed to contain in durable form conventional signals used for electronic communication of messages.

(b) *Transfer requests.* A transferor may make transfer requests only under special arrangements with its Reserve Bank. The Reserve Bank may record these telephone messages.

Section 210.29—Transferor's Agreement

A transferor, by sending a transfer item or making a transfer request to its Reserve Bank, authorizes:

- (a) its Reserve Bank to debit the amount to the transferor's account, and to handle the transfer item or request in accordance with this subpart and the operating circulars of the Reserve Banks; and
- (b) the transferee's Reserve Bank to handle a matching transfer item (matching as to amount, transferee, and beneficiary, if any) in accordance with this subpart and the operating circulars of the transferee's Reserve Bank.

Section 210.30—Transferee's Agreement

(a) A transferee (other than a Reserve Bank), by maintaining or using an account at a Reserve Bank, authorizes its Reserve Bank to credit the amount of the transfer item to its account.

(b) A transferee (other than a Reserve Bank) that receives a transfer item, or advice of credit of a transfer item, designating a beneficiary, agrees:

- (1) to credit promptly the beneficiary's account or otherwise make the amount available to the beneficiary; or
- (2) to notify promptly its Reserve Bank if it is unable to do so because of circumstances beyond its control.

Section 210.31—Sending Transfer Items and Requests

(a) A transferor (other than a Reserve Bank) may send a transfer item to, or make a transfer request of, its Reserve Bank. A Reserve Bank may refuse to act on, or may impose conditions to its acting on, a transfer item or request if it has reason to believe that the balance in the transferor's account is not sufficient to cover the item or request. The transferor shall arrange to have in its account, at the end of its Reserve Bank's banking day, a balance of actually and finally collected funds sufficient to cover the amounts of transfer items debited to the account during that day. In addition to other remedies, the Reserve Bank has a security interest in the transferor's assets in the possession of, or held for the account of, the Reserve Bank if:

- (1) the balance in the transferor's account at the end of the Reserve Bank's banking day is not sufficient to cover the amounts debited to the account during that day; or
- (2) the transferor suspends payment or is closed at any time during the Reserve Bank's banking day, and does not have a balance sufficient to cover the amounts debited to its account.

(b) A Reserve Bank may send a transfer item to, or make a transfer request of, another Reserve Bank.

Section 210.32—Handling Transfer Items and Requests

(a) *Intraoffice transactions.* If the transferor and transferee maintain or use accounts at the same Reserve office, that office shall act on a transfer item by debiting and crediting their accounts. The Reserve office shall act on a transfer request by issuing a transfer item, and debiting and crediting the accounts.

(b) *Interoffice transactions.* The transferor's Reserve Bank shall handle an interoffice transaction by debiting the transferor's account and, acting as a transferor, issuing and sending to the transferee's Reserve Bank a matching transfer item (matching as to amount, transferee, and beneficiary, if any). The transferee's Reserve Bank shall transfer funds to the transferee by debiting the account of the transferor's Reserve Bank, and crediting the transferee's account.

(c) *Notice of delay.* If a Reserve Bank learns that it is unable to effectuate a transfer of funds on a timely basis for any reason, it shall notify the transferor of the delay within a reasonable time.

Section 210.33—Time Limits

(a) *Time schedule.* Each Reserve Bank shall include in its operating circular a schedule showing the hours during which it handles transfer items and requests.

(b) *Acting seasonably.* A Reserve Bank acts seasonably if it takes proper action on the day it receives a transfer item or request. Taking proper action within a reasonably longer time may be seasonable but the Reserve Bank has the burden of so establishing. No Reserve Bank shall represent that it will complete a transfer of funds on the day requested.

(c) *Transfers after closing hour.* A Reserve Bank is not required to act on the day it receives an item or request if it receives the item or request after the time shown in its schedule. In emergency or other unusual circumstances, a Reserve Bank may handle a transfer item or request after the time shown in its schedule. The completion of an interoffice transaction in these circumstances is also discretionary with the transferee's Reserve Bank.

(d) *As of adjustments.* If a Reserve Bank fails to credit to the transferee's account on the day requested the amount of a transfer item or request received by the Reserve Bank before the time shown in its schedule, the Reserve Bank shall, unless otherwise instructed, complete the transfer on its next banking day and make adjustments for reserve accounting purposes as of the day the transfer was to have been made.

Section 210.34—Advices of Credit and Debit

(a) *Advice of credit.* The transferee's Reserve Bank shall give advice of credit to the transferee for an executed transfer of funds.

(b) *Advice of debit.* After receiving a transfer item or request, the transferor's Reserve Bank shall send an advice of debit to the transferor. A transferor is deemed to approve the accuracy of an advice of debit unless it sends to its Reserve Bank written objection within 10 calendar days of receiving the advice of debit.

Section 210.35—Revocation of Transfer Items and Requests

(a) *Request for revocation.* A Reserve Bank may

cease acting on a transfer item or request if it receives from the transferor a request for revocation in time to give the Reserve Bank a reasonable opportunity to comply. If the request is received too late, the Reserve Bank may, on request from the transferor, ask the transferee to return the funds. In an interoffice transaction, the Reserve Bank may ask the transferee's Reserve Bank to ask the transferee to return the funds.

(b) *Erroneous transfer.* In an erroneous or irregular transfer of funds, a Reserve Bank may, on its own initiative or at the request of another Reserve Bank, ask the transferee to return funds previously transferred.

Section 210.36—Final Payment; Use of Funds

(a) *Final payment.* A transfer item is finally paid when the transferee's Reserve Bank sends the transfer item or sends or telephones the advice of credit for the item to the transferee, whichever occurs first.

(b) *Right to use funds.* Credit given by a Reserve Bank for a transfer of funds becomes available for use when the transfer item is finally paid, subject to the Reserve Bank's right to apply the transferred funds to an obligation owed to it by the transferee.

Section 210.37—Timeliness of Action

If, because of circumstances beyond its control, a Reserve Bank is delayed beyond the time limits provided in this subpart, in its operating circular, or by law in acting on a transfer item or request, the time for acting is extended for the time necessary to complete the action, if the Reserve Bank exercises such diligence as the circumstances require.

Section 210.38—Reserve Bank Liability

(a) *Limitations on liability.* A Reserve Bank shall not have or assume any responsibility to a transferee, beneficiary, or other party, except its immediate transferor. A Reserve Bank shall not be liable for the insolvency, neglect, misconduct, mistake, or default of another bank or person, including a transferor, except as provided in this section. A Reserve Bank shall not have or assume any liability except for its own or another Reserve Bank's lack of good faith or failure to exercise ordinary care.

(b) *Damages.* A Reserve Bank is liable to its immediate transferor for damages proximately caused by a failure to credit the amount of a transfer item or request to the transferee's account caused by a Reserve Bank's failure to exercise ordinary care or to act in good faith. Whether damages are proximately

caused by a Reserve Bank's failure to exercise ordinary care or to act in good faith is a question of fact to be determined in each case.

(c) *Right of indemnity.* The transferee's Reserve Bank shall indemnify the transferor's Reserve Bank for any loss or expense sustained (including attorneys' fees and expenses of litigation) as a result of the failure of the transferee's Reserve Bank to exercise ordinary care or to act in good faith in an interoffice transaction.

* * * * *

AMENDMENTS TO REGULATION K

The Board of Governors has adopted amendments to Regulation K, International Banking Operations, to implement provisions of the International Banking Act of 1978 which limit the expansion of the interstate domestic deposit-taking capabilities of foreign banks by restricting the establishment of branches and the acquisition of interests in banks by a foreign bank outside of its "home State."

Effective October 2, 1980, Regulation K is amended as follows:

1. Regulation K is amended by adding "Subpart A—International Operations of United States Banking Organizations." Within Subpart A, the current sections 211.1 through 211.7 are retained.
2. Regulation K is amended by adding Subpart B. Within Subpart B, new sections 211.21 and 211.22 are added as follows:

Subpart B—Foreign Banking Organizations

Section 211.21—Authority, Purpose, and Scope

(a) *Authority.* This Subpart is issued by the Board of Governors of the Federal Reserve System ("Board") under the authority of the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) ("BHCA"); and the International Banking Act of 1978 (92 Stat. 607) ("IBA").

(b) *Purpose and Scope.* This Subpart is in furtherance of the purposes of the BHCA and the IBA. It applies to foreign banks and foreign banking organizations with respect to the limitations on interstate banking under section 5 of the IBA (12 U.S.C. 3103); and to foreign banks and foreign bank holding companies with respect to the exemptions from the nonbanking prohibitions of the BHCA and the IBA afforded by sections 2(h) and 4(c)(9) of the BHCA (12 U.S.C. 1841(h) and 1843(c)(9)).

Section 211.22—Interstate Banking Operations of Foreign Banking Organizations

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

(1) *Agency* means any office or any place of business of a foreign bank located in any State of the United States or the District of Columbia at which credit balances are maintained, checks are paid, or money is lent, but at which deposits may not be accepted from a citizen or resident of the United States. Obligations shall not be considered credit balances unless they: (1) are incidental to, or arise out of the exercise of other lawful banking powers; (ii) are to serve a specific purpose; (iii) are not solicited from the general public; (iv) are not used to pay routine operating expenses in the United States such as salaries, rent, or taxes; (v) are withdrawn within a reasonable period of time after the specific purpose for which they were placed has been accomplished; and (vi) are drawn upon in a manner reasonable in relation to the size and nature of the account.

(2) *Banking subsidiary*, with respect to a specified foreign bank, means a bank that is a subsidiary as the terms *bank* and *subsidiary* are defined in section 2 of the BHCA (12 U.S.C. 1841).

(3) *Commercial lending company* means any organization, other than a bank or an organization operating under section 25 of the FRA, organized under the laws of any State of the United States or the District of Columbia, that maintains credit balances as may be maintained by an agency and engages in the business of making commercial loans.

(4) *Domestic branch* means any office or any place of business of a foreign bank located in any State of the United States or the District of Columbia that may accept domestic deposits and deposits that are incidental to or for the purpose of carrying out transactions in foreign countries.

(5) *Foreign Bank*, for purposes of this section, is an organization that is organized under the laws of a foreign country and that engages in the business of banking.

(b) *Determination of home State.*

(1) A foreign bank selecting its home State shall do so by filing with the Board a declaration of home State within 180 days of the effective date of this subpart. In the absence of such selection, the Board shall designate a foreign bank's home State. Within one year after the home State of a foreign bank has

been determined, unless the Board authorizes a longer period:

- (i) the foreign bank shall close domestic branches whose activities are not permissible under section 5(b) of the IBA, convert such domestic branches to agencies, or enter into an agreement with the Board regarding the deposits of such branches as prescribed in section 5(a) of the IBA; and
 - (ii) the foreign bank shall divest voting shares of interests in, or assets that are not permissible under section 5(b) of the IBA.
- (2) A foreign bank that currently does not operate a domestic branch or banking subsidiary shall not be required to select a home State and shall not have its home State designated by the Board.
- (3) A foreign bank (except a foreign bank to which paragraph (b)(5) of this section applies) that has any combination of domestic branches, banking subsidiaries, agencies, or commercial lending company subsidiaries that, before July 27, 1978, were established or applied for in more than one State may select its home State only from those States in which the foreign bank has continuously operated such offices.
- (4) A foreign bank that established or applied for one domestic branch or one banking subsidiary before July 27, 1978, and that was not otherwise engaged in banking in the United States on that date, shall have as its home State the State in which such domestic branch or banking subsidiary is located.
- (5) A foreign bank that before July 27, 1978, had no domestic branches or banking subsidiaries or had only agencies or commercial lending companies, and, after that date, has established or establishes any domestic branch or banking subsidiary shall have as its home State that State in which its initial domestic branch or banking subsidiary is located.

(c) *Change of home State.* A foreign bank may change its home State once if:

- (1) 30 days' prior notification of the proposed change is filed with the Board; and
- (2) domestic branches established and investments in banks acquired in reliance on its original home State selection are conformed to those that would have been permissible had the new home State been selected as its home State originally.

(d) *Bank mergers.*

- (1) A foreign bank with one or more banking subsidiaries that selects as its home State a State other than that in which a banking subsidiary is located, and that proposes to acquire through its subsidiary bank all or substantially all of the assets of a bank larger than its subsidiary bank (in terms of deposits)

located outside the foreign bank's home State shall give 60 days' notification to the Board prior to consummation of the proposed transaction.

(2) If, after receiving the notification, the Board makes a preliminary determination within that period that the proposed acquisition would be inconsistent with the foreign bank's home State selection, the foreign bank shall:

- (i) redesignate as its home State the State in which its subsidiary bank is located; or
- (ii) show cause why in the facts and circumstances of its case its home State should not be redesignated (the foreign bank's submission may include a request for a hearing).

(3) On the basis of information available, the Board shall:

- (i) direct that the foreign bank redesignate as its home State the State in which its subsidiary bank is located; or
- (ii) take no action with respect to the foreign bank's home State.

(4) Factors to be considered by the Board in making its preliminary and final determinations include the size of the proposed acquisition relative to the foreign bank's other operations in the United States and the ability of the foreign bank to change its home State.

(e) *Attribution of home State.*

(1) A foreign bank or organization and the other foreign banks or organizations over which it exercises actual control shall be regarded as one foreign bank and shall be entitled to one home State.

(2) Actual control shall be conclusively presumed to exist in the case of a bank or organization that owns or controls a majority of the voting shares of another bank or organization.

(3) Where it appears to the Board that a foreign bank or organization exercises actual control over the management or policies of another foreign bank or organization, the Board may inform the parties that a preliminary determination of control has been made on the basis of the facts summarized in the communication. In the event of a preliminary determination of control by the Board, the parties shall within 30 days (or such longer period as may be permitted by the Board):

- (i) indicate to the Board a willingness to terminate the control relationship; or
- (ii) set forth such facts and circumstances as may support the contention that actual control does not exist (and may request a hearing to contest the Board's preliminary determination); or
- (iii) accede to the Board's preliminary determination, in which event the parties shall be regarded

as one foreign bank and shall be entitled to one home State.

AMENDMENTS TO REGULATION Q

The Board of Governors has adopted technical amendments to certain provisions of its Regulation Q, Interest on Deposits, to permit member banks to pay interest on time deposits with maturities or required notice periods of 14 days or more beginning October 30, 1980.

Effective October 30, 1980, Regulation Q is amended as follows:

1. Sections 217.1(c)(1), (2) and (3), (d) and (e)(2); 217.5(c)(2); 217.7(b) and (h) of Regulation Q and footnotes 1, 2 and 3 are amended by striking "30" and inserting "14".

INTERPRETATION OF REGULATION D

The Board has adopted an interpretation, with regard to the characteristics a depository institution must possess in order to qualify for the "bankers' bank" exemption from reserve requirements contained in § 19(b)(9) of the Act. The Board also established criteria to be applied to determine whether a specific bankers' bank is qualified to act as a pass-through correspondent for nonmember depository institutions that are subject to the Act.

Effective November 13, 1980, Regulation D is amended by adding a new section 204.121 as follows:

Section 204.121—Bankers' Banks

(a)(1) The Federal Reserve Act, as amended by the Monetary Control Act of 1980 (Title I of P.L. 96-221), imposes Federal reserve requirements on depository institutions that maintain transaction accounts or nonpersonal time deposits. Under § 19(b)(9), however, a depository institution is not required to maintain reserves if it:

- (A) is organized solely to do business with other financial institutions;
- (B) is owned primarily by the financial institutions with which it does business; and
- (C) does not do business with the general public.

Depository institutions that satisfy all of these requirements are regarded as *bankers' banks*.

(2) In its application of these requirements to specific institutions, the Board will use the following standards:

(A) A depository institution may be regarded as organized solely to do business with other depository institutions even if, as an incidental part to its activities, it does business to a limited extent with entities other than depository institutions. The extent to which the institution may do business with other entities and continue to be regarded as a bankers' bank is specified in (C) below.

(B) A depository institution will be regarded as being owned primarily by the institutions with which it does business if 75 per cent or more of its capital is owned by other depository institutions. The 75 per cent or more ownership rule applies regardless of the type of depository institution.

(C) A depository institution will not be regarded as doing business with the general public if it meets two conditions. First, the range of customers with which the institution does business must be limited to depository institutions, including subsidiaries or organizations owned by depository institutions; directors, officers or employees of the same or other depository institutions; individuals whose accounts are acquired at the request of the institution's supervisory authority due to the actual or impending failure of another depository institution; share insurance funds; and depository institution trade associations. Second, the extent to which the depository institution makes loans to, or investments in, the above entities (other than depository institutions) cannot exceed 10 per cent of total assets, and the extent to which it receives deposits (or shares if the institution does not receive deposits) from or issues other liabilities to the above entities (other than depository institutions) cannot exceed 10 per cent of total liabilities (or net worth if the institution does not receive deposits).

If a depository institution is unable to meet all of these requirements on a continuing basis, it will not be regarded as a bankers' bank and will be required to satisfy Federal reserve requirements on all of its transaction accounts and nonpersonal time deposits.

(b)(1) Section 19(c)(1) of the Federal Reserve Act, as amended by the Monetary Control Act of 1980 (Title I of P.L. 96-221) provides that Federal reserve requirements may be satisfied by the maintenance of vault cash or balances in a Federal Reserve Bank. Depository institutions that are not members of the Federal Reserve System may also satisfy reserve requirements by maintaining a balance in another depository institution that maintains required reserve balances at a Federal

Reserve Bank, in a Federal Home Loan Bank, or in the National Credit Union Administration Central Liquidity Facility if the balances maintained by such institutions are subsequently passed through to the Federal Reserve Bank.

(2) On August 27, 1980, the Board announced the procedures that will apply to such pass-through arrangements (45 *Fed. Reg.* 58099). Section 204.3(i)(1) provides that the Board may permit, on a case-by-case basis, depository institutions that are not themselves required to maintain reserves ("bankers' banks") to act as pass-through correspondents if certain criteria are satisfied. The Board has determined that a bankers' bank may act as a pass-through correspondent if it enters into an agreement with the Federal Reserve to accept responsibility for the maintenance of pass-through reserve accounts in accordance with Regulation D (12 CFR 204.3(1)) and if the Federal Reserve is satisfied that the quality of management and financial resources of the institution are adequate in order to enable the institution to serve as a pass-through correspondent in accordance with Regulation D. Satisfaction of these criteria will assure that pass-through arrangements are maintained properly without additional financial risk to the Federal Reserve.

(3) In order to determine uniformly the adequacy of managerial and financial resources, the Board will consult with the Federal supervisor for the type of institution under consideration. Because the Board does not possess direct experience with supervising depository institutions other than commercial banks, and does not intend to involve itself in the direct supervision of such institutions, it will request the National Credit Union Administration to review requests from credit unions that qualify as bankers' banks and the Federal Home Loan Bank to review requests from savings and loan associations that qualify as bankers' banks, regardless of charter or insurance status. (The Board, itself, will consider requests from all commercial banks that qualify as bankers' banks.) If the Federal supervisor does not find the institution's managerial or financial resources to be adequate, the Board will not permit the institution to act as a pass-through correspondent. In order to assure the continued adequacy of managerial and financial resources, it is anticipated that the appropriate Federal supervisor will, on a periodic basis, review and evaluate the managerial and financial resources of the institution in order to determine whether it should continue to be permitted to act as a pass-through correspondent. It is anticipated that, with respect to state chartered institutions, the Federal supervisor may discuss the request with the institution's State supervisor. The

Board believes that this procedure will promote uniformity of treatment for all types of bankers' banks, and provide consistent advice concerning managerial ability and financial strength from supervisory authorities that are in a better position to evaluate these criteria for depository institutions that are not commercial banks.

(4) Requests for a determination as to whether a depository institution will be regarded as a bankers' bank for purposes of the Federal Reserve Act or for permission to act as a pass-through correspondent may be addressed to the Federal Reserve Bank in whose District the main office of the depository institution is located or to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The Board will act promptly on all requests received directly or through Federal Reserve Banks.

INTERPRETATION OF REGULATION K

The Board of Governors has issued a final interpretation of the term "agency" as defined in Subpart B, section 211.22(a)(1) of its Regulation K, International Banking Operations.

Effective October 2, 1980 the Board has issued the following interpretation:

Section 211.601—Status of Certain Offices for Purposes of the International Banking Act Restrictions on Interstate Banking Operations.

The Board has considered the question of whether a foreign bank's California office that may accept deposits from certain foreign sources (e.g., a United States citizen residing abroad) is a branch or an agency for the purposes of the grandfather provisions of section 5 of the International Banking Act of 1978 (12 U.S.C. § 3103(b)). The question has arisen as a result of the definitions in the International Banking Act of *branch* and *agency*, and the limited deposit-taking capabilities of certain California offices of foreign banks.

The International Banking Act defines *agency* as *any office . . . at which deposits may not be accepted from citizens or residents of the United States*, and defines *branch* as *any office . . . of a foreign bank . . . at which deposits are received* (12 U.S.C. § 3101(1) and (3)). Offices of foreign banks in California prior to the International Banking Act were generally prohibited from accepting deposits by the requirement of State law that such offices obtain Federal deposit insurance (Cal. Fin. Code § 1756); until the passage of the Inter-

national Banking Act an office of a foreign bank could not obtain such insurance. California law, however, permits offices of foreign banks, with the approval of the Banking Department, to accept deposits from any person that resides, is domiciled, and maintains its principal place of business in a foreign country (Cal. Fin. Code § 1756.2). Thus, under a literal reading of the definitions of branch and agency contained in the International Banking Act, a foreign bank's California office that accepts deposits from certain foreign sources (e.g., a U.S. citizen residing abroad), is a branch rather than an agency.

Section 5 of the International Banking Act establishes certain limitations on the expansion of the domestic deposit-taking capabilities of a foreign bank outside its home State. It also grandfathers offices established or applied for prior to July 27, 1978, and permits a foreign bank to select its home State from among the States in which it operated branches and agencies on the grandfather date. If a foreign bank's office that was established or applied for prior to June 27, 1978, is a *branch* as defined in the International Banking Act, then it is grandfathered as a branch. Accordingly, a foreign bank could designate a State other than California as its home State and subsequently convert its California office to a full domestic deposit-taking facility by obtaining Federal deposit insurance. If, however, the office is determined to be an *agency*, then it is grandfathered as such and the foreign bank may not expand its deposit-taking capabilities in California without declaring California its home State.

In the Board's view, it would be inconsistent with the purposes and the legislative history of the International Banking Act to enable a foreign bank to expand its domestic interstate deposit-taking capabilities by grandfathering these California offices as branches because of their ability to receive certain foreign source deposits. The Board also notes that such deposits are of the same general type that may be received by an Edge Corporation and, hence, in accordance with section 5(a) of the International Banking Act, by branches established and operated outside a foreign bank's home State. It would be inconsistent with the structure of the interstate banking provisions of the International Banking Act to grandfather as full deposit-taking offices those facilities whose activities have been determined by Congress to be appropriate for a foreign bank's out-of-home State branches.

Accordingly, the Board, in administering the interstate banking provisions of the IBA, regards as agencies those offices of foreign banks that do not accept domestic deposits but that may accept deposits from any person that resides, is domiciled, and maintains its principal place of business in a foreign country.

INTERPRETATION OF REGULATION Q

The Board of Governors has issued an interpretation of its Regulation Q, Interest on Deposits, which provides that Regulation Q interest rate limitations do not apply to *fixed rate* obligations issued by bank holding companies with a stated maturity of five years or more and with respect to which no more than 5 percent of the original principal amount of the issue may be redeemed in any one year, with a limitation of \$25,000 per investor per year.

Effective October 17, 1980, Regulation Q is amended by adding a new section 217.156 to read as follows:

Section 217.156—Application of Regulation Q to Fixed Rate Obligations Issued by the Parent Bank Holding Company of a Member Bank.

(a) The Board has received a request for an interpretation that sections 217.1(h) and 217.7(h) of Regulation Q (12 CFR §§ 217.1(h) and 217.7(h)) do not apply to small denomination *fixed rate* obligations with limited redemption features issued by bank holding companies. The obligations in question generally have a stated maturity of from 10 to 25 years, but are redeemable at the option of the holder subject to limitations as to the amount that any holder may redeem in any year (usually \$25,000) and as to the aggregate amount that may be redeemed in any year (usually 5 percent of the original principal amount of the issue).

(b) Sections 217.1(h) and 217.7(h) were adopted by the Board effective March 14, 1980, and apply Regulation Q interest rate ceilings to certain obligations issued by a member bank's parent bank holding company. Section 217.1(h) specifically provides that the *deposits* of a member bank includes an obligation that is: (1) issued in a denomination of less than \$100,000; (2) required to be registered with the SEC; (3) issued or guaranteed in whole or in part by the member bank's parent which is a bank holding company (regardless of the use of the proceeds); and (4) issued with an original maturity or redemption period of four years or less. Section 217.7(h) specifies the ceiling rates of interest payable on such obligations.

Sections 217.1(h) and 217.7(h) were adopted in view of the Board's concern of the potential adverse impact the widespread issuance by bank holding companies of principally floating rate notes with a redemption feature aimed at the retail market was likely to have on deposit flows among depository institutions. The Board's concern was based on its belief that such obligations, which typically are issued at rates substantially in excess of Regulation Q ceiling rates payable on time deposits of comparable maturity, were

competitive with consumer deposits issued by depository institutions.

(c) The Board believes that the obligations in question are distinguished from those that were the subject of the Board's principal concerns in two ways. First, they carry a fixed rate of interest; second, the amount that may be redeemed in any year is limited to 5 percent. The Board regards this limited redemption feature as having an effect similar to a sinking fund which ensures that repayments are not concentrated, while at the same time preserving the long-term nature of the obligation. In view of these considerations, the Board does not believe that such obligations would be a major source of competition for deposits issued by depository institutions.

(d) Accordingly, the Board has determined that obligations issued by a member bank's parent which is a bank holding company will not be regarded as having a redemption period of four years or less under section 217.1(h) and, thus, will not be subject to the interest rate limitations specified in section 217.7(h), if they have the following characteristics: (1) the obligations possess a *fixed rate* of interest that does not change during the life of the obligation; (2) no more than 5 percent of the original principal amount of the issue may be redeemed at the option of the holders in any one year; (3) no more than \$25,000 per holder may be redeemed in any one year; and (4) the obligations possess a minimum stated maturity of five years or more. The five year minimum maturity requirement (i.e., 25 percent higher than the current more than four year requirement) offsets the possible 25 percent maximum reduction (5 percent per year for five years) in the amount outstanding after five years and is regarded as necessary to preserve the objective of the four year minimum maturity requirement in section 217.1(h). The Board also believes that in order to ensure that potential purchasers are aware of the limited nature of the redemption feature, those limitations should be prominently disclosed in any materials or solicitations concerning such obligations.

DEPOSITORY INSTITUTIONS DEREGULATION COMMITTEE

Amendments to Interest on Deposits

1. The Depository Institutions Deregulation Committee has adopted final rules concerning the use of premiums, finders fees, and the prepayment of interest by depository institutions. The rules adopted by the Committee apply only to deposits subject to interest rate ceiling limitations.

Effective December 31, 1980, the Committee amends Part 1204 (Interest on Deposits) by adding sections 109, 110 and 111 as follows:

Part 1204—Interest on Deposits

* * * * *

Section 1204.109—Premiums Not Considered Payment of Interest

(a) Premiums, whether in the form of merchandise, credit, or cash, given by a depository institution to a depositor will be regarded as an advertising or promotional expense rather than a payment of interest if: (1) the premium is given to a depositor only at the time of the opening of a new account or an addition to, or renewal of, an existing account; (2) no more than two premiums per account are given within a 12-month period; and (3) the value of the premium or, in the case of articles of merchandise, the total cost (including shipping, warehousing, packaging, and handling costs) does not exceed \$10 for deposits of less than \$5,000 or \$20 for deposits of \$5,000 or more. The costs of premiums may not be averaged. Prior to the beginning of a premium program, an executive officer of the depository institution must certify that the total cost of a premium, including shipping, warehousing, packaging, and handling costs, does not exceed the applicable \$10/\$20 limitations and that no portion of the total cost of any premium has been attributed to development, advertising, promotional, or other expenses. The certification and supporting documents must be retained by the institution in its files and must be made available to the institution's primary Federal supervisory agency upon request.

(b) Certifications required by paragraph (a) must contain the following language:

(1) (For use with premium programs.)

I, _____,
Name and Title of Certifying Officer and Institution

do hereby certify, to the best of my knowledge and belief, that the total cost(s) of the premium(s) offered by this institution during a premium program

to be conducted from _____ to _____,
Date Date

including the wholesale cost, shipping, warehousing, packaging and handling costs, does (do) not exceed \$10 for deposits of less than \$5,000 or \$20 for deposits of \$5,000 or more. I further certify that the costs of premium items have not been averaged, that no portion of the cost of any premium has been at-

tributed to development, advertising, promotional, or other expenses, and that this program complies in all respects with the requirements of 12 CFR § 1204.109.

Signature

Date

Falsification of this document may result in a fine of not more than \$10,000 or imprisonment of not more than five years, or both. 18 U.S.C. §§ 1001, 1005, 1006.

(2) (For use with self-liquidating programs.)

I, _____,
Name and Title of Certifying Officer and Institution

do hereby certify, to the best of my knowledge and belief, that depositors are required to absorb the total costs of items sold by this institution in a self-liquidating program to be conducted from

_____ to _____
Date Date

including the wholesale cost, shipping, warehousing, packaging and handling costs. I further certify that the costs of items have not been averaged, that no portion of the cost of any item has been attributed to development, advertising, promotional, or other expenses, and that this program complies in all respects with the requirements of 12 CFR § 1204.109.

Signature

Date

Falsification of this document may result in a fine of not more than \$10,000 or imprisonment of not more than five years, or both. 18 U.S.C. §§ 1001, 1005, 1006.

Section 1204.110—Finders Fees

Any fee paid by a depository institution to a person who introduces a depositor to the institution must be paid in cash when paid for deposits subject to interest rate ceilings, and will be regarded as a payment of interest to the depositor for purposes of determining compliance with interest rate ceilings, except that a depository institution may pay bonuses in cash or merchandise to its employees for participating in an ac-

count drive, contest, or other incentive plan, provided such bonuses are tied to the total amount of deposits solicited and are not tied to specific, individual deposits.

Section 1204.111—Prepayment of Interest and Payment of Interest in Merchandise

(a) Interest may be paid in the form of merchandise, cash, or a credit to a deposit account. However, interest on a deposit subject to deposit interest rate ceilings, whether in the form of merchandise, cash, or credit to an account, may not be paid by a depository institution until such interest has been earned, except as provided in 12 CFR § 1204.110. Where merchandise is paid in lieu of cash interest, an executive officer of the depository institution must certify that the total cost of such merchandise includes shipping, warehousing, packaging, and handling costs, and that no portion of the cost has been attributed to development, advertising, promotional, or other expenses. The costs of individual items of merchandise may not be averaged. The certification and supporting documents must be retained by the institution in its files and must be made available to the institution's primary Federal supervisory agency on request.

(b) Certifications required by paragraph (a) must contain the following language:

I, _____,
Name and Title of Certifying Officer and Institution

do hereby certify, to the best of my knowledge and belief, that the total cost(s) of merchandise offered by this institution in lieu of cash interest during a program

conducted from _____ to _____
Date Date

includes the wholesale cost, shipping, warehousing, packaging and handling costs, and does not exceed the maximum amount of earned interest that could have been paid in the form of cash or a credit to an account. I further certify that the costs of the items have not been averaged, that no portion of the cost of any item has been attributed to development, advertising, promotional, or other expenses, and that this program complies in all respects with the requirements of 12 CFR § 1204.111.

Signature

Date

Falsification of this document may result in a fine of not more than \$10,000 or imprisonment of not more than five years, or both. 18 U.S.C. §§ 1001, 1005, 1006.

2. The Depository Institutions Deregulation Committee has adopted a final rule concerning the ceiling rate of interest payable on negotiable order of withdrawal ("NOW") accounts. Effective December 31, 1980, the ceiling rate of interest payable on NOW accounts will be 5¹/₄ per cent for all institutions authorized to offer such accounts.

Effective December 31, 1980, the Committee amends Part 1204 (Interest on Deposits) by adding section 108 as follows:

Part 1204—Interest on Deposits

* * * * *

Section 1204.108—Maximum Rates of Interest Payable by Depository Institutions on Deposits Subject to Negotiable Orders of Withdrawal

No depository institution subject to the authorities conferred by section 19(j) of the Federal Reserve Act (12 U.S.C. § 371(b)), section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(g)), or section 5B(a) of the Federal Home Loan Bank Act (12 U.S.C. § 1425b(a)) shall pay interest at a rate in excess of 5¹/₄ per cent per annum on any deposit or account subject to negotiable or transferable orders of withdrawal that is authorized pursuant to 12 U.S.C. § 1832(a).

3. The Depository Institutions Deregulation Committee has adopted a final rule concerning the ceiling rate of interest payable, effective October 30, 1980, by banks that are members of the Federal Reserve System on time deposits of under \$100,000 with original maturities (or notice periods) of 14 to 90 days. The rate established for such deposits is 5¹/₄ per cent.

The new maturity also applies to time deposits under \$100,000 issued by member banks. In the case of such time deposits issued to domestic governmental units, the current ceiling of 8 per cent (the highest rate payable on any fixed-ceiling category of time deposit by any federally insured commercial bank, mutual savings bank, or savings and loan association) will apply to new 14 to 90 day accounts (see 12 CFR 217.7(d)). However, no ceiling rate exists for nongovernmental unit time deposits of under \$100,000 with original maturities of less than 30 days. Accordingly, the Committee has established a ceiling rate of interest of 5¹/₄ per cent payable by member banks on time deposits with original maturities (or notice periods) of between

14 and 90 days issued to other than governmental units in denominations of less than \$100,000. This is the same ceiling rate of interest currently payable by member banks on time deposits of under \$100,000 with original maturities (or notice periods) of 30 to 90 days. In the event that the FDIC and FHLBB also authorize a reduction to 14 days in the minimum maturity of time deposits, the ceiling rate of interest payable on such time deposits issued to other than domestic governmental units will be 5¹/₄ per cent for insured non-member commercial banks, and 5¹/₂ per cent for insured mutual savings banks and savings and loan associations. As in the case of member banks, the ceiling rate of interest payable on such time deposits issued to governmental units would be 8 per cent.

In view of the fact that this action facilitates implementation of an action taken by the Board of Governors of the Federal Reserve System on which public comment already has been received, the Committee finds that application of the notice and public participation provisions of 5 U.S.C. § 553 to this action is unnecessary and would be contrary to the public interest. Therefore, pursuant to its authority under Title II of Public Law 96-221, 94 Stat. 142 (12 U.S.C. § 3501 *et seq.*), to prescribe rules governing the payment of interest and dividends on deposits of federally insured commercial banks, mutual savings banks.

Effective October 30, 1980, The Committee amends Part 1204 by adding section 112 as follows:

Part 1204—Interest on Deposits

* * * * *

Section 1204.112—Time Deposits of Less than \$100,000.

Depository institutions that are members of the Federal Reserve System may pay interest on any time deposit with an original maturity or notice period of 14 days or more, but less than 90 days, at a rate not to exceed 5¹/₄ per cent. In the event the Federal Deposit Insurance Corporation shortens the minimum required maturity or notice period of time deposits to 14 days, federally insured commercial banks that are not members of the Federal Reserve System also may pay interest on such time deposits at a rate not to exceed 5¹/₄ per cent, and federally insured mutual savings banks may pay interest on such time deposits at a rate not to exceed 5¹/₂ per cent. In the event the Federal Home Loan Bank Board shortens the minimum required maturity or notice period of time deposits to 14 days, institutions insured by the Federal Savings and Loan Insurance Corporation may pay interest on such time deposits at a rate not to exceed 5¹/₂ per cent.

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

*Orders Under Section 3 of Bank Holding
Company Act*

Citizens Incorporated,
Evans City, Pennsylvania

*Order Approving Formation of Bank Holding
Company*

Citizens Incorporated, Evans City, Pennsylvania, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 80 percent or more of the voting shares of Citizens National Bank of Evans City ("Bank"), Evans City, Pennsylvania.

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company through the acquisition of Bank, which holds deposits of \$88.2 million.¹ Bank is the third largest of 14 banking organizations competing in the Butler banking market,² and controls 14.5 percent of commercial bank deposits in that market.³ The proposed transaction represents a reorganization whereby ownership of Bank will be transferred from individuals to a corporation owned substantially by the same individuals, and principals of Applicant are not principals of any other banking organization. Thus, it appears that consummation of this proposal would have no adverse effect upon existing or potential competition, nor would it increase the concentration of banking resources, in any relevant market. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and Bank are consistent with approval in view of Applicant's commitment to provide Bank with additional capital. Although Applicant

will incur some debt in connection with this proposal, it appears that Applicant will have sufficient financial flexibility to meet its debt servicing requirements while maintaining adequate capital at Bank, particularly in light of recent actions taken to strengthen Bank's managerial resources and to moderate Bank's growth. While no immediate changes in Bank's operations or in the services offered to its customers are anticipated to follow consummation of the proposed acquisition, convenience and needs considerations are consistent with approval of this application.

In considering this application, the Board has scrutinized the relationship between Applicant and Bank on one hand, and Citizens Transport Inc. ("Transport") on the other, to determine whether the relationship is such that it would enable Applicant to engage in impermissible nonbanking activities, and whether the pro rata distribution of the shares of Transport by Bank in April 1980 complies with its commitment to the Board to completely divest Transport. Transport was formed by Bank several years ago to conduct certain courier services. Under national banking law, the courier activities of a national bank and its operations subsidiaries are limited to providing messenger services for customers of the bank. (12 C.F.R. § 7.7490.) Accordingly, on June 15, 1979, Bank committed to the Federal Reserve Bank of Cleveland that it would completely divest its control of Transport. On April 20, 1980, shortly before this application was filed, Bank attempted to divest of Transport by means of a pro rata distribution of its shares to Bank's shareholders. Notwithstanding the distribution of shares, it appears that Bank has retained control of the management and operations of Transport since four out of Transport's five directors are management officials of Bank.

In view of the short period between the distribution and the proposed acquisition of Bank by Applicant, the Board would regard Applicant as controlling Transport upon acquiring Bank as long as any management official interlocks remain between Transport and Applicant or its subsidiary.⁴ The Act provides that a company has control over a bank or company if "the Board determines, after notice and opportunity for hearing, that the company directly or indirectly exercises a controlling influence over the management or policies of the bank or company."⁵ The Board has pre-

1. Banking data are as of December 31, 1979, unless indicated otherwise.

2. The Butler banking market is approximated by Butler County, Pennsylvania.

3. Market data are as of June 30, 1979.

4. Indeed, the Board notes that if Bank had attempted to divest the shares of Transport in the same manner after consummation of this proposal, Applicant would be presumed under section 2(g)(3) of the Act to continue to control the shares as long as any interlocks remained. Under section 2(g)(3) of the Act, in a divestiture by a bank holding company or its subsidiary, the divesting company is presumed to continue to control the divested company if it maintains director or officer interlocks with it. The Board has taken the position that generally a divestiture will not be regarded as complete unless all such interlocks are terminated.

5. The controlling influence test of control was added to the Act in 1970 in order to cover situations where a company has control of a

viously recognized that a determination with respect to the existence of a controlling influence is necessarily a question of fact that requires a careful appraisal of the past and prospective relationships and circumstances present in a particular case.⁶ The Board has indicated that a controlling influence embraces pressures and influences, at times subtle, by which a company may be capable of influencing or controlling the affairs of another company.⁷ Moreover, the Board believes that in deciding whether to approve Applicant's proposal to become a bank holding company, the Board may legitimately consider whether Applicant will be indirectly engaged in any impermissible non-banking activities, and whether Bank has honored the terms of its commitment to the Reserve Bank to effect a complete divestiture of Transport. If Applicant is viewed as engaging in courier activities through Transport, upon consummation of this proposal Applicant would be in violation of the prohibitions against non-banking activities of section 4 of the Act, inasmuch as Transport's activities exceed those permissible for bank holding companies (12 C.F.R. § 225.4(a)(12)).

Upon examination, the Board believes that the facts of the relationship indicate that Bank continues to be able to exert an undue influence on Transport, and that upon consummation of the proposal, Applicant would have a similar influence. In particular, it is noted that Bank founded Transport, held all of its shares and has conducted its operations for a number of years. The shareholders of Bank and Transport are identical. Moreover, there is only one experienced director on Transport's board who is not currently associated with Bank. Both Bank and Transport are located in the same town and share the name "Citizens". Accordingly, it appears that historically, Transport and Bank have been integrally related, and that Bank would be able to continue to exert an undue influence over Transport, so long as common directors and officers are retained. After considering all the facts of record, the Board finds it reasonably likely that upon consummation of the proposal, Applicant may be capable of exerting such a significant influence over the management or policies of Transport through common directors as to constitute a controlling influence within the meaning of that concept in the Act.⁸ Accordingly, the

bank but does not own 25 percent of the bank's shares or control the election of a majority of its directors. S. Rep. No. 91-1084, 91st Cong., 2d Sess. 6 (1970). Congress recognized that "under modern conditions, it is entirely possible to control the affairs of a company without owning 25 percent or more of its outstanding voting shares." *Id.*

6. *Patagonia Corporation*, 63 FEDERAL RESERVE BULLETIN 288 (1977); *North Platte Corporation*, Board Order of August 13, 1980, at 6.

7. *Patagonia Corporation* at 291; *North Platte Corporation* at 6.

8. During the processing of the application, Applicant was advised that it may be deemed to control Transport upon consummation of the

Board concludes that Applicant should not be permitted to retain any officer or director interlock between it or any affiliate and Transport if this proposal is consummated.

Based upon the foregoing and other considerations reflected in the record, the Board concludes that consummation of the proposal would be consistent with the public interest, and that the application may be approved. On the basis of the record and for the reasons summarized above, the application is approved, subject to the condition that Applicant and Bank terminate all director and officer interlocks with Transport by no later than Transport's next regularly scheduled annual shareholders' meeting following consummation of this proposal, but not later than one year following consummation. The transaction shall not be made before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board of Governors or by the Federal Reserve Bank of Cleveland pursuant to delegated authority.

By Order of the Board of Governors, effective September 29, 1980.

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

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

[SEAL]

Crews Banking Corporation,
Wauchula, Florida

Order Approving Formation of Bank Holding Company

Crews Banking Corporation, Wauchula, Florida, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) (the "Act") of formation of a bank holding company through acquisition of 100 percent of the voting shares of Wauchula State Bank ("Bank"), Wauchula, Florida.

proposal. In response, Applicant committed to reduce the number of interlocks with Transport's board to two of Transport's six directors, and submitted resolutions from the boards of directors of Bank and Transport and affidavits from the two directors of Transport proposed to remain associated with Bank, to the effect that Bank would not exercise any control over Transport. In view of the nature of the relationship between Bank and Transport, the Board disagrees with Applicant's assertion that these actions are adequate to warrant a finding that Applicant and Bank would not be capable of controlling Transport.

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

Applicant is a nonoperating company recently organized for the purpose of becoming a bank holding company by acquiring Bank (deposits of \$53.5 million).¹ Upon acquisition of Bank, Applicant would control the 178th largest commercial banking organization in Florida, holding approximately 0.10 percent of the total deposits in commercial banks in the state. Bank, the larger of two commercial banks located in the Hardee County, Florida, banking market,² holds approximately 76.0 percent of the total deposits in commercial banks in the market. This proposal involves a restructuring of Bank's ownership from individuals to a corporation owned by the same individuals.

First National Bank of Wauchula ("First National"), Wauchula, Florida, the only other bank in the Hardee County market (deposits of \$17.3 million), holds the remaining 24.0 percent of the total deposits in commercial banks in the market. Applicant's principals, who have controlled Bank since 1932, also own 35.1 percent of the shares of First National, and one of Applicant's principals serves as a director of First National. Applicant's principals acquired this ownership in First National, which had begun operations in 1960 as an independent competitor of Bank, through stock acquisitions in 1962 and 1964.³

Section 3(c) of the Act requires the Board in every case to consider the financial and managerial resources and future prospects of the company or companies and banks concerned, and the convenience and needs of the community to be served. In addition to this general mandate, the Board is precluded from approving any proposed acquisition of a bank that (1) would result in a monopoly, or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any part of the United States; or (2) may substantially lessen competition or tend to create a monopoly or be in restraint of trade in any banking market, unless the Board finds that such anticompetitive effects are clearly outweighed by the convenience and needs of the community to be served. In analyzing a case within the above-described standards of the Act where, as here, the

principals of an applicant control another banking organization, the Board, in addition to analyzing the one-bank holding company proposal before it, also considers the effects of the proposal with respect to all affiliated organizations. As part of its analysis of the competitive effects of a proposal involving the restructuring of a bank's ownership into corporate form, the Board also considers the competitive effects of the transaction or series of transactions whereby common share ownership and/or common control of management and policies of formerly competing institutions was established between the subject bank and one or more banks in the market.⁴

Consistent with precedent and in accordance with the statutory and procedural criteria specified above, the Board has considered the competitive effects of the original transactions whereby Bank and First National became affiliated. The 1962 and 1964 stock acquisitions of more than 25 percent of the voting stock of First National by one of Bank's principals resulted in the affiliation of the only two banks in the Hardee County market, thus putting 100 percent of the market's deposits under the control of the same principals. The acquisition of a controlling interest in First National by Bank's principal had the effect of eliminating significant competition that existed at that time between Bank and First National, increasing the concentration of banking resources within the relevant market, and eliminating the only independent banking competitor in the market. Under these circumstances, the Board is authorized to deny approval for formation of Applicant's one-bank holding company.⁵ However, in connection with the subject application, Applicant's principals have agreed to take certain actions that would result in the disaffiliation of the two Hardee County banks within two years.⁶ The Board views this disaffiliation as a positive factor in its analysis of com-

4. *Mid-Nebraska Bancshares, Inc. v. Board of Governors*, No. 78-1658 (D.C. Cir. February 15, 1980); *First Lincolnwood Corporation v. Board of Governors*, 560 F. 2d (1977), 439 U.S. 234 (1978); *Mahaska Investment Co.*, 63 FEDERAL RESERVE BULLETIN 579 (1977); *Citizens Bancorp, Inc.*, 63 FEDERAL RESERVE BULLETIN 1003 (1977); *Hawkeye Bancorporation*, 64 FEDERAL RESERVE BULLETIN 315 (1978).

5. The Supreme Court in *First Lincolnwood Corporation v. Board of Governors*, 439 U.S. 234 (1978) upheld the Board's authority to deny approval for formation of a one bank holding company on the basis of pre-existing unfavorable considerations, notwithstanding the fact that such formation will neither cause nor enhance the already existing adverse effects. Moreover, the Court of Appeals in *Mid-Nebraska Bancshares, Inc. v. Board of Governors*, No. 78-1658 (D.C. Cir. February 15, 1980) recognized the Board's authority to deny an application based on the anticompetitive consequences resulting from the 1972 combination of control by the applicant's principal over the bank to be acquired by the proposed holding company and a competing bank.

6. Mr. J. W. Crews, Sr., a principal of Applicant, has committed to immediately convey all his shares of First National to an irrevocable trust, administered by an independent institutional trustee, that would

1. Deposit data are as of December 31, 1979.

2. The relevant banking market is approximated by Hardee County, Florida.

3. Applicant's principals have stated that First National was, at the time of those stock acquisitions, in need of financial resources.

petitive considerations associated with the subject application since it will serve to hasten the termination of a longstanding significantly adverse competitive situation. Although the Board does not condone such anti-competitive situation to continue for any length of time, the Board is of the view that permitting a two-year period for complete divestiture of the shares of First National by Applicant's principals is appropriate in the circumstances of this case in light of the limited market for such shares and the actions to be taken immediately by the principals to separate the ownership of Bank and First National. Accordingly, under the standards set forth in section 3 of the Act, and in accordance with judicial and Board precedent, the Board considers the competitive considerations based upon facts of record to be consistent with approval of the application.

In addition to analyzing competitive effects of the chain of banking organizations operated by principals of an applicant, the Board also considers the entire chain of organizations under its multibank holding company standards in analyzing the financial and managerial resources and future prospects associated with a one-bank holding company proposal. Based upon such an analysis in this case, the financial and managerial resources and future prospects of Applicant, Bank and First National appear to be generally satisfactory. Therefore, considerations relating to banking factors are consistent with, but lend no weight toward approval of the application. The disaffiliation of Bank and First National is expected to enhance competition in the Hardee County market, thus resulting in improved customer services and providing an independent source of banking services to the community to be served. Therefore, considerations relating to convenience and needs of the community to be served lend weight to approval of this application. Accordingly, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good

immediately commence efforts to sell the First National stock with final disposal of the stock to take place no later than two years after the trust's creation. The Trust Agreement specifically prohibits sale of the First National stock to J. W. Crews, Sr., his lineal descendants, or any members of the families of his lineal descendants, or repurchase by the trustee. In furtherance of their efforts to separate themselves from First National, Applicant's principals have committed that neither they, nor any family members, will serve on First National's Board.

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 15, 1980.

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

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

Gov Financial Holdings Limited,
Tel Aviv, Israel

Naftali Financial Holdings Limited,
Tel Aviv, Israel

Israel Financial Holdings Limited,
Tel Aviv, Israel

Israel Investment and Finance Corporation
Limited,
Tel Aviv, Israel

IDB Bankholding Corporation Limited,
Tel Aviv, Israel

Israel Discount Bank Limited,
Tel Aviv, Israel

*Order Approving Formation of Bank Holding
Companies and Retention of PEC Israel Economic
Corporation*

Gov Financial Holdings Limited ("Gov"), Naftali Financial Holding Limited ("Naftali"), Israel Financial Holdings Limited ("Israel Financial"), Israel Investment and Finance Corporation Limited ("Israel Investment"), IDB Bankholding Corporation Limited ("Bankholding"), and Israel Discount Bank Limited ("IDB"), (collectively, "Applicants"), all of Tel Aviv, Israel, have applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become bank holding companies with respect to Israel Discount Trust Company, New York, New York ("Bank"), All Applicants but IDB have also applied for the Board's permission to retain the shares of PEC Israel Economic Corporation, New York, under section 4(c)(9) of the Act (12 U.S.C. § 1843(c)(9)) and section 225.4(g)(3) of the Board's Regulation Y (12 C.F.R. § 225.4(g)(3)).

Notice of the applications to become bank holding companies, affording opportunity for interested per-

sons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the applications and all comments received in the light of the factors set forth in sections 3(c) and 4(c)(9) of the Act (12 U.S.C. §§ 1842(c) and 1843(c)(9)).

IDB is the third largest banking organization in Israel and the 168th largest in the world with total assets of \$7.0 billion and total deposits of \$6.4 billion.¹ IDB operates 240 branches throughout Israel and has branches and interests in a number of banking organizations in other countries. IDB also operates two branches in New York and an agency in Miami.

Bankholding, which owns 91.8 percent of the shares of IDB, is an Israeli holding company with total assets of \$7.6 billion. Bankholding has controlling interests in two Israeli companies² that, through subsidiaries, engage in business in the United States. Bankholding and its parent companies propose to retain these companies and to continue indirectly to engage in business in the United States on the basis of section 2(h) of the Act (12 U.S.C. § 1841(h)). Bankholding also owns 87 percent of the shares of PEC Israel Economic Corporation ("PEC"), a Maine corporation with offices in New York City, that engages in providing debt and equity financing to Israeli companies. As part of the corporate restructuring associated with the proposal, PEC will own 19 per cent of the shares of Bank. Bankholding and its parent companies have applied to retain their interests in PEC on the basis of section 4(c)(9) of the Act. Gov. Naftali, Israel Financial, and Israel Investment are parent companies of Bankholding.

Bank is a New York State chartered insured bank that currently functions as a register and transfer agent, acts as trustee for trust accounts, and accepts time and savings deposits. Bank does not presently accept demand deposits or make commercial loans, and thus is not considered a "bank" for purposes of section 2(c) of the Act. The proposal represents a corporate reorganization whereby Bank will assume certain liabilities and acquire certain assets of the New York, Nassau, and Cayman Islands branches of IDB. Upon consummation, Bank will become a "bank" within the meaning of section 2(c) of the Act and each Applicant will thereby become a bank holding company within the meaning of the Act. As proposed, approximately

\$1.0 billion in assets and \$940.0 million in liabilities would be transferred to Bank from IDB's branches. In addition, PEC would purchase \$11 million of Bank's capital stock, and would thereby acquire control of 19 percent of the voting shares of Bank. IDB would also invest an additional \$25.0 million in Bank. Thereafter, Bank would have two offices in New York while IDB would continue to operate its remaining New York branch.

Inasmuch as the proposal merely represents a restructuring of Applicants' current holdings, consummation of the proposal would have no adverse effects on existing or potential competition nor would it increase the concentration of banking resources in any relevant area. Accordingly, the Board concludes that the competitive considerations associated with the proposal are consistent with approval of the applications.

The financial and managerial resources of Applicants and Bank are considered generally satisfactory and the future prospects for each appear favorable. Thus, banking factors are consistent with approval of the applications. Consummation of the proposal would also provide the community with an additional full service bank that would serve as an alternative source of banking services. Therefore, consummation of the transaction would have a procompetitive effect and the Board concludes that considerations relating to the convenience and needs of the community to be served lend weight toward approval of the applications.

With respect to the applications to retain PEC, the Board notes that PEC provides debt and equity financing for, and holds shares of, 20 Israeli corporations engaged in a broad range of commercial activities in Israel. PEC also has two inactive United States subsidiaries, and holds for investment purposes preferred shares of United States companies. In the past ten years, PEC's activities have been limited to increasing its equity interests in companies in which it has an existing equity interest and to making dollar or dollar-linked loans to affiliated companies.

While the proposed investment in Bank by PEC would not be considered an activity incidental to PEC's foreign activities, there would appear to be little reason for prohibiting the holding of Bank's shares by PEC. Applicants could cause the funds to be transferred from PEC to IDB which could then invest the funds in Bank, thus serving the same purpose with greater attendant risk. As it does not appear that PEC will control Bank or that such a structure would give Applicant a competitive advantage over domestic banking organizations, it does not appear that retention of PEC by Applicants after consummation would be at variance with the purposes of the Act. Inasmuch as this structure will permit the channeling of funds to

1. Unless otherwise noted, all banking data are as of December 31, 1979.

2. Discount Bank Investment Corporation, Tel Aviv, Israel, and Clal (Israel) Limited, Tel Aviv, Israel. Clal indirectly owns four companies in the United States that engage in holding real estate. Applicants have commenced divesting these holdings.

Bank in a more secure manner, contributing to the safety and soundness of the overall banking organization, it appears that the retention of PEC would also be in the public interest. Therefore, the applications to retain PEC after consummation of the proposal are hereby approved.

Applicants have indicated that they intend to retain certain indirect investments in the United States through foreign nonbanking companies on the basis of section 2(h) of the Act.³ In each instance, Applicants have provided information on the size and amounts of assets and revenues of the foreign company abroad and of its U.S. operations, and information on whether the activity of U.S. operations is in the same general line of business as that of the foreign nonbanking company. From the information provided, it appears that retention of these investments is permissible under section 2(h).

On May 1, 1980, the Board proposed for public comment regulations implementing section 2(h) of the Act (45 *Federal Register* 30082) and establishing the types of foreign banking organizations that are eligible to take advantage of the exemptive provisions of section 2(h). Should Applicants fail to meet the qualifications as finally adopted, and in the absence of a specific Board determination to the contrary, Applicants will be expected to conform their future direct and indirect activities and investments to the requirements of the regulations.

Based upon the foregoing and other considerations reflected in the record, the Board concludes that consummation of the proposal would be in the public interest and that the applications should be approved.

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

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

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

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

[SEAL]

The Marine Corporation, Milwaukee, Wisconsin

Order Approving Acquisition of Bank

The Marine Corporation, Milwaukee, Wisconsin, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1842(a)(3)), to acquire 100 percent of the voting shares (less directors' qualifying shares) of First National Bank and Trust Company of Racine, Racine, Wisconsin ('Bank').

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

Applicant, the third largest banking organization in Wisconsin, controls 18 banks with total deposits of approximately \$1.4 billion, representing 6.8 percent of total deposits in commercial banks in the state.¹ Acquisition of Bank (\$124.7 million in deposits), the 18th largest banking organization in Wisconsin, would increase Applicant's share of statewide commercial bank deposits by 0.6 percent and Applicant would thereby become the second largest banking organization in the state.

By Order dated March 26, 1980, the Board denied an earlier proposal by Applicant to acquire Bank. In that decision the Board found that consummation of this proposal would have substantially adverse effects upon probable future competition in the Racine banking market. The Board's Order also reflected its concern that consummation would have upon the concentration of banking resources in Wisconsin. On May 7, 1980, the Board granted Applicant's request that the Board reconsider its proposal.

In its earlier decision the Board noted that the proposal would have no significantly adverse effects on existing competition. All the facts of record continue to support that determination. In the context of this proposal, however, the Board has determined that it would be appropriate to re-evaluate the degree to which consummation of the proposed transaction would adversely impact upon probable future competition in the Racine banking market (the relevant

3. As noted in footnote 2, *supra*, Applicant is in the process of divesting certain real estate holdings in the U.S., and Applicants do not propose to retain these holdings on the basis of section 2(h) of the Act.

1. Banking data are as of December 31, 1979, and reflect bank holding company formations and acquisitions approved as of June 30, 1980.

market),² or the concentration of banking resources in Wisconsin, or both, in its evaluation of the competitive effects of the proposal.

In its March 26 Order denying this proposal the Board, in describing the anti-competitive effects within the Racine banking market, stated that the Racine market is reasonably attractive for, and capable of, supporting de novo entry; that there are independent banks in the market that might serve as foothold entry points for Applicant; and that Applicant is a probable future entrant into the market.

While the Board continues to view Applicant as a probable future entrant into the Racine market, the Board is of the view that the evidence of record indicates that the overall competitive structure of the market does not require that Applicant's entry be restricted to establishing a bank de novo or to acquiring a foothold entry. Although Bank is the largest banking organization in the market, it appears that Bank's size and rank in the Racine market do not properly reflect its competitive position and impact and therefore the effect that consummation of this proposal would have upon probable future competition in that market.

The facts of record indicate that Bank has a declining competitive presence in the Racine banking market. Most of the growth in the Racine banking market has taken place in the suburban areas of the Racine RMA. Demographic data suggest that this suburban growth trend is likely to continue. Moreover, the number of Bank's time and demand deposit accounts has been steadily declining over the past few years³ and its commercial base has become narrower. In addition, many of Racine's retail businesses have relocated away from the downtown business area where Bank is located. Aside from Bank, most of the points of entry into the market are located in the suburban areas. It is noted that Wisconsin law precludes Bank from branching into the suburban areas and Applicant's acquisition of a suburban bank would effectively preclude it from any meaningful competitive presence in the downtown Racine area. Therefore, under present law it appears unlikely that Bank could become a meaningful and effective competitor outside the central city of Racine. In the absence of an affiliation with an organization such as Applicant, Bank's position as a viable competitor in the market would most likely continue to deteriorate, thereby reducing Bank's ability to serve the needs of its immediate community,

which is comprised of mostly low and moderate income neighborhoods in downtown Racine.

In light of the above and other facts of record, it does not appear that consummation of the proposed transaction would so adversely affect probable future competition in the Racine banking market as to warrant denial of the proposal; moreover whatever adverse effects are associated with this proposal are outweighed by the other considerations in the record, that are discussed below.⁴

The Board's March 26 Order reflected the Board's concern with the effects consummation of this proposal would have upon the structure of banking in Wisconsin. The Board's action of this date should not be viewed as reflecting a decreased concern with statewide banking structure. Instead, this decision should be viewed in the context of the additional facts of record reflecting a less vigorous and meaningful competitor than was believed by the Board to exist when it earlier denied this proposal.

Affiliation with Applicant will strengthen Bank's financial and managerial resources and thereby improve its future prospects. Applicant has committed to inject capital into Bank and to provide the necessary financial and managerial support to improve the financial condition of Bank and thereby strengthen its competitive position in the market. Accordingly, banking factors lend weight toward approval of the application.

Bank has been limited in its ability to serve the needs of its community and affiliation with Applicant will enable Bank to better serve the needs of the Racine area as well as Bank's immediate community, comprised primarily of low and moderate income neighborhoods. In addition, through its affiliation with Applicant, Bank's overall ability to serve downtown Racine should be enhanced. Affiliation with Applicant will enable Bank to expand its services for corporate customers who in recent years have turned elsewhere for their banking needs. In light of the above, the Board concludes that the convenience and needs of the community to be served lend such weight toward approval as to outweigh any adverse competitive effects that may be associated with this proposal.

Based on the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

2. The Racine banking market is approximated by the Racine RMA which includes Mt. Pleasant, Yorkville, Dover and Rochester townships, most of Caledonia township and the village of Waterford, all in Wisconsin.

3. Based on data for the period March 1976 through March 1980.

4. While the Board's action is to approve this proposal for the reasons discussed above, the Board continues to be concerned about the competitive effects of an acquisition by a statewide banking organization of one of the largest banks in a market even though the acquirer is not already in the relevant market. Accordingly, the Board will continue to monitor these situations and consider each proposal on its own facts.

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 3, 1980.

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

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

[SEAL]

Dissenting Statement of Governors Teeters and Rice

We would deny this application for the reasons stated in the Board's Order dated March 26, 1980. In that Order the Board found that consummation of the proposed transaction would adversely affect probable future competition in the Racine banking market and would increase the concentration of banking resources in the state. We note that there are smaller independent banks in the market and that the record indicates the market is somewhat attractive for de novo entry. We are aware that Bank's market share has declined; nonetheless Bank remains the largest bank in the market and we believe it would be more pro-competitive for Applicant to enter the market via foothold or de novo entry.

Moreover, we do not believe the convenience and needs considerations associated with this proposal outweigh these adverse competitive considerations.

Orders Under Section 4 of Bank Holding Company Act

Bank Holding Companies and Change in Bank Control

Amended Order for Hearing Regarding Application to Engage in Certain Data Processing and Electronic Funds Transfer Activities and Possible Rulemaking with Respect Thereto

This amends the Board's Order of June 10, 1980 (45 Federal Register 41533 (1980)), that granted the request by protestants to an application by Citicorp, New York, New York, that a hearing be held with respect to Citicorp's application to engage in data processing activities through a subsidiary to be known as Citishare Corporation. The Board has granted a re-

quest by Citicorp to amend its application by adding certain activities related to data processing and transmission, including electronic funds transfer activities, to the activities proposed to be engaged in through Citishare Corporation. The additional proposed activities are generally not authorized by Regulation Y, and Citicorp has requested the Board to add them to the list of activities permissible for bank holding companies.

The Board has amended its Order for Hearing of June 10, 1980, to expand the scope of the hearing to consider the additional activities and the proposed rule. The amended Order follows.

Board of Governors of the Federal Reserve System, October 30, 1980.

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

[SEAL]

**CITICORP,
 New York, New York**

Order for Hearing

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act (the "Act"), has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)) to engage in certain data processing and transmission activities through a subsidiary to be known as Citishare Corporation.

Under section 4(c)(8) of the Act, a bank holding company or its subsidiaries may engage, with the Board's prior approval, in any activity that the board has determined "to be closely related to banking or managing or controlling banks as to be a proper incident thereto." The Board must also consider whether the performance of a particular activity by a bank holding company can reasonably be expected to produce public benefits that outweigh possible adverse effects. This section authorizes the Board to make the determination of whether an activity is closely related to banking by regulation. The Board used this authority in 1971 when it issued section 225.4(a)(8) of Regulation Y (12 C.F.R. § 225.4(a)(8)), permitting a bank holding company to engage in the following activities:

- (i) providing bookkeeping or data processing services for the internal operations of the holding company and its subsidiaries, and
- (ii) storing and processing other banking, financial, or related economic data, such as performing payroll, accounts receivable or payable, or billing services.

In 1975, the Board issued an interpretation (12 C.F.R. § 225.123(e)), stating that the purpose of section 225.4(a)(8) of Regulation Y is to permit a bank holding company to process data for others of the kinds banks have traditionally processed, both in conducting their internal operations and in accommodating their customers, and to perform incidental activities necessary to carry on permissible data processing activities. The interpretation provides that such incidental activities include, among others:

- (1) Making excess computer time available to anyone so long as the only involvement by the holding company system is furnishing the facility and necessary operating personnel; and
- (2) Selling a byproduct of the development of a program for a permissible data processing activity.

The Board interpretation excludes from the scope of permissible activities the development of programs either upon a holding company's own initiative or upon request, unless the data involved are financially oriented.

Citicorp's amended application indicates that the activities proposed to be engaged in by Citishare consist of the following:

1. Providing data processing and transmission services for the internal operations of Citicorp and its subsidiaries.
2. Providing to financial and other institutions data processing and transmission services with respect to financial, banking, or other related economic data, such as financial models, loan analysis, accounting and bookkeeping, budget and profitability analysis, portfolio record-keeping and analysis, foreign exchange exposure, general ledger, bond analysis, international trade settlement, and economic forecasting. These services may be provided by engaging in remote computer time-sharing services.
3. Providing packaged financial systems for installation at the site of a depository or other institutional customer, for the purpose of facilitating traditional banking or banking-related activities. In such case, Citishare would provide the software for such systems together with processing and terminating hardware. The customer may be linked to one or more data bases of Citishare or its subsidiary bank, Citibank, N.A.
4. Providing electronic data processing and transmission systems designed to facilitate banking transactions among financial or other institutions or to facilitate the exchange of banking, financial or other related economic data among them. Transaction processing services include systems for the processing of money transfer, foreign exchange, check clearing and collection and other normal and usual interbank transactions. Information exchange serv-

ices include the processing of money market, trade information or other information typically exchanged among financial institutions. These data processing and transmission systems would be designed for use by other banks and financial institutions and would be provided primarily, but not exclusively, to such institutions.

5. Providing consumers with banking-related services and the capability to access traditional banking services and related information, utilizing the services proposed in activities 3 and 4 above. This could include providing a customer with the capability to perform budgeting, accounting, and tax analysis, as well as direct banking services such as funds transfer, at the customer's home or business establishment, by linking the consumer with a depository institution.

6. Providing hardware and software for authentication of interbank and intrabank identifiers for funds transfers and other electronic transmissions requiring authentication of origin or content. Citishare proposes to provide data processing and transmission services for the distribution and administration of code keys required in connection with the authentication process.

7. Providing to others byproducts resulting from permissible data processing and transmission activities.

8. Selling to others for any purpose any excess capacity on data processing and transmission facilities used in connection with any of the above-mentioned activities. With respect to this excess capacity, the only involvement of Citishare will be the furnishing of the facilities necessary to the utilization of the excess capacity.¹

Following publication of notice of the initial application, the Association of Data Processing Service Organizations, Inc., Arlington, Virginia, and other interested organizations (collectively "Protestants") jointly filed written submissions in opposition to the application, and requested that the Board either deny the application or order a formal hearing on the application.² Protestants contended that the data processing activities originally proposed, other than providing services for Citicorp's internal operations, were not within the scope of those data processing activities

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1. These eight items summarize Citicorp's proposal. Interested persons are invited to inspect the application at the offices of the Board of Governors or at the Federal Reserve Bank of New York for more detail.

2. Other Protestants to the original application were ADP Network Services, Inc.; Comshare, Inc.; National CSS, Inc.; On-Line Systems, Inc.; Quantum Computer Services, Inc.; and, Tymshare, Inc.

that the Board has previously determined to be permissible and were not otherwise "so closely related to banking or managing or controlling banks as to be a proper incident thereto" within the meaning of section 4(c)(8) of the Act. Protestants also alleged that the proposal would result in adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices, that would not be outweighed by any benefit to the public.

With regard to the permissibility of the data processing activities originally proposed, Protestants challenged, for example, the proposed sale of excess computer time and time-sharing services as means for evading restrictions on processing non-financially related data. Protestants contended that data processing technology has progressed over the past few years so as to enable a data processor to tailor its computer capacity to eliminate the need for any significant amount of excess capacity. Furthermore, Protestants contended that since a purchaser of the proposed time-sharing service would have a computer terminal on its own site, it would not be possible to monitor the purchaser's use of the computer services to prevent the impermissible processing of non-financially oriented data. Although Citicorp disputed Protestants' claims, neither Citicorp nor Protestants presented sufficient evidence to prove or disprove these contentions. In the Board's judgment, these questions of fact, material to the Board's decision on the application, remained in dispute and unresolved by the parties' written submissions. Accordingly, the Board believed it appropriate to order a formal hearing on the original application.

In addition, Protestants claimed that many of the proposed data processing services were not the kinds of activities traditionally performed by banks. Protestants asserted that technological developments in the industry have advanced the scope of data processing activities, including those proposed by Citicorp, beyond that contemplated by the Board in 1971 when it determined such activities to be permissible for bank holding companies. The Board stated that it would be appropriate to address this issue at a hearing.

Finally, Protestants alleged that consummation of the proposal would result in adverse effects, especially unfair competition and conflicts of interests, that would not be outweighed by any benefit to the public. While these allegations would not, standing alone, warrant a hearing, the Board concluded that all outstanding issues in this matter should be resolved in one proceeding.

The proposed activities of transmitting data and of providing facilities such as hardware in connection with data processing and transmission services were proposed in an amendment to Citicorp's application

filed after the Board had ordered a hearing to be held on the application. These activities have not previously been determined by the Board to be permissible for bank holding companies. Section 225.4(a) of Regulation Y (12 C.F.R. § 225.4(a)), provides that a bank holding company may file an application to engage in activities, other than those previously determined to be permissible for bank holding companies, if it is of the opinion that the proposed activity in the circumstances surrounding a particular case is closely related to banking or managing or controlling banks. The regulation further provides that the Board will publish in the *Federal Register* a notice of opportunity for hearing regarding the proposed activity only if it believes that there is a reasonable basis for the bank holding company's opinion.

Under guidelines established by a federal circuit court,³ an activity may be found to be closely related to banking if it is demonstrated (1) that banks generally have in fact provided the proposed service; or (2) that banks generally provide services that are operationally or functionally so similar to the proposed services as to equip them particularly well to provide the proposed service; or (3) that banks generally provide services that are so integrally related to the proposed service as to require their provision in a specialized form.⁴ The Board has previously found the *National Courier* guidelines useful in determining whether there is a reasonable basis for an applicant's opinion that a proposed new nonbanking activity is closely related to banking.⁵

Since the Board has determined that a hearing should be held with respect to other aspects of Citicorp's proposal, and since many of the proposed new activities are comprised of several services, and there does appear to be a reasonable basis for concluding that some of these services are closely related to banking, the Board believes that it would also be desirable to address the question of whether these activities are "so closely related to banking or managing or controlling banks as to be a proper incident thereto." Under the Board's Regulation Y, the Board's decision to publish notice of, or hold a hearing with respect to, a proposed new activity does not obligate the Board to

3. *National Courier Association v. Board of Governors of the Federal Reserve System*, 516 F.2d 1229 (D.C. Cir. 1976) (hereinafter referred to as "*National Courier*").

4. These guidelines have been followed by other Federal Circuit Courts of Appeals. *NCNB Corporation v. Board of Governors of the Federal Reserve System*, 599 F.2d 609 (4th Cir. 1979); *Association of Bank Travel Bureaus, Inc. v. Board of Governors of the Federal Reserve System*, 568 F.2d 549, 551 (7th Cir. 1978); *Alabama Association of Insurance Agents v. Board of Governors of the Federal Reserve System*, 553 F.2d 224, 241 (5th Cir. 1976), rehearing denied 558 F.2d 729 (1977), cert. denied 435 U.S. 904 (1978).

5. E.g., *NCNB Corporation* (Superior Insurance Company and Superior Claim Service), 64 FEDERAL RESERVE BULLETIN 506, 507 (1978); aff'd sub nom. *NCNB Corporation v. Board of Governors of the Federal Reserve System*, 599 F.2d 609 (4th Cir. 1979).

ultimately determine that the activity is closely related to banking or that the activity is permissible for bank holding companies.

Accordingly, it is hereby ordered, That a hearing with respect to this application and proposed rule be held before an Administrative Law Judge to be designated by the Office of Personnel Management. Such hearing shall be conducted in compliance with the Board's Rules of Practice for Hearings (12 C.F.R. Part 263); however, the Administrative Law Judge shall establish a schedule whereby Citicorp and Protestants shall submit their direct and rebuttal testimony in written form. Public, oral cross examination shall then commence on a date designated by the Administrative Law Judge at the offices of the Board of Governors, Washington, D.C., or at any other place that the Administrative Law Judge may designate in the interest of fairness. The Administrative Law Judge may, in his discretion, convene a prehearing conference or conferences at any convenient time or place.

It is further ordered, That the issues to be considered at such hearing are: (1) whether each of the activities proposed by Citicorp is "so closely related to banking or managing or controlling banks as to be a proper incident thereto," within the meaning of section 225.4(a) of Regulation Y (12 C.F.R. § 225.4(a)) and section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)); and (2) whether each of the proposed activities "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."

It is further ordered, that any person desiring to give testimony, present evidence, or otherwise participate in these proceedings should file with the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, on or before December 1, 1980, a written request containing a statement of the nature of the petitioner's interest in the proceedings, the extent of the participation desired, a summary of the matters upon which the petitioner desires to give testimony or submit evidence, and the name and identity of each witness who proposes to appear. Such requests will be submitted to the designated Administrative Law Judge for his disposition.

By order of the Board of Governors, effective October 30, 1980.

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

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

[SEAL]

Heritage Banks, Inc.,
Rochester, New Hampshire

*Order Approving Establishment of Branch of
Rochester Savings Bank and Trust Company*

Heritage Banks, Inc., Rochester, New Hampshire, 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 Regulation Y (12 C.F.R. § 225.4(b)(2)) to engage in guaranty savings bank activities at a new branch of its subsidiary, Rochester Savings Bank and Trust Company ("Savings Bank"), Rochester, New Hampshire. These activities include the acceptance of time and savings deposits; the extension of consumer, real estate mortgage, VISA credit card, and commercial loans; and the provision of trust and notarial services. The new branch would be located in Wakefield, New Hampshire, and would serve communities located in southern Carroll County and northern Strafford County, including Wakefield, South Ossipee, East Wolfeboro, Milton, Milton Mills, and Brookfield, New Hampshire. The Board has determined that operation of a guaranty savings bank is closely related to New Hampshire banking, and it specifically approved Applicant's acquisition of Savings Bank.¹

Notice of the application, affording opportunity for interested persons to comment on the application, has been duly published (45 *Federal Register* 49,359 (1980)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the Act.

Applicant, with assets of \$123.8 million on December 31, 1979, has two subsidiaries: Savings Bank (deposits of \$97.9 million) and First National Bank of Rochester ("National Bank"), Rochester, New Hampshire (deposits of \$16.2 million).² Each office of Savings Bank shares a location with an office of National Bank, and all these offices are located in Rochester, New Hampshire.

Section 4(c)(8) of the Act requires the Board to determine whether particular activities are closely related to banking and whether the performance of those activities by an affiliate of a bank holding company can reasonably be expected to produce benefits to the public that outweigh possible adverse effect. The Board has confirmed its determination that operation of a guaranty savings bank is closely related to New

1. *Profile Bankshares, Inc.*, 61 FEDERAL RESERVE BULLETIN 901 (1975).

2. Deposit data are as of September 30, 1979.

Hampshire banking. However, when it last reviewed Savings Bank's operations the Board concluded that proposals for further expansion of Applicant's tandem operations of its savings bank and commercial bank subsidiaries would probably not satisfy the public benefits test prescribed by section 4(c)(8).³ As the Board observed, the operation of a guaranty savings bank and a commercial bank at the same location may yield serious adverse effects, particularly involving evasion of the legal interest rate differential between thrift institutions and commercial banks. The Board has also expressed concern that in some circumstances similar adverse effects could result if offices of commonly controlled savings and commercial banks are established close to one another or operated in close mutual support of each other.⁴

The Board is satisfied, however, that this proposal does not entail those concerns. The branch Applicant proposes to open will not be paired with an office of National Bank. National Bank's nearest office will be 18 miles from the new branch, and Applicant has agreed not to establish any commercial bank facility within the new branch's service area without the Board's consent. In addition, Applicant will not shift assets and liabilities between National Bank and Savings Bank, and advertising at the proposed branch will mention only services available from Savings Bank.⁵ On the basis of these facts and agreements, the Board does not consider the branch to be a tandem operation or to involve the risks of adverse effects associated with such operations.

Provided Applicant preserves this geographic and operational separation from National Bank, there is no evidence in the record suggesting that the establishment and operation of the branch in Wakefield may produce undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects, and consummation of the proposal is likely to result in benefits to the public. While numerous financial institutions now serve the Rochester-Dover banking market, which includes Wakefield, there are now no banking facilities of any type in Wakefield.⁶ Applicant's de novo expansion there is expected to enhance public convenience materially.

3. *Heritage Banks, Inc.*, 66 FEDERAL RESERVE BULLETIN 590 (1980).

4. *First Financial Group of New Hampshire, Inc.*, 66 FEDERAL RESERVE BULLETIN 594 (1980).

5. In the past, Savings Bank and National Bank often jointly advertised their services.

6. The Rochester-Dover banking market is approximated by an area encompassing Lebanon, Berwick, and South Berwick, Maine, and Wakefield, Brookfield, North Durham, Middleton, Milton, Farmington, Strafford, Rochester, Barrington, Somersworth, Rollinsford, Dover, Madbury, Lee, Durham, Nottingham, and Newmarket, New Hampshire.

Based on the foregoing and other considerations reflected in the record, the Board has determined that the balance of public interest factors specified in section 4(c)(8) of the Act favors approval of this application. Accordingly, the Board has approved this application for the reasons summarized above and in reliance upon undertakings Applicant submitted in connection with the application. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y (12 C.F.R. § 225.4(c)), to the condition that Applicant will not establish a commercial banking facility at the location of the proposed branch,⁷ and to the Board's authority 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 and orders issued thereunder, or to prevent evasion thereof. The branch shall not commence business later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or the Federal Reserve Bank of Boston pursuant to delegated authority.

By order of the Board of Governors,⁸ effective September 30, 1980.

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

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

[SEAL]

Algemene Maatschappij Voor
Nijverheidskrediet N.V.,
Antwerp, Belgium

Kredietbank N.V.,
Brussels, Belgium

*Order Approving Continuation of Commercial
Finance and Leasing Activities*

Algemene Maatschappij voor Nijverheidskrediet N.V.
("Almanij"), Antwerp, Belgium, and its subsidiary,

7. While this condition prohibits only the colocation of a commercial banking facility and the proposed Wakefield branch, Applicant has also agreed that it will not establish a branch of National Bank within the proposed branch's service area without the consent of the Board. Any other pairing of Savings Bank's operations with those of National Bank could also constitute a significant alteration in Savings Bank's activities requiring application in accordance with section 225.4(c)(2) of Regulation Y. The Board in particular expects Applicant to consult the Federal Reserve System to determine whether the Board's prior approval would be required under this section whenever it forms an intention to establish any new commercial banking facility.

Kredietbank N.V., Brussels, Belgium (collectively referred to as "Applicants"), foreign banks subject to certain provisions of the Bank Holding Company Act (the "Act"),¹ have applied for the Board's approval, pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843 (c)(8)) and section 225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)), to continue to engage in commercial finance and leasing activities through KB Business Credit Inc. ("KB Credit"), New York, New York, a de novo corporation that is a direct subsidiary of Kredietbank. Such activities include extending secured and unsecured credit to businesses and making leases of personal property in accordance with section 225.4(a)(6)(a) of Regulation Y (12 C.F.R. § 225.4(a)(6)(a)). These activities have been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(1) and (6)).

Notice of the applications, affording opportunity for interested persons to submit comments, has been duly published (44 *Federal Register* 51919 (1980)). The time for filing comments has expired, and the Board has considered the applications and all comments in light of the public interest factors set forth in section 4(c)(8) of the Act.

Almanij performs a coordinating role in a large and diverse group of financial institutions. It is primarily known as the principal shareholder of Kredietbank. Kredietbank is the third largest bank in Belgium, with consolidated assets of \$13.8 billion as of March 31, 1980.

KB Credit commenced its operations on January 1, 1980, without prior Board approval in violation of the Board's Regulation Y. These applications request Board approval for continuation of Applicants' commercial finance and leasing activities through KB Credit. In acting on an application pursuant to section 4(c)(8) of the Act in situations where the necessary prior Board approval was not obtained before commencing such activities, the Board applies the same standards that it applies to an application to commence the activities initially. The Board analyzes the competitive effects of such proposals both at the time of the acquisition of the company engaged in the activities and at the time of the application to continue to engage in the activities.

The activities engaged in KB Credit were initiated de novo by Kredietbank's branch in New York City. The Board views de novo entry as procompetitive and a positive public benefit since such entry provides an

additional source of competition in a market.² Accordingly, the Board views the continued presence of KB Credit as a competitor in the markets it serves as a public benefit.

As indicated above, these applications present after-the-fact requests for Board approval to continue to engage in activities that were commenced in violation of the Act and the Board's Regulation Y. Upon examination of all the facts and circumstances of these applications, it is the Board's view that the violation was inadvertent. In acting on these applications, the Board has taken into consideration the fact that Applicants, upon becoming aware of the existence of the violation, took steps to conform their operations to the Act by filing these applications and causing KB Credit to cease the solicitation of new business during the pendency of these applications. From the record, it does not appear that Applicants have previously violated the Act, or that commencement of these activities is indicative of a pattern of disregard by Applicants of their obligations under the Act. In addition, Applicants have taken steps to prevent violations from occurring in the future, including the initiation of a program to monitor compliance with the Act and to educate management of Applicants and KB Credit regarding the Act's restrictions. The Board expects that these actions will assist Applicants in avoiding a recurrence of similar violations. In light of these and other facts of record, the Board has determined that the circumstances of the violation do not warrant denial of the applications.

Since the proposed initial investment of \$2 million³ and anticipated later investments in KB Credit represent a minimal percentage of Applicants' consolidated assets, it appears that the proposal would have no significant effect upon Applicants' financial condition. There is no evidence that consummation of this proposal would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest.

Based upon the facts of record, including certain commitments made by Applicants, 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 applications are hereby approved. This determination is subject to the condi-

1. Kredietbank, a foreign bank operating a branch in New York, New York, and its parent company, Almanij, are subject to certain provisions of the Act by operation of section 8(a) of the International Banking Act of 1978, 12 U.S.C. § 3106(a).

2. E.g., *Virginia National Bancshares, Inc.*, 66 FEDERAL RESERVE BULLETIN 668, 671 (1980). The United States Court of Appeals for the District of Columbia Circuit affirmed the Board's conclusions regarding the procompetitive nature of de novo entry in *Connecticut Bankers Ass'n v. Board of Governors*, No. 79-1554 (D.C. Cir. Feb. 7, 1980).

3. Almanij directly invested \$400,000 in KB Credit and Kredietbank invested \$1,480,000. Two other banks affiliated with Almanij invested \$60,000 each in KB Credit.

tions 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 28, 1980.

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

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

[SEAL]

Certifications Pursuant to the Bank Holding Company Tax Act of 1976

Aladdin, Inc.,
Britton, South Dakota

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

Aladdin, Inc., Britton, South Dakota ("Aladdin") has requested a prior certification pursuant to section 1101(a) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of all of its general insurance agency assets ("insurance assets") currently held by Aladdin, through a tax free dividend of insurance records or a distribution of assets currently carried on the books at zero basis, to the sole shareholder of Aladdin, is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Aladdin is a corporation organized under the laws of South Dakota on June 15, 1964.
2. On January 24, 1969, Aladdin acquired ownership and control of 470 shares of the outstanding capital stock of the Randall State Bank, representing 94 percent of such shares. Aladdin acquired 100 percent of the shares of Bank after 1973.

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

3. Aladdin became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and registered as such with the Board on June 25, 1971. Aladdin would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on that date by virtue of its ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank.

4. Aladdin has directly engaged in the operation of a general insurance agency since its formation on June 15, 1964.

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

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

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

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

2. Although Aladdin has not sought Board approval to retain its general insurance agency activities, these activities may be among those activities that the Board has determined to be closely related to banking under section 4(c)(8) of the BHC Act, 12 U.S.C. § 1843(c)(8). Effective December 5, 1979, the Board amended section 225.4(a)(9) of its Regulation Y pursuant to section 4(c)(8) of the BHC Act to include as a permissible activity acting as insurance agent or broker with respect to any insurance sold by a bank holding company in a community that has a population not exceeding 5,000, provided that the principal place of banking business of the bank holding company is located in a community having a population not exceeding 5,000. 12 C.F.R. § 225.4(a)(9). While Aladdin's insurance activities generally fall within this category, under the Board's present procedures, the question whether, or to what extent, Aladdin would be permitted to retain these activities would not be determinable unless and until Aladdin files an application for permission to retain the activities. In passing upon such an application, the Board would be required to apply the second test set forth in section 4(c)(8) and to determine whether the performance of the activities by Aladdin could "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices." In the absence of favorable action on such an application, Aladdin would have no authority to continue to be a bank holding company beyond December 31, 1980. The legislative history of the Tax Act does not indicate a Congressional intent that companies subject to such a divestiture requirement exhaust the possibilities for retaining the activity before being eligible for tax relief, and in view of the paramount purpose of section 4 of the BHC Act that "banking and commerce should remain separate," S. Rep. No. 1084, 91st Cong., 2d Sess. 12 (1970), it would appear that the disposition of a potentially permissible activity, without first seeking approval for retention, is at least "appropriate" to effectuate section 4.

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

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

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

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

[SEAL]

Atwood Vacuum Machine Company,
Rockford, Illinois

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

Atwood Vacuum Machine Company, Rockford, Illinois ("Company"), has requested a prior certification pursuant to section 1101(b)(1) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that it proposed divestiture of substantially all of the shares of United Bank of Illinois, N.A. ("Bank"), currently held by Company, through the pro rata distribution of the stock of Bank to Company's stockholders, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Company is a corporation organized under the laws of Illinois on July 1, 1947.
2. On August 9, 1967, Company acquired ownership and control of 18,886 of the 20,000 outstanding voting shares of Bank, representing 94.4 percent of such shares. On July 7, 1970, Company held 20,080 of the 20,800 outstanding voting shares of Bank, representing 96.5 percent of such shares. Between July 7, 1970, and the present, the total of Bank's outstanding voting shares has increased to

24,004 and Company has acquired an additional 3,444 shares.² Company currently owns and controls 23,524 shares, representing 98 percent of the outstanding voting shares, of Bank.

3. Company became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board on August 30, 1971. Company would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on that date by virtue of its ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank.

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

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

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

2. Under section 1101(c)(1) of the Code, property acquired after July 7, 1970, generally does not qualify for the tax benefits of section 1101(b) when distributed by an otherwise qualified bank holding company. Company has not claimed that any of the exceptions to this general rule are applicable to it and has stated that the 3,444 shares of Bank it acquired after July 7, 1970, will be returned to Bank and cancelled.

3. Sections 1103(g) and 1103(h) require that an election thereunder be made "at such time and in such manner as the Secretary [of the Treasury] or his delegate may by regulations prescribe." As of this date, no final regulations have been promulgated. However, Company has agreed to comply with the temporary regulations issued by the Secretary of the Treasury. 26 C.F.R. § 7570.

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

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

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

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

By order of the Board of Governors acting through the General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective October 31, 1980.

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

[SEAL]

First Capital Corporation,
Jackson, Mississippi

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

First Capital Corporation, ("First Capital"), Jackson, Mississippi, has requested a prior certification pursuant to section 1101(a) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed divestiture of 211,462 shares representing 15.3 percent of the outstanding voting shares, of School Pictures, Inc., ("Pictures"), Jackson, Mississippi, presently held by First Capital through the pro rata distribution of such shares of First Capital's shareholders, is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1843).

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

1. First Capital is a corporation organized on August 5, 1968, under the laws of the state of Mississippi. On October 31, 1968, First Capital acquired ownership and control of 1,428,134 shares, representing

approximately 95.0 percent of the outstanding voting shares of First National Bank of Jackson ("Bank"), Jackson, Mississippi.

2. First Capital became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and registered as such with the Board on June 23, 1971. First Capital would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on that date by virtue of its ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank. First Capital presently owns 1,888,111 shares, representing approximately 99.2 percent of the outstanding voting shares, of Bank.

3. Pictures was formed in 1946 and performs photographic services for schools and businesses. In December 1968, First Capital acquired 0.04 percent of the outstanding voting shares of Pictures. Between December 1968, and July 7, 1970, First Capital acquired additional shares of Pictures, and as of July 7, 1970, First Capital owned and controlled 105,731 shares representing 16.58 percent of Pictures outstanding voting shares. First Capital currently owns and controls 250,386 shares, representing 18.12 percent of the voting shares, of Pictures.²

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

5. First Capital has committed to terminate all interlocks so that no person holding an office or position (including an advisory or honorary position) with

2. Under subsection (c) of section 1101 of the Code, property acquired after July 7, 1970, generally does not qualify for the tax benefits of section 1101(a) when distributed by an otherwise qualified bank holding company. However, when such property was acquired by a qualified bank holding company in a transaction in which gain was not recognized under section 305(a) of the Code, then § 1101(a) is applicable. First Capital has stated that with respect to the 105,731 shares of Pictures held as of July 7, 1970, it received an additional 105,731 shares in a transaction in which gain was not recognized under section 305(a) of the Code. If these shares were in fact acquired in a transaction in which gain was not recognized under section 305(a) of the Code, these shares would, accordingly, be eligible for the benefits provided in section 1101(a), by virtue of section 1101(c)(1)(A) of the Code. First Capital also acquired an additional 21,224 shares of Bank after July 7, 1970. Since these shares were acquired by First Capital subsequent to July 7, 1970, section 1101(c) makes these shares, as well as 17,700 shares subsequently received in tax-free transactions with respect to some of the shares, ineligible for the tax benefits of section 1101(a).

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

First Capital, or any of its subsidiaries or affiliates, as a director, officer, policy-making employee or consultant, or who performs (directly or through an agent, representative or a nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Pictures.

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

- (A) First Capital is a qualified bank holding corporation within the meaning of section 1103(b) of the Code, and satisfies the requirements of that section;
- (B) the 211,462 shares of Pictures that First Capital proposes to distribute to its shareholders are "prohibited property" within the meaning of section 1103(c) of the Code; and
- (C) the distribution of the 211,462 shares of Pictures is necessary or appropriate to effectuate section 4 of the BHC Act.

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

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

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

[SEAL]

Homewood Corporation,
Columbus, Ohio

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

Homewood Corporation (formerly Franklin Corp.), Columbus, Ohio ("Homewood"), has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed sale of 3,886 shares of common stock ("Bank Shares") of The Franklin Bank, Grove City, Ohio ("Bank"), to Centran Corporation, Cleveland, Ohio ("Centran"), for cash, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Homewood is a corporation organized and existing under the laws of Ohio on November 12, 1964.
2. On June 14, 1968, Homewood, through its wholly-owned subsidiary, Equitable Development Corp. (formerly Prime Realty Corp.), purchased 2,085 shares, representing 52.1 percent of the outstanding shares of Bank. In February, 1970, Homewood purchased an additional 460 shares, thereby increasing its percentage of ownership in Bank to 63.6 percent of the outstanding voting shares of Bank. On July 7, 1970, Homewood held 2,545 of the outstanding voting shares of Bank. Between July 7, 1970, and the present, Homewood has acquired 1,341 shares of Bank in various transactions.²
3. Homewood became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its direct ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board on January 3, 1972. Homewood would have been a bank holding company on July 7, 1970, if the 1970 Amendments of the BHC Act had been in effect on such date, by virtue of its ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank. Homewood presently owns and controls 3,886 shares, representing 97.15 percent of the outstanding voting shares of Bank.
4. Homewood holds property acquired by it on or before July 7, 1970, the disposition of which would be necessary or appropriate to effectuate section 4 of the BHC Act if Homewood were to continue to be a bank holding company beyond December 31, 1980. This property is "prohibited property" within the meaning of section 1103(c) of the Code.
5. Homewood has committed that after the sale of Bank Shares, no person who is a director, officer or policymaking employee of Homewood or its subsidiaries (including honorary and advisory directors) will serve in a similar capacity with Bank, Centran or its subsidiaries. In addition, all persons affiliated with Homewood currently serving as directors, officers, or policymaking employees of Bank will resign their positions effective as of the closing date of the

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

2. Under section 6158 of the Code, the shares of Bank acquired by Homewood after July 7, 1970, generally do not qualify for the tax benefits of section 6158(a) of the Code when sold by an otherwise qualified bank holding company.

sale. Homewood has further committed that Centran is not, nor will it be, indebted to Homewood other than in the ordinary course of Bank's business and that Centran is not affiliated in any way with Homewood.

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

- (A) Homewood is a qualified bank holding corporation within the meaning of section 1103(b) of the Code, and satisfies the requirements of that section;
- (B) 2,545 of Bank Shares are part of the property by reason of which Homewood controls (within the meaning of section 2(a) of the BHC Act) a bank; and
- (C) the sale of such shares is necessary or appropriate to effectuate the policies of the BHC Act.

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

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

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

[SEAL]

Lake Hamilton Enterprises, Inc.,
Little Rock, Arkansas

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

Lake Hamilton Enterprises, Inc., Little Rock, Arkansas ("Lake Hamilton"), has requested a prior certification pursuant to section 1101(c)(2) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed divestiture of shares of a corporation ("New Corporation") to be created and availed of solely to acquire certain nonbank property presently held by Lake Hamilton, is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1814 et seq.) ("BHC Act"). Lake Hamilton proposes to distribute shares of New Corporation on a pro rata basis to its shareholders.

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

mation is deemed relevant for purposes of issuing the requested certification.¹

1. Lake Hamilton is a corporation organized under the laws of Arkansas on October 14, 1967. On May 30, 1969, Lake Hamilton acquired ownership and control of 76.2 percent of the outstanding voting shares of the Cleburne County Bank, Heber Springs, Arkansas ("Bank").

2. Lake Hamilton became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and registered as such with the Board on August 13, 1971. Lake Hamilton would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on that date by virtue of its ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank. Lake Hamilton presently owns and controls 76.2 percent of the outstanding voting shares of Bank.

3. Lake Hamilton holds the following property acquired or activities commenced by it on or before July 7, 1970, the disposition of which would be required under section 4(a) of that Act if Lake Hamilton were to continue to be a bank holding company beyond December 31, 1980, and which property or activities would be "prohibited property" within the meaning of section 1103(c) of the Code:

- a. holding real estate consisting of approximately 200 acres of timberland located in Saline County, Arkansas;
- b. making loans and other extensions of credit for its own account;
- c. holding and servicing first mortgage loans for its own account;
- d. operating a general insurance agency business at Bank.

4. Lake Hamilton has committed to the Board that no person holding a position as an officer, director, or employee with policy-making functions of Lake Hamilton or any of its subsidiaries (including honorary or advisory positions), or who performs (directly or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or position with New Corporation or any of its subsidiaries.

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

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

- (A) Lake Hamilton is a qualified bank holding company within the meaning of section 1103(b) of the Code, and satisfies the requirements of that section;
- (B) the property described in paragraph 3 that Lake Hamilton will exchange for shares of New Corporation is "prohibited property" within the meaning of section 1103(c) of the Code; and
- (C) the exchange of the property described in paragraph 3 for the shares of New Corporation and the distribution to the shareholders of Lake Hamilton of the shares of New Corporation are necessary or appropriate to effectuate section 4 of the BHC Act.

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

By order of the Board of Governors, acting through its General Counsel pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective October 9, 1980.

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

[SEAL]

Lee Wilson & Co.,
Wilson, Arkansas

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

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

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

1. Effective August 7, 1980, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture by Company of 3,542 shares, representing 86.3 percent of the outstanding voting shares, of Bank of Wilson ("Bank"), Wilson, Arkansas, then held by Company, through the pro rata distribution of such shares to Company's shareholders.

2. The Board's Order certified that:

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

B. the 3,542 shares of Bank that Company proposes to distribute to its shareholders are all or part of the property by reason of which Company controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company; and

C. the distribution of the 3,542 shares of Bank is necessary or appropriate to effectuate the purposes of the BHC Act.

3. The prior certification issued on August 7, 1980, was granted upon the representation of Company that it would elect, for purposes of Part VIII of subchapter 0 of Chapter I of the Code, to have a determination of whether property is "prohibited property" or is property eligible to be distributed without recognition of gain under section 1101(b)(1) of the Code, made under the BHC Act as if such Act did not contain clause (ii) of section 4(c) or the proviso of section 4(a)(2) thereof as provided in sections 1103(g) and 1103(h) of the Code. Company made this election by resolution on May 21, 1980.

4. On August 12, 1980, Company distributed to its shareholders, on a pro rata basis, all of its 3,542 shares of Bank stock. Company does not currently hold any interest in Bank.

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

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

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

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

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

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.3(b)(3)), effective October 6, 1980.

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

[SEAL]

National Insurance Agency, Inc.,
Pratt, Kansas

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

National Insurance Agency, Inc., ("NIA"), Pratt, Kansas, has requested a prior certification pursuant to section 1101(b) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that it proposed divestiture, through a pro rata distribution to NIA's stockholders, of 400 shares of The Coats State Bank ("Bank"), Coats, Kansas, currently held by NIA, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. NIA is a corporation organized under the laws of Kansas on June 20, 1955. On January 15, 1970, NIA acquired ownership and control of 400 shares of Bank,² representing 100 percent of the outstanding voting shares of Bank. NIA became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board on May 28, 1971. NIA would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of

1970 had been in effect on such date, by virtue of its ownership on that date of more than 25 percent of the outstanding voting shares of Bank. NIA presently controls 400 shares, representing 100 percent of the outstanding voting shares, of Bank.

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

3. Principals of NIA and Bank have submitted affidavits stating that they will vote the shares of Bank distributed to them only in their individual capacities and not on behalf of NIA.

4. NIA has committed to the Board that by December 31, 1980, no person holding an office or position (including an advisory or honorary position) with NIA as a director, officer, policy-making employee or management consultant, or who performs (directly or through an agent, representative or a nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Bank or any of its subsidiaries or affiliates.

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

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

(B) The 400 shares of Bank that NIA proposes to distribute to its shareholders are all or part of the property by reason of which NIA controls (within the meaning of section 2(a) of the BHC Act) a bank; and

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

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

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

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

[SEAL]

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

2. Although NIA controls all of the shares that are to be sold in this transaction, 25 of such shares are registered in the name of directors of NIA.

Oliver Jensen Agency, Inc.,
Ravenna, Nebraska

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

Oliver Jensen Agency, Inc., Ravenna, Nebraska ("Agency"), has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed sale of 119 shares of L. T. Osborn Realty Co., Gibbon, Nebraska ("Realty"), is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

1. Agency is a corporation organized on January 1, 1966, under the laws of the State of Nebraska. On October 30, 1969, Agency acquired ownership and control of 255 shares representing 51 percent of the outstanding voting shares, of Bank of Doniphan, Doniphan, Nebraska ("Bank").
2. Agency became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and it registered as such with the Board on October 5, 1971. Agency presently owns and controls 3,276 shares, representing approximately 80 percent of the outstanding voting shares of Bank.
3. On April 1, 1968, Agency acquired ownership and control of 119 shares, representing 70 percent of the voting shares of Realty.
4. Realty is engaged in the business of a general insurance agency and other activities. Agency holds property acquired by it on or before July 7, 1970, the disposition of which would be necessary or appropriate to effectuate section 4 of the BHC Act if Agency is to remain a bank holding company beyond December 31, 1980, and which property is "prohibited property" within the meaning of section 1103(c) of the Code.
5. No officer, director or employee with policy-making functions of Agency or any of its subsidiaries holds or will hold any such position with Realty or any of its subsidiaries.

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

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

- (A) Agency is a qualified bank holding corporation within the meaning of sections 6158(f)(1) and 1103(b) of the Code and satisfies the requirements of section 1103(b);
- (B) the shares of Realty proposed to be divested are "prohibited property" within the meaning of sections 6158(f)(2) and 1103(c) of the Code;
- (C) the sale of Realty is necessary or appropriate to effectuate section 4 of the BHC Act.

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

By order of the Board of Governors, acting through its General Counsel pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective October 9, 1980.

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

[SEAL]

Peoples Insurance Agency, Inc.,
Britton, South Dakota

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

Peoples Insurance Agency, Inc., Britton, South Dakota ("Peoples"), has requested a prior certification pursuant to section 1101(a) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of all of its general insurance agency assets ("insurance assets") currently held by Peoples, through a tax free dividend of insurance records or a distribution of assets currently carried on the books at zero basis, to the two shareholders of Peoples, is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1841 et seq.) ("BHC Act").

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

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

1. Peoples is a corporation organized under the laws of South Dakota on August 22, 1962.
2. Between July 15, 1969, and September 25, 1969, Peoples acquired ownership and control of 914 shares of the outstanding capital stock of Peoples & Enderlin State Bank ("Bank"), representing 91.4 percent of such shares. Peoples presently owns and controls 1107.8 shares of the 1,200 outstanding capital stock of Bank, representing 92.3 percent of such shares.
3. Peoples became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and registered as such with the Board on May 27, 1971. Peoples would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on that date by virtue of its ownership and control on that date of more than 25 percent of the outstanding voting shares of Bank.
4. Peoples has directly engaged in the operation of a general insurance agency since its formation on August 22, 1962.
5. Peoples has not filed an application with the Board, and has not otherwise obtained the Board's approval, pursuant to section 4(c)(8) of the BHC Act, to continue to engage in the operation of an insurance agency.²

2. Although Peoples has not sought Board approval to retain its general insurance agency activities, these activities may be among those activities that the Board has determined to be closely related to banking under section 4(c)(8) of the BHC Act, 12 U.S.C. § 1843(c)(8). Effective December 5, 1979, the Board amended section 225.4(a)(9) of its Regulation Y pursuant to section 4(c)(8) of the BHC Act to include as a permissible activity acting as insurance agent or broker with respect to any insurance sold by a bank holding company in a community that has a population not exceeding 5,000, provided that the principal place of banking business of the bank holding company is located in a community having a population not exceeding 5,000. 12 C.F.R. § 225.4(a)(9). While Peoples' insurance activities generally fall within this category, under the Board's present procedures, the question whether, or to what extent, Peoples would be permitted to retain these activities would not be determinable unless and until Peoples files an application for permission to retain the activities. In passing upon such an application, the Board would be required to apply the second test set forth in section 4(c)(8) and to determine whether the performance of the activities by Peoples could "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices." In the absence of favorable action on such an application, Peoples would have no authority to continue to be a bank holding company beyond December 31, 1980. The legislative history of the Tax Act does not indicate a Congressional intent that companies subject to such a divestiture requirement exhaust the possibilities for retaining the activity before being eligible for tax relief, and in view of the paramount purpose of section 4 of the BHC Act that "banking and commerce should remain separate," S. Rep. No. 1084, 91st Cong., 2d Sess. 12 (1970), it would appear that the disposition of a potentially permissible activity, without first seeking approval for retention, is at least "appropriate" to effectuate section 4.

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

- (a) Peoples is a qualified bank holding company within the meaning of section 1103(b) of the Code, and satisfies the requirements of that section;
- (B) The insurance agency assets that Peoples proposes to distribute are "prohibited property" within the meaning of section 1103(c) of the Code;
- (C) The distribution of the insurance agency assets is necessary or appropriate to effectuate section 4 of the BHC Act.

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

By order of the Board of Governors, acting through its General Counsel pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective October 9, 1980.

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

[SEAL]

Seilon, Inc.,
Toledo, Ohio

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

[Docket No. TCR 76-139]

Seilon, Inc., Toledo, Ohio ("Seilon") has requested a prior tax certification pursuant to section 1101(a) of the Internal Revenue Code ("Code"), as amended by the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed pro rata distribution to its shareholders of its entire interest in its wholly-owned subsidiary, Thomson International Company, Thibodaux, Louisiana ("Thomson"), is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1843).

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

1. Seilon is a corporation organized and existing under the laws of the state of Delaware.

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

2. Beginning on December 16, 1968, Seilon began acquiring the stock of Nevada National Bancorporation (formerly First Bancorporation), Reno, Nevada ("Bancorporation"), obtaining 25 percent ownership of its shares by February 13, 1969.

3. Seilon became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its indirect ownership and control at that time through Bancorporation of more than 25 percent of the outstanding voting shares of Nevada National Bank, Reno, Nevada ("Bank"), and registered as such on July 9, 1971. Seilon would have been a bank holding company on July 7, 1970, had the BHC Act Amendments been in effect on that date. At present, Seilon owns 761,125 shares, representing 38.53 percent of Bancorporation's 1,975,588 outstanding voting shares. Bancorporation, in turn, owns 100 percent of the shares (less directors' qualifying shares) of Bank.

4. Thomson (a Delaware corporation chartered in 1963 as International Cane Machinery Corporation) and its subsidiaries are engaged in the manufacture and sale of specialized machinery and equipment for the sugar cane industry and off-highway transport equipment. Seilon presently owns all of the issued and outstanding voting shares of Thomson. Seilon has directly or indirectly owned these shares since before July 7, 1970.

5. Section 4 of the BHC Act requires that Seilon divest its ownership of Thomson if Seilon is to remain a bank holding company beyond December 31, 1980.

6. Seilon has committed that on and after the effective date of the divestiture, no person holding an office or position (including as advisory or honorary position) with Seilon or any of its subsidiaries as a director, policy making employee, or consultant, who performs (directly or through an agent, representative, or nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Thomson or any of its present or future affiliates.

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

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

(B) the shares of Thomson which Seilon proposes to distribute to its shareholders constitute "prohibited property" within the meaning of section 1103(c) of the Code;

(C) the distribution of such shares is necessary or appropriate to effectuate section 4 of the BHC Act.

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

By order of the Board of Governors, acting through its General Counsel pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective October 7, 1980.

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

The Sperry and Hutchinson Company, New York, New York

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

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

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

1. Effective February 16, 1979, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture by S&H of 1,382,815 shares of State National Bank of Connecticut, Bridgeport, Connecticut ("Bank"), then held by S&H through the pro rata distribution to S&H's stockholders of all of the shares of State National Bancorp, Inc. ("Bancorp"), a corporation created and availed of solely for the purpose of receiving S&H's shares of Bank.

2. The Board's Order certified that:

- A. S&H is a qualified bank holding corporation within the meaning of section 1103(b) of the Code, and satisfies the requirements of that subsection;
- B. the 1,382,815 shares of Bank that S&H proposes to exchange for shares of Bancorp are all or

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

part of the property by reason of which S&H controls (within the meaning of section 2(a) of the BHC Act) a bank or a bank holding company; and C. the exchange of the shares of Bank for the shares of Bancorp and the distribution to the shareholders of S&H of the shares of Bancorp are necessary or appropriate to effectuate the policies of the BHC Act.

3. On March 8, 1979, S&H exchanged its 1,382,815 shares of Bank for all of the shares of Bancorp, and immediately thereafter distributed to its shareholders, on a pro rata basis, all of the shares of Bancorp. S&H does not currently hold any interest in Bank or Bancorp.

4. The prior certification issued on February 16, 1979, was granted upon the condition that after April 30, 1979, no person holding an office or position (including an advisory or honorary position) with S&H or any of its subsidiaries as an officer, director, policy-making employee or management consultant, or who performs (directly or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Bancorp, Bank, or any of their subsidiaries. Accordingly, effective April 30, 1979, all such interlocking relationships between S&H and its subsidiaries on the one hand and Bancorp and Bank and their respective subsidiaries on the other, were terminated.

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

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

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

This certification is based upon the representations made to the Board by S&H and upon the facts set forth above, including S&H's compliance with the condition imposed by the prior certification. In the event the Board should determine that facts material to this certification are otherwise than as represented by S&H, or that S&H has failed to disclose to the Board other material facts or failed to observe that condition, the Board may revoke this certification.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority

(12 C.F.R. § 265.2(b)(3)), effective September 29, 1980.

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

[SEAL]

Strachan Construction Company, Inc.,
Fort Walton Beach, Florida

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

Strachan Construction Company, Inc., Fort Walton Beach, Florida, ("Strachan"), has requested a prior certification pursuant to section 1101(b) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its proposed divestiture of 11,966 shares of First City Bank of Fort Walton Beach, Fort Walton Beach, Florida ("Bank"), presently held by Strachan through the pro rata distribution of such shares to Strachan's three shareholders, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 et. seq.) ("BHC Act").

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

1. Strachan is a corporation organized under the laws of Florida on July 1, 1962.

2. On December 2, 1969, Strachan acquired ownership and control of 11,966 shares, representing approximately 36 percent of Bank's outstanding voting shares.

3. Strachan became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 percent of the outstanding voting shares of Bank, and registered with the Board as such on October 25, 1971. Strachan would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on that date by virtue of its ownership and control on that date of more than 25 percent of the outstanding shares of Bank. Strachan presently owns and controls 13,751 shares, representing approximately 33 percent of Bank's outstanding shares.²

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

2. Subsequent to July 7, 1970, Strachan acquired shares of Bank, representing 4.1 percent of Bank's outstanding shares. Inasmuch as section 1101(c) of the Code provides generally that property acquired by an otherwise qualified bank holding company after July 7, 1970, are not eligible for special tax treatment under sections 1101(a) and (b) of the Code, Strachan is not seeking certification for the 1,785 shares.

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

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

- A. Strachan is a qualified bank holding corporation within the meaning of section 1103(b) of the Code, and satisfies the requirements of that section;
- B. The 11,966 shares of Bank that Strachan proposes to distribute to its shareholders are all or part of the property by reason of which Strachan controls within the meaning of section 2(a) of the BHC Act a bank or bank holding company; and
- C. The distribution of the shares of Bank is necessary or appropriate to effectuate the policies of the BHC Act.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 263.2(b)(3)), effective October 21, 1980.

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

[SEAL]

Vernon Financial Corporation,
Indianapolis, Indiana

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

Vernon Financial Corporation, Indianapolis, Indiana ("Vernon"), has requested a final certification pursuant to section 6158(c)(2) of the Internal Revenue Code ("Code"), as added by section 3(a) of the Bank Holding Company Tax Act of 1976, that it has, before the expiration of the period prohibited property is permitted under the Bank Holding Company Act, 12 U.S.C. § 1841 et seq., ("BHC Act") to be held by a bank holding company, ceased to be a bank holding company.

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

1. Effective December 28, 1979, the Board issued a prior certification pursuant to section 6158(a) of the Code with respect to the proposed sale of 7,335 shares, representing 84.35 percent of the outstanding voting shares, of The First National Bank of North Vernon, North Vernon, Indiana ("Bank"), to Albert R. Jackson, North Vernon, Indiana, for himself as principal and agent for 27 other principals (together referred to as "Buyers"). The Board's Order certified that:

- A. Vernon is a qualified bank holding corporation within the meaning of section 1103(b) of the Code and satisfies the requirements of that section;
- B. the Bank shares covered by the instant request are the property by reason of which Vernon controls (within the meaning of section 2(a) of the BHC Act) a bank; and
- C. the sale of such shares of Bank is necessary or appropriate to effectuate the policies of the BHC Act.

2. On January 8, 1980, Vernon sold to Buyers all of its interest in Bank.

3. The prior certification issued on December 28, 1979, was granted on the condition that no person holding an office or position (including an advisory or honorary position) with Vernon as a director, officer, policy-making employee or consultant, or who performs (directly or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Bank or any of its subsidiaries or affiliates. Vernon further committed that none of Buyers is, or will be, indebted to Vernon, and that none of Buyers is affiliated in any way with Vernon. Effective January 8, 1980, all interlocking relationships between Vernon and Bank were terminated and the total consideration paid for Bank's shares was remitted in cash to Vernon.

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

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

On the basis of the foregoing information, it is hereby certified that Vernon has (before the expiration of the period prohibited property is permitted under the

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

BHC Act to be held by a bank holding company) ceased to be a bank holding company.

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

By order of the Board of Governors, acting through its General Counsel pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective October 10, 1980.

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

[SEAL]

Orders Under Section 2 of Bank Holding Company Act

First Pennsylvania Corporation Philadelphia, Pennsylvania

Order Granting Determination Under the Bank Holding Company Act

First Pennsylvania Corporation ("FPC"), Philadelphia, Pennsylvania, a bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended (The "Act") (12 U.S.C. § 1841 (a)), has requested a determination pursuant to section 2(g)(3) of the Act, that with respect to the sale of its 37.4 percent interest in voting shares of F.I.B.I. Holding Company Limited ("FIBI"), Tel Aviv, Israel, FPC is not in fact capable of controlling FIBI notwithstanding the fact that FPC continues to own portions of three issues of FIBI Subordinated Capital Notes.

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

The time provided for requesting a hearing has expired. No such request has been received by the

Board. FPC has submitted evidence to the Board to show that it is not in fact capable of controlling FIBI and the Board has received no contradictory evidence. It is hereby determined that FPC is not in fact capable of controlling FIBI. This determination is based upon the evidence of record in this matter that reflects the following:

On January 3, 1979, FPC sold its 37.4 percent interest in voting shares of FIBI (consolidated assets of \$1.1 billion as of December 31, 1979), an Israeli bank holding company, to Mr. John Marsh and his wholly-owned corporation, DEVCO INVESTMENTS, INC. ("Devco"). The sale of FIBI's voting shares by FPC appears to have resulted from arm's length negotiations, and there is no evidence of record indicating that FPC is associated with Mr. Marsh or Devco in any way or that the subject sale was motivated by an intent to evade the requirements of the Act. Furthermore, FPC informed the Board that Mr. Marsh and Devco sold their interest in FIBI to a third party which is not in any way affiliated with FPC. However, FPC continues to own \$8.2 million of FIBI Subordinated Capital Notes ("Notes"), which were issued in 1978 prior to the sale of FIBI by FPC. The Notes are non-convertible, non-voting, insured by the Israeli government against devaluation relative to the U.S. dollar, and represent approximately 8 percent of FIBI's total outstanding subordinated capital Notes. It appears that FIBI is in satisfactory financial condition and has kept all interest payments on the Notes current. These and other facts of record are sufficient to support the conclusion that FPC is not in fact capable of controlling FIBI by reason of this indebtedness. In addition, there are no officer or director interlocks between FPC or any of its subsidiaries, on the one hand, and FIBI on the other. Furthermore, FPC has submitted a corporate resolution stating its intent to establish and maintain complete separation of the management and operation of FIBI, and resolving that FPC will not exercise, or attempt to exercise, any influence or control over FIBI or its management.

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

1. In its 1978 interpretation of section 2(g)(3), the Board noted that it will require termination of any interlocking management relationship between the divesting company and the divested company as a precondition of finding that a divestiture is complete. Similarly, the

Board noted that the retention of an economic interest in the divested company that would create an incentive for the divesting company to attempt to influence the management of the divested company will preclude a finding that the divestiture is complete.

this determination could result in the Board's reconsideration of this determination.

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

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

[SEAL]

Lee Wilson & Co.,
Wilson, Arkansas

Order Granting Determination Under the Bank Holding Company Act

Lee Wilson & Co. ("Company"), Wilson, Arkansas, a bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841(a)), by virtue of its indirect control of Bank of Wilson ("Bank"), Wilson, Arkansas, has requested a determination, pursuant to the provisions of section 2(g)(3) of the Bank Holding Company Act of 1956 (12 U.S.C. § 1841(g)(3)) (the "Act"), that Company is not in fact capable of controlling shareholders of Lee Wilson & Co. ("shareholders"), all members of the Wilson family to whom it transferred its interest in Bank, notwithstanding the fact that some of these individuals are officers and directors of Company and Bank.

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

It is hereby determined that Company is not, in fact, capable of controlling any of the shareholders. This determination is based on the evidence of record in this matter, including the following facts. Company is a small closely held corporation of which the Wilson family are the sole shareholders. Company divested its interest in Bank by distributing the Bank shares held by it on a pro rata basis to Company's shareholders. Thus, Company currently holds no interest in Bank. Wilson family shareholders of Company own, control or have the power to vote 24,400 shares (100 percent) of Company and 3,582 shares (89.5 percent) of Bank. Inasmuch as the Wilsons are the sole shareholders of Company, the divestiture of Bank does not appear to have been a means for perpetuating Company's control over Bank. On the basis of the above and other

facts of record, it is concluded that control of Company resides with its individual shareholders and that company does not control and is not in fact capable of controlling its shareholders in their capacity as transferees of Company's stock or otherwise. At the meeting of Company's board on May 21, 1980, the directors resolved to waive Company's entitlement to a permanent exemption from the prohibitions of section 4 of the Bank Holding Company Act under section 4(c)(ii) of that Act. The waiver was made pursuant to section 1103(h) of the Code.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(1)), effective October 6, 1980.

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

[SEAL]

The Sperry and Hutchinson Company,
New York, New York

Order Granting Determination Under the Bank Holding Company Act

The Sperry and Hutchinson Company, New York, New York ("S&H"), a bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 (a)), by virtue of its indirect control of State National Bank of Connecticut, Bridgeport, Connecticut ("Bank"), has requested a determination, pursuant to the provisions of section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)) that S&H is not in fact capable of controlling the individuals to whom it indirectly transferred its interest in Bank ("Transferees"), State National Bancorp Inc. ("Bancorp"), a corporation created to receive S&H's interest in Bank, or Bank, notwithstanding the fact that Transferees are officers and directors of S&H.

Under the provisions of section 2(g)(3) of the Act, shares transferred after January 1, 1966, by any bank

holding company to a transferee that is indebted to the transferor or has one or more officers, directors, trustees, or beneficiaries in common with or subject to control by the transferor, are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee.

It is hereby determined that S&H is not, in fact, capable of controlling Transferees, Bancorp, or Bank. This determination is based on the evidence of record in this matter, including the following facts. S&H divested its interest in Bank by forming a new one-bank holding company, Bancorp, and transferring the shares of Bank to it. S&H then distributed the shares of Bancorp on a pro rata basis to its shareholders, some of whom are Transferees. Thus, S&H now holds no interest in Bank or Bancorp. All officer/director interlocks between S&H and Bancorp/Bank have been terminated, and there is no indebtedness or significant business relationship between S&H and Bancorp/Bank. The fact that, after a spinoff, the officers and directors of a bank holding company own shares of the divested company is the predictable result of a pro rata distribution, and that distribution does not appear to have been a means for perpetuating S&H's control over Bank. Moreover, S&H's board of directors has adopted a resolution that it cannot control and will not attempt to control Bancorp or Bank. Similarly, the boards of directors of Bancorp and Bank have adopted resolutions that S&H is incapable of controlling either of those organizations and that they will resist any attempt by S&H to do so. On the basis of the above and other facts of record, the Board concludes that S&H does not control and is not in fact capable of controlling Transferees, Bank or Bancorp.

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

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

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

[SEAL]

Warner Communications Incorporated,
New York, New York

Warner Communications Inc., New York, New York ("WCI"), formerly a bank holding company within the meaning of § 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.) (the "Act"), has requested a determination, pursuant to the provisions of section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)), that with respect to the sale by WCI of all of its interest in the outstanding voting shares of Garden State National Bank, Paramus, New Jersey ("Bank"), to Fidelity Union Bancorporation, Newark, New Jersey, WCI is not in fact capable of controlling Fidelity notwithstanding the fact that Fidelity is indebted to WCI in connection with its purchase of Bank.

Under the provisions of section 2(g)(3) of the Act, shares transferred after January 1, 1966, by any bank holding company to a transferee that is indebted to the transferor are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee. No such request for a hearing has been received by the Board. WCI has submitted to the Board evidence to show that it is not in fact capable of controlling Fidelity or Bank, and the Board has received no contradictory evidence. It is hereby determined that WCI is not in fact capable of controlling either Fidelity or Bank. This determination is based upon the evidence of record in this matter, including the following facts.

On July 7, 1980, WCI transferred to Fidelity shares of Class A and B common Stock of Bank, representing an aggregate of 66.23 percent of the outstanding shares of Bank, WCI received as its consideration approximately \$32.5 million in cash and \$21.7 million in principal amount of Seven Year Notes of Fidelity ("Notes"). The Notes are a portion of such Notes issued by Fidelity to all of Bank's shareholders in connection with the purchase of Bank. The Notes, which bear interest at the prime rate, are payable in twenty-eight equal quarterly installments beginning on September 30, 1980. They may be prepaid in whole or in part at Fidelity's option. The Notes are not secured by the shares of Bank or other assets of Fidelity, and by their terms become immediately due and payable only upon specified commercially reasonable events of default.

In connection with its approval under the Bank Holding Company Act of Fidelity's application to acquire Bank, in its Statement dated June 26, 1980, the Board found that "while Applicant will incur a substantial amount of indebtedness in connection with the proposed transaction, it appears that Applicant pos-

sesses sufficient financial flexibility to service the debt and remain a source of strength to its subsidiary banks."¹ Based on the record, there is no evidence that Fidelity will be unable to pay the Notes in accordance with their terms. Moreover, inasmuch as the Notes are term notes having a reasonable fixed schedule of payments, and not secured by property of the transferee, they are generally regarded as providing little opportunity for WCI to exert any undue influence over Fidelity or Bank. In addition, WCI and Fidelity have provided formal assurances that no such influence will be exerted, and WCI has committed to the Board that it will have no directors and officers in common with Fidelity or Bank.²

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

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

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

[SEAL]

Arendts, Inc.,
Montezuma, Iowa

*Order Granting Determination Under the Bank
Holding Company Act*

Arendts, Inc., Montezuma, Iowa, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended, has requested a determi-

nation under section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)), that Arendts, Inc., is not in fact capable of controlling Mr. M. L. Arendt in connection with a sale by Arendts, Inc., of Arendt and Arendt Insurance Agency, Montezuma, Iowa ("Agency"), to Mr. Arendt, a director, officer, and principal shareholder of Agency.

Under section 2(g)(3) of the Act, shares transferred after January 1, 1966, by any bank holding company to a transferee that has one or more officers or directors in common with or subject to the transferor are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee. No request for a hearing was made by Arendts, Inc. Arendts, Inc. has submitted to the Board evidence to support its contention that it is not in fact capable of controlling Mr. Arendt, and the Board has received no contradictory evidence. Based upon the evidence of record in this matter, it is hereby determined that Arendts, Inc., is not in fact capable of controlling Mr. Arendt.

This determination is based upon the evidence of record in this matter, including the following facts: Arendts, Inc. acquired ownership of Agency at the time it became a bank holding company by acquiring Peoples Savings Bank, Montezuma, Iowa ("Bank"). Agency was acquired from Mr. Arendt for nominal consideration, and divestiture of Agency by sale by Arendts, Inc., to Mr. Arendt was for the same consideration. It does not appear that the sale of Agency to Mr. Arendt was intended for the purpose of circumventing the Bank Holding Company Act. Moreover, inasmuch as Mr. Arendt is a director, officer, and principal shareholder of Agency, the divestiture of Agency does not appear to have been a means for perpetuating control of Arendts, Inc., over Agency. On the basis of the above and other facts of record, it is concluded that control of Arendts, Inc. resides with Mr. Arendt and that Arendts, Inc. does not control and is not in fact capable of controlling Mr. Arendt as transferee of Agency's stock.

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

1. In connection with the exercise of WCI stock options by Bank employees, Fidelity has a contingent obligation to WCI to pay to it the amount of any tax deduction or other tax benefit that it receives with respect to the exercise of the options. This obligation is not regarded as indebtedness within the provisions of section 2(g)(3), since it takes effect only if and when tax benefits accrue to Fidelity, and Fidelity is merely obliged to pass on to WCI the dollar amount of these benefits. Even if it is regarded as indebtedness, it will be for a relatively small amount, and there is no question of Fidelity's ability to pay it.

2. While WCI had three directors in common with Bank, two of whom were executive officers of WCI and one of whom was the chief executive officer of Bank, each of these individuals terminated their common positions on or before consummation of the sale.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(1)), effective September 30, 1980.

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

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

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

Section 3

Applicant	Bank(s)	Board action (effective date)
Northwest Bancshares, Inc., Vancouver, Washington	Northwest National Bank Vancouver, Washington	Sept. 30, 1980
Southwest Bancshares, Inc., Houston, Texas	San Felipe Green, National Association Houston, Texas	Sept. 30, 1980

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Allied Bancshares, Inc. Houston, Texas	First Bank of Edna, Edna, Texas	Dallas	October 10, 1980
Allied Bancshares, Inc., Houston, Texas	Security National Bank, Houston, Texas	Dallas	October 10, 1980
American State Bancshares, Inc. Broken Bow, Oklahoma	American State Bank, Broken Bow, Oklahoma	Dallas	October 29, 1980
Am Tu, Inc., Whiting, Indiana	American Trust & Savings Bank of Whiting, Indiana, Whiting, Indiana	Chicago	October 21, 1980
Atkinson County Bankshares Corporation, Willacoochee, Georgia	The Peoples Bank, Willacoochee, Georgia	Atlanta	September 29, 1980
B.O.Y. Bancorp, Inc., Yorkville, Illinois	The Bank of Yorkville, Yorkville, Illinois	Chicago	October 20, 1980
Badger Bancshares, Inc., Badger, Minnesota	Badger State Bank, Badger, Minnesota	Minneapolis	October 24, 1980
BTNY, New York, New York	BT National Bank, Albany, New York	New York	October 8, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
BT Bancshares, Inc., Albany, New York	Bankers Trust Company of Albany, N.A., Albany, New York		
Bradley Bancorp, Columbus, Nebraska	Columbus Bank and Trust Company, Columbus, Nebraska	Kansas City	September 12, 1980
Catoosa Bancshares, Inc., Fort Oglethorpe, Georgia	Fort Oglethorpe State Bank, Fort Oglethorpe, Georgia	Atlanta	October 3, 1980
Centennial Bancorporation, Thermopolis, Wyoming	First National Bank at Thermopolis, Thermopolis, Wyoming	Kansas City	September 26, 1980
Cen-Tex Bancshares, Inc., Georgetown, Texas	The First National Bank of Georgetown, Georgetown, Texas	Dallas	October 3, 1980
Chanhassen Financial Services, Inc., Chanhassen, Minnesota	State Bank of Chanhassen, Chanhassen, Minnesota	Minneapolis	October 14, 1980
Chickasha Bancshares, Inc., Chickasha, Oklahoma	Chickasha Bank & Trust Company, Chickasha, Oklahoma	Kansas City	September 19, 1980
Citizens Bancorp, Maud, Oklahoma	Citizens State Bank, Maud, Oklahoma	Kansas City	September 26, 1980
Commerce Southwest Inc., Dallas, Texas	Texoma National Bank of Sherman Sherman, Texas	Dallas	October 28, 1980
Coweta Bancshares, Inc., Coweta, Oklahoma	The Security National Bank, Coweta, Oklahoma	Kansas City	October 17, 1980
Crawfordsville Insurance Agency, Inc., Crawfordsville, Iowa	Peoples Savings Bank, Crawfordsville, Iowa	Chicago	October 23, 1980
Cumming Bancshares, Inc., Cumming, Georgia	Bank of Cumming, Cumming, Georgia	Atlanta	October 1, 1980
Douglas Bancorporation, Inc., Parker, Colorado	Bank of the West, Parker, Colorado	Kansas City	October 3, 1980
DuBank Holding Inc., Carbondale, Illinois	DuQuoin State Bank, DuQuoin, Illinois	St. Louis	September 29, 1980
First Belmont BanCorporation, Belmond, Iowa	First State Bank, Belmond, Iowa	Chicago	October 7, 1980
Erie Bancorp., Inc., Erie, Illinois	Erie State Bank, Erie, Illinois	Chicago	October 15, 1980
Exchange State Bancorporation, Inc., Hills, Minnesota	Exchange State Bank of Hills, Hills, Minnesota	Minneapolis	September 26, 1980
Farmers Exchange Bancorporation, Inc., Cherokee, Oklahoma	Farmers Exchange Bank, Cherokee, Oklahoma	Kansas City	October 17, 1980
Fountain Bancorporation, Ltd. Colorado Springs, Colorado	Pioneer Bank of Fountain, Fountain, Colorado	Kansas City	October 17, 1980
First Alabama Bancshares, Inc., Montgomery, Alabama	Chilton County Bank, Thorsby, Alabama	Atlanta	September 25, 1980
First Bank Corporation, Midland, Michigan	First Community Bank, N.A., West Branch, Michigan	Chicago	October 9, 1980
First City Bancorp, Inc., Marietta, Georgia	The First National Bank of Cobb County, Marietta, Georgia	Atlanta	October 10, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First Colonial Bankshares Corporation, Chicago, Illinois	Northwest Commerce Bank, Rosemont, Illinois	Chicago	September 30, 1980
First Englewood Bank Corp., Englewood, Florida	Englewood Bank and Trust Englewood, Florida	Atlanta	September 30, 1980
First Grand Prairie Bank Shares, Inc., Grand Prairie, Texas	National Bank of Grand Prairie, Grand Prairie, Texas	Dallas	October 6, 1980
First Keyes Bancshares, Inc., Keyes, Oklahoma	The First State Bank, Keyes, Oklahoma	Kansas City	October 10, 1980
First Paullina Bancorp, Paullina, Iowa	First National Bank of Paullina, Paullina, Iowa	Chicago	September 30, 1980
First Schulenburg Financial Corporation, Schulenburg, Texas	The First National Bank of Schulenburg, Schulenburg, Texas	Dallas	October 8, 1980
The First Southeast Missouri Bancorporation, Inc., Scott City, Missouri	Scott City Bank and Trust Company, Scott City, Missouri	St. Louis	October 28, 1980
First State Holding Company, Inc., Joplin, Missouri	First State Bank of Joplin, Joplin, Missouri	Kansas City	September 23, 1980
First State Bancshares, Inc., Valdosta, Georgia	First State Bank and Trust Company of Valdosta, Valdosta, Georgia	Atlanta	October 3, 1980
Guarantee Bancorp. Inc., Atlantic City, New Jersey	Guarantee Bank, Atlantic City, New Jersey	Philadelphia	October 8, 1980
Gwinnett Holding Company, Snellville, Georgia	Gwinnett County Bank, Snellville, Georgia	Atlanta	October 10, 1980
HAMBAC, Inc., Hodgenville, Kentucky	The Lincoln National Bank, Hodgenville, Kentucky	St. Louis	October 6, 1980
Hamilton Bancgroup & Co., St. Louis, Missouri	Farmers State Bank of Dahlgren, Dahlgren, Illinois	St. Louis	September 23, 1980
Houston American Financial Corporation, Houston, Texas	American Bank, Houston, Texas	Dallas	October 3, 1980
Hunter Holding Company, North Dakota	Security State Bank of Hunter, Hunter, North Dakota	Minneapolis	October 2, 1980
Kiowa Bancorporation, Inc., Kiowa, Kansas	The Bank of Kiowa, Kiowa, Kansas	Kansas City	September 18, 1980
Marsh Investments, N. V., et al. Curacao, Netherlands Antilles	Deerfield Beach State Bank, Deerfield Beach, Florida	Atlanta	October 8, 1980
National Bancshares, Inc., Bethany, Missouri	The First National Bank of Bethany, Bethany, Missouri	Kansas City	September 18, 1980
Northwestern Bank Corporation, East Jordan, Michigan	Northwestern State Bank, East Jordan, Michigan	Chicago	October 7, 1980
Northwood Financial Services Corporation, Northwood, Iowa	Northwood State Bank, Northwood, Iowa	Chicago	September 30, 1980
Oakwood Bancorp, Inc., Springfield, Illinois	State Bank of Oakwood, Oakwood, Illinois	Chicago	October 22, 1980
Oilton Bancshares, Inc., Oilton, Oklahoma	First State Bank, Oilton, Oklahoma	Kansas City	September 12, 1980

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Orange Bancshares, Inc., Orange, Texas	Orange Bank, Orange, Texas	Dallas	October 2, 1980
Philip Bancorporation, Inc., Philip, South Dakota	First National Bank in Philip, Philip, South Dakota	Minneapolis	September 24, 1980
Pikeville National Corporation, Pikeville, Kentucky	The Pikeville National Bank and Trust Company, Pikeville, Kentucky	Cleveland	October 23, 1980
Portland Financial Services, Inc., Portland, Indiana	The Citizens Bank of Portland, Portland, Indiana	Chicago	October 10, 1980
Riverton State Bank Holding Company, Riverton, Wyoming	Riverton State Bank, Riverton, Wyoming	Kansas City	September 18, 1980
Royal Bancshares, Inc., University City, Missouri	Citizens Bank of University City, University City, Missouri	St. Louis	September 30, 1980
SBC, Incorporated, Countryside, Illinois	State Bank of Countryside, Countryside, Illinois	Chicago	October 21, 1980
San Benito Bancshares, Inc., San Benito, Texas	The San Benito Bank & Trust Company, San Benito, Texas	Dallas	October 17, 1980
Security State Bank Holding Company, Hannaford, North Dakota	Farmers and Merchants Bank of Wimbledon, Wimbledon, North Dakota	Minneapolis	October 8, 1980
Security Bancorp, Inc., Hampton, New Hampshire	Hampton National Bank, Hampton, New Hampshire	Boston	October 3, 1980
Security Financial Services, Inc., Sheboygan, Wisconsin	Bank of Menasha, Menasha, Wisconsin	Chicago	September 30, 1980
Shelby County Bancshares, Inc., Harlan, Iowa	The Shelby County State Bank, Harlan, Iowa	Chicago	October 24, 1980
Silverton Bancshares, Inc., Silverton, Texas	First State Bank, Silverton, Texas	Dallas	September 26, 1980
Southeast Bancshares, Inc., Dallas, Texas	Commercial National Bank, Dallas, Texas	Dallas	October 20, 1980
Southwestern Bancorp, Inc., Sanderson, Texas	Sanderson State Bank, Sanderson, Texas	Dallas	October 17, 1980
Springville Bancshares Corp., Anamosa, Iowa	The Exchange State Bank, Springville, Iowa	Chicago	October 17, 1980
Tennessee Homestead Company, Ogden, Utah	Bank of Utah, Ogden, Utah	San Francisco	October 27, 1980
United Missouri Bancshares, Inc., Kansas City, Missouri	Warsaw Bancshares, Warsaw, Missouri	Kansas City	September 24, 1980
Whitefish Holding Company, Inc., Whitefish, Montana	The First State Bank of Whitefish, Whitefish, Montana	Minneapolis	October 10, 1980
Wyandotte Bank Corporation, Kansas City, Kansas	The Wyandotte Bank, Kansas City, Kansas	Kansas City	September 24, 1980

Section 4

Applicant	Nonbanking company (or activity)	Reserve Bank	Effective date
Barnes Investment Corporation, Barnes, Kansas	Barnes Insurance Agency, Barnes, Kansas	Kansas City	October 3, 1980
Beutler, Inc., Ness City, Kansas	to continue to engage in general insurance agency activities	Kansas City	September 15, 1980
The Bridger Company, Wayzata, Montana	to continue to engage in operating a general insurance agency in Bridger, Montana	Minneapolis	October 6, 1980
CLC Enterprises, Inc., Nelson Nebraska	to continue to engage in general insurance agency activities	Kansas City	September 12, 1980
Continental Illinois Corporation, Chicago, Illinois	to continue to sell property and casualty insurance	Chicago	September 26, 1980
Dewco Agency, Co., Timber Lake, South Dakota	to continue to engage in operating a general insurance agency	Minneapolis	September 24, 1980
Dream, INC., Melbourne, Iowa	to continue to engage in the sale of general insurance	Chicago	September 25, 1980
First Bank System, Inc., Minneapolis, Minnesota	Tower Mortgage Corporation, Minneapolis, Minnesota	Minneapolis	September 24, 1980
First Pennsylvania Corporation Philadelphia, Pennsylvania	to retain Pennamco Insurance Service, Inc., Philadelphia, Pa.	Philadelphia	October 9, 1980
Lanesboro Agency, Inc., Lanesboro, Minnesota	to continue to engage in operating a general insurance agency	Minneapolis	October 9, 1980
Mellon National Corporation, Pittsburgh, Pennsylvania	Mellon Life Insurance Company Wilmington, Delaware	Cleveland	October 8, 1980
Munter Agency, Inc., Strawberry Point, Iowa	to continue to engage in general insurance activities through Union Insurance Agency in Strawberry Point, Iowa	Chicago	September 26, 1980
P and D Company of Stewartville Inc., Stewartville, Minnesota	to continue to sell certain types of insurance in a community with a population not exceeding 5,000	Minneapolis	October 2, 1980
Rainier Bancorporation Seattle, Washington	Roger R. Post & Company, Inc., Monterey, California	San Francisco	September 30, 1980
Security Bancorp, Inc., Southgate, Michigan	SecureData Corp., Troy, Michigan	Chicago	October 24, 1980
Valley State Investments, Inc., Lamar, Colorado	to continue to engage in the sale of insurance	Kansas City	October 10, 1980

*ORDERS APPROVED UNDER BANK MERGER ACT**By the Board of Governors*

Applicant	Bank(s)	Effective date
The Central Trust Company, Reynoldsburg, Ohio	The Millersport Bank Co., Millersport, Ohio	October 17, 1980

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
Security Savings Bank, Marshalltown, Iowa	State Bank, Gladbrook, Iowa	Chicago	September 30, 1980
AmeriTrust Company, Cleveland, Ohio	AmeriTrust Company of Portage County, Kent, Ohio AmeriTrust Company of Cincinnati, Cincinnati, Ohio AmeriTrust Company of Medina County, Medina, Ohio	Cleveland	October 3, 1980

PENDING CASES INVOLVING THE BOARD OF GOVERNORS*

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

- Securities Industry Association v. Board of Governors, et al.*, filed October 1980, U.S.D.C. for the District of Columbia.
- Securities Industry Association v. Board of Governors, et al.*, filed October 1980, U.S.C.A. for the District of Columbia.
- A. G. Becker, Inc. v. Board of Governors et al.*, filed October 1980, U.S.D.C. for the District of Columbia.
- A. G. Becker, Inc. v. Board of Governors, et al.*, filed October 1980, U.S.C.A. for the District of Columbia.
- Independent Insurance Agents of America and Independent Insurance Agents of Missouri v. Board of Governors*, filed September 1980, U.S.C.A. for the Eighth Circuit.
- Independent Insurance Agents of America and Independent Insurance Agents of Virginia v. Board of Governors*, filed September 1980, U.S.C.A. for the Fourth Circuit.
- Nebraska Bankers Association, et al. v. Board of Governors, et al.*, filed September 1980, U.S.D.C. for the District of Nebraska.
- Republic of Texas Corporation v. Board of Governors*, filed September 1980, U.S.C.A. for the Fifth Circuit.
- Welch Bancshares v. Board of Governors*, filed September 1980, U.S.C.A. for the Tenth Circuit.
- Consumers Union of the United States, Inc., v. Board of Governors et al.*, filed August 1980, U.S.D.C. for the District of Columbia.
- A. G. Becker Inc., v. Board of Governors, et al.*, filed August 1980, U.S.D.C. for the District of Columbia.
- Otero Savings and Loan Association v. Board of Governors*, filed August 1980, U.S.D.C. for the District of Columbia.
- Edwin F. Gordon v. Board of Governors, et al.*, filed August 1980, U.S.C.A. for the Fifth Circuit.
- Edwin F. Gordon v. Board of Governors, et al.*, filed July 1980, U.S.D.C. for the Northern District of Georgia.
- Edwin F. Gordon v. Board of Governors, et al.*, filed July 1980, U.S.D.C. for the Northern District of Georgia.
- Edwin F. Gordon v. Board of Governors, et al.*, filed August 1980, U.S.D.C. for the Northern District of Georgia.
- Martin-Trigona v. Board of Governors*, filed July 1980, U.S.C.A. for the District of Columbia.
- U.S. League of Savings Associations v. Depository Institutions Deregulation Committee, et al.*, filed June 1980, U.S.D.C. for the District of Columbia.
- Berkovitz, et al. v. Government of Iran, et al.*, filed June 1980, U.S.D.C. for the Northern District of California.
- Edwin F. Gordon v. Board of Governors, et al.*, filed June 1980, U.S. Supreme Court.
- Mercantile Texas Corporation v. Board of Governors*, filed May 1980, U.S.C.A. for the Fifth Circuit.
- Corbin, Trustee v. United States*, filed May 1980, United States Court of Claims.
- Louis J. Roussel v. Board of Governors*, filed April 1980, U.S.D.C. for the District of Columbia.
- Ulysess S. Crockett v. United States et al.*, filed April 1980, U.S.D.C. for the Eastern District of North Carolina.

- County National Bancorporation and TGB Co. v. Board of Governors*, filed September 1979, U.S.C.A. for the Eighth Circuit.
- Gregory v. Board of Governors*, filed July 1979, U.S.D.C. for the District of Columbia.
- Donald W. Riegel, Jr. v. Federal Open Market Committee*, filed July 1979, U.S.D.C. for the District of Columbia.
- Connecticut Bankers Association, et al., v. Board of Governors*, filed May 1979, U.S.C.A. for the District of Columbia.
- Independent Insurance Agents of America, et al., v. Board of Governors*, filed May 1979, U.S.C.A. for the District of Columbia.
- Independent Insurance Agents of America, et al., v. Board of Governors*, filed April 1979, U.S.C.A. for the District of Columbia.
- Independent Insurance Agents of America, et al., v. Board of Governors*, filed March 1979, U.S.C.A. for the District of Columbia.
- Credit and Commerce American Investment, et al., v. Board of Governors*, filed March 1979, U.S.C.A. for the District of Columbia.
- Independent Bankers Association of Texas v. First National Bank in Dallas, et al.*, filed July 1978, U.S.D.C. for the Northern District of Texas.
- Security Bancorp and Security National Bank v. Board of Governors*, filed March 1978, U.S.C.A. for the Ninth Circuit.
- Vickars-Henry Corp. v. Board of Governors*, filed December 1977, U.S.C.A. for the Ninth Circuit.
- Investment Company Institute v. Board of Governors*, filed September 1977, U.S.D.C. for the District of Columbia.
- Roberts Farms, Inc. v. Comptroller of the Currency, et al.*, filed November 1975, U.S.D.C. for the Southern District of California.
- David Merrill, et al. v. Federal Open Market Committee*, filed May 1975, U.S.D.C. for the District of Columbia.

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*A67 Guide to Tabular Presentation,
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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1979	1980			1980				
	Q4	Q1	Q2	Q3	May	June	July	Aug.	Sept.
Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)¹									
<i>Member bank reserves</i>									
1 Total	12.3	4.2 ^r	0.9 ^r	6.9	-0.2 ^r	-1.1 ^r	3.0 ^r	16.1	23.3
2 Required	11.2	5.3	1.2	6.1	0.3	-1.9 ^r	0.5 ^r	15.9 ^r	24.4
3 Nonborrowed	6.2	3.3 ^r	7.5 ^r	12.3	45.5	18.4 ^r	2.5 ^r	8.3	4.1
4 Monetary base ²	9.5	7.6	5.2	9.8	8.2	6.6	8.5	15.2	10.4
<i>Concepts of money and liquid assets³</i>									
5 M-1A	4.5	4.8	-3.9	11.0	.7	11.4	7.8	19.3	12.6
6 M-1B	5.0	5.9	-2.4	13.5	-1.2	14.6	11.1	21.6	15.8
7 M-2	7.1	7.2	5.5	15.5	9.4	18.1	18.2 ^r	14.5 ^r	8.5
8 M-3	9.1	7.8	5.7	12.5	8.7	13.4	13.4	13.6	9.1
9 L	8.5	8.3	7.7	n.a.	8.7 ^r	6.9 ^r	8.5 ^r	14.3	n.a.
<i>Time and savings deposits</i>									
<i>Commercial banks</i>									
10 Total	12.4	8.4	9.8	4.2	6.6	-1.6	2.3	7.3	12.4
11 Savings ⁴	-16.5	-19.3	-22.6	26.4	-7.5	32.9	38.6	26.5	7.6
12 Small-denomination time ⁵	32.1	29.1	33.9	0.6	14.1	-3.1	-3.1	0.0	6.1
13 Large-denomination time ⁶	19.7	11.3	10.1	-8.3	8.5	-24.8	-19.7	1.5	23.1
14 Thrift institutions ⁷	6.7	2.7	5.0	10.0	7.3	10.8	9.0	11.5 ^r	10.4
15 Total loans and securities at commercial banks ⁸	8.6 ^r	9.5 ^r	-.5	6.8	-6.2	-2.8	7.7	17.3	15.3
Interest rates (levels, percent per annum)									
<i>Short-term rates</i>									
16 Federal funds ⁹	13.58	15.07	12.67	9.82	9.47	9.03	9.61	10.87	12.81
17 Federal Reserve discount ¹⁰	11.92	12.51	12.45	10.35	11.40	10.87	10.00	10.17	11.00
18 Treasury bills (3-month market yield) ¹¹	11.84	13.35	9.62	9.15	7.07	8.06	9.13	10.27	11.62
19 Commercial paper (3-month) ^{11,12}	13.35	14.54	11.18	9.65	8.27	8.41	9.57	10.97	12.52
<i>Long-term rates</i>									
<i>Bonds</i>									
20 U.S. government ¹³	10.18	11.78	10.58	10.95	9.89	10.32	11.07	11.47	11.75
21 State and local government ¹⁴	7.20	8.23	7.95	8.58	7.63	8.13	8.67	8.94	9.11
22 Aaa utility (new issue) ¹⁵	11.21	13.22	11.78	12.20	10.95	11.60	12.32	12.74	13.18
23 Conventional mortgages ¹⁶	12.38	14.32	12.70	n.a.	12.45	12.45	13.25	13.65	14.10

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

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

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

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

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

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

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

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

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

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

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

8. Changes calculated from figures shown in table 1.23.

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

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

11. Quoted on a bank-discount basis.

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

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

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

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

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

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week-ending						
	1980			1980						
	Aug. ^P	Sept. ^P	Oct. ^P	Sept. 17 ^P	Sept. 24 ^P	Oct. 1 ^P	Oct. 8 ^P	Oct. 15 ^P	Oct. 22 ^P	Oct. 29 ^P
SUPPLYING RESERVE FUNDS										
1 Reserve bank credit outstanding	139,277	139,919	141,695	139,879	140,212	141,523	140,110	141,188	143,228	141,809
2 U.S. government securities ¹	119,092	119,826	121,455	119,679	120,099	121,641	120,650	121,879	121,830	121,472
3 Bought outright	118,823	119,692	119,866	119,679	120,099	120,819	118,237	120,314	120,895	120,037
4 Held under repurchase agreements	269	134	1,589	.....	.....	822	2,413	1,565	935	1,435
5 Federal agency securities	8,978	8,858	9,206	8,782	8,782	9,056	9,354	9,101	9,262	9,070
6 Bought outright	8,873	8,809	8,769	8,782	8,782	8,781	8,779	8,776	8,761	8,761
7 Held under repurchase agreements	105	49	437	.....	.....	275	575	325	501	309
8 Acceptances	71	42	353	.....	.....	227	327	357	167	487
9 Loans	687	1,244	1,335	1,213	1,630	1,873	1,248	1,107	1,203	1,440
10 Float	5,098	4,761	3,722	5,054	4,386	3,374	3,214	3,341	5,113	3,363
11 Other Federal Reserve assets	5,351	5,188	5,624	5,151	5,315	5,351	5,316	5,403	5,653	5,976
12 Gold stock	11,172	11,170	11,165	11,171	11,169	11,168	11,167	11,165	11,165	11,164
13 Special drawing rights certificate account	3,215	3,268	3,268	3,268	3,268	3,268	3,268	3,268	3,268	3,268
14 Treasury currency outstanding	13,339	13,344	13,358	13,332	13,337	13,387	13,346	13,350	13,363	13,371
ABSORBING RESERVE FUNDS										
15 Currency in circulation	128,998	129,744	130,571	130,088	129,419	129,217	129,992	131,001	130,886	130,459
16 Treasury cash holdings	480	468	464	468	468	466	464	468	465	460
Deposits, other than member bank reserves, with Federal Reserve Banks .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
17 Treasury	3,297	3,237	3,196	3,032	3,126	4,268	3,302	3,306	3,201	3,190
18 Foreign	301	309	284	312	267	309	299	299	287	231
19 Other	475	367	330	438	325	421	283	306	303	305
20 Other Federal Reserve liabilities and capital	4,488	4,486	4,665	4,428	4,541	4,590	4,632	4,626	4,742	4,654
21 Reserve accounts ²	28,965	29,090	29,976	28,884	29,841	30,075	28,919	28,964	31,140	30,312
End-of-month figures				Wednesday figures						
1980				1980						
	Aug.	Sept.	Oct.	Sept. 17	Sept. 24	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
SUPPLYING RESERVE FUNDS										
22 Reserve bank credit outstanding	139,791	140,011	141,189	139,983	142,830	145,284	135,865	140,219	143,583	143,384
23 U.S. government securities ¹	119,848	120,711	121,482	118,541	120,713	122,058	117,173	119,460	121,472	121,436
24 Bought outright	119,014	119,418	119,852	118,541	120,713	119,509	117,173	119,460	121,472	120,515
25 Held under repurchase agreements	834	1,293	1,630	.....	.....	2,549	.....	.....	.....	921
26 Federal agency securities	9,355	9,053	9,220	8,782	8,782	9,725	8,779	8,761	8,761	8,928
27 Bought outright	8,873	8,782	8,761	8,782	8,782	8,779	8,779	8,761	8,761	8,761
28 Held under repurchase agreements	482	271	459	.....	.....	946	.....	.....	.....	167
29 Acceptances	277	499	566	.....	.....	623	.....	.....	.....	426
30 Loans	1,515	982	1,567	590	3,617	3,264	623	567	3,966	2,740
31 Float	3,468	3,192	2,194	6,745	4,171	3,973	3,822	5,805	3,503	3,686
32 Other Federal Reserve assets	5,328	5,574	6,160	5,325	5,547	5,641	5,468	5,626	5,881	6,168
33 Gold stock	11,172	11,168	11,163	11,169	11,168	11,168	11,166	11,165	11,164	11,163
34 Special drawing rights certificate account	3,268	3,268	3,268	3,268	3,268	3,268	3,268	3,268	3,268	3,268
35 Treasury currency outstanding	13,614	13,663	13,376	13,336	13,341	13,341	13,347	13,362	13,368	13,376
ABSORBING RESERVE FUNDS										
36 Currency in circulation	129,667	129,917	130,733	130,057	129,530	129,756	130,798	131,520	130,945	130,989
37 Treasury cash holdings	467	466	462	468	467	462	470	467	465	460
Deposits, other than member bank reserves, with Federal Reserve Banks .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
38 Treasury	2,742	4,102	1,864	3,328	3,928	4,215	3,331	2,898	3,228	2,877
39 Foreign	336	460	368	234	301	313	272	325	236	260
40 Other	383	363	338	423	286	1,210	286	320	321	316
41 Other Federal Reserve liabilities and capital	4,570	4,659	4,713	4,376	4,430	4,734	4,372	4,562	4,506	4,518
42 Reserve accounts ²	29,680	28,146	30,518	28,871	31,666	32,461	24,117	27,921	31,682	31,770

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

2. Includes reserves of member banks, and Edge Act corporations.
NOTE: For amounts of currency and coin held as reserves, see table 1.12.

1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1979	1980								
	Dec.	Feb.	Mar.	Apr.	May	June ^P	July ^P	Aug. ^P	Sept. ^P	Oct. ^P
<i>All member banks</i>										
<i>Reserves</i>										
1 At Federal Reserve Banks	32,473	31,878	32,400	33,663	32,726	32,189	31,454	28,965	29,090	29,976
2 Currency and coin	11,344	11,063	10,729	10,895	10,998	11,137	11,285	11,262	11,810	11,678
3 Total held ¹	43,972	43,156	43,352	44,769	43,933	43,531	42,927	40,408	41,077	41,815
4 Required	43,578	42,966	42,907	44,678	43,793	43,280	42,509	40,077	40,919	41,498
5 Excess ¹	394	190	445	91	140	251	418	331	158	317
<i>Borrowings at Reserve Banks²</i>										
6 Total	1,473	1,655	2,828	2,443	1,028	365	390	687	1,244	1,335
7 Seasonal	82	96	152	156	64	12	5	9	24	67
<i>Large banks in New York City</i>										
8 Reserves held	7,401	7,168	7,276	7,603	7,596	7,482	7,272	6,462	6,598	6,710
9 Required	7,326	7,205	7,194	7,655	7,662	7,600	7,278	6,507	6,647	6,741
10 Excess	75	-37	82	-52	-66	-118	-6	-45	-49	-31
11 Borrowings ²	66	125	60	81	31	18	54	99	152	117
<i>Large banks in Chicago</i>										
12 Reserves held	2,036	1,968	1,886	2,150	1,922	1,868	1,785	1,528	1,629	1,654
13 Required	2,005	1,941	1,961	2,173	1,906	1,868	1,866	1,591	1,657	1,687
14 Excess	31	27	-75	-23	16	0	-81	-63	-28	-33
15 Borrowings ²	90	97	137	60	28	1	20	26	111	29
<i>Other large banks</i>										
16 Reserves held	17,426	17,246	17,029	17,644	17,379	17,049	16,642	15,756	15,905	16,188
17 Required	17,390	17,265	17,135	17,991	17,545	17,199	16,815	15,739	16,049	16,347
18 Excess	36	-19	-106	-347	-166	-150	-173	17	-144	-159
19 Borrowings ²	707	729	1,479	1,287	808	319	296	479	682	751
<i>All other banks</i>										
20 Reserves held	16,734	16,403	16,261	16,314	16,271	16,248	16,285	16,031	16,226	16,466
21 Required	16,536	16,229	16,233	16,367	16,234	16,186	16,137	15,925	16,251	16,392
22 Excess	198	174	-28	-53	37	62	148	106	-25	74
23 Borrowings ²	610	704	1,152	1,015	161	27	20	83	299	438
<i>Edge corporations</i>										
24 Reserves held	336	328	317	339	335	374	379	339	336	346
25 Required	303	303	300	299	295	332	354	315	315	331
26 Excess	33	25	17	40	40	42	25	24	21	15
<i>U.S. agencies and branches³</i>										
27 Reserves held	39	43	90	198	162	106	64			
28 Required	18	23	84	193	151	97	59			
29 Excess	21	20	6	5	11	9	5			
Weekly averages of daily figures for week (in 1980) ending										
	Aug. 27 ^P	Sept. 3 ^P	Sept. 10 ^P	Sept. 17 ^P	Sept. 24 ^P	Oct. 1 ^P	Oct. 8 ^P	Oct. 15 ^P	Oct. 22 ^P	Oct. 29 ^P
<i>All member banks</i>										
<i>Reserves</i>										
30 At Federal Reserve Banks	29,066	29,329	28,049	28,884	29,841	30,075	28,919	28,964	31,140	30,312
31 Currency and coin	11,135	11,592	12,064	11,658	11,631	12,011	12,090	12,050	10,882	11,541
32 Total held ¹	40,382	41,099	40,291	40,719	41,652	42,257	41,177	41,172	42,179	42,011
33 Required	40,293	40,610	40,052	40,415	41,598	41,879	40,783	40,959	42,111	41,930
34 Excess ¹	89	489	239	304	54	378	394	213	68	81
<i>Borrowings at Reserve Banks²</i>										
35 Total	700	1,348	594	1,213	1,630	1,873	1,248	1,107	1,203	1,440
36 Seasonal	10	20	14	21	30	40	48	61	69	87
<i>Large banks in New York City</i>										
37 Reserves held	6,427	6,437	6,451	6,528	6,595	7,041	6,797	6,373	6,675	6,557
38 Required	6,376	6,552	6,538	6,421	6,750	6,964	6,608	6,633	6,905	6,719
39 Excess	51	-115	-87	107	-155	77	189	-260	-230	-162
40 Borrowings ²	161	61	195	171	154	247	46	0	225	71
<i>Large banks in Chicago</i>										
41 Reserves held	1,382	1,557	1,435	1,659	1,627	1,808	1,769	1,727	1,537	1,715
42 Required	1,597	1,635	1,613	1,701	1,651	1,675	1,628	1,684	1,713	1,718
43 Excess	-215	-78	-178	-42	-24	133	141	43	-176	-3
44 Borrowings ²	80	29	0	46	385	27	18	6	89	0
<i>Other large banks</i>										
45 Reserves held	15,578	16,268	15,523	15,604	16,161	16,576	16,107	16,099	16,032	16,298
46 Required	15,883	15,987	15,613	15,858	16,362	16,446	16,072	16,182	16,596	16,494
47 Excess	-305	281	-90	-254	-201	130	35	-83	-564	-196
48 Borrowings ²	340	1,042	278	725	731	1,051	779	694	488	867
<i>All other banks</i>										
49 Reserves held	16,096	16,315	15,977	16,067	16,547	16,510	16,202	16,228	16,488	16,715
50 Required	16,113	16,139	15,961	16,091	16,532	16,506	16,149	16,131	16,563	16,658
51 Excess	-17	176	16	-24	15	4	53	97	-75	57
52 Borrowings ²	119	216	121	271	360	548	405	407	401	502
<i>Edge corporations</i>										
53 Reserves held	360	325	346	365	318	312	337	365	372	325
54 Required	324	297	327	344	303	288	326	329	334	341
55 Excess	36	28	19	21	15	24	11	36	38	-16
<i>U.S. agencies and branches³</i>										
56 Reserves held										
57 Required										
58 Excess										

1. Adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy, effective Nov. 19, 1975, of permitting transitional relief on a graduated basis over a 24-month period when a nonmember bank merged into an existing member bank, or when a nonmember bank joins the Federal

Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.

2. Based on closing figures.

3. Data not reported after July 23, 1980.

1.13 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks¹

Averages of daily figures, in millions of dollars

By maturity and source	1980, week ending Wednesday								
	Sept. 3 ^r	Sept. 10 ^r	Sept. 17 ^r	Sept. 24 ^r	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29
<i>One day and continuing contract</i>									
1 Commercial banks in United States	51,672	55,938	54,808	50,245	50,660	54,742	53,439	49,801	47,442
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	14,732	15,465	15,779	15,191	15,189	15,272	15,835	15,973	15,230
3 Nonbank securities dealers	2,717	2,216	2,259	2,847	1,989	2,200	1,739	2,007	2,196
4 All other	17,829	16,758	16,693	16,587	16,917	16,823	15,775	17,144	17,235
<i>All other maturities</i>									
5 Commercial banks in United States	3,613	3,766	3,717	3,511	3,653	3,304	5,210	3,723	3,791
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	5,505	5,374	5,693	5,887	6,044	6,051	6,551	6,749	6,866
7 Nonbank securities dealers	3,416	3,143	3,134	3,524	3,937	3,681	3,804	4,020	4,570
8 All other	10,777	11,078	10,494	10,091	10,614	10,258	11,344	10,536	11,007
MEMO: Federal funds and resale agreement loans in ma- turities of one day or continuing contract									
9 Commercial banks in United States	12,787	13,361	14,938	12,945	14,378	13,873	15,138	12,504	12,203
10 Nonbank securities dealers	2,322	2,813	2,150	1,702	2,020	2,465	2,266	2,484	2,126

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Federal Reserve Bank	Current and previous levels											
	Short-term adjustment credit			Extended credit						Emergency credit to all others under section 13 ²		
				Seasonal credit			Special circumstances ¹					
Rate on 10/31/80	Effective date	Previous rate	Rate on 10/31/80	Effective date	Previous rate	Rate on 10/31/80	Effective date	Previous rate	Rate on 10/31/80	Effective date	Previous rate	
Boston	11	9/26/80	10	11	9/26/80	10	12	9/26/80	11	14	9/26/80	13
New York	11	9/26/80	10	11	9/26/80	10	12	9/26/80	11	14	9/26/80	13
Philadelphia	11	9/26/80	10	11	9/26/80	10	12	9/26/80	11	14	9/26/80	13
Cleveland	11	9/26/80	10	11	9/26/80	10	12	9/26/80	11	14	9/26/80	13
Richmond	11	9/26/80	10	11	9/26/80	10	12	9/26/80	11	14	9/26/80	13
Atlanta	11	9/26/80	10	11	9/26/80	10	12	9/26/80	11	14	9/26/80	13
Chicago	11	9/26/80	10	11	9/26/80	10	12	9/26/80	11	14	9/26/80	13
St. Louis	11	9/26/80	10	11	9/26/80	10	12	9/26/80	11	14	9/26/80	13
Minneapolis	11	9/26/80	10	11	9/26/80	10	12	9/26/80	11	14	9/26/80	13
Kansas City	11	9/26/80	10	11	9/26/80	10	12	9/26/80	11	14	9/26/80	13
Dallas	11	9/26/80	10	11	9/26/80	10	12	9/26/80	11	14	9/26/80	13
San Francisco	11	9/26/80	10	11	9/26/80	10	12	9/26/80	11	14	9/26/80	13

Range of rates in recent years³

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970	5½	5½	1974— Apr. 25	7½-8	8	1978— July 3	7-7¼	7¼
1971— Jan. 8	5¼-5½	5¼	30	8	8	10	7¼-7¾	7¼
15	5¼	5¼	Dec. 9	7¾-8	7¾	Aug. 22	7¼	7¾
19	5-5¼	5¼	16	7¾	7¾	Sept. 22	8	8
22	5-5¼	5	1975— Jan. 6	7¼	7¼	Oct. 16	8-8½	8½
29	5	5	10	7¼	7¼	20	8½	8½
Feb. 13	4¾-5	5	24	7¼	7¼	Nov. 1	8½-9½	9½
19	4¾	4¾	Feb. 5	6¾-7¼	6¾	3	9½	9½
July 16	4¾-5	5	7	6¾	6¾	1979— July 20	10	10
23	5	5	Mar. 10	6¼-6¾	6¼	Aug. 17	10-10½	10½
Nov. 11	4¾-5	5	14	6¼	6¼	20	10½	10½
19	4¾	4¾	May 16	6-6¼	6	Sept. 19	10½-11	11
Dec. 13	4½-4¾	4¾	1976— Jan. 19	5½-6	5½	21	11	11
17	4½-4¾	4½	23	5½	5½	Oct. 8	11-12	12
24	4½	4½	Nov. 22	5½	5½	10	12	12
1973— Jan. 15	5	5	26	5¼-5½	5¼	1980— Feb. 15	12-13	13
Feb. 26	5-5½	5½	1977— Aug. 30	5¼-5¾	5¼	19	13	13
Mar. 2	5½	5½	31	5¼-5¾	5¾	May 29	12-13	13
Apr. 23	5½-5¾	5½	Sept. 2	5¾	5¾	30	12	12
May 4	5¾	5¾	Oct. 26	6	6	June 13	11-12	11
11	5¾-6	6	1978— Jan. 9	6-6½	6½	16	11	11
18	6	6	20	6½	6½	June 16	10-11	10
June 11	6-6½	6½	May 11	6½-7	7	July 28	10	10
15	6½	6½	12	7	7	July 29	10	10
July 2	7	7				Sept. 26	11	11
Aug. 14	7-7½	7½						
23	7½	7½				In effect Oct. 31, 1980	11	11

1. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution as described in section 201.3(b) (2) of Regulation A.

2. Applicable to emergency advances to individuals, partnerships, and corporations as described in section 201.3(c) of Regulation A.

3. Rates for short-term adjustment credit (as described above). For description and earlier data see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914-1941 and 1941-1970*; *Annual Statistical Digest, 1971-1975, 1972-1976, 1973-1977, and 1974-1978*.

1.15 DEPOSITORY INSTITUTIONS RESERVE REQUIREMENTS¹

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Member bank requirements before implementation of the Monetary Control Act		Type of deposit, and deposit interval	Depository institution requirements after implementation of the Monetary Control Act ⁶	
	Percent	Effective date		Percent	Effective date
<i>Net demand</i> ²			<i>Net transaction accounts</i> ⁷		
0-2	7	12/30/76	\$0-\$25 million	3	11/13/80
2-10	9½	12/30/76	Over \$25 million	12	11/13/80
10-100	11¾	12/30/76	<i>Nonpersonal time deposits</i> ⁸		
100-400	12¾	12/30/76	By original maturity		
Over 400	16¼	12/30/76	Less than 4 years	3	11/13/80
<i>Time and savings</i> ^{2,3,4}			4 years or more	0	11/13/80
Savings	3	3/16/67	<i>Eurocurrency liabilities</i>		
<i>Time</i> ⁵			All types	3	11/13/80
0-5, by maturity					
30-179 days	3	3/16/67			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			
Over 5, by maturity					
30-179 days	6	12/12/74			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			

1. For changes in reserve requirements beginning 1963, see Board's *Annual Statistical Digest, 1971-1975* and for prior changes, see Board's *Annual Report for 1976*, table 13. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

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

(b) The Federal Reserve Act as amended through 1978 specified different ranges of requirements for reserve city banks and for other banks. Reserve cities were designated under a criterion adopted effective Nov. 9, 1972, by which a bank having net demand deposits of more than \$400 million was considered to have the character of business of a reserve city bank. The presence of the head office of such a bank constituted designation of that place as a reserve city. Cities in which there were Federal Reserve Banks or branches were also reserve cities. Any banks having net demand deposits of \$400 million or less were considered to have the character of business of banks outside of reserve cities and were permitted to maintain reserves at ratios set for banks not in reserve cities.

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

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

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

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

5. Effective Nov. 2, 1978, a supplementary reserve requirement of 2 percent was imposed on large time deposits of \$100,000 or more, obligations of affiliates, and ineligible acceptances. This supplementary requirement was eliminated with the maintenance period beginning July 24, 1980.

Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount. This marginal requirement was increased to 10 percent beginning April 3, 1980, was decreased to 5 percent beginning June 12, 1980, and was reduced to zero beginning July 24, 1980. Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U.S. government and federal agency securities, federal funds borrowings from nonmember institutions, and certain other obligations. In general, the base for the marginal reserve requirement was originally the greater of (a) \$100 million or (b) the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U.S. branches and agencies of a foreign bank for the two statement weeks ending Sept. 26, 1979. For the computation period beginning Mar. 20, 1980, the base was lowered by (a) 7 percent or (b) the decrease in an institution's U.S. office gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period (Sept. 13-26, 1979) and the week ending Mar. 12, 1980, whichever was greater. For the computation period beginning May 29, 1980, the base was increased by 7½ percent above the base used to calculate the marginal reserve in the statement week of May 14-21, 1980. In addition, beginning Mar. 19, 1980, the base was reduced to the extent that foreign loans and balances declined.

6. For existing nonmember banks and thrift institutions, there is a phase-in period ending Sept. 3, 1987. For existing member banks the phase-in period is about three years, depending on whether their new reserve requirements are greater or less than the old requirements. For existing agencies and branches of foreign banks, the phase-in ends Aug. 12, 1982. All new institutions will have a two-year phase-in beginning with the date that they open for business.

7. Transaction accounts include all deposits on which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, telephone and preauthorized transfers (in excess of three per month), for the purpose of making payments to third persons or others.

8. In general, nonpersonal time deposits are time deposits, including savings deposits, that are not transaction accounts and in which the beneficial interest is held by a depositor which is not a natural person. Also included are certain transferable time deposits held by natural persons, and certain obligations issued to depository institution offices located outside the United States. For details, see section 204.2 of Regulation D.

NOTE. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. After implementation of the Monetary Control Act, nonmembers may maintain reserves on a pass-through basis with certain approved institutions.

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

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Oct. 31, 1980		Previous maximum		In effect Oct. 31, 1980		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5 1/4	7/1/79	5	7/1/73	5 1/2	7/1/79	5 1/4	(1)
2 Negotiable order of withdrawal accounts ²	5	1/1/74	(3)		5	1/1/74	(3)	
Time accounts ⁴								
Fixed ceiling rates by maturity								
3 30-89 days	5 1/4	8/1/79	5	7/1/73	(3)		(3)	
4 90 days to 1 year	5 3/4	1/1/80	5 1/2	7/1/73	6	1/1/80	5 3/4	(1)
5 1 to 2 years ⁵	6	7/1/73	5 1/2	1/21/70	6 1/2	(1)	5 3/4	1/21/70
6 2 to 2 1/2 years ⁵			5 3/4	1/21/70			6	1/21/70
7 2 1/2 to 4 years ⁵			6 1/2	7/1/73			5 3/4	1/21/70	6 3/4	(1)	6	1/21/70
8 4 to 6 years ⁶	7 1/4	11/1/73	(7)		7 1/2	11/1/73	(7)	
9 6 to 8 years ⁶	7 1/2	12/23/74	7 3/4	11/1/73	7 3/4	12/23/74	7 1/2	11/1/73
10 8 years or more ⁶	7 3/4	6/1/78	(3)		8	6/1/78	(3)	
11 Issued to governmental units (all maturities) ⁸	8	6/1/78	7 3/4	12/23/74	8	6/1/78	7 3/4	12/23/74
12 Individual retirement accounts and Keogh (H.R. 10) plans (3 years or more) ^{8,9}	8	6/1/78	7 3/4	7/6/77	8	6/1/78	7 3/4	7/6/77
Special variable ceiling rates by maturity								
13 6-month money market time deposits ¹⁰	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
14 2 1/2 years or more	(12)	(12)	(13)	(13)	(12)	(12)	(13)	(13)

1. July 1, 1973, for mutual savings banks; July 6, 1973, for savings and loan associations.

2. For authorized states only, federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable order of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976, and in New York State on Nov. 10, 1978, and in New Jersey on Dec. 28, 1979.

3. No separate account category.

4. For exceptions with respect to certain foreign time deposits see the FEDERAL RESERVE BULLETIN for October 1962 (p. 1279), August 1965 (p. 1084), and February 1968 (p. 167).

5. No minimum denomination. Until July 1, 1979, a minimum of \$1,000 was required for savings and loan associations, except in areas where mutual savings banks permitted lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.

6. No minimum denomination. Until July 1, 1979, minimum denomination was \$1,000 except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) plan established pursuant to the Internal Revenue Code. The \$1,000 minimum requirement was removed for such accounts in December 1975 and November 1976 respectively.

7. Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of \$1,000; however, the amount of such certificates that an institution could issue was limited to 5 percent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than \$1,000, were limited to the 6 1/2 percent ceiling on time deposits maturing in 2 1/2 years or more.

Effective Nov. 1, 1973, ceilings were reimposed on certificates maturing in 4 years or more with minimum denomination of \$1,000. There is no limitation on the amount of these certificates that banks can issue.

8. Accounts subject to fixed rate ceilings. See footnote 6 for minimum denomination requirements.

9. Effective January 1, 1980, commercial banks are permitted to pay the same rate as thrifts on IRA and Keogh accounts and accounts of governmental units when such deposits are placed in the new 2 1/2-year or more variable ceiling certificates or in 26-week money market certificates regardless of the level of the Treasury bill rate.

10. Must have a maturity of exactly 26 weeks and a minimum denomination of \$10,000, and must be nonnegotiable.

11. Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks on money market time deposits entered into before June 5, 1980, is the discount rate (auction average) of most recently issued six-month U.S. Treasury bills. Until Mar. 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was 1/4 percentage point higher than the rate for commercial banks. Beginning March 15, 1979, the 1/4-percentage-point interest differential is removed when the six-month Treasury bill rate is 9 percent or more. The full differential is in effect when the six-month bill rate is 8 3/4 percent or less. Thrift institutions may pay a maximum 9 percent when the six-month bill rate is between 8 3/4 and 9 percent. Also effective March 15, 1979, interest compounding was prohibited on six-month money market time deposits at all offering institutions. The maximum allowable rates in October for commercial banks and thrift institutions were as follows: Oct. 2, 11.968; Oct. 9, 11.390; Oct. 16, 11.531; Oct. 23, 11.657; Oct. 30, 12.534. Effective for all six-month money

market certificates issued beginning June 5, 1980, the interest rate ceilings will be determined by the discount rate (auction average) of most recently issued six-month U.S. Treasury bills as follows:

Bill rate	Commercial bank ceiling	Thrift ceiling
8.75 and above	bill rate + 1/4 percent	bill rate + 3/4 percent
8.50 to 8.75	bill rate + 1/4 percent	9.00
7.50 to 8.50	bill rate + 1/4 percent	bill rate + 1/2 percent
7.25 to 7.50	7.75	bill rate + 1/2 percent
Below 7.25	7.75	7.75

The prohibition against compounding interest in these certificates continues. In addition, during the period May 29, 1980, through Nov. 1, 1980, commercial banks may renew maturing six-month money market time deposits for the same depositor at the thrift institution ceiling interest rate.

12. Effective Jan. 1, 1980, commercial banks, savings and loan associations, and mutual savings banks were authorized to offer variable-ceiling nonnegotiable time deposits with no required minimum denomination and with maturities of 2 1/2 years or more. The maximum rate for commercial banks is 3/4 percentage point below the yield on 2 1/2-year U.S. Treasury securities; the ceiling rate for thrift institutions is 1/4 percentage point higher than that for commercial banks. Effective Mar. 1, 1980, a temporary ceiling of 11 3/4 percent was placed on these accounts at commercial banks; the temporary ceiling is 12 percent at savings and loan associations and mutual savings banks. Effective for all variable ceiling nonnegotiable time deposits with maturities of 2 1/2 years or more issued beginning June 2, 1980, the ceiling rates of interest will be determined as follows:

Treasury yield	Commercial bank ceiling	Thrift ceiling
12.00 and above	11.75	12.00
9.50 to 12.00	Treasury yield - 1/4 percent	Treasury yield
Below 9.50	9.25	9.50

Interest may be compounded on these time deposits. The ceiling rates of interest at which these accounts may be offered vary biweekly. The maximum allowable rates in October for commercial banks were as follows: Oct. 2, 11.75; Oct. 16, 11.30; Oct. 30, 11.75. The maximum allowable rates in October for thrift institutions were as follows: Oct. 2, 12.00; Oct. 16, 11.55; Oct. 30, 12.00.

13. Between July 1, 1979, and Dec. 31, 1979, commercial banks, savings and loan associations, and mutual savings banks were authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 4 years or more. The maximum rate for commercial banks was 1/4 percentage points below the yield on 4-year U.S. Treasury securities; the ceiling rate for thrift institutions was 1/4 percentage point higher than that for commercial banks.

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1977	1978	1979	1980						
				Mar.	Apr.	May	June	July	Aug.	Sept.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched sale-purchase transactions)										
<i>Treasury bills</i>										
1 Gross purchases	13,738	16,628	15,998	1,370	2,428	838	322	0	0	200
2 Gross sales	7,241	13,725	6,855	0	108	232	0	2,264	47	237
3 Exchange	0	0	0	0	0	0	274	0	0	0
4 Redemptions	2,136	2,033	2,900	0	0	0	0	950	0	0
<i>Others within 1 year¹</i>										
5 Gross purchases	3,017	1,184	3,203	292	109	155	121	0	137	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shift	4,499	-5,170	17,339	921	179	1,670	412	311	2,423	589
8 Exchange	2,500	0	-11,308	-809	-459	-5,276	-1,479	-788	-3,134	-1,459
9 Redemptions	0	0	2,600	0	0	0	0	0	0	0
<i>1 to 5 years</i>										
10 Gross purchases	2,833	4,188	2,148	355	373	405	465	0	541	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	0	0	-12,693	-921	-179	-1,302	-412	-311	-720	-589
13 Exchange	-6,649	-178	7,508	809	459	3,000	1,479	788	1,750	1,459
<i>5 to 10 years</i>										
14 Gross purchases	758	1,526	523	107	62	133	164	0	236	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shift	0	0	-4,646	0	0	-25	0	0	-1,703	0
17 Exchange	584	2,803	2,181	0	0	1,300	0	0	1,000	0
<i>Over 10 years</i>										
18 Gross purchases	553	1,063	454	81	64	216	129	0	320	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	0	0	0	0	0	-342	0	0	0	0
21 Exchange	1,565	2,545	1,619	0	0	976	0	0	384	0
<i>All maturities¹</i>										
22 Gross purchases	20,898	24,591	22,325	2,206	3,036	1,747	1,200	0	1,234	200
23 Gross sales	7,241	13,725	6,855	0	108	232	0	2,264	47	237
24 Redemptions	4,636	2,033	5,500	0	0	0	0	950	0	0
Matched transactions										
25 Gross sales	425,214	511,126	627,350	55,658	57,316	49,934	50,590	48,370	72,315	55,766
26 Gross purchases	423,841	510,854	624,192	54,636	57,479	50,965	52,076	46,023	71,645	56,207
Repurchase agreements										
27 Gross purchases	178,683	151,618	107,051	6,682	3,029	7,717	12,810	10,719	2,783	3,203
28 Gross sales	180,535	152,436	106,968	6,379	3,952	4,811	15,258	10,110	3,016	2,743
29 Net change in U.S. government securities	5,798	7,743	6,896	1,486	2,168	5,452	238	-4,952	284	863
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	1,433	301	853	0	668	0	0	0	0	0
31 Gross sales	0	173	399	0	0	0	0	0	0	0
32 Redemptions	223	235	134	5	2	0	2	2	*	91
Repurchase agreements										
33 Gross purchases	13,811	40,567	37,321	1,883	483	1,611	3,035	1,737	1,082	977
34 Gross sales	13,638	40,885	36,960	1,834	563	1,258	3,351	1,242	1,132	1,188
35 Net change in federal agency obligations	1,383	-426	681	45	586	353	-318	492	-50	-302
BANKERS ACCEPTANCES										
36 Outright transactions, net	-196	0	0	0	0	0	0	0	0	0
37 Repurchase agreements, net	159	-366	116	-34	-171	366	7	-64	-33	222
38 Net change in bankers acceptances	-37	-366	116	-34	-171	366	7	-64	-33	222
39 Total net change in System Open Market Account	7,143	6,951	7,693	1,497	2,582	6,171	-73	-4,523	202	784

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

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1980					1980		
	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29	Aug.	Sept.	Oct.
Consolidated condition statement								
ASSETS								
1 Gold certificate account	11,168	11,166	11,165	11,164	11,163	11,172	11,168	11,163
2 Special drawing rights certificate account	3,268	3,268	3,268	3,268	3,268	3,268	3,268	3,268
3 Coin	421	415	418	419	417	405	427	429
Loans								
4 Member bank borrowings	3,264	623	567	3,966	2,740	1,515	982	1,567
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	623	0	0	0	426	277	499	566
Federal agency obligations								
7 Bought outright	8,779	8,779	8,761	8,761	8,761	8,873	8,782	8,761
8 Held under repurchase agreements	946	0	0	0	167	482	271	459
U.S. government securities								
Bought outright								
9 Bills	43,998	41,662	43,949	45,961	45,004	43,503	43,907	44,341
10 Notes	58,703	58,703	58,703	58,703	58,703	58,703	58,703	58,703
11 Bonds	16,808	16,808	16,808	16,808	16,808	16,808	16,808	16,808
12 Total ¹	119,509	117,173	119,460	121,472	120,515	119,014	119,418	119,852
13 Held under repurchase agreements	2,549	0	0	0	921	834	1,293	1,630
14 Total U.S. government securities	122,058	117,173	119,460	121,472	121,436	119,848	120,711	121,482
15 Total loans and securities	135,670	126,575	128,788	134,199	133,530	130,995	131,245	132,835
16 Cash items in process of collection	10,975	10,482	15,456	9,980	9,780	9,721	12,481	8,691
17 Bank premises	451	452	451	452	453	449	450	453
Other assets								
18 Denominated in foreign currencies ²	2,259	2,285	2,297	2,529	2,754	2,235	2,245	2,750
19 All other	2,931	2,731	2,878	2,900	2,961	2,645	2,879	2,957
20 Total assets	167,143	157,374	164,721	164,911	164,326	160,890	164,163	162,546
LIABILITIES								
21 Federal Reserve notes	117,298	118,336	119,044	118,461	118,491	116,925	117,144	118,248
Deposits								
Reserve accounts								
22 Member banks	32,461	24,117	27,921	31,682	31,770	29,338	28,146	30,518
23 Edge Act corporations	0	0	0	0	0	342	0	0
24 Total	32,461	24,117	27,921	31,682	31,770	29,680	28,146	30,518
25 U.S. Treasury—General account	4,125	3,331	2,898	3,228	2,877	2,742	4,102	1,864
26 Foreign—Official accounts	313	272	325	236	260	336	460	368
27 Other	1,210	286	320	321	316	383	363	338
28 Total deposits	38,109	28,006	31,464	35,467	35,223	33,141	33,071	33,088
29 Deferred availability cash items	7,002	6,660	9,651	6,477	6,094	6,254	9,289	6,497
30 Other liabilities and accrued dividends ³	2,139	1,797	1,958	1,899	1,903	1,879	1,877	2,042
31 Total liabilities	164,548	154,799	162,117	162,304	161,711	158,199	161,381	159,875
CAPITAL ACCOUNTS								
32 Capital paid in	1,184	1,184	1,190	1,196	1,198	1,180	1,184	1,199
33 Surplus	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145
34 Other capital accounts	266	246	269	266	272	366	453	327
35 Total liabilities and capital accounts	167,143	157,374	164,721	164,911	164,326	160,890	164,163	162,546
36 MEMO: Marketable U.S. government securities held in custody for foreign and international account	84,379	85,185	86,363	85,599	85,677	84,331	84,526	86,150
Federal Reserve note statement								
37 Federal Reserve notes outstanding (issued to Bank)	137,355	137,394	137,407	137,782	137,922	134,781	137,292	137,871
38 Less—held by bank ⁴	20,057	19,058	18,363	19,180	19,431	n.a.	20,148	19,623
39 Federal Reserve notes, net	117,298	118,336	119,044	118,602	118,491	n.a.	117,144	118,248
Collateral for Federal Reserve notes								
40 Gold certificate account	11,168	11,166	11,165	11,164	11,163	11,172	11,168	11,163
41 Special drawing rights certificate account	3,268	3,268	3,268	3,268	3,268	3,268	3,268	3,268
42 Other eligible assets	0	0	0	0	0	553	0	0
43 U.S. government and agency securities	102,862	103,902	104,611	104,170	104,060	119,788	102,708	103,817
44 Total collateral	117,298	118,336	119,044	118,602	118,491	134,781	117,144	118,248

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

2. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U.S. Treasury. Assets shown in this line are revalued monthly at market exchange rates.

3. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

4. Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1980					1980		
	Oct. 1	Oct. 8	Oct. 15	Oct. 22	Oct. 29	Aug. 31	Sept. 30	Oct. 31
1 Loans—Total	3,264	623	567	3,966	2,740	1,515	982	1,567
2 Within 15 days	3,242	582	518	3,956	2,730	1,510	973	1,550
3 16 days to 90 days	22	41	49	10	10	5	9	17
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	623	0	0	0	426	277	499	566
6 Within 15 days	623	0	0	0	426	277	499	566
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	122,058	117,173	119,460	121,472	121,436	119,848	120,711	121,482
10 Within 15 days ¹	5,380	3,167	1,575	4,985	4,850	3,394	3,168	2,993
11 16 days to 90 days	21,614	20,724	23,644	21,671	21,894	20,302	22,479	24,059
12 91 days to 1 year	30,751	28,969	29,928	30,504	30,379	32,139	30,751	30,293
13 Over 1 year to 5 years	36,336	36,336	36,336	36,336	36,336	36,037	36,336	36,160
14 Over 5 years to 10 years	13,135	13,135	13,135	13,134	13,135	13,134	13,135	13,135
15 Over 10 years	14,842	14,842	14,842	14,842	14,842	14,842	14,842	14,842
16 Federal agency obligations—Total	9,725	8,779	8,761	8,761	8,928	9,355	9,053	9,220
17 Within 15 days ¹	964	131	112	63	63	769	522	63
18 16 days to 90 days	508	576	576	544	711	607	508	1,003
19 91 days to 1 year	1,542	1,361	1,436	1,467	1,558	1,249	1,312	1,558
20 Over 1 year to 5 years	4,818	4,818	4,758	4,862	4,771	4,802	4,818	4,771
21 Over 5 years to 10 years	1,208	1,208	1,194	1,140	1,140	1,184	1,149	1,140
22 Over 10 years	685	685	685	685	685	744	744	685

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

1.20 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1977	1978	1979	1980				
				May	June	July	Aug.	Sept.
Debits to demand deposits ¹ (seasonally adjusted)								
1 All commercial banks	34,322.8	40,297.8	49,750.7	61,354.5	61,574.7	63,088.5	65,385.9	65,111.5
2 Major New York City banks	13,860.6	15,008.7	18,512.2	25,508.0	24,788.9	25,538.8	26,705.7	26,103.5
3 Other banks	20,462.2	25,289.1	31,238.5	35,846.4	36,785.7	37,549.8	38,680.2	39,008.0
Debits to savings deposits ² (not seasonally adjusted)								
4 ATS/NOW ³	5.5	17.1	83.3	137.8	158.7	161.6	145.2	175.0
5 Business ⁴	21.7	56.7	77.4	79.0	80.2	85.1	84.9	91.4
6 Others ⁵	152.3	359.7	557.6	604.8	587.5	633.7	631.1	719.2
7 All accounts	179.5	432.9	718.2	821.6	826.4	880.4	861.2	985.6
Demand deposit turnover ¹ (seasonally adjusted)								
8 All commercial banks	129.2	139.4	163.4	202.9	201.5	203.7	205.5	202.1
9 Major New York City banks	503.0	541.9	646.2	871.8	817.1	844.5	859.6	818.5
10 Other banks	85.9	96.8	113.2	131.2	133.7	134.4	134.7	134.4
Savings deposit turnover ² (not seasonally adjusted)								
11 ATS/NOW ³	6.5	7.0	7.8	9.9	10.2	9.7	8.2	9.4
12 Business ⁴	4.1	5.1	7.2	8.9	8.6	8.5	7.9	8.5
13 Others ⁵	1.5	1.7	2.9	3.6	3.4	3.6	3.5	4.0
14 All accounts	1.7	1.9	3.3	4.3	4.2	4.3	4.1	4.7

1. Represents accounts of individuals, partnerships, and corporations, and of states and political subdivisions.

2. Excludes special club accounts, such as Christmas and vacation clubs.

3. Accounts authorized for negotiable orders of withdrawal (NOW) and accounts authorized for automatic transfer to demand deposits (ATS). ATS data availability starts with December 1978.

4. Represents corporations and other profit-seeking organizations (excluding commercial banks but including savings and loan associations, mutual savings banks, credit unions, the Export-Import Bank, and federally sponsored lending agencies).

5. Savings accounts other than NOW; business; and, from December 1978, ATS.

NOTE: Historical data for the period 1970 through June 1977 have been estimated; these estimates are based in part on the debits series for 233 SMSAs, which were available through June 1977. Back data are available from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Debits and turnover data for savings deposits are not available before July 1977.

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1976 Dec.	1977 Dec.	1978 Dec.	1979 Dec.	1980					
					Apr.	May	June	July	Aug.	Sept.
Seasonally adjusted										
MEASURES ¹										
1 M-1A	305.0	328.4	351.6	369.7	367.6	367.8	371.3	373.7	379.7	383.6
2 M-1B	307.7	332.5	359.9	386.4	386.6	386.2	390.9	394.5	401.6	406.7
3 M-2	1,166.7	1,294.1	1,401.5	1,525.5	1,549.9	1,562.1	1,585.7	1,609.7 ^r	1,629.2 ^r	1,641.3
4 M-3	1,299.7	1,460.3	1,623.6	1,775.5	1,811.1	1,824.2	1,844.5	1,865.1	1,886.3 ^r	1,902.6
5 L ²	1,523.5	1,715.5	1,927.7	2,141.1	2,200.7	2,216.6 ^r	2,229.3 ^r	2,245.0 ^r	2,271.8	n.a.
COMPONENTS										
6 Currency	80.7	88.7	97.6	106.3	109.0	110.1	111.0	112.0	113.4	113.9
7 Demand deposits	224.4	239.7	253.9	263.4	258.6	257.7	260.3	261.6	266.3	269.8
8 Savings deposits	447.7	486.5	476.1	416.7	377.3	372.7	381.4	393.7 ^r	403.8 ^r	408.6
9 Small-denomination time deposits ³	396.6	454.9	533.8	656.5	708.3	718.0	719.6	717.2 ^r	717.2 ^r	720.9
10 Large-denomination time deposits ⁴	118.0	145.2	194.7	219.4	234.2	235.0	230.7	226.2	225.4	230.4
Not seasonally adjusted										
MEASURES ¹										
11 M-1A	313.5	337.2	360.9	379.2	370.9	362.2	370.1	375.7	377.5	382.9
12 M-1B	316.1	341.3	369.3	396.0	389.9	380.5	389.7	396.5	399.4	406.0
13 M-2	1,169.1	1,295.9	1,403.7	1,527.3	1,558.1	1,559.2	1,587.5	1,615.1	1,626.2 ^r	1,639.3
14 M-3	1,303.8	1,464.5	1,629.2	1,780.8	1,817.3	1,820.1	1,843.9	1,868.2	1,883.3 ^r	1,900.3
15 L ²	1,527.1	1,718.5	1,931.1	2,143.6	2,208.7	2,210.9 ^r	2,227.5 ^r	2,246.3 ^r	2,267.7	n.a.
COMPONENTS										
16 Currency	82.1	90.3	99.4	108.2	108.7	109.9	111.1	112.7	113.7 ^r	113.7
17 Demand deposits	231.3	247.0	261.5	271.0	262.2	252.2	259.0	263.0	263.8 ^r	269.2
18 Other checkable deposits ⁵	2.7	4.1	8.3	16.7	19.0	18.4	19.6	20.8	21.9	23.2
19 Overnight RPs and Eurodollars ⁶	13.6	18.6	23.9	25.3	20.3	21.3	22.5	26.6	28.9	29.9
20 Money market mutual funds	3.4	3.8	10.3	43.6	60.4	66.8	74.2	80.6	80.7	78.2
21 Savings deposits	444.9	483.2	472.9	413.8	379.7	374.4	383.6	396.7 ^r	404.6 ^r	408.9
22 Small-denomination time deposits ³	393.5	451.3	529.8	651.5	710.9	719.1	720.4	717.8 ^r	715.6 ^r	719.3
23 Large-denomination time deposits ⁴	119.7	147.7	198.2	223.0	232.2	233.9	228.4	223.8	225.4	230.1

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

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

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

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

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

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

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

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

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

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

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

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1977 Dec.	1978 Dec.	1979 Dec.	1980						
				Mar.	Apr.	May	June	July	Aug.	Sept.
Seasonally adjusted										
1 Reserves ¹	36.00	41.16	43.57	43.67	44.85	44.45	43.96	42.78	40.75	41.54
2 Nonborrowed	35.43	40.29	42.10	40.85	42.40	43.43	43.58	42.39	40.09	40.23
3 Required	35.81	40.93	43.13	43.48	44.65	44.27	43.76	42.51	40.45	41.27
4 Monetary base ²	127.6	142.2	153.8	156.7	157.9	158.5	158.9	158.8	158.2	159.5
5 Deposits subject to reserve requirements ³	567.6	616.1	644.4	649.1	655.4	656.8	658.0	658.5	667.8	678.2
6 Time and savings	385.6	428.8	451.1	457.9	464.2	467.7	467.9	467.0	474.2	482.0
Demand										
7 Private	178.5	185.1	191.5	189.4	188.7	187.3	188.4	189.1	191.5	194.5
8 U.S. government	3.5	2.2	1.8	1.8	2.4	1.8	1.7	2.5	2.1	1.8
Not seasonally adjusted										
9 Monetary base ²	129.8	144.6	156.3	154.9	157.5	157.8	158.6	159.6	158.0	159.0
10 Deposits subject to reserve requirements ³	575.3	624.0	652.6	648.0	657.7	651.5	656.9	658.2	662.5	675.6
11 Time and savings	386.4	429.6	452.0	460.6	464.7	467.7	467.4	466.0	471.8	479.6
Demand										
12 Private	185.1	191.9	198.6	185.5	190.4	182.1	187.2	190.0	189.0	193.9
13 U.S. government	3.8	2.5	2.0	1.9	2.6	1.7	2.3	2.2	1.7	2.1

1. Member bank reserve series reflect actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. Effective Nov. 2, 1978, a supplementary reserve requirement of 2 percentage points was imposed on time deposits of \$100,000 or more. This action increased required reserves approximately \$3.0 billion in the week beginning Nov. 16, 1978. Effective Oct. 11, 1979, an 8 percentage point marginal reserve requirement was imposed on "managed liabilities" (liabilities that have been actively used to finance rapid expansion in bank credit). On Oct. 25, 1979, reserves of Edge Act corporations were included in member bank reserves. This action raised required reserves \$318 million. Effective Mar. 12, 1980, the marginal reserve requirement of 8 percentage points was raised to 10 percentage points. In addition the base upon which the marginal reserve requirement is calculated was reduced. This action increased required reserves about \$1,693 million in the week ending April 2, 1980.

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

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

NOTE. Latest monthly and weekly figures are available from the Board's H.3(502) statistical release. Back data and estimates of the impact on required reserves and changes in reserve requirements are available from the Banking Section, Division of Research and Statistics.

1.23 LOANS AND SECURITIES All Commercial Banks¹

Billions of dollars; averages of Wednesday figures

Category	1977 Dec.	1978 Dec.	1979 Dec.	1980		1977 Dec.	1978 Dec.	1979 Dec.	1980	
				Aug.	Sept.				Aug.	Sept.
				Seasonally adjusted					Not seasonally adjusted	
1 Total loans and securities²	891.1	1,014.3³	1,132.5⁴	1,176.2	1,191.2	899.1	1,023.8⁵	1,143.0⁴	1,175.8	1,192.9
2 U.S. Treasury securities	99.5	93.4	93.8	104.4	106.5	100.7	94.6	95.0	102.3	104.7
3 Other securities	159.6	173.1 ³	191.5	207.0	207.9	160.2	173.9 ³	192.3	206.5	207.9
4 Total loans and leases ²	632.1	747.8 ³	847.2 ⁴	864.8	876.7	638.3	755.4 ³	855.7 ⁴	867.0	880.3
5 Commercial and industrial loans	211.2 ⁵	246.5 ⁶	290.5 ⁴	301.2	307.4	212.6 ⁵	248.2 ⁶	292.4 ⁴	301.0	307.3
6 Real estate loans	175.2 ⁵	210.5	242.4 ⁴	252.4	253.7	175.5 ⁵	210.9	242.9 ⁴	253.2	254.9
7 Loans to individuals	138.2	164.9	182.7	171.5	171.4	139.0	165.9	183.8	173.1	173.4
8 Security loans	20.6	19.4	18.3	15.8	15.5	22.0	20.7	19.6	15.9	15.5
9 Loans to nonbank financial institutions	25.8 ⁵	27.1 ⁷	30.3 ⁴	28.3	28.6	26.3 ⁵	27.6 ⁷	30.8 ⁴	28.6	29.1
10 Agricultural loans	25.8	28.2	31.0	32.7	33.0	25.7	28.1	30.8	33.4	33.6
11 Lease financing receivables	5.8	7.4	9.5	10.7	10.8	5.8	7.4	9.5	10.7	10.8
12 All other loans	29.5	43.6 ³	42.6	52.2	56.3	31.5	46.6 ³	45.9	51.0	55.7
MEMO:										
13 Total loans and securities plus loans sold^{2,9}	895.9	1,018.1³	1,135.3^{4,8}	1,179.1	1,194.1	903.9	1,027.6³	1,145.7^{4,8}	1,178.7	1,195.8
14 Total loans plus loans sold ^{2,9}	636.9	751.6 ³	850.00 ^{4,8}	867.7	879.7	643.0	759.2 ³	858.4 ^{4,8}	869.9	883.2
15 Total loans sold to affiliates ⁹	4.8	3.8	2.8 ⁸	2.9	2.9	4.8	3.8	2.8 ⁸	2.9	2.9
16 Commercial and industrial loans plus loans sold ⁹	213.9 ⁵	248.5 ^{6,10}	292.3 ^{4,8}	303.2	309.4	215.3 ⁵	250.1 ^{6,10}	294.2 ^{4,8}	302.9	309.2
17 Commercial and industrial loans sold ⁹	2.7	1.9 ¹⁰	1.8 ⁸	1.9	1.9	2.7	1.9 ¹⁰	1.8 ⁸	1.9	1.9
18 Acceptances held	7.5	6.8	8.5	9.3	8.9	8.6	7.5	9.4	8.6	8.2
19 Other commercial and industrial loans	203.7 ⁵	239.7	282.0	291.9 ⁷	298.5	203.9 ⁵	240.9	283.1	292.4	299.1
20 To U.S. addressees ¹¹	193.8 ⁵	226.6	263.2	271.8 ⁷	277.9	193.7 ⁵	226.5	263.2	272.3 ⁷	278.3
21 To non-U.S. addressees	9.9 ⁵	13.1	18.8	20.1	20.7	10.3 ⁵	14.4	19.8	20.1	20.8
22 Loans to foreign banks	13.5	21.2	18.7	21.9 ⁷	23.5	14.6	23.0	20.1	21.6 ⁷	23.1
23 Loans to commercial banks in the United States	54.1	57.3	77.8	102.9	97.8	56.9	60.3	81.9	96.3	94.7

1. Includes domestic chartered banks; U.S. branches, agencies, and New York investment company subsidiaries of foreign banks; and Edge Act corporations.

2. Excludes loans to commercial banks in the United States.

3. As of Dec. 31, 1978, total loans and securities were reduced by \$0.1 billion. "Other securities" were increased by \$1.5 billion and total loans were reduced by \$1.6 billion largely as the result of reclassifications of certain tax-exempt obligations. Most of the loan reduction was in "all other loans."

4. As of Jan. 3, 1979, as the result of reclassifications, total loans and securities and total loans were increased by \$0.6 billion. Business loans were increased by \$0.4 billion and real estate loans by \$0.5 billion. Nonbank financial loans were reduced by \$0.3 billion.

5. As of Dec. 31, 1977, as the result of loan reclassifications, business loans were reduced \$0.2 billion and nonbank financial loans \$0.1 billion; real estate loans were increased \$0.3 billion.

6. As of Dec. 31, 1978, commercial and industrial loans were reduced \$0.1 billion as a result of reclassifications.

7. As of Dec. 1, 1978, nonbank financial loans were reduced \$0.1 billion as the result of reclassification.

8. As of Dec. 1, 1979, loans sold to affiliates were reduced \$800 million and commercial and industrial loans sold were reduced \$700 million due to corrections of two banks in New York City.

9. Loans sold are those sold outright to a bank's own foreign branches, non-consolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

10. As of Dec. 31, 1978, commercial and industrial loans sold outright were increased \$0.7 billion as the result of reclassifications, but \$0.1 billion of this amount was offset by a balance sheet reduction of \$0.1 billion as noted above.

11. United States includes the 50 states and the District of Columbia.

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS¹

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1980								
	1976	1977	1978	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
Total nondeposit funds												
1 Seasonally adjusted ²	54.7	61.8	85.4	122.5	129.2	133.4	124.2	120.0	113.6	113.6	111.0	112.3
2 Not seasonally adjusted	53.3	60.4	84.4	121.2	125.9	130.4	121.1	123.2	113.7 ^r	117.7	113.9	112.8
Federal funds, RPs, and other borrowings from nonbanks												
3 Seasonally adjusted ³	47.1	58.4	74.8	92.0	97.2	97.9	94.7	94.2	96.1	100.1	99.1	103.5
4 Not seasonally adjusted	45.8	57.0	73.8	90.6	93.9	94.8	91.7	97.4	96.2	104.2	102.1	104.0
5 Net Eurodollar borrowings, not seasonally adjusted	3.7	-1.3	6.8	27.9	29.4	32.9	26.8	23.2	14.7 ^r	10.7	8.9	5.9
6 Loans sold to affiliates, not seasonally adjusted ^{4,5}	3.8	4.8	3.8	2.7	2.6	2.6	2.6	2.6	2.8	2.8	2.9	2.9
MEMO												
7 Domestic chartered banks net positions with own foreign branches, not seasonally adjusted ⁶	-6.0	-12.5	-10.2	5.9	6.6	9.3	6.0	2.7	-5.2	-8.1	-9.9	-14.1
8 Gross due from balances	12.8	21.1	24.9	23.0	23.4	23.6	24.4	27.3	29.9	32.4	35.3	37.6
9 Gross due to balances	6.8	8.6	14.7	28.9	29.8	32.9	30.4	30.0	24.7	24.3	25.4	23.5
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted ⁷	9.7	11.1	17.0	22.0	22.8	23.6	20.9	20.5	19.9	18.8	18.9	19.9
11 Gross due from balances	8.3	10.3	14.2	29.6	30.4	31.9	28.5	28.4	28.5	30.6	30.7	31.6
12 Gross due to balances	18.1	21.4	31.2	51.6	53.2	55.6	49.4	48.8	48.4	49.4	49.6	51.6
13 Security RP borrowings, seasonally adjusted ⁸	27.9	36.3	44.8	51.0	49.5	45.0	41.5	40.1	45.0	50.4	52.7	51.4
14 Not seasonally adjusted	27.0	35.1	43.6	48.3	48.2	44.1	40.6	42.1	44.7	50.2	54.2	53.7
15 U.S. Treasury demand balances, seasonally adjusted ⁹	3.9	4.4	8.7	12.7	11.3	7.5	8.6	9.4	8.6	10.7	11.6	12.5
16 Not seasonally adjusted	4.4	5.1	10.3	12.7	11.7	7.8	9.0	8.4	10.0	9.2	9.1	14.1
17 Time deposits, \$100,000 or more, seasonally adjusted ¹⁰	137.7	162.0	213.0	229.1	235.6	237.1	240.3	242.0	237.0	233.1	233.4	237.8
18 Not seasonally adjusted	140.0	165.4	217.9	233.0	236.8	239.2	238.4	240.1	234.9	229.2	231.1 ^r	235.6

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus U.S. branches, agencies, and New York investment company subsidiaries of foreign banks and Edge Act corporations.

2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestic chartered banks and averages of current and previous month-end data for foreign-related institutions.

3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.

4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.

5. As of Dec. 1, 1979, loans sold to affiliates were reduced \$800 million due to corrections of two New York City banks.

6. Includes averages of daily figures for member banks and quarterly call report figures for nonmember banks.

7. Includes averages of current and previous month-end data until August 1979; beginning September 1979 averages of daily data.

8. Based on daily average data reported by 122 large banks beginning February 1980 and 46 banks before February 1980.

9. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.

10. Averages of Wednesday figures.

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

Billions of dollars except for number of banks

Account	1979	1980									
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
DOMESTICALLY CHARTERED COMMERCIAL BANKS¹											
1 Loans and investments	1,143.3	1,133.4	1,143.6	1,142.8	1,151.9	1,150.5	1,153.2	1,158.3	1,172.5	1,182.1	1,199.2
2 Loans, gross	860.1	849.7	857.0	854.6	861.2	857.1	857.0	857.4	866.9	873.9	886.4
3 Interbank	62.9	57.2	58.0	55.6	62.4	67.4	66.6	66.8	67.8	67.0	66.9
4 Commercial and industrial	253.4	252.6	256.2	258.3	259.2	256.0	256.8	256.4	258.7	262.9	268.2
5 Other	543.7	540.0	542.9	540.7	539.6	533.7	533.6	534.1	540.3	543.9	551.3
6 U.S. Treasury securities	92.5	92.4	93.6	94.2	93.5	93.9	95.2	97.6	100.3	102.1	103.3
7 Other securities	190.7	191.2	192.9	193.9	197.2	199.5	201.0	203.3	205.3	206.1	209.4
8 Cash assets, total	146.4	148.4	149.9	153.8	168.2	172.4	150.4	154.1	148.7	156.6	156.0
9 Currency and coin	17.9	17.3	17.1	16.8	16.8	17.8	17.4	17.7	18.4	18.0	18.5
10 Reserves with Federal Reserve Banks	28.4	28.3	30.7	34.2	33.2	37.9	29.5	32.1	28.9	31.2	31.6
11 Balances with depository institutions	37.7	43.7	43.4	43.1	49.7	47.9	45.4	44.7	45.6	46.6	47.0
12 Cash items in process of collection	62.4	59.0	58.7	59.8	68.6	68.9	58.0	59.6	55.8	60.9	58.8
13 Other assets	61.2	63.1	65.0	66.1	73.3	72.7	77.4	77.0	82.6	87.6	88.0
14 Total assets/total liabilities and capital	1,351.0	1,344.9	1,358.4	1,362.7	1,393.5	1,395.7	1,381.0	1,389.4	1,403.8	1,426.3	1,443.2
15 Deposits	1,030.6	1,022.5	1,028.9	1,032.1	1,060.0	1,057.3	1,044.7	1,050.1	1,059.5	1,074.9	1,091.1
16 Demand	377.6	362.4	358.7	354.5	377.4	370.2	358.0	363.6	363.4	370.0	376.3
17 Savings	203.4	200.6	199.9	196.5	189.3	192.3	197.8	205.7	208.7	209.4	211.4
18 Time	449.7	459.6	470.3	481.1	493.4	494.8	488.9	480.8	487.4	495.5	503.5
19 Borrowings	140.5	143.1	145.1	142.1	147.0	154.1	152.5	158.6	160.1	165.3	163.4
20 Other liabilities	74.1	77.5	81.6	84.2	87.2	78.5	76.6	74.8	76.2	76.4	75.6
21 Residual (assets less liabilities)	105.8	101.8	102.9	104.2	105.2	105.7	107.1	106.0	108.0	109.6	113.1
MEMO:											
22 U.S. Treasury note balances included in borrowing	12.8	15.0	8.1	9.4	14.3	5.1	13.1	7.6	8.7	15.2	11.5
23 Number of banks	14,610	14,594	14,609	14,626	14,629	14,639	14,646	14,658	14,666	14,678	14,760
ALL COMMERCIAL BANKING INSTITUTIONS²											
24 Loans and investments	1,229.8	1,217.7	1,230.8	1,231.8	1,240.9	1,239.2	1,241.9	↑	↑	1,279.6	↑
25 Loans, gross	943.1	930.7	941.0	940.2	946.8	942.4	942.2	↑	↑	964.2	↑
26 Interbank	80.5	75.4	78.3	75.2	82.1	88.0	84.8	↑	↑	87.2	↑
27 Commercial and industrial	295.0	295.1	298.5	301.7	302.0	298.1	297.8	↑	↑	307.1	↑
28 Other	567.6	560.1	564.2	563.4	562.7	556.2	559.6	↑	↑	573.1	↑
29 U.S. Treasury securities	94.5	94.3	95.5	96.2	95.5	95.9	97.2	↑	↑	104.5	↑
30 Other securities	192.2	192.7	194.4	195.4	198.6	201.0	202.4	↑	↑	207.7	↑
31 Cash assets, total	169.5	166.5	168.8	174.0	187.3	190.7	172.0	↑	↑	179.8	↑
32 Currency and coin	17.9	17.3	17.1	16.8	16.8	17.8	17.4	↑	↑	18.0	↑
33 Reserves with Federal Reserve Banks	29.0	28.9	31.3	35.0	33.9	38.7	30.3	↑	↑	31.7	↑
34 Balances with depository institutions	59.0	59.8	60.5	61.1	66.6	63.8	64.6	n.a.	n.a.	67.6	n.a.
35 Cash items in process of collection	63.7	60.4	60.0	61.2	69.9	70.4	59.7	↑	↑	62.5	↑
36 Other assets	81.0	83.7	86.8	91.6	99.0	98.1	105.5	↑	↑	117.2	↑
37 Total assets/total liabilities and capital	1,480.3	1,468.0	1,486.5	1,497.5	1,527.2	1,528.0	1,519.4	↑	↑	1,576.6	↑
38 Deposits	1,076.3	1,063.1	1,070.0	1,073.5	1,101.1	1,097.1	1,088.7	↑	↑	1,122.2	↑
39 Demand	400.5	380.5	376.8	373.6	396.6	387.7	379.1	↑	↑	391.2	↑
40 Savings	204.3	201.3	200.3	196.7	189.5	192.6	198.2	↑	↑	209.8	↑
41 Time	471.5	481.3	492.9	503.2	515.0	516.9	511.4	↑	↑	521.2	↑
42 Borrowings	180.5	179.5	182.9	186.5	190.8	196.3	197.9	↑	↑	212.6	↑
43 Other liabilities	115.4	121.1	128.4	130.9	127.8	126.6	124.1	↑	↑	130.6	↑
44 Residual (assets less liabilities)	108.1	104.2	105.2	106.5	107.4	108.1	108.7	↑	↑	111.2	↑
MEMO:											
45 U.S. Treasury note balances included in borrowing	12.8	15.0	8.1	9.4	14.3	5.1	13.1	↑	↑	15.2	↑
46 Number of banks	14,975	14,962	14,978	14,995	15,004	15,016	15,019	↑	↑	15,069	↑

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

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

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

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1980								
	Sept. 3	Sept. 10	Sept. 17	Sept. 24	Oct. 1 ^P	Oct. 8 ^P	Oct. 15 ^P	Oct. 22 ^P	Oct. 29 ^P
BANKS WITH ASSETS OF \$750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted ¹	518,979	519,302	518,611	517,471	525,500	524,141	525,598	524,587	526,814
2 Total loans (gross) adjusted ¹	403,128	403,722	403,718	403,516	410,622	409,078	410,737	410,077	412,574
3 Demand deposits adjusted ²	108,966	110,858	111,379	103,874	112,455	110,838	111,082	107,896	108,086
4 Time deposits in accounts of \$100,000 or more	131,160	131,933	132,078	134,313	134,411	135,021	133,688	134,989	138,026
5 Negotiable CDs	94,432	95,051	95,030	97,043	97,294	97,359	95,917	96,607	99,381
6 Other time deposits	36,728	36,882	37,049	37,269	37,117	37,661	37,770	38,382	38,645
7 Loans sold outright to affiliates ³	2,917	2,903	2,931	2,900	2,949	2,868	2,775	2,732	2,633
8 Commercial and industrial	1,908	1,910	1,935	1,905	1,948	1,848	1,753	1,811	1,760
9 Other	1,009	993	995	995	1,001	1,020	1,022	921	873
BANKS WITH ASSETS OF \$1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted ¹	485,033	485,343	484,599	483,493	491,340	489,853	491,298	490,308	492,466
11 Total loans (gross) adjusted ¹	378,091	378,671	378,668	378,476	385,488	383,788	385,450	384,798	387,260
12 Demand deposits adjusted ²	100,934	102,844	103,230	96,193	104,032	102,600	102,895	99,734	99,836
13 Time deposits in accounts of \$100,000 or more	123,181	123,861	124,050	126,195	126,332	126,848	125,433	126,709	129,689
14 Negotiable CDs	88,748	89,304	89,300	91,243	91,509	91,502	89,964	90,637	93,380
15 Other time deposits	34,433	34,557	34,749	34,952	34,823	35,345	35,469	36,073	36,308
16 Loans sold outright to affiliates ³	2,877	2,860	2,888	2,860	2,907	2,825	2,732	2,688	2,590
17 Commercial and industrial	1,889	1,889	1,914	1,884	1,926	1,826	1,730	1,787	1,736
18 Other	988	972	974	976	981	999	1,002	902	854
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted ^{1,4}	115,264	115,369	114,668	114,246	116,902	115,774	117,400	116,500	118,508
20 Total loans (gross) adjusted ¹	92,900	93,060	92,370	91,970	94,546	93,747	95,310	94,629	96,586
21 Demand deposits adjusted ²	26,157	25,810	25,585	22,138	25,896	25,066	25,666	24,486	23,903
22 Time deposits in accounts of \$100,000 or more	30,270	30,550	30,381	30,752	31,128	31,245	30,632	30,857	32,296
23 Negotiable CDs	22,293	22,500	22,283	22,697	23,132	23,117	22,431	22,520	23,908
24 Other time deposits	7,977	8,050	8,098	8,055	7,996	8,128	8,201	8,337	8,388

1. Exclusive of loans and federal funds transactions with domestic commercial banks.

2. All demand deposits except U.S. government and domestic banks less cash items in process of collection.

3. Loans sold are those sold outright to a bank's own foreign branches, non-consolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

4. Excludes trading account securities.

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

Millions of dollars

Industry classification	Outstanding					Net change during				
	1980					1980				
	June 25	July 30	Aug. 27	Sept. 24	Oct. 29 ^P	Q2	Q3	Aug.	Sept.	Oct. ^P
1 Durable goods manufacturing	22,729	22,477	22,965	23,513	23,342	-2,332	784	488	548	-171
2 Nondurable goods manufacturing	18,338	18,532	18,799	19,548	20,135	-1,486	1,210	267	749	587
3 Food, liquor, and tobacco	3,701	3,887	3,897	4,352	4,597	-1,222	651	10	455	245
4 Textiles, apparel, and leather	4,934	5,066	5,230	5,204	5,071	454	269	165	-27	-133
5 Petroleum refining	2,715	2,616	2,694	2,700	2,993	-424	-15	78	5	293
6 Chemicals and rubber	3,704	3,723	3,707	3,733	3,846	-208	30	-16	26	113
7 Other nondurable goods	3,284	3,240	3,270	3,559	3,627	-86	275	30	289	68
8 Mining (including crude petroleum and natural gas)	13,758	13,650	13,560	13,958	14,717	1,162	200	-90	398	760
9 Trade	24,600	24,279	24,737	24,941	26,294	-857	342	458	204	1,352
10 Commodity dealers	1,531	1,670	1,853	2,118	2,471	-285	588	183	266	352
11 Other wholesale	11,679	11,557	11,614	11,589	11,892	-418	-91	57	-25	303
12 Retail	11,389	11,052	11,270	11,234	11,931	-154	-155	219	-36	697
13 Transportation, communication, and other public utilities	18,745	18,996	19,221	19,224	19,323	453	479	225	3	99
14 Transportation	7,600	7,753	7,652	7,736	7,787	83	137	-101	84	51
15 Communication	2,839	2,883	2,918	2,993	3,099	92	154	35	76	106
16 Other public utilities	8,306	8,359	8,651	8,495	8,436	278	188	292	-157	-58
17 Construction	5,970	5,787	5,873	6,031	5,931	96	61	86	158	-100
18 Services	20,296	20,567	20,808	21,315	21,538	86	1,018	241	507	223
19 All other ¹	14,999	14,964	15,250	15,402	15,745	-656	403	286	152	343
20 Total domestic loans	139,435	139,252	141,214	143,932	147,027	-3,534	4,498	1,962	2,719	3,095
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans	74,295	73,767	74,976	76,536	77,107	-1,702	2,241	1,209	1,560	571

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

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

1.31 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations¹

Billions of dollars, estimated daily-average balances

Type of holder	Commercial banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978 Dec.	1979 ²			1980		
					June	Sept.	Dec.	Mar.	June	Sept.
1 All holders—Individuals, partnerships, and corporations	236.9	250.1	274.4	294.6	285.6	292.4	302.2	288.4	288.6	302.0
2 Financial business	20.1	22.3	25.0	27.8	25.4	26.7	27.1	28.4	27.7	29.6
3 Nonfinancial business	125.1	130.2	142.9	152.7	145.1	148.8	157.7	144.9	145.3	151.9
4 Consumer	78.0	82.6	91.0	97.4	98.6	99.2	99.2	97.6	97.9	101.8
5 Foreign	2.4	2.7	2.5	2.7	2.8	2.8	3.1	3.1	3.1	3.2
6 Other	11.3	12.4	12.9	14.1	13.7	14.9	15.1	14.4	14.4	15.5
	Weekly reporting banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978 Dec.	1979 ³			1980		
					June	Sept.	Dec.	Mar.	June	Sept.
7 All holders—Individuals, partnerships, and corporations	124.4	128.5	139.1	147.0	128.8	132.7	139.3	133.6	133.9	140.6
8 Financial business	15.6	17.5	18.5	19.8	18.4	19.7	20.1	20.1	20.2	21.2
9 Nonfinancial business	69.9	69.7	76.3	79.0	68.1	69.1	74.1	69.1	69.2	72.4
10 Consumer	29.9	31.7	34.6	38.2	33.0	33.7	34.3	34.2	33.9	36.0
11 Foreign	2.3	2.6	2.4	2.5	2.7	2.8	3.0	3.0	3.1	3.1
12 Other	6.6	7.1	7.4	7.5	6.6	7.4	7.8	7.2	7.5	7.9

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

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

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

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1976 Dec.	1977 Dec.	1978 Dec.	1979 ¹ Dec.	1980						
					Apr.	May	June	July	Aug.	Sept.	
	Commercial paper (seasonally adjusted)										
1 All issuers	53,010	65,036	83,420	112,803	120,887	121,032	123,937	122,259	122,607^r	123,460	
Financial companies ²											
Dealer-placed paper ³											
2 Total	7,263	8,888	12,300	17,579	18,881	18,526	19,100	18,207	19,092 ^r	19,509	
3 Bank-related	1,900	2,132	3,521	2,874	3,467	3,591	3,188	3,198	3,313	3,370	
Directly placed paper ⁴											
4 Total	32,622	40,612	51,755	64,931	66,110	63,813	62,623	63,777	64,550	65,542	
5 Bank-related	5,959	7,102	12,314	17,598	19,166	18,845	19,436	19,239	19,909	19,692	
6 Nonfinancial companies ⁵	13,125	15,536	19,365	30,293	35,896	38,693	42,214	40,275	38,965 ^r	38,409	
	Bankers dollar acceptances (not seasonally adjusted)										
7 Total	22,523	25,450	33,700	45,321	50,177	52,636	54,356	54,334	54,486	n.a.	
Holder											
8 Accepting banks	10,442	10,434	8,579	9,865	8,159	9,262	10,051	9,764	9,644		
9 Own bills	8,769	8,915	7,653	8,327	7,488	8,768	9,113	8,603	8,544		
10 Bills bought	1,673	1,519	927	1,538	670	493	939	1,161	1,100		
Federal Reserve Banks											
11 Own account	991	954	1	704	0	366	373	310	277		
12 Foreign correspondents	375	362	664	1,382	1,555	1,718	1,784	1,899	1,841		
13 Others	10,715	13,700	24,456	33,370	40,463	41,290	42,147	42,361	42,724		
Basis											
14 Imports into United States	4,992	6,378	8,574	10,270	10,946	11,651	11,536	12,109	11,861		
15 Exports from United States	4,818	5,863	7,586	9,640	11,221	11,347	11,339	12,401	12,582		
16 All other	12,713	13,209	17,540	25,411	28,010	29,637	31,480	29,824	30,043		

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.

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

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

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

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

1.33 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1980—May 16	16½	1980—Aug 22	11.25	1979—Mar.	11.75	1980—Jan.	15.25
23	14½	27	11.50	Apr.	11.75	Feb.	15.63
30	14	Sept 8	12.00	May	11.75	Mar.	18.31
June 6	13	12	12.25	June	11.65	Apr.	19.77
13	12-12½	19	12.50	July	11.54	May	16.57
20	12	26	13.00	Aug.	11.91	June	12.63
July 7	11.50	Oct 1	13.50	Sept.	12.90	July	11.48
25	11.00	17	14.00	Oct.	14.39	Aug.	11.12
		29	14.50	Nov.	15.55	Sept.	12.23
				Dec.	15.30	Oct.	13.79

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 4-9, 1980

Item	All sizes	Size of loan (in thousands of dollars)					
		1-24	25-49	50-99	100-499	500-999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	13,492,779	696,920	501,851	716,033	2,074,691	703,435	8,799,849
2 Number of loans	139,530	98,586	15,075	11,249	11,675	1,133	1,812
3 Weighted-average maturity (months)	2.2	3.0	3.1	3.4	3.5	3.4	1.5
4 Weighted-average interest rate (percent per annum)	11.56	13.65	13.53	13.00	12.49	12.01	10.92
5 Interquartile range ¹	10.75-12.42	12.42-14.84	12.42-14.66	12.07-13.72	11.60-13.10	11.25-12.41	10.12-11.50
<i>Percentage of amount of loans</i>							
6 With floating rate	35.4	22.1	30.9	42.2	39.2	68.5	32.6
7 Made under commitment	46.2	24.7	30.3	35.3	44.6	67.6	48.4
8 With no stated maturity	22.8	14.3	8.5	31.5	20.0	33.0	23.5
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS							
9 Amount of loans (thousands of dollars)	1,806,322	325,437			219,163	113,059	1,148,663
10 Number of loans	24,017	22,299			1,248	174	297
11 Weighted-average maturity (months)	45.9	33.2			55.1	43.9	47.9
12 Weighted-average interest rate (percent per annum)	12.06	14.28			12.57	12.26	11.31
13 Interquartile range ¹	11.00-12.99	13.00-15.00			11.92-13.24	11.25-13.10	11.00-12.00
<i>Percentage of amount of loans</i>							
14 With floating rate	67.8	20.1			59.9	80.9	81.5
15 Made under commitment	72.5	33.7			64.6	75.6	84.7
CONSTRUCTION AND LAND DEVELOPMENT LOANS							
16 Amount of loans (thousands of dollars)	1,065,180	161,684	144,638	166,745	318,897	273,217	
17 Number of loans	23,363	15,447	3,878	2,608	1,261	169	
18 Weighted-average maturity (months)	8.0	15.2	3.4	4.9	5.2	12.0	
19 Weighted-average interest rate (percent per annum)	13.16	14.87	13.15	13.13	12.74	12.66	
20 Interquartile range ¹	12.62-13.50	12.68-16.99	12.30-13.28	12.56-13.65	12.56-13.00	12.07-13.00	
<i>Percentage of amount of loans</i>							
21 With floating rate	40.1	16.8	14.2	19.4	34.2	87.3	
22 Secured by real estate	93.9	78.8	98.5	97.9	96.4	95.0	
23 Made under commitment	69.8	36.8	75.1	53.2	88.8	74.6	
24 With no stated maturity	44.2	75.5	81.1	69.7	21.7	16.7	
<i>Type of construction</i>							
25 1- to 4-family	8.9	8.0	12.1	1.9	7.4	13.7	
26 Multifamily	47.0	16.5	6.8	28.4	70.9	69.6	
27 Nonresidential	12.9	8.4	2.5	21.4	6.4	23.5	
LOANS TO FARMERS							
28 Amount of loans (thousands of dollars)	948,371	145,747	182,288	160,300	130,001	148,329	181,706
29 Number of loans	60,078	38,800	12,884	4,751	2,067	1,150	425
30 Weighted-average maturity (months)	7.8	6.1	7.1	6.9	12.1	5.6	9.6
31 Weighted-average interest rate (percent per annum)	13.51	13.50	13.44	13.57	13.54	13.77	13.28
32 Interquartile range ¹	12.89-14.12	12.68-14.49	12.96-13.96	12.89-14.49	12.89-14.49	13.42-14.28	12.68-13.50
<i>By purpose of loan</i>							
33 Feeder livestock	13.45	13.73	13.31	13.72	13.39	13.63	12.92
34 Other livestock	13.74	13.48	13.38	13.68	14.67	14.26	13.37
35 Other current operating expenses	13.65	13.40	13.50	13.79	13.58	13.88	14.14
36 Farm machinery and equipment	13.31	13.94	13.16	13.21	13.06	13.52	12.24
37 Other	13.25	13.46	13.68	12.39	13.35	13.62	12.98

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
 2. Fewer than 10 sample loans.

NOTE: For more detail, see the Board's E.2(416) statistical release. These data have been updated since the issuance of the E.2.

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per annum

Instrument	1977	1978	1979	1980				1980, week ending				
				July	Aug.	Sept.	Oct.	Oct. 3	Oct. 10	Oct. 17	Oct. 24	Oct. 31
Money market rates												
1 Federal funds ¹	5.54	7.94	11.20	9.03	9.61	10.87	12.81	12.38	12.59	12.64	12.55	13.17
Commercial paper ^{2,3}												
2 1-month	5.42	7.76	10.86	8.53	9.48	10.82	12.59	12.56	12.20	12.51	12.54	13.12
3 3-month	5.54	7.94	10.97	8.41	9.57	10.97	12.52	12.54	12.05	12.23	12.42	13.33
4 6-month	5.60	7.99	10.91	8.29	9.61	11.04	12.32	12.42	11.82	11.97	12.15	13.28
Finance paper, directly placed ^{2,3}												
5 1-month	5.38	7.73	10.78	8.37	9.30	10.62	12.32	12.16	11.90	12.22	12.34	12.88
6 3-month	5.49	7.80	10.47	8.03	9.08	10.28	11.24	11.05	11.02	11.06	11.24	11.65
7 6-month	5.50	7.78	10.25	8.03	9.08	10.29	11.15	10.97	10.95	11.00	11.14	11.52
8 Prime bankers acceptances, 90-day ^{3,4}	5.59	8.11	11.04	8.58	9.85	11.13	12.69	12.51	12.17	12.24	12.66	13.71
Certificates of deposit, secondary market ⁵												
9 1-month	5.48	7.88	11.03	8.59	9.62	10.89	12.69	12.58	12.30	12.45	12.65	13.34
10 3-month	5.64	8.22	11.22	8.65	9.91	11.29	12.94	12.81	12.36	12.52	12.90	13.98
11 6-month	5.92	8.61	11.44	8.73	10.29	11.73	12.99	12.97	12.38	12.51	12.94	14.09
12 Eurodollar deposits, 3-month ⁶	6.05	8.74	11.96	9.33	10.82	12.07	13.55	13.25	13.03	13.00	13.38	14.31
U.S. Treasury bills^{3,7}												
Secondary market												
13 3-month	5.27	7.19	10.07	8.06	9.13	10.27	11.62	11.39	11.24	11.07	11.66	12.51
14 6-month	5.53	7.58	10.06	8.06	9.41	10.57	11.63	11.47	11.17	11.17	11.64	12.59
15 1-year	5.71	7.74	9.75	8.00	9.39	10.48	11.30	11.14	10.87	10.85	11.36	12.16
Auction average⁸												
16 3-month	5.265	7.221	10.041	8.126	9.259	10.321	11.580	11.524	11.295	11.338	11.413	12.331
17 6-month	5.510	7.572	10.017	8.101	9.443	10.546	11.566	11.718	11.140	11.281	11.407	12.284
Capital market rates												
U.S. TREASURY NOTES AND BONDS												
Constant maturities⁹												
18 1-year	6.09	8.34	10.67	8.65	10.24	11.52	12.49	12.28	11.99	11.98	12.56	13.51
19 2-year	6.45	8.34	10.12	9.03	10.53	11.57	12.09	12.02	11.56	11.71	12.20	12.95
20 2½-year ¹⁰									11.55		12.25	
21 3-year	6.69	8.29	9.71	9.27	10.63	11.57	12.01	11.97	11.54	11.65	12.08	12.82
22 5-year	6.99	8.32	9.52	9.53	10.84	11.62	11.86	11.80	11.46	11.55	11.89	12.62
23 7-year	7.23	8.36	9.48	9.84	10.95	11.57	11.79	11.79	11.44	11.49	11.80	12.45
24 10-year	7.42	8.41	9.44	10.25	11.10	11.51	11.75	11.79	11.42	11.44	11.76	12.37
25 20-year	7.67	8.48	9.33	10.32	11.07	11.47	11.75	11.81	11.46	11.40	11.78	12.33
26 30-year		8.49	9.29	10.24	11.00	11.34	11.59	11.66	11.28	11.25	11.60	12.16
Composite¹¹												
27 3 to 5 years ¹²	6.85	8.30	9.58									
28 Over 10 years (long-term)	7.06	7.89	8.74	9.83	10.53	10.94	11.20	11.27	10.93	10.90	11.21	11.74
STATE AND LOCAL NOTES AND BONDS												
Moody's series¹³												
29 Aaa	5.20	5.52	5.92	7.35 ^r	8.03	8.36	8.38	8.50	8.40	8.30	8.30	8.40
30 Baa	6.12	6.27	6.73	8.46 ^r	9.25	9.38	9.41	9.50	9.40	9.25	9.25	9.63
31 Bond Buyer series ¹⁴	5.68	6.03	6.52	8.13	8.67	8.94	9.11	9.22	9.01	8.81	9.06	9.45
CORPORATE BONDS												
32 Seasoned issues, all industries ¹⁵	8.43	9.07	10.12	11.77	12.33	12.80	13.07	13.08	12.98	12.91	13.03	13.35
By rating group												
33 Aaa	8.02	8.73	9.63	11.07	11.64	12.02	12.31	12.30	12.18	12.11	12.27	12.72
34 Aa	8.24	8.92	9.94	11.43	12.09	12.52	12.68	12.74	12.59	12.49	12.61	12.99
35 A	8.49	9.12	10.20	11.95	12.44	12.97	13.05	13.12	13.03	12.95	12.99	13.17
36 Baa	8.97	9.45	10.69	12.67	13.15	13.70	14.23	14.12	14.12	14.09	14.27	14.49
Aaa utility bonds¹⁶												
37 New issue	8.19	8.96	10.03	11.60	12.32	12.74	13.18	13.08	13.02	12.62	13.21	13.92
38 Recently offered issues	8.19	8.97	10.02	11.41	12.31	12.72	13.13	13.06	12.87	12.85	13.03	13.79
MEMO: Dividend/price ratio¹⁷												
39 Preferred stocks	7.60	8.25	9.07	9.81	10.04	10.14	10.64	10.51	10.46	10.44	10.66	11.12
40 Common stocks	4.56	5.28	5.46	5.20	5.06	4.90	4.80	4.91	4.74	4.69	4.76	4.91

1. Weekly figures are seven-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.

2. Beginning November 1977, unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Previously, most representative rate quoted by those dealers and finance companies. Before November 1979, maturities for data shown are 30-59 days, 90-119 days, and 120-179 days for commercial paper; and 30-59 days, 90-119 days, and 150-179 days for finance paper.

3. Yields are quoted on a bank-discount basis.

4. Average of the midpoint of the range of daily dealer closing rates offered for domestic issues.

5. Five-day average of rates quoted by five dealers (three-month series was previously a seven-day average).

6. Averages of daily quotations for the week ending Wednesday.

7. Except for auction averages, yields are computed from daily closing bid prices.

8. Rates are recorded in the week in which bills are issued.

9. Yield on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.

10. Each monthly figure is an average of only five business days near the end of the month. The rate for each month was used to determine the maximum interest rate payable in the following month on small saver certificates, until June

2, 1980. Each weekly figure shown is calculated on a biweekly basis and is the average of five business days ending on the Monday following the calendar week. Beginning June 2, the biweekly rate is used to determine the maximum interest rate payable in the following two-week period on small saver certificates. (See table 1.16.)

11. Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.

12. The three- to five-year series has been discontinued.

13. General obligations only, based on figures for Thursday, from Moody's Investors Service.

14. Twenty issues of mixed quality.

15. Averages of daily figures from Moody's Investors Service.

16. Compilation of the Board of Governors of the Federal Reserve System. Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.

17. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

1.36 STOCK MARKET Selected Statistics

Indicator	1977	1978	1979 ¹	1980						
				Apr.	May	June	July	Aug.	Sept.	Oct.
Prices and trading (averages of daily figures)										
<i>Common stock prices</i>										
1 New York Stock Exchange (Dec. 31, 1965 = 50)	53.67	53.76	55.67	58.47	61.38	65.43	68.56	70.87	73.12	75.17
2 Industrial	57.84	58.30	61.82	66.31	69.39	74.47	78.67	82.15	84.92	88.00
3 Transportation	41.07	43.25	45.20	48.62	51.07	54.04	59.14	62.48	65.89	70.76
4 Utility	40.91	39.23	36.46	35.29	37.31	38.50	38.77	38.18	38.77	38.44
5 Finance	55.23	56.74	58.65	57.32	61.47	65.16	66.76	67.22	69.33	68.29
6 Standard & Poor's Corporation (1941-43 = 10) ¹	98.18	96.11	98.34	102.97	107.69	114.55	119.83	123.50	126.49	130.22
7 American Stock Exchange (Aug. 31, 1973 = 100)	116.18	144.56	186.56	242.60	258.45	286.21	310.29	321.87	337.01	350.08
<i>Volume of trading (thousands of shares)</i>										
8 New York Stock Exchange	20,936	28,591	32,233	32,102	36,425	39,508 ²	46,444	45,984	50,397	44,860
9 American Stock Exchange	2,514	3,622	4,182	3,428	3,799	5,240	6,195	6,452	7,880	7,087
Customer financing (end-of-period balances, in millions of dollars)										
10 Regulated margin credit at brokers/dealers ²	9,993	11,035	11,619 ³	11,309	11,441	11,370	11,522	12,007	12,731	↑
11 Margin stock ³	9,740	10,830	11,450 ³	11,140	11,270	11,200	11,320	11,800	12,520	↑
12 Convertible bonds	250	205	167 ³	167	167	166	198	204	208	↑
13 Subscription issues	3	1	2 ²	2	4	4	4	3	3	n.a.
<i>Free credit balances at brokers⁴</i>										
14 Margin-account	640	835	1,105 ²	1,290	1,270	1,345	1,665 ²	1,695	1,850	↓
15 Cash-account	2,060	2,510	4,060 ²	4,790	4,750	4,790	4,905 ²	4,925	5,680	↓
Margin-account debt at brokers (percentage distribution, end of period)										
16 Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	↑
<i>By equity class (in percent)⁵</i>										
17 Under 40	18.0	33.0	16.0	28.0	19.0	17.0	12.0	11.0	8.0	↑
18 40-49	36.0	28.0	29.0 ²	31.0	32.0	31.0	27.0	25.0	10.0	↑
19 50-59	23.0	18.0	27.0 ²	18.0	22.0	23.0	28.0	30.0	15.0	↑
20 60-69	11.0	10.0	14.0	10.0	12.0	13.0	16.0	16.0	26.0	↑
21 70-79	6.0	6.0	8.0	7.0	7.0	8.0	9.0	10.0	28.0	↑
22 80 or more	5.0	5.0	7.0	6.0	7.0	7.0	8.0	8.0	13.0	↓
Special miscellaneous-account balances at brokers (end of period)										
23 Total balances (millions of dollars) ⁶	9,910	13,092	16,150	16,339	16,543	16,920	17,886	18,350	19,283	↑
<i>Distribution by equity status (percent)</i>										
24 Net credit status	43.4	41.3	44.2	44.3	45.8	47.6	48.7	48.2	49.0	↑
25 Debt status, equity of	44.9	45.1	47.0	44.0	43.6	43.4	43.8	44.6	43.4	↑
26 60 percent or more	11.7	13.6	8.8	11.7	10.6	9.0	8.0	7.0	7.6	↓
Margin requirements (percent of market value and effective date)⁷										
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974				
27 Margin stocks	70	80	65	55	65	50				
28 Convertible bonds	50	60	50	50	50	50				
29 Short sales	70	80	65	55	65	50				

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

2. Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exchange.

In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

3. A distribution of this total by equity class is shown on lines 17-22.

4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.

7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Calendar year					
				1979		1980	1980		
				H1	H2	H1	July	Aug.	Sept.
<i>U.S. budget</i>									
1 Receipts ¹	357,762	401,997	465,940	246,574	233,952	270,864	37,348	44,259	53,544
2 Outlays ¹	402,725	450,836	493,673	245,616	263,044	289,899	52,409	50,755	47,289
3 Surplus, or deficit (-)	-44,963	-48,839	-27,733	958	-29,093	-19,035	-15,062	-6,496	6,255
4 Trust funds	9,497	12,693	18,335	4,041	9,679	4,383	-8,224	2,227	8,286
5 Federal funds ²	-54,460	-61,532	-46,069	-3,083	-38,773	-23,418	-6,838	-8,723	-2,031
<i>Off-budget entities (surplus, or deficit (-))</i>									
6 Federal Financing Bank outlays	-8,415	-10,661	-13,261	-7,712	-5,909	-7,735	-1,214	-929	-1,861
7 Other ³	-269	334	832	-447	805	-528	-107	-922	41
<i>U.S. budget plus off-budget, including Federal Financing Bank</i>									
8 Surplus, or deficit (-)	-53,647	-59,166	-40,162	-7,201	-34,197	-27,298	-16,383	-8,347	4,435
9 Borrowing from the public	53,516	59,106	33,641	6,039	31,320	24,435	9,737	11,111	6,260
10 Cash and monetary assets (decrease, or increase (-)) ⁴	-2,247	-3,023	-408	-8,878	3,059	-3,482	3,346	-2,464	-9,692
11 Other ⁵	2,378	3,083	6,929	10,040	-182	6,345	3,300	-300	-1,002
MEMO:									
12 Treasury operating balance (level, end of period)	19,104	22,444	24,176	17,485	15,924	14,092	10,432	12,494	20,990
13 Federal Reserve Banks	15,740	16,647	6,489	3,290	4,075	3,199	3,954	2,742	4,102
14 Tax and loan accounts	3,364	5,797	17,687	14,195	11,849	10,893	6,478	9,752	16,888

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.

2. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).

3. Includes Pension Benefit Guaranty Corporation; Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank.

4. Includes U.S. Treasury operating cash accounts; special drawing rights; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.

5. Includes accrued interest payable to the public; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seignorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE: "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and the *Budget of the United States Government, Fiscal Year 1981*.

NOTES TO TABLE 1.37

1. Holdings of stock of the Federal Home Loan Banks are included in "other assets."

2. Includes net undistributed income, which is accrued by most, but not all, associations.

3. Excludes figures for loans in process, which are shown as a liability.

4. The NAMS reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis. Prior to that date, data were reported on a gross-of-valuation-reserves basis.

5. Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other."

6. Includes securities of foreign governments and international organizations and, prior to April 1979, nonguaranteed issues of U.S. government agencies.

7. Excludes checking, club, and school accounts.

8. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York.

9. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.

10. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE. *Savings and loan associations*: Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States.

Life insurance companies: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

Credit unions: Estimates by the National Credit Union Administration for a group of federal and state-chartered credit unions that account for about 30 percent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1977	Fiscal year 1978	Fiscal year 1979	Calendar year					
				1979		1980	1980		
				H1	H2	H1	July	Aug.	Sept.
RECEIPTS									
1 All sources ¹	357,762	401,997	465,940	246,574	233,952	270,864	37,348	44,259	53,544
2 Individual income taxes, net	157,626	180,988	217,841	111,603	115,488	119,988	19,773	19,527	26,936
3 Withheld	144,820	165,215	195,295	98,683	105,764	110,394	19,513	19,220	18,731
4 Presidential Election Campaign Fund	37	39	36	32	3	34	4	0	0
5 Nonwithheld	42,062	47,804	56,215	44,116	12,355	49,707	1,580	1,103	8,632
6 Refunds ¹	29,293	32,070	33,705	31,228	2,634	40,147	1,324	796	429
Corporation income taxes									
7 Gross receipts	60,057	65,380	71,448	42,427	29,169	43,434	2,673	1,848	9,531
8 Refunds	5,164	5,428	5,771	2,889	3,306	4,064	537	481	647
9 Social insurance taxes and contributions, net	108,683	123,410	141,591	75,609	71,031	86,597	10,253	18,546	12,860
10 Payroll employment taxes and contributions ²	88,196	99,626	115,041	59,298	60,562	69,077	8,697	15,512	11,520
11 Self-employment taxes and contributions ³	4,014	4,267	5,034	4,616	417	5,535	-231	0	419
12 Unemployment insurance	11,312	13,850	15,387	8,623	6,899	8,690	1,229	2,423	299
13 Other net receipts ⁴	5,162	5,668	6,130	3,072	3,149	3,294	558	612	622
14 Excise taxes	17,548	18,376	18,745	8,984	9,675	11,383	2,662	2,687	2,734
15 Customs deposits	5,150	6,573	7,439	3,682	3,741	3,443	663	617	605
16 Estate and gift taxes	7,327	5,285	5,411	2,657	2,900	3,091	623	595	611
17 Miscellaneous receipts ⁵	6,536	7,413	9,237	4,501	5,254	6,993	1,240	918	914
OUTLAYS									
18 All types ¹	402,725	450,836	493,673	245,616	263,044	289,899	52,409	50,755	47,289
19 National defense	97,501	105,186	117,681	57,643	62,002	69,132	11,666	11,698	11,636
20 International affairs	4,813	5,922	6,091	3,538	4,617	4,602	1,445	546	532
21 General science, space, and technology	4,677	4,742	5,041	2,461	3,299	3,150	503	556	391
22 Energy	4,172	5,861	6,856	4,417	3,281	3,126	619	645	630
23 Natural resources and environment	10,000	10,925	12,091	5,672	7,350	6,668	1,316	1,275	1,314
24 Agriculture	5,532	7,731	6,238	3,020	1,709	3,193	-247	-131	-184
25 Commerce and housing credit	-44	3,324	2,565	60	3,002	3,878	781	88	-26
26 Transportation	14,636	15,445	17,459	7,688	10,298	9,582	1,948	1,778	2,077
27 Community and regional development	6,348	11,039	9,482	4,499	4,855	5,302	593	941	1,128
28 Education, training, employment, social services	20,985	26,463	29,685	14,467	14,579	16,686	2,435	2,560	2,595
29 Health	38,785	43,676	49,614	24,860	26,492	29,299	5,043	4,897	5,284
30 Income security ¹	137,915	146,212	160,198	81,173	86,007	94,600	17,941	17,999	17,487
31 Veterans benefits and services	18,038	18,974	19,928	10,127	10,113	9,758	1,715	2,659	747
32 Administration of justice	3,600	3,802	4,153	2,096	2,174	2,291	400	353	350
33 General government	3,312	3,737	4,153	2,291	2,103	2,422	413	642	428
34 General-purpose fiscal assistance	9,499	9,601	8,372	3,890	4,286	3,940	1,830	46	150
35 Interest ⁶	38,009	43,966	52,556	26,934	29,045	32,658	4,602	5,063	4,752
36 Undistributed offsetting receipts ^{6,7}	-15,053	-15,772	-18,489	-8,999	-12,164	-10,387	-594	-860	-2,000

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.

2. Old-age, disability, and hospital insurance, and railroad retirement accounts.

3. Old-age, disability, and hospital insurance.

4. Supplementary medical insurance premiums, federal employee retirement contributions, and Civil Service retirement and disability fund.

5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.

6. Effective September 1976, "Interest" and "Undistributed offsetting receipts" reflect the accounting conversion from an accrual basis to a cash basis for the interest on special issues for U.S. government accounts.

7. Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. government contributions for employee retirement.

SOURCE: "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1981*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1978			1979				1980	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 Federal debt outstanding	758.8	780.4	797.7	804.6	812.2	833.8	852.2	870.4	884.4
2 Public debt securities	749.0	771.5	789.2	796.8	804.9	826.5	845.1	863.5	877.6
3 Held by public	587.9	603.6	619.2	630.5	626.4	638.8	658.0	677.1	682.7
4 Held by agencies	161.1	168.0	170.0	166.3	178.5	187.7	187.1	186.3	194.9
5 Agency securities	9.8	8.9	8.5	7.8	7.3	7.2	7.1	7.0	6.8
6 Held by public	8.0	7.4	7.0	6.3	5.9	5.8	5.6	5.5	5.3
7 Held by agencies	1.8	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
8 Debt subject to statutory limit	750.2	772.7	790.3	797.9	806.0	827.6	846.2	864.5	878.7
9 Public debt securities	748.4	770.9	788.6	796.2	804.3	825.9	844.5	862.8	877.0
10 Other debt ¹	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7
11 MEMO. Statutory debt limit	752.0	798.0	798.0	798.0	830.0	830.0	879.0	879.0	925.0

1. Includes guaranteed debt of government agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department).

1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1976	1977	1978	1979	1980				
					June	July	Aug.	Sept.	Oct.
1 Total gross public debt	653.5	718.9	789.2	845.1	877.6	881.7	893.4	907.7	908.2
<i>By type</i>									
2 Interest-bearing debt	652.5	715.2	782.4	844.0	876.3	880.4	888.7	906.4	906.9
3 Marketable	363.2	459.9	487.5	530.7	566.7	576.1	583.4	594.5	599.4
4 Bills	164.0	161.1	161.7	172.6	184.7	191.5	199.3	199.8	202.3
5 Notes	216.7	251.8	265.8	283.4	301.5	302.6	300.3	310.9	311.9
6 Bonds	40.6	47.0	60.0	74.7	80.6	82.0	83.9	83.8	85.2
7 Nonmarketable ¹	231.2	255.3	294.8	313.2	309.5	304.3	305.3	311.9	307.5
8 Convertible bonds ²	2.3	2.2	2.2	2.2	—	—	—	—	—
9 State and local government series	4.5	13.9	24.3	24.6	23.6	23.5	23.6	23.6	23.9
10 Foreign issues ³	22.3	22.2	29.6	28.8	25.5	25.8	25.8	25.2	24.8
11 Government	22.3	22.2	28.0	23.6	19.0	19.3	19.4	18.7	18.4
12 Public	0	0	1.6	5.3	6.4	6.4	6.4	6.4	6.4
13 Savings bonds and notes	72.3	77.0	80.9	79.9	73.4	73.3	73.2	73.0	73.0
14 Government account series ⁴	129.7	139.8	157.5	177.5	186.8	181.5	182.4	189.8	185.7
15 Non-interest-bearing debt	1.1	3.7	6.8	1.2	1.3	1.3	4.7	1.3	—
<i>By holder⁵</i>									
16 U.S. government agencies and trust funds	147.1	154.8	170.0	187.1	194.9	189.2	189.8	↑	↑
17 Federal Reserve Banks	97.0	102.5	109.6	117.5	124.5	119.6	119.3	↑	↑
18 Private investors	409.5	461.3	508.6	540.5	558.2	572.9	583.8	↑	↑
19 Commercial banks	103.8	101.4	93.1	97.0	93.6	94.4	98.1	↑	↑
20 Mutual savings banks	5.9	5.9	5.0	4.7	4.5	4.7	5.0	↑	↑
21 Insurance companies	12.7	15.5	14.9	14.4	13.8	14.4	14.1	↑	↑
22 Other companies	27.7	22.7	21.2	23.9	22.8	25.3	24.6	↑	↑
23 State and local governments	41.6	54.8	64.4	67.4	67.4	68.9	70.7	n.a.	n.a.
<i>Individuals</i>									
24 Savings bonds	72.0	76.7	80.7	79.9	73.4	73.3 ^r	73.2	↓	↓
25 Other securities	28.8	28.6	33.3	34.2	46.7	47.9	50.9	↓	↓
26 Foreign and international ⁶	78.1	109.6	137.8	123.8	122.9 ^r	124.8	125.8	↓	↓
27 Other miscellaneous investors ⁷	38.9	46.0	58.2	97.6	113.1	119.2 ^r	121.8	↓	↓

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.

2. These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category (line 5).

3. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.

4. Held almost entirely by U.S. government agencies and trust funds.

5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

6. Consists of the investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.

7. Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies.

NOTE. Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department); data by holder from *Treasury Bulletin*.

1.42 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity

Par value; millions of dollars, end of period

Type of holder	1978	1979	1980		1978	1979	1980	
			July	August			July	August
	All maturities				1 to 5 years			
1 All holders	487,546	530,731	576,145	583,419	162,886	164,198	186,108	188,841
2 U.S. government agencies and trust funds	12,695	11,047	10,327	10,078	3,310	2,555	2,541	2,255
3 Federal Reserve Banks	109,616	117,458	119,563	119,277	31,283	28,469	34,352	35,823
4 Private investors	365,235	402,226	446,255	454,063	128,293	133,173	149,215	150,764
5 Commercial banks	68,890	69,076	70,162	72,952	38,390	38,346	42,311	43,992
6 Mutual savings banks	3,499	3,204	3,197	3,365	1,918	1,668	1,606	1,669
7 Insurance companies	11,635	11,496	11,466	11,229	4,664	4,518	4,147	4,373
8 Nonfinancial corporations	8,272	8,433	8,083	7,761	3,635	2,844	2,966	2,419
9 Savings and loan associations	3,835	3,209	3,151	3,168	2,255	1,763	1,895	1,908
10 State and local governments	18,815	15,735	18,606	19,376	3,997	3,487	4,299	4,212
11 All others	250,288	291,072	331,589	336,213	73,433	80,546	91,991	92,191
	Total, within 1 year				5 to 10 years			
12 All holders	228,516	255,252	268,316	275,387	50,400	50,440	54,714	50,326
13 U.S. government agencies and trust funds	1,488	1,629	1,047	1,084	1,989	871	1,398	1,398
14 Federal Reserve Banks	52,801	63,219	57,163	55,326	14,809	12,977	13,891	13,276
15 Private investors	174,227	190,403	210,105	218,977	33,601	36,592	39,426	35,653
16 Commercial banks	20,608	20,171	17,712	20,859	7,490	8,086	7,639	5,632
17 Mutual savings banks	817	836	823	964	496	459	514	445
18 Insurance companies	1,838	2,016	1,781	1,736	2,899	2,815	3,181	2,818
19 Nonfinancial corporations	4,048	4,933	3,845	4,141	369	308	469	340
20 Savings and loan associations	1,414	1,301	1,082	1,128	89	69	114	75
21 State and local governments	8,194	5,607	6,594	7,212	1,588	1,540	1,888	1,770
22 All others	137,309	155,539	178,270	182,937	20,671	23,314	25,622	24,573
	Bills, within 1 year				10 to 20 years			
23 All holders	161,747	172,644	191,491	199,306	19,800	27,588	30,890	35,524
24 U.S. government agencies and trust funds	2	0	1	1	3,876	4,520	3,608	3,686
25 Federal Reserve Banks	42,397	45,337	44,368	43,600	2,088	3,272	3,600	5,891
26 Private investors	119,348	127,306	147,122	155,705	13,836	19,796	23,682	25,948
27 Commercial banks	5,707	5,938	5,232	7,655	956	993	1,072	1,082
28 Mutual savings banks	150	262	177	233	143	127	166	186
29 Insurance companies	753	473	551	461	1,460	1,305	1,385	1,509
30 Nonfinancial corporations	12	2,793	1,627	1,920	86	218	333	412
31 Savings and loan associations	262	219	203	249	60	58	42	44
32 State and local governments	5,524	3,100	4,192	4,824	1,420	1,762	2,399	3,211
33 All others	105,161	114,522	135,140	140,373	9,711	15,332	18,285	19,503
	Other, within 1 year				Over 20 years			
34 All holders	66,769	82,608	76,824	76,081	25,944	33,254	36,117	33,340
35 U.S. government agencies and trust funds	1,487	1,629	1,046	1,083	2,031	1,472	1,734	1,656
36 Federal Reserve Banks	10,404	17,882	12,795	11,726	8,635	9,520	10,558	8,962
37 Private investors	54,879	63,097	62,983	63,272	15,278	22,262	23,826	22,723
38 Commercial banks	14,901	14,233	12,480	13,204	1,446	1,470	1,429	1,387
39 Mutual savings banks	667	574	646	731	126	113	89	102
40 Insurance companies	1,084	1,543	1,230	1,274	774	842	972	794
41 Nonfinancial corporations	2,256	2,140	2,218	2,231	135	130	469	449
42 Savings and loan associations	1,152	1,081	878	879	17	19	18	13
43 State and local governments	2,670	2,508	2,402	2,388	3,616	3,339	3,428	2,971
44 All others	32,149	41,017	53,129	42,564	9,164	16,340	17,422	17,008

NOTE. Direct public issues only. Based on Treasury Survey of Ownership from *Treasury Bulletin* (U.S. Treasury Department).

Data complete for U.S. government agencies and trust funds and Federal Reserve Banks, but data for other groups include only holdings of those institutions that report. The following figures show, for each category, the number and proportion reporting as of August 31, 1980: (1) 5,359 commercial banks,

460 mutual savings banks, and 723 insurance companies, each about 80 percent; (2) 413 nonfinancial corporations and 479 savings and loan associations, each about 50 percent; and (3) 492 state and local governments, about 40 percent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

Item	1977	1978	1979	1980			1980, week ending Wednesday					
				June	July	Aug.	June 25	July 2	July 9	July 16	July 23	July 30
1 U.S. government securities	10,838	10,285	13,183	17,742	15,824	17,892	17,011	17,019	16,905	14,078	15,294	15,146
<i>By maturity</i>												
2 Bills	6,746	6,173	7,915	9,996	10,108	10,387	9,710	10,410	10,805	9,130	10,020	9,010
3 Other within 1 year	237	392	454	560	348	465	439	533	327	401	252	360
4 1-5 years	2,320	1,889	2,417	3,718	2,680	3,546	4,083	3,239	2,380	2,218	2,491	3,361
5 5-10 years	1,148	965	1,121	1,770	1,121	1,692	1,238	1,217	1,257	831	1,204	1,031
6 Over 10 years	388	867	1,276	1,697	1,567	1,802	1,542	1,620	2,135	1,499	1,327	1,385
<i>By type of customer</i>												
7 U.S. government securities dealers	1,268	1,135	1,448	1,382	1,204	1,333	1,287	1,401	1,219	965	1,308	1,077
8 U.S. government securities brokers	3,709	3,838	5,170	7,184	6,513	7,418	6,568	6,521	7,417	5,867	6,405	5,840
9 Commercial banks	2,294	1,804	1,904	2,312	2,032	2,164	2,370	2,204	2,149	1,727	1,878	2,155
10 All others ¹	3,567	3,508	4,660	6,864	6,074	6,977	6,785	6,893	6,122	5,520	5,703	6,074
11 Federal agency securities	1,729	1,894	2,723	3,689	3,234	2,735	3,322	3,154	3,675	3,578	2,609	3,122

1. Includes, among others, all other dealers and brokers in commodities and securities, foreign banking agencies, and the Federal Reserve System.

NOTE: Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase, reverse repurchase (resale), or similar contracts.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

Par value; averages of daily figures, in millions of dollars

Item	1977	1978	1979	1980			1980, week ending Wednesday					
				June	July	Aug.	June 4	June 11	June 18	June 25	July 2	July 9
Positions¹												
1 U.S. government securities	5,172	2,656	3,223	5,156	5,240	5,947	6,009	7,029	4,686	4,301	3,134	4,011
2 Bills	4,772	2,452	3,813	3,720	4,603	5,149	4,508	4,779	3,518	3,402	2,258	3,163
3 Other within 1 year	99	260	-325	-731	-1,150	-1,336	-756	-672	-716	-759	-908	-1,055
4 1-5 years	60	-92	-455	916	1,074	1,391	776	1,144	684	769	1,035	890
5 5-10 years	92	40	160	504	73	218	456	876	478	292	234	227
6 Over 10 years	149	-4	30	747	640	526	1,026	903	722	598	515	786
7 Federal agency securities	693	606	1,471	1,411	1,182	691	1,185	1,427	1,328	1,540	1,397	1,454
Financing²												
8 All sources	9,877	10,204	16,003	2,676	n.a.	n.a.	20,115	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Commercial banks</i>												
9 New York City	1,313	599	1,396	105	n.a.	n.a.	853	n.a.	n.a.	n.a.	n.a.	n.a.
10 Outside New York City	1,987	2,174	2,868	496	n.a.	n.a.	3,641	n.a.	n.a.	n.a.	n.a.	n.a.
11 Corporations ³	2,358	2,379	3,373	628	n.a.	n.a.	4,874	n.a.	n.a.	n.a.	n.a.	n.a.
12 All others	4,158	5,052	4,104	1,447	n.a.	n.a.	10,747	n.a.	n.a.	n.a.	n.a.	n.a.

1. Net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreement to resell.

2. Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. government and federal

agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreement to resell are excluded when the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

3. All business corporations except commercial banks and insurance companies.

NOTE: Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.45 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt outstanding

Millions of dollars, end of period

Agency	1976	1977	1978	1980					
				Jan.	Feb.	Mar.	Apr.	May	June
1 Federal and federally sponsored agencies¹	103,848	112,472	137,063	165,819	167,813	173,216	176,880	179,062	179,353
2 Federal agencies	22,419	22,760	23,488	24,883	25,013	25,583	25,776	25,904	26,667
3 Defense Department ²	1,113	983	968	729	719	709	688	679	674
4 Export-Import Bank ^{3,4}	8,574	8,671	8,711	9,176	9,144	9,627	9,615	9,597	10,275
5 Federal Housing Administration ⁵	575	581	588	539	546	550	537	531	524
6 Government National Mortgage Association participation certificates ⁶	4,120	3,743	3,141	2,979	2,979	2,979	2,937	2,937	2,877
7 Postal Service ⁷	2,998	2,431	2,364	1,837	1,837	1,837	1,837	1,770	1,770
8 Tennessee Valley Authority	4,935	6,015	7,460	9,182	9,347	9,440	9,695	9,920	10,075
9 United States Railway Association ⁷	104	336	356	441	441	441	467	470	472
10 Federally sponsored agencies ¹	81,429	89,712	113,575	140,936	142,800	147,633	151,104	153,158	152,686
11 Federal Home Loan Banks	16,811	18,345	27,563	33,122	33,102	35,309	36,352	37,540	36,748
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,769	2,764	2,644	2,643	2,642	2,642
13 Federal National Mortgage Association	30,565	31,890	41,080	49,031	50,139	51,614	52,456	52,573	52,389
14 Federal Land Banks	17,127	19,118	20,360	15,106	15,106	15,106	13,940	13,940	13,940
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	2,144	2,144	2,144	2,144	2,144	2,144
16 Banks for Cooperatives	4,330	4,434	4,843	584	584	584	584	584	584
17 Farm Credit Banks ¹	.....	2,548	5,081	36,584	37,240	38,446	41,039	41,629	42,058
18 Student Loan Marketing Association ⁸	410	515	915	1,595	1,720	1,785	1,945	2,105	2,180
19 Other	2	2	2	1	1	1	1	1	1
MEMO:									
20 Federal Financing Bank debt ^{7,9}	28,711	38,580	51,298	68,294	69,268	71,885	74,009	76,009	77,408
<i>Lending to federal and federally sponsored agencies</i>									
21 Export-Import Bank ⁴	5,208	5,834	6,898	8,353	8,353	8,849	8,849	8,849	9,558
22 Postal Service ⁷	2,748	2,181	2,114	1,587	1,587	1,587	1,587	1,520	1,520
23 Student Loan Marketing Association ⁸	410	515	915	1,595	1,720	1,785	1,945	2,105	2,180
24 Tennessee Valley Authority	3,110	4,190	5,635	7,457	7,622	7,715	7,970	8,195	8,350
25 United States Railway Association ⁷	104	336	356	441	441	441	467	470	472
<i>Other Lending¹⁰</i>									
26 Farmers Home Administration	10,750	16,095	23,825	32,145	32,565	33,410	34,755	35,745	35,745
27 Rural Electrification Administration	1,415	2,647	4,604	6,701	6,874	7,039	7,155	7,631	7,942
28 Other	4,966	6,782	6,951	10,015	10,106	11,059	11,281	11,494	11,641

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.

2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

6. Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department

of Housing and Urban Development; Small Business Administration; and the Veterans Administration.

7. Off-budget.

8. Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.

9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.46 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1980					
				Mar.	Apr.	May	June	July	Aug. ^P
1 All issues, new and refunding¹	46,769	48,607	43,490	2,385	4,833	4,570	5,960	4,692	3,792
<i>Type of issue</i>									
2 General obligation	18,042	17,854	12,109	731	1,662	1,534	1,886	1,368	787
3 Revenue	28,655	30,658	31,256	1,648	3,170	3,032	4,071	3,319	2,995
4 Housing Assistance Administration ²									
5 U.S. government loans	72	95	125	6	1	4	3	5	10
<i>Type of issuer</i>									
6 State	6,354	6,632	4,314	393	466	749	897	185	304
7 Special district and statutory authority	21,717	24,156	23,434	1,200	2,175	2,276	3,414	3,034	2,200
8 Municipalities, counties, townships, school districts	18,623	17,718	15,617	786	2,192	1,539	1,647	1,468	1,278
9 Issues for new capital, total	36,189	37,629	41,505	2,379	4,704	4,501	5,886	4,327	3,771
<i>Use of proceeds</i>									
10 Education	5,076	5,003	5,130	191	488	297	783	618	263
11 Transportation	2,951	3,460	2,441	156	299	193	329	143	98
12 Utilities and conservation	8,119	9,026	8,594	440	607	688	563	1,221	1,176
13 Social welfare	8,274	10,494	15,968	1,133	2,062	1,801	2,986	1,607	1,421
14 Industrial aid	4,676	3,526	3,836	211	315	484	332	120	340
15 Other purposes	7,093	6,120	5,536	248	933	1,038	893	618	473

1. Par amounts of long-term issues based on date of sale.

SOURCE: Public Securities Association.

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.

1.47 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1977	1978	1979	1980						
				Jan.	Feb.	Mar.	Apr.	May	June	July
1 All issues¹	53,792	47,230	51,464	6,210	4,452	4,353	5,677	9,067	9,511	7,737
2 Bonds	42,015	36,872	40,139	4,834	2,856	2,771	4,775	7,335	8,148	6,376
<i>Type of offering</i>										
3 Public	24,072	19,815	25,814	2,450	1,426	1,985	3,828	6,810	7,548	5,355
4 Private placement	17,943	17,057	14,325	2,384	1,430	786	947	525	600	1,021
<i>Industry group</i>										
5 Manufacturing	12,204	9,572	9,667	943	960	693	1,697	2,400	2,318	2,726
6 Commercial and miscellaneous	6,234	5,246	3,941	634	262	215	457	560	1,629	969
7 Transportation	1,996	2,007	3,102	431	227	94	173	364	385	329
8 Public utility	8,262	7,092	8,118	1,338	635	1,423	572	723	1,412	316
9 Communication	3,063	3,373	4,219	483	533	196	598	1,171	209	787
10 Real estate and financial	10,258	9,586	11,095	1,006	238	152	1,278	2,116	2,195	1,248
11 Stocks	11,777	10,358	11,325	1,376	1,596	1,582	902	1,732	1,363	1,361
<i>Type</i>										
12 Preferred	3,916	2,832	3,574	287	88	525	223	202	382	360
13 Common	7,861	7,526	7,751	1,089	1,508	1,057	679	1,530	981	1,001
<i>Industry group</i>										
14 Manufacturing	1,189	1,241	1,679	333	380	598	81	215	127	155
15 Commercial and miscellaneous	1,834	1,816	2,623	313	426	404	374	512	202	390
16 Transportation	456	263	255	59	58	36	9	27	9	
17 Public utility	5,865	5,140	5,171	535	627	408	319	615	494	714
18 Communication	1,379	264	303		39	27	53	25	126	
19 Real estate and financial	1,049	1,631	1,293	135	65	109	67	338	406	104

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than \$100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of

1933, employee stock plans, investment companies other than closed-end, intra-corporate transactions, and sales to foreigners.

SOURCE: Securities and Exchange Commission.

1.48 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1978	1979	1980							
			Feb.	Mar.	Apr.	May	June	July	Aug. ^r	Sept.
INVESTMENT COMPANIES ¹										
1 Sales of own shares ²	6,645	7,495	773	723	1,010	1,175	1,772	1,890	1,507	1,405
2 Redemptions of own shares ³	7,231	8,393	882	892	762	647	775	863	1,019	1,228
3 Net sales	-586	-898	-109	-169	248	528	997	1,027	488	177
4 Assets ⁴	44,980	49,493	49,512	44,581	47,270	50,539	52,946	54,406	54,941	55,779
5 Cash position ⁵	4,507	4,983	5,895	5,644	5,862	6,209	6,495	5,629	5,619	5,481
6 Other	40,473	44,510	43,617	38,937	41,708	44,330	46,451	48,777	49,322	50,298

1. Excluding money market funds.

2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.

3. Excludes share redemption resulting from conversions from one fund to another in the same group.

4. Market value at end of period, less current liabilities.

5. Also includes all U.S. government securities and other short-term debt securities.

NOTE: Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.49 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Account	1977	1978	1979	1978	1979					1980	
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	
1 Profits before tax	177.1	206.0	236.6	227.4	233.3	227.9	242.3	243.0	260.4	204.8	
2 Profits tax liability	72.6	84.5	92.5	95.1	91.3	88.7	94.0	96.1	102.4	77.6	
3 Profits after tax	104.5	121.5	144.1	132.3	142.0	139.2	148.3	146.9	158.0	127.2	
4 Dividends	42.1	47.2	52.7	49.7	51.5	52.3	52.8	54.4	56.7	58.6	
5 Undistributed profits	62.4	74.4	91.4	82.6	90.5	86.9	95.5	92.5	101.3	68.6	
6 Capital consumption allowances	109.3	119.8	131.0	123.0	125.4	130.4	132.8	135.2	137.4	139.3	
7 Net cash flow	171.7	194.1	222.3	205.6	215.9	217.3	228.3	227.7	238.7	207.9	

SOURCE: Survey of Current Business (U.S. Department of Commerce).

1.50 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1975	1976	1977	1978	1979				1980	
					Q1	Q2	Q3	Q4	Q1	Q2
1 Current assets	759.0	826.8	902.1	1,030.0	1,081.0	1,108.2	1,169.5	1,200.9	1,235.2	1,233.8
2 Cash	82.1	88.2	95.8	104.5	102.7	100.1	103.7	116.1	110.2	111.4
3 U.S. government securities	19.0	23.4	17.6	16.3	17.4	18.6	15.8	15.6	15.1	13.9
4 Notes and accounts receivable	272.1	292.8	324.7	383.8	408.1	421.1	453.0	456.8	471.2	464.2
5 Inventories	315.9	342.4	374.8	426.9	451.4	465.2	489.4	501.7	519.5	525.7
6 Other	69.9	80.1	89.2	98.5	101.4	103.2	107.7	110.8	119.3	118.7
7 Current liabilities	451.6	494.7	549.4	665.5	705.4	724.7	777.8	809.1	838.3	828.1
8 Notes and accounts payable	264.2	281.9	313.2	373.7	391.3	406.4	438.8	456.3	467.9	463.1
9 Other	187.4	212.8	236.2	291.7	314.1	318.3	339.0	352.8	370.4	364.9
10 Net working capital	307.4	332.2	352.7	364.6	375.6	383.5	391.7	391.8	397.0	405.7
11 MEMO: Current ratio ¹	1.681	1.672	1.642	1.548	1.532	1.529	1.504	1.484	1.474	1.490

1. Ratio of total current assets to total current liabilities.

NOTE: For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533-37.

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics.

SOURCE: Federal Trade Commission.

1.51 BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry	1978	1979	1979				1980			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3 ²	Q4 ²
1 All industries	153.82	177.09	165.94	173.48	179.33	186.95	191.36	193.89	191.24	193.17
<i>Manufacturing</i>										
2 Durable goods industries	31.66	38.23	34.00	36.86	39.72	41.30	42.30	42.80	40.35	41.55
3 Nondurable goods industries	35.96	40.69	37.56	39.56	40.50	43.88	45.01	45.98	46.90	47.33
<i>Nonmanufacturing</i>										
4 Mining	4.78	5.56	5.46	5.31	5.42	6.06	6.02	6.56	6.40	6.75
Transportation										
5 Railroad	3.32	3.93	4.02	3.66	4.03	4.20	4.40	3.97	3.90	4.75
6 Air	2.30	3.24	3.35	3.26	3.10	3.39	2.98	4.11	3.73	3.75
7 Other	2.43	2.95	2.71	2.79	3.16	3.15	2.94	2.73	2.93	2.72
Public utilities										
8 Electric	29.48	32.56	27.70	28.06	28.32	26.02	28.78	27.86	26.84	25.95
9 Gas and other	4.70	5.07	4.66	5.18	5.01	5.50	5.57	5.43	5.32	5.78
10 Communication	18.16	20.56	18.75	20.29	20.41	22.71	22.48	22.65	54.87	54.60
11 Commercial and other ¹	25.71	29.35	27.73	28.51	29.66	30.72	30.86	31.80		

1. Includes trade, service, construction, finance, and insurance.

2. Anticipated by business.

; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

NOTE: Estimates for corporate and noncorporate business, excluding agricul-

SOURCE: Survey of Current Business (U.S. Dept. of Commerce).

1.52 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1974	1975	1976	1977	1978	1979			1980	
						Q2	Q3	Q4	Q1	Q2
ASSETS										
Accounts receivable, gross										
1 Consumer	36.1	36.0	38.6	44.0	52.6	58.7	62.3	65.7	67.7	70.2
2 Business	37.2	39.3	44.7	55.2	63.3	70.1	68.1	70.3	70.6	70.3
3 Total	73.3	75.3	83.4	99.2	116.0	128.8	130.4	136.0	138.4	140.4
4 LESS: Reserves for unearned income and losses	9.0	9.4	10.5	12.7	15.6	17.7	18.7	20.0	20.4	21.4
5 Accounts receivable, net	64.2	65.9	72.9	86.5	100.4	111.1	111.7	116.0	118.0	119.0
6 Cash and bank deposits	3.0	2.9	2.6	2.6	3.5					
7 Securities	.4	1.0	1.1	.9	1.3	24.6 ¹	25.8	24.9	23.7	26.1
8 All other	12.0	11.8	12.6	14.3	17.3					
9 Total assets	79.6	81.6	89.2	104.3	122.4	135.8	137.4	140.9	141.7	145.1
LIABILITIES										
10 Bank loans	9.7	8.0	6.3	5.9	6.5	7.3	7.8	8.5	9.7	10.1
11 Commercial paper	20.7	22.2	23.7	29.6	34.5	41.0	39.2	43.3	40.8	40.7
Debt										
12 Short-term, n.e.c.	4.9	4.5	5.4	6.2	8.1	8.8	9.1	8.2	7.4	7.9
13 Long-term n.e.c.	26.5	27.6	32.3	36.0	43.6	46.0	47.5	46.7	48.9	50.5
14 Other	5.5	6.8	8.1	11.5	12.6	14.4	15.4	14.2	15.7	16.0
15 Capital, surplus, and undivided profits	12.4	12.5	13.4	15.1	17.2	18.2	18.4	19.9	19.2	19.9
16 Total liabilities and capital	79.6	81.6	89.2	104.3	122.4	135.8	137.4	140.9	141.7	145.1

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE: Components may not add to totals due to rounding.

1.53 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Aug. 31, 1980 ¹	Changes in accounts receivable			Extensions			Repayments		
		1980			1980			1980		
		June	July	Aug.	June	July	Aug.	June	July	Aug.
1 Total	67,064	-336	-599	-412	14,376	15,187	15,545	14,712	15,786	15,957
2 Retail automotive (commercial vehicles)	13,125	-389	-363	-232	782	772	883	1,171	1,135	1,115
3 Wholesale automotive	9,814	-10	-514	-101	4,316	4,338	4,710	4,326	4,852	4,811
4 Retail paper on business, industrial and farm equipment	20,884	-105	295	155	1,201	1,466	1,601	1,306	1,171	1,446
5 Loans on commercial accounts receivable and factored commercial accounts receivable	6,700	-235	-194	-358	6,083	6,479	6,349	6,318	6,673	6,707
6 All other business credit	16,541	403	177	124	1,994	2,132	2,002	1,591	1,955	1,878

1. Not seasonally adjusted.

1.54 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1976	1977	1978	1980					
				Apr.	May	June	July	Aug.	Sept.
Terms and yields in primary and secondary markets									
PRIMARY MARKETS									
Conventional mortgages on new homes									
<i>Terms¹</i>									
1 Purchase price (thousands of dollars)	48.4	54.3	62.6	83.1	88.0	81.3	89.0	88.6	83.7
2 Amount of loan (thousands of dollars)	35.9	40.5	45.9	59.4	61.3	58.0	63.7	61.5	58.7
3 Loan/price ratio (percent)	74.2	76.3	75.3	73.6	72.4	74.1	73.5	71.2	72.2
4 Maturity (years)	27.2	27.9	28.0	28.3	28.8	28.4	28.9	27.7	27.6
5 Fees and charges (percent of loan amount) ²	1.44	1.33	1.39	2.04	2.17	2.21	2.13	2.12	2.10
6 Contract rate (percent per annum)	8.76	8.80	9.30	12.64	13.26	12.24	12.11	11.84	11.95
<i>Yield (percent per annum)</i>									
7 FHLBB series ³	8.99	9.01	9.54	13.03	13.68	12.66	12.51	12.25	12.35
8 HUD series ⁴	8.99	8.95	9.68	15.55	13.20	12.45	12.45	13.25	13.65
SECONDARY MARKETS									
<i>Yield (percent per annum)</i>									
9 FHA mortgages (HUD series) ⁵	8.82	8.68	9.70	13.45	11.99	11.85	12.39	13.54	14.26
10 GNMA securities ⁶	8.17	8.04	8.98	12.55	11.30	11.04	11.53	12.34	12.84
11 FNMA auctions ⁷									
11 Government-underwritten loans	8.99	8.73	9.77	14.61	12.87	12.35	12.65	13.92	14.77
12 Conventional loans	9.11	8.98	10.01	16.29	13.54	12.93	12.80	13.66	14.45
Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION									
<i>Mortgage holdings (end of period)</i>									
13 Total	32,904	34,370	43,311	54,843	55,328	55,419	55,362	55,361	55,632
14 FHA-insured	18,916	18,457	21,243	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
15 VA-guaranteed	9,212	9,315	10,544	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Conventional	4,776	6,597	11,524	17,453	17,858	18,001	18,034	18,049	18,074
<i>Mortgage transactions (during period)</i>									
17 Purchases	3,606	4,780	12,303	1,021	589	206	100	167	500
18 Sales	86	67	5	0	0	0	0	0	0
<i>Mortgage commitments⁸</i>									
19 Contracted (during period)	6,247	9,729	18,960	507	391	441	734	1,180	1,070
20 Outstanding (end of period)	3,398	4,698	9,201	4,371	4,064	4,215	4,230	4,545	4,789
<i>Auction of 4-month commitments to buy Government-underwritten loans</i>									
21 Offered ⁹	4,929.8	7,974.1	12,978	493.7	608.7	602.5	1,055.6	1,063.3	907.0
22 Accepted	2,787.2	4,846.2	6,747.2	199.4	214.1	266.5	430.3	628.10	538.0
<i>Conventional loans</i>									
23 Offered ⁹	2,595.7	5,675.2	9,933.0	135.2	279.7	169.7	228.7	430.4	347.7
24 Accepted	1,879.2	3,917.8	5,110.9	65.8	109.1	76.0	140.9	218.8	209.8
FEDERAL HOME LOAN MORTGAGE CORPORATION									
<i>Mortgage holdings (end of period)¹⁰</i>									
25 Total	4,269	3,276	3,064	4,255	4,031	4,014	4,151	4,295	4,543
26 FHA/VA	1,618	1,395	1,243	1,080	1,076	1,072	1,066	1,058	1,050
27 Conventional	2,651	1,881	1,822	3,175	2,955	2,942	3,085	3,237	3,493
<i>Mortgage transactions (during period)</i>									
28 Purchases	1,175	3,900	6,524	231	176	225	440	495	521
29 Sales	1,396	4,131	6,211	199	391	232	288	320	275
<i>Mortgage commitments¹¹</i>									
30 Contracted (during period)	1,477	5,546	7,451	189	491	577	708	476	218
31 Outstanding (end of period)	333	1,063	1,410	643	932	1,246	1,386	1,300	934

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.

2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.

3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

4. Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Department of Housing and Urban Development.

5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through

securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.

7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.

8. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.

9. Mortgage amounts offered by bidders are total bids received.

10. Includes participation as well as whole loans.

11. Includes conventional and government-underwritten loans.

1.55. MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1977	1978	1979	1979			1980	
				Q2	Q3	Q4	Q1	Q2
1 All holders	1,023,505	1,172,754	1,333,550	1,252,426	1,295,935	1,333,550	1,363,787	1,386,344
2 1- to 4-family	656,566	761,843	872,068	816,940	846,287	872,068	890,121	904,226
3 Multifamily	111,841	121,972	130,713	125,916	128,270	130,713	132,795	133,646
4 Commercial	189,274	212,746	238,412	224,499	232,208	238,412	243,839	247,085
5 Farm	65,824	76,193	92,357	85,071	89,170	92,357	97,032	101,387
6 Major financial institutions	745,011	848,095	939,487	894,385	920,231	939,487	951,898	958,887
7 Commercial banks ¹	178,979	213,963	245,998	229,564	239,627	245,998	251,198	253,098
8 1- to 4-family	105,115	126,966	145,975	136,223	142,195	145,975	149,061	150,188
9 Multifamily	9,215	10,912	12,546	11,708	12,221	12,546	12,811	12,908
10 Commercial	56,898	67,056	77,096	71,945	75,099	77,096	78,725	79,321
11 Farm	7,751	9,029	10,381	9,688	10,112	10,381	10,601	10,681
12 Mutual savings banks	88,104	95,157	98,908	97,155	97,929	98,908	99,151	99,150
13 1- to 4-family	57,637	62,252	64,706	63,559	64,065	64,706	64,865	64,864
14 Multifamily	15,304	16,529	17,180	16,876	17,010	17,180	17,223	17,230
15 Commercial	15,110	16,319	16,963	16,662	16,795	16,963	17,004	17,004
16 Farm	53	57	59	58	59	59	59	59
17 Savings and loan associations	381,163	432,808	475,797	456,543	468,307	475,797	479,078	481,184
18 1- to 4-family	310,686	356,114	394,436	377,516	387,992	394,436	398,114	398,864
19 Multifamily	32,513	36,053	37,588	37,071	37,277	37,588	37,224	37,340
20 Commercial	37,964	40,641	43,773	41,956	43,038	43,773	43,740	43,980
21 Life insurance companies	96,765	106,167	118,784	111,123	114,368	118,784	122,471	125,455
22 1- to 4-family	14,727	14,436	16,193	14,489	14,884	16,193	16,850	17,796
23 Multifamily	18,807	19,000	19,274	19,102	19,107	19,274	19,590	19,284
24 Commercial	54,388	62,232	71,137	66,055	68,513	71,137	73,618	75,693
25 Farm	8,843	10,499	12,180	11,477	11,864	12,180	12,413	12,682
26 Federal and related agencies	70,006	81,853	97,293	90,095	93,143	97,293	104,133	108,742
27 Government National Mortgage Association	3,660	3,509	3,852	3,425	3,382	3,660	3,919	4,466
28 1- to 4-family	1,548	877	763	800	780	763	749	736
29 Multifamily	2,112	2,632	3,089	2,625	2,602	3,089	3,170	3,730
30 Farmers Home Administration	1,353	926	1,274	1,200	1,383	1,274	2,845	3,375
31 1- to 4-family	626	288	417	363	163	417	1,139	1,383
32 Multifamily	275	320	71	75	299	71	408	636
33 Commercial	149	101	174	278	262	174	409	402
34 Farm	303	217	612	484	659	612	889	954
35 Federal Housing and Veterans Administration	5,212	5,419	5,764	5,597	5,672	5,764	5,833	5,894
36 1- to 4-family	1,627	1,641	1,863	1,744	1,795	1,863	1,908	1,953
37 Multifamily	3,585	3,778	3,901	3,853	3,877	3,901	3,925	3,941
38 Federal National Mortgage Association	34,369	43,311	51,091	48,206	49,173	51,091	53,990	55,419
39 1- to 4-family	28,504	37,579	45,488	42,543	43,534	45,488	48,394	49,837
40 Multifamily	5,865	5,732	5,603	5,663	5,639	5,603	5,596	5,582
41 Federal Land Banks	22,136	25,624	31,277	28,459	29,804	31,277	33,311	35,574
42 1- to 4-family	670	927	1,552	1,198	1,374	1,552	1,708	1,893
43 Farm	21,466	24,697	29,725	27,261	28,430	29,725	31,603	33,681
44 Federal Home Loan Mortgage Corporation	3,276	3,064	4,035	3,208	3,729	4,035	4,235	4,014
45 1- to 4-family	2,738	2,407	3,059	2,489	2,850	3,059	3,210	3,037
46 Multifamily	538	657	976	719	879	976	1,025	977
47 Mortgage pools or trusts ²	70,289	88,633	119,278	102,259	110,648	119,278	124,632	129,647
48 Government National Mortgage Association	44,896	54,347	76,401	63,000	69,357	76,401	80,843	84,282
49 1- to 4-family	43,555	52,732	74,546	61,246	67,535	74,546	78,872	82,208
50 Multifamily	1,341	1,615	1,855	1,754	1,822	1,855	1,971	2,074
51 Federal Home Loan Mortgage Corporation	6,610	11,892	15,180	13,708	14,421	15,180	15,454	16,120
52 1- to 4-family	5,621	9,657	12,149	11,096	11,568	12,149	12,359	12,886
53 Multifamily	989	2,235	3,031	2,612	2,853	3,031	3,095	3,234
54 Farmers Home Administration	18,783	22,394	27,697	25,551	26,870	27,697	28,335	29,245
55 1- to 4-family	11,397	13,400	14,884	14,329	14,972	14,884	14,926	15,224
56 Multifamily	759	1,116	2,163	1,764	1,763	2,163	2,159	2,159
57 Commercial	2,945	3,560	4,328	3,833	4,054	4,328	4,495	4,763
58 Farm	3,682	4,318	6,322	5,625	6,081	6,322	6,755	7,099
59 Individual and others ³	138,199	154,173	177,492	165,687	171,913	177,492	183,153	189,068
60 1- to 4-family	72,115	82,567	96,037	89,345	92,580	96,037	99,012	102,357
61 Multifamily	20,538	21,393	23,436	22,094	22,921	23,436	23,936	24,558
62 Commercial	21,820	22,837	24,941	23,770	24,447	24,941	25,493	25,922
63 Farm	23,726	27,376	33,078	30,478	31,965	33,078	34,712	36,231

1. Includes loans held by nondeposit trust companies but not bank trust departments.

2. Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.

3. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE: Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

1.56 CONSUMER INSTALLMENT CREDIT¹ Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1977	1978	1979	1980						
				Mar.	Apr.	May	June	July	Aug.	Sept.
Amounts outstanding (end of period)										
1 Total	230,829	275,629	311,122	307,621	306,131	303,759	301,378	301,754	303,263	304,707
<i>By major holder</i>										
2 Commercial banks	112,373	136,189	149,604	147,315	145,405	143,174	140,922	140,489	140,790	141,037
3 Finance companies	44,868	54,298	68,318	70,421	71,545	72,101	73,118	73,909	74,433	74,823
4 Credit unions	37,605	45,939	48,186	46,521	45,731	44,907	43,740	43,390	43,347	43,562
5 Retailers ²	23,490	24,876	27,916	25,841	25,746	25,792	25,724	25,707	26,065	26,372
6 Savings and loans	7,354	8,394	10,361	10,755	10,887	10,930	10,995	11,204	11,390	11,548
7 Gasoline companies	2,963	3,240	4,316	4,421	4,503	4,581	4,664	4,888	5,102	5,205
8 Mutual savings banks	2,176	2,693	2,421	2,347	2,314	2,274	2,215	2,167	2,136	2,160
<i>By major type of credit</i>										
9 Automobile	82,911	102,468	115,022	115,281	115,014	114,318	113,174	113,604	114,061	114,334
10 Commercial banks	49,577	60,564	65,229	64,047	62,978	61,928	60,584	60,466	60,370	60,287
11 Indirect paper	27,379	33,850	37,209	36,821	36,325	35,791	34,929	34,704	34,630	34,612
12 Direct loans	22,198	26,714	28,020	27,226	26,653	26,137	25,762	25,740	25,740	25,675
13 Credit unions	18,099	21,967	23,042	22,246	21,868	21,474	20,916	20,749	20,728	20,831
14 Finance companies	15,235	19,937	26,751	28,988	30,168	30,916	31,674	32,389	32,963	33,216
15 Revolving	39,274	47,051	55,330	52,662	52,217	51,823	51,246	51,330	52,126	52,651
16 Commercial banks	18,374	24,434	28,954	28,241	27,889	27,456	26,926	26,841	27,114	27,252
17 Retailers	17,937	19,377	22,060	20,000	19,825	19,786	19,656	19,601	19,910	20,194
18 Gasoline companies	2,963	3,240	4,316	4,421	4,503	4,581	4,664	4,888	5,102	5,205
19 Mobile home	15,141	16,042	17,409	17,596	17,668	17,642	17,779	17,809	17,860	17,928
20 Commercial banks	9,124	9,553	9,991	9,978	9,965	9,927	10,039	10,000	9,968	9,945
21 Finance companies	3,077	3,152	3,390	3,475	3,523	3,529	3,544	3,546	3,566	3,601
22 Savings and loans	2,538	2,848	3,516	3,650	3,694	3,709	3,731	3,802	3,865	3,919
23 Credit unions	402	489	512	494	486	477	465	461	461	463
24 Other	93,503	110,068	123,361	122,082	121,232	119,976	119,179	119,011	119,216	119,794
25 Commercial banks	35,298	41,638	45,430	45,049	44,573	43,863	43,373	43,182	43,338	43,553
26 Finance companies	26,556	31,209	38,177	37,958	37,854	37,656	37,900	37,974	37,904	38,006
27 Credit unions	19,104	23,483	24,632	23,781	23,377	22,956	22,359	22,180	22,158	22,268
28 Retailers	5,553	5,499	5,856	5,841	5,921	6,006	6,068	6,106	6,155	6,178
29 Savings and loans	4,816	5,546	6,845	7,106	7,193	7,264	7,264	7,402	7,525	7,629
30 Mutual savings banks	2,176	2,693	2,421	2,347	2,314	2,274	2,215	2,167	2,136	2,160
Net change (during period) ³										
31 Total	35,278	44,810	35,491	1,437	-1,985	-3,434	-3,463	-609	15	1,450
<i>By major holder</i>										
32 Commercial banks	18,645	23,813	13,414	17	-2,237	-2,495	-2,659	-972	-433	168
33 Finance companies	5,948	9,430	14,020	1,174	984	105	625	418	495	628
34 Credit unions	6,436	8,334	2,247	-215	-743	-977	-1,362	-381	-303	12
35 Retailers ²	2,654	1,386	3,040	243	-65	-58	-108	140	112	424
36 Savings and loans	1,111	1,041	1,967	204	83	75	89	196	76	182
37 Gasoline companies	132	276	1,076	48	14	-42	8	36	101	30
38 Mutual savings banks	352	530	-273	-34	-21	-42	-56	-46	-33	6
<i>By major type of credit</i>										
39 Automobile	15,204	19,557	12,554	395	-645	-1,343	-1,738	-93	174	443
40 Commercial banks	9,956	10,987	4,665	-412	-1,335	-1,246	-1,519	-413	-263	23
41 Indirect paper	5,307	6,471	3,359	-86	-698	-626	-945	-365	-187	12
42 Direct loans	4,649	4,516	1,306	-326	-637	-620	-574	-48	-76	11
43 Credit unions	2,861	3,868	1,075	-82	-373	-482	-660	-175	-152	-3
44 Finance companies	2,387	4,702	6,814	889	1,063	385	441	495	589	423
45 Revolving	6,248	7,776	8,279	611	-388	-488	-748	14	142	346
46 Commercial banks	4,015	6,060	4,520	395	-260	-308	-562	-131	-30	-66
47 Retailers	2,101	1,440	2,683	168	-142	-138	-194	109	71	382
48 Gasoline companies	132	276	1,076	48	14	-42	8	36	101	30
49 Mobile home	565	897	1,366	128	36	-33	97	26	-8	50
50 Commercial banks	387	426	437	17	-30	-54	74	-43	-52	-29
51 Finance companies	-189	74	238	57	41	5	13	-6	18	28
52 Savings and loans	297	310	668	57	33	23	23	78	29	51
53 Credit unions	70	87	23	-3	-8	-7	-13	-3	-3	0
54 Other	13,261	16,580	13,292	303	-988	-1,570	-1,074	-556	-293	611
55 Commercial banks	4,287	6,340	3,792	17	-612	-887	-652	-385	-88	240
56 Finance companies	3,750	4,654	6,968	228	-120	-285	171	-71	-112	177
57 Credit unions	3,505	4,379	1,149	-130	-362	-488	-689	-203	-148	15
58 Retailers	553	-54	357	75	77	80	86	31	41	42
59 Savings and loans	814	731	1,299	147	50	52	66	118	47	131
60 Mutual savings banks	352	530	-273	-34	-21	-42	-56	-46	-33	6

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.

2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

3. Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to \$70.9 billion at the end of 1979, \$64.7 billion at the end of 1978, \$58.6 billion at the end of 1977, and \$55.4 billion at the end of 1976.

1.57 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted.

Holder, and type of credit	1977	1978	1979	1980						
				Mar.	Apr.	May	June	July	Aug.	Sept.
Extensions										
1 Total	254,071	298,351	322,558	26,620	22,548	21,239	20,698	24,497	25,601	27,308
<i>By major holder</i>										
2 Commercial banks	117,896	142,720	149,599	11,315	9,338	8,812	8,574	10,548	10,893	11,905
3 Finance companies	41,989	50,505	61,518	5,700	4,841	4,304	4,324	4,888	5,204	5,359
4 Credit unions	34,028	40,023	36,778	2,501	1,865	1,615	1,302	2,267	2,354	2,733
5 Retailers ¹	39,133	41,619	46,092	4,358	3,870	3,880	3,881	4,032	4,375	4,422
6 Savings and loans	4,485	5,050	7,333	665	555	536	576	711	605	726
7 Gasoline companies	14,617	16,125	19,607	1,987	1,978	2,011	1,971	1,971	2,078	2,033
8 Mutual savings banks	1,923	2,309	1,631	94	101	81	70	80	92	130
<i>By major type of credit</i>										
9 Automobile	75,641	88,987	91,847	7,240	5,725	5,192	4,770	6,609	6,964	7,718
10 Commercial banks	46,363	53,028	50,596	3,394	2,398	2,354	2,160	3,239	3,499	3,928
11 Indirect paper	25,149	29,336	28,183	1,978	1,433	1,353	1,092	1,645	1,895	2,124
12 Direct loans	21,214	23,692	22,413	1,416	965	1,001	1,068	1,594	1,604	1,804
13 Credit unions	16,616	19,486	18,301	1,306	962	838	708	1,178	1,224	1,444
14 Finance companies	12,662	16,473	22,950	2,540	2,365	2,000	1,902	2,192	2,241	2,346
15 Revolving	86,756	104,587	120,728	11,038	10,293	10,089	9,635	10,522	10,652	10,897
16 Commercial banks	38,256	51,531	60,406	5,200	4,929	4,745	4,342	4,974	4,785	5,005
17 Retailers	33,883	36,931	40,715	3,851	3,386	3,333	3,322	3,577	3,789	3,859
18 Gasoline companies	14,617	16,125	19,607	1,987	1,978	2,011	1,971	1,971	2,078	2,033
19 Mobile home	5,425	6,067	6,395	506	436	324	464	421	387	485
20 Commercial banks	3,466	3,704	3,720	263	220	166	302	195	202	230
21 Finance companies	643	886	797	90	84	52	53	49	59	84
22 Savings and loans	1,120	1,239	1,687	143	128	103	110	169	117	158
23 Credit unions	196	238	191	10	4	3	-1	8	9	13
24 Other	86,249	98,710	103,588	7,836	6,094	5,634	5,829	6,945	7,598	8,208
25 Commercial banks	29,811	34,457	34,877	2,458	1,791	1,547	1,770	2,140	2,407	2,742
26 Finance companies	28,684	33,146	37,771	3,070	2,392	2,252	2,369	2,647	2,904	2,929
27 Credit unions	17,216	20,299	18,286	1,185	899	774	595	1,081	1,121	1,276
28 Retailers	5,250	4,688	5,377	507	484	547	559	455	586	563
29 Savings and loans	3,365	3,811	5,646	522	427	433	466	542	488	568
30 Mutual savings banks	1,923	2,309	1,631	94	101	81	70	80	92	130
Liquidations										
31 Total	218,793	253,541	287,067	25,183	24,533	24,673	24,161	25,106	25,586	25,858
<i>By major holder</i>										
32 Commercial banks	99,251	118,907	136,185	11,298	11,575	11,307	11,233	11,520	11,326	11,737
33 Finance companies	36,041	41,075	47,498	4,526	3,857	4,199	3,699	4,470	4,709	4,731
34 Credit unions	27,592	31,689	34,531	2,716	2,608	2,592	2,664	2,648	2,657	2,721
35 Retailers ¹	36,479	40,233	43,052	4,115	3,935	3,938	3,989	3,892	4,263	3,998
36 Savings and loans	3,374	4,009	5,366	461	472	461	487	515	529	544
37 Gasoline companies	14,485	15,849	18,531	1,939	1,964	2,053	1,963	1,935	1,977	2,003
38 Mutual savings banks	1,571	1,779	1,904	128	122	123	126	126	125	124
<i>By major type of credit</i>										
39 Automobile	60,437	69,430	79,293	6,845	6,370	6,535	6,508	6,702	6,790	7,275
40 Commercial banks	36,407	42,041	45,931	3,806	3,733	3,600	3,679	3,652	3,762	3,905
41 Indirect paper	19,842	22,865	24,824	2,064	2,131	1,979	2,037	2,010	2,082	2,112
42 Direct loans	16,565	19,176	21,107	1,742	1,602	1,621	1,642	1,642	1,680	1,793
43 Credit unions	13,755	15,618	17,226	1,388	1,335	1,320	1,368	1,353	1,376	1,447
44 Finance companies	10,275	11,771	16,136	1,651	1,302	1,615	1,461	1,697	1,652	1,923
45 Revolving	80,508	96,811	112,449	10,427	10,681	10,577	10,383	10,508	10,510	10,551
46 Commercial banks	34,241	45,471	55,886	4,805	5,189	5,053	4,904	5,105	4,815	5,071
47 Retailers	31,782	35,491	38,032	3,683	3,528	3,471	3,516	3,468	3,718	3,477
48 Gasoline companies	14,485	15,849	18,531	1,939	1,964	2,053	1,963	1,935	1,977	2,003
49 Mobile home	4,860	5,170	5,029	378	400	357	367	395	395	435
50 Commercial banks	3,079	3,278	3,283	246	250	220	228	238	254	259
51 Finance companies	832	812	559	33	43	47	40	55	41	56
52 Savings and loans	823	929	1,019	86	95	80	87	91	88	107
53 Credit unions	126	151	168	13	12	10	12	11	12	13
54 Other	72,988	82,130	90,296	7,533	7,082	7,204	6,903	7,501	7,891	7,597
55 Commercial banks	25,524	28,117	31,085	2,441	2,403	2,434	2,422	2,525	2,495	2,502
56 Finance companies	24,934	28,492	30,803	2,842	2,512	2,537	2,198	2,718	3,016	2,752
57 Credit unions	13,711	15,920	17,137	1,315	1,261	1,262	1,284	1,284	1,269	1,261
58 Retailers	4,697	4,742	5,020	432	407	467	473	424	545	521
59 Savings and loans	2,551	3,080	4,347	375	377	381	400	424	441	437
60 Mutual savings banks	1,571	1,779	1,904	128	122	123	126	126	125	124

1. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1977	1978	1979	1980								
				Feb.	Mar.	Apr.	May	June	July ^r	Aug. ^r	Sept.	Oct. ^r
1 Industrial production¹	138.2	146.1	152.5	152.6	152.1	148.3	144.0	141.5	140.4	141.8	143.7	146.0
<i>Market groupings</i>												
2 Products, total	137.9	144.8	150.0	150.1	150.0	146.6	143.7	142.5	142.8	143.9	145.0	146.4
3 Final, total	135.9	142.2	147.2	147.7	147.7	145.4	143.1	142.3	142.4	142.9	143.7	145.1
4 Consumer goods	145.3	149.1	150.8	148.4	148.6	145.3	142.4	142.1	142.0	142.8	143.8	145.5
5 Equipment	123.0	132.8	142.2	146.6	146.6	145.6	144.0	142.6	142.9	143.1	143.4	144.6
6 Intermediate	145.1	154.1	160.5	159.2	158.3	150.8	146.2	143.5	144.5	147.4	149.8	150.9
7 Materials	138.6	148.3	156.4	156.5	155.3	151.0	144.3	140.0	136.5	138.7	141.8	145.5
<i>Industry groupings</i>												
8 Manufacturing	138.4	146.8	153.6	153.0	152.1	147.9	143.4	140.3	139.1	140.4	142.8	145.3
Capacity utilization (percent) ^{1,2}												
9 Manufacturing	81.9	84.4	85.7	83.5	82.8	80.3	77.6	75.7	74.9	75.4	76.5	77.6
10 Industrial materials industries	82.7	85.6	87.4	85.6	84.7	82.1	78.3	75.7	73.7	74.6	76.1	77.9
11 Construction contracts (1972 = 100) ³	160.5	174.3	181.5	171.0	155.0	130.0	125.0	145.0	148.0	192.0	163.0	n.a.
12 Nonagricultural employment, total ⁴	125.3	131.4	136.0	138.6	138.5	138.2	137.5	136.8	136.6	137.0	137.3	137.7
13 Goods-producing, total	104.5	109.8	114.0	114.2	113.6	112.1	110.5	109.1	108.0	108.6	109.3	109.9
14 Manufacturing, total	101.2	105.3	107.9	107.8	107.7	106.1	104.3	102.9	102.0	102.5	103.1	103.6
15 Manufacturing, production-worker	98.8	102.8	104.9	103.9	103.8	101.7	99.1	97.4	96.2	97.0	97.7	98.3
16 Service-producing	136.7	143.2	148.1	151.9	152.2	152.6	152.3	152.1	152.3	152.6	152.7	153.0
17 Personal income, total ⁵	244.4	274.1	307.1	328.1	330.4	330.7	331.8	333.6	339.0	341.5	344.6	n.a.
18 Wages and salary disbursements	230.2	258.1	287.2	305.1	307.4	306.2	306.4	307.0	307.6	310.8	313.3	n.a.
19 Manufacturing	198.3	222.4	246.8	259.2	260.8	257.8	254.4	252.9	252.8	254.6	259.1	n.a.
20 Disposable personal income	194.8	217.7	242.5	259.4	.....	.....	262.2	.....	.....	269.9	.....	.....
21 Retail sales ⁶	229.8	253.8	281.6	298.0	292.4	286.6	285.0	290.4	299.1	301.0	305.6	305.2
<i>Prices⁷</i>												
22 Consumer	181.5	195.4	217.4	236.4	239.8	242.5	244.9	247.6	247.8	249.4	251.7	n.a.
23 Producer finished goods	180.6	194.6	216.1	235.7	238.5	240.5	241.6	243.0 ^r	246.6	249.0	248.9	252.2

1. The industrial production and capacity utilization series have been revised back to January 1979.

2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.

4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.

5. Monthly data for lines 12 through 16 reflect March 1979 benchmarks; only seasonally adjusted data are presently available.

5. Based on data in *Survey of Current Business* (U.S. Department of Commerce). Series for disposable income is quarterly.

6. Based on Bureau of Census data published in *Survey of Current Business*.

7. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE: Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business*.

Figures for industrial production for the last two months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION¹

Seasonally adjusted

Series	1979				1980				1979				1980			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Output (1967 = 100)																
1 Manufacturing	153.4	152.8	143.9	140.8	181.7	183.3	184.8	186.3	84.4	83.4	77.9	75.6	84.4	83.4	77.9	75.6
2 Primary processing	162.5	160.5	145.0	139.1	187.1	188.5	190.0	191.5	86.9	85.1	76.3	72.6	86.9	85.1	76.3	72.6
3 Advanced processing	148.5	148.8	143.3	141.7	178.9	180.5	182.0	183.5	83.0	82.5	78.7	77.2	83.0	82.5	78.7	77.2
Capacity (percent of 1967 output)																
4 Materials	156.5	156.3	145.1	139.0	181.2	182.8	184.3	185.8	86.3	85.5	78.7	74.8	86.3	85.5	78.7	74.8
5 Durable goods	156.3	155.0	140.6	131.1	185.7	187.2	188.6	190.0	84.1	82.8	74.6	69.0	84.1	82.8	74.6	69.0
6 Metal materials	119.6	117.1	100.6	86.8	140.6	140.7	140.8	140.9	85.1	83.2	71.4	61.6	85.1	83.2	71.4	61.6
7 Nondurable goods	179.2	179.3	166.0	161.5	197.6	199.8	202.0	204.3	90.6	89.7	82.2	79.0	90.6	89.7	82.2	79.0
8 Textile, paper, and chemical	187.9	187.5	171.9	165.0	205.8	208.3	211.0	213.7	91.2	90.0	81.5	77.2	91.2	90.0	81.5	77.2
9 Textile	123.8	120.6	116.4	113.3	138.4	138.8	139.2	139.6	89.4	86.9	83.7	81.2	89.4	86.9	83.7	81.2
10 Paper	148.9	146.1	142.1	141.9	153.3	154.7	156.0	157.4	97.1	94.5	91.0	90.1	97.1	94.5	91.0	90.1
11 Chemical	231.8	233.6	208.3	197.2	256.8	260.4	264.6	268.7	90.2	89.7	78.7	73.3	90.2	89.7	78.7	73.3
12 Energy materials	129.0	130.8	130.0	130.2	150.3	151.1	151.8	152.6	85.9	86.6	85.6	85.4	85.9	86.6	85.6	85.4

2.11 Continued

Series	Previous cycle ²		Latest cycle ³		1979	1980						
	High	Low	High	Low	Oct.	Apr.	May	June	July	Aug.	Sept.	Oct.
	Capacity utilization rate (percent)											
13 Manufacturing	88.0	69.0	87.2	74.9	84.8	80.3	77.6	75.7	74.9	75.4	76.5	77.6
14 Primary processing	93.8	68.2	90.1	70.9	87.5	80.5	75.8	72.7	70.9	72.3	74.6	76.5
15 Advanced processing	85.5	69.4	86.2	77.1	83.4	80.1	78.6	77.4	77.1	77.1	77.6	78.2
16 Materials	92.6	69.4	88.8	73.7	86.6	82.1	78.3	75.7	73.7	74.6	76.1	77.9
17 Durable goods	91.5	63.6	88.4	68.0	84.8	78.8	74.1	70.8	68.0	69.1	69.7	72.1
18 Metal materials	98.3	68.6	96.0	58.4	85.4	77.2	70.0	67.0	58.4	62.3	64.0	.....
19 Non-durable goods	94.5	67.2	90.9	76.8	90.7	86.1	81.8	78.7	76.8	78.0	82.3	84.1
20 Textile, paper, and chemical	95.1	65.3	91.4	74.5	91.4	86.0	81.3	77.1	74.5	76.1	81.1	83.7
21 Textile	92.6	57.9	90.1	79.5	90.0	84.6	84.5	81.8	82.0	79.5	82.0	.....
22 Paper	99.4	72.4	97.6	88.1	96.9	90.7	90.8	91.6	88.1	89.6	92.7	.....
23 Chemical	95.5	64.2	91.2	69.6	90.4	85.2	78.3	72.7	69.6	72.2	78.2	.....
24 Energy materials	94.6	84.8	88.8	85.0	85.5	85.8	85.3	85.8	85.6	85.7	85.0	85.0

1. The capacity utilization series has been revised back to January 1979.

2. Monthly high 1973; monthly low 1975.

3. Preliminary; monthly highs December 1978 through January 1980; monthly lows July 1980 through September 1980.

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1977	1978	1979	1980						
				Apr.	May	June	July	Aug. ⁷	Sept. ⁷	Oct.
HOUSEHOLD SURVEY DATA										
1 Noninstitutional population ¹	158,559	161,058	163,620	165,693	165,886	166,105	166,391	166,578	166,789	167,005
2 Labor force (including Armed Forces) ¹ ..	99,534	102,537	104,996	106,511	107,230	106,634	107,302	107,139	107,155	107,301
3 Civilian labor force	97,401	100,420	102,908	104,419	105,142	104,542	105,203	105,025	105,034	105,180
Employment										
4 Nonagricultural industries ²	87,302	91,031	93,648	93,912	93,609	93,346	93,739	93,826	93,765	93,851
5 Agriculture	3,244	3,342	3,297	3,242	3,379	3,191	3,257	3,180	3,442	3,324
Unemployment										
6 Number	6,855	6,047	5,963	7,265	8,154	8,006	8,207	8,019	7,827	8,005
7 Rate (percent of civilian labor force)	7.0	6.0	5.8	7.0	7.8	7.7	7.8	7.6	7.5	7.6
8 Not in labor force	59,025	58,521	58,623	59,182	58,657	59,471	59,091	59,439	59,633	59,704
ESTABLISHMENT SURVEY DATA										
9 Nonagricultural payroll employment ³	82,423	86,446	89,497	90,951	90,468	90,047	89,867	90,142	90,365	90,622
10 Manufacturing	19,682	20,476	20,979	20,642	20,286	20,014	19,828	19,940	20,046	20,139
11 Mining	813	851	958	1,012	1,023	1,029	1,013	1,013	1,027	1,035
12 Contract construction	3,851	4,271	4,642	4,467	4,436	4,379	4,322	4,359	4,397	4,437
13 Transportation and public utilities	4,713	4,927	5,154	5,178	5,167	5,134	5,114	5,129	5,122	5,136
14 Trade	18,516	19,499	20,140	20,531	20,487	20,459	20,506	20,589	20,615	20,639
15 Finance	4,467	4,727	4,964	5,119	5,137	5,150	5,167	5,180	5,188	5,200
16 Service	15,303	16,220	17,047	17,618	17,659	17,652	17,760	17,788	17,851	17,908
17 Government	15,079	15,476	15,613	16,384	16,273	16,230	16,157	16,144	16,119	16,128

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2. Includes self-employed, unpaid family, and domestic service workers.

3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1979 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.13 Continued

Grouping	SIC code	1967 proportion	1979 Avg.	1979		1980									
				Oct.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept. ^a	Oct. ^a
Index (1967 = 100)															
MAJOR INDUSTRY															
1 Mining and utilities		12.05	144.7	145.7	148.2	148.2	149.0	151.4	150.1	149.6	150.1	150.1	151.0	150.3	150.9
2 Mining		6.36	125.5	127.8	131.4	133.5	132.9	133.0	133.1	133.4	132.9	130.6	130.5	130.9	132.0
3 Utilities		5.69	166.0	165.7	166.9	16.48	167.1	172.0	169.1	167.7	169.3	171.8	174.0	171.9	172.0
4 Electric		3.88	185.8	184.5	186.0	183.4	185.7	192.4	187.9	186.0	188.7	192.4	195.4	.....	.....
5 Manufacturing		87.95	153.6	153.7	153.2	153.4	153.0	152.1	147.9	143.4	140.3	139.1	140.4	142.8	145.3
6 Nondurable		35.97	164.0	164.8	165.3	166.0	165.9	164.7	161.6	158.0	155.3	154.7	156.4	159.3	160.9
7 Durable		51.98	146.4	146.0	144.8	144.7	144.1	143.4	138.4	133.3	129.9	128.3	129.3	131.5	134.6
Mining															
8 Metal	10	.51	127.0	124.2	136.9	137.6	136.6	132.7	123.5	120.8	120.0	83.1	71.2	74.0	.....
9 Coal	11.12	.69	135.6	146.0	143.4	141.0	136.0	137.2	143.4	145.0	150.0	149.8	154.9	148.9	149.0
10 Oil and gas extraction	13	4.40	121.7	123.6	127.2	129.9	130.4	131.8	132.5	133.9	133.2	134.3	134.8	135.6	136.0
11 Stone and earth minerals	14	.75	137.6	138.2	141.4	144.6	142.3	136.0	133.1	128.1	123.9	123.7	123.1	125.5	.....
Nondurable manufactures															
12 Foods	20	8.75	147.5	147.7	148.4	148.5	149.0	149.3	147.8	149.5	149.0	148.9	148.2	148.7	.....
13 Tobacco products	21	.67	117.8	115.6	116.6	118.7	120.0	122.2	121.9	116.2	113.9	119.6	117.4	.....	.....
14 Textile mill products	22	2.68	145.0	147.7	148.0	143.4	144.0	142.0	139.9	137.1	133.6	132.5	132.6	132.9	.....
15 Apparel products	23	3.31	134.4	131.5	131.1	131.5	133.8	136.1	131.3	128.6	127.2	121.5	123.8	.....	.....
16 Paper and products	26	3.21	151.0	154.2	155.7	157.4	153.6	152.7	148.2	145.7	146.2	143.6	146.5	150.5	150.7
17 Printing and publishing	27	4.72	136.9	137.2	137.8	138.9	139.9	139.2	136.5	135.5	135.4	138.6	139.8	141.1	140.9
18 Chemicals and products	28	7.74	211.8	212.9	216.8	218.0	217.4	213.6	209.1	199.2	191.1	190.3	196.3	205.1	.....
19 Petroleum products	29	1.79	143.9	142.6	145.4	147.5	144.6	140.7	137.4	133.0	131.3	130.5	126.2	130.7	129.0
20 Rubber and plastic products	30	2.24	272.2	278.0	263.8	265.5	266.8	264.4	261.8	248.1	242.9	242.5	245.9	247.6	.....
21 Leather and products	31	.86	71.7	70.1	71.2	74.2	73.3	72.8	69.9	70.1	68.5	67.8	67.7	66.0	.....
Durable manufactures															
22 Ordnance, private and government	19.91	3.64	75.2	77.1	77.5	77.1	77.2	76.9	77.5	77.9	77.5	77.1	77.5	77.7	79.2
23 Lumber and products	24	1.64	136.9	138.7	132.4	131.6	130.2	125.3	105.2	104.5	109.7	112.8	120.5	124.0	.....
24 Furniture and fixtures	25	1.37	161.5	163.3	161.0	160.8	159.2	159.5	157.1	149.5	143.1	138.6	141.1	143.1	.....
25 Clay, glass, stone products	32	2.74	163.9	163.6	163.8	165.0	162.4	156.4	148.8	140.8	134.5	134.2	135.0	140.6	.....
26 Primary metals	33	6.57	121.3	118.4	115.3	116.4	111.9	113.7	106.4	96.1	90.4	81.7	86.2	90.3	98.5
27 Iron and steel	331.2	4.21	113.2	108.8	106.6	107.2	103.4	105.9	97.4	84.4	75.4	68.1	75.3	80.0	.....
28 Fabricated metal products	34	5.93	148.5	147.5	146.2	145.0	145.7	145.5	141.4	133.2	126.1	123.8	125.3	127.0	128.3
29 Nonelectrical machinery	35	9.15	163.7	162.9	163.0	167.1	167.0	166.5	163.2	162.1	158.3	158.5	158.8	159.0	160.1
30 Electrical machinery	36	8.05	175.0	177.3	181.6	181.7	179.2	179.2	177.0	171.4	166.6	165.0	166.7	167.1	169.7
31 Transportation equipment	37	9.27	135.4	133.3	127.3	122.1	125.7	123.8	115.1	109.8	110.0	110.7	108.3	113.1	118.9
32 Motor vehicles and parts	371	4.50	159.9	150.1	137.1	126.2	133.9	130.1	114.7	105.9	106.7	107.9	104.4	113.6	124.5
33 Aerospace and miscellaneous transportation equipment	372-9	4.77	112.2	117.4	118.1	118.3	118.1	117.8	115.5	113.5	113.1	113.4	111.9	112.6	113.6
34 Instruments	38	2.11	174.9	175.0	175.0	175.9	174.8	173.5	173.8	171.0	169.2	167.5	167.6	166.9	167.7
35 Miscellaneous manufactures	39	1.51	154.7	154.5	153.7	153.8	151.6	152.8	151.2	147.3	143.7	144.7	144.2	145.0	143.5
Gross value (billions of 1972 dollars, annual rates)															
MAJOR MARKET															
36 Products, total		507.4	625.3	623.7	619.7	615.8	619.8	619.0	599.5	588.6	585.0	586.7	585.7	594.1	599.7
37 Final		390.9 ²	480.8	479.3	476.1	471.2	476.4	475.9	464.5	457.3	455.6	456.9	452.9	459.3	463.5
38 Consumer goods		277.5 ²	327.1	325.3	322.1	317.6	320.0	321.3	312.5	306.3	305.8	307.7	304.9	310.3	311.8
39 Equipment		113.4 ²	153.6	154.0	154.0	153.6	156.3	154.6	152.0	151.0	149.8	149.2	148.0	149.0	151.7
40 Intermediate		116.6 ²	144.6	144.4	143.6	144.6	143.4	143.1	135.0	131.3	129.4	129.9	132.8	134.8	136.2

1. The industrial production series has been revised back to January 1979.
2. 1972 dollars.

NOTE. Published groupings include some series and subtotals not shown separately. For description and historical data, see *Industrial Production—1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), December 1977.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1977	1978	1979	1980							
				Feb.	Mar.	Apr.	May	June	July ^r	Aug. ^r	Sept.
Private residential real estate activity (thousands of units)											
NEW UNITS											
1 Permits authorized	1,677	1,801	1,552	1,168	968	789	825	1,078	1,236	1,361	1,561
2 1-family	1,125	1,183	981	708	556	473	495	628	781	857	905
3 2-or-more-family	551	618	570	460	412	316	330	450	455	504	654
4 Started	1,987	2,020	1,745	1,330	1,041	1,030	906	1,223	1,265	1,416	1,544
5 1-family	1,451	1,433	1,194	786	617	628	628	757	869	1,000	1,050
6 2-or-more-family	536	587	551	417	424	402	278	466	396	416	494
7 Under construction, end of period ¹	1,208	1,310	1,140	1,095	1,062	978	911	871 ^r	853	849	n.a.
8 1-family	730	765	639	622	589	535	495	474 ^r	474	475	n.a.
9 2-or-more-family	478	546	501	473	473	443	416	397 ^r	379	374	n.a.
10 Completed	1,656	1,868	1,855	1,832	1,669	1,897	1,536	1,469 ^r	1,498	1,404	n.a.
11 1-family	1,258	1,369	1,286	1,230	1,093	1,135	970	886 ^r	970	915	n.a.
12 2-or-more-family	399	499	570	602	576	762	566	583 ^r	622	489	n.a.
13 Mobile homes shipped	277	276	277	270	226	201	162	163	215	206	n.a.
<i>Merchant builder activity in 1-family units</i>											
14 Number sold	820	818	709	548	458	345	458	544 ^r	650	643	554
15 Number for sale, end of period ¹	408	419	402	396	377	364	351	340 ^r	333	329	335
<i>Price (thousands of dollars)²</i>											
<i>Median</i>											
16 Units sold	49.0	55.8	62.7	64.8	62.3	62.8	63.2	65.4 ^r	64.2	63.0	68.8
<i>Average</i>											
17 Units sold	54.4	62.7	71.9	76.6	71.1	74.1	73.1	76.3 ^r	76.7	76.1	81.1
EXISTING UNITS (1-family)											
18 Number sold	3,572	3,905	3,742	2,990	2,750	2,420	2,310	2,480	2,920	3,030	3,380
<i>Price of units sold (thous. of dollars)²</i>											
19 Median	42.8	48.7	55.5	59.0	59.5	60.4	61.2	63.4	64.1	64.9	64.2
20 Average	47.1	55.1	64.0	69.4	69.4	70.6	71.2	75.7	75.7	76.2	75.5
Value of new construction³ (millions of dollars)											
CONSTRUCTION											
21 Total put in place	173,976	205,457	228,948	248,756	237,132	225,833	218,909	215,021	214,230	215,051	221,959
22 Private	135,799	159,555	179,948	191,732	180,616	171,488	164,791	161,349	158,921	162,543	167,748
23 Residential	80,957	93,423	99,029	101,519	93,991	83,467	76,957	73,360	74,954	79,754	85,525
24 Nonresidential, total	54,842	66,132	80,919	90,213	86,625	88,021	87,834	87,989	83,967	82,789	82,223
<i>Buildings</i>											
25 Industrial	7,713	10,993	14,953	15,690	13,916	13,611	14,197	15,022	13,267	13,046	13,340
26 Commercial	14,789	18,568	24,924	30,727	29,911	30,878	30,149	29,609	28,063	27,993	26,862
27 Other	6,200	6,739	7,427	8,508	8,515	8,220	8,571	8,256	8,115	8,095	8,120
28 Public utilities and other	26,140	29,832	33,615	35,288	34,283	35,312	34,917	35,102	34,522	33,655	33,901
29 Public	38,172	45,901	49,001	57,023	56,516	54,344	54,118	53,672	55,308	52,508	54,211
30 Military	1,428	1,501	1,641	1,530	1,895	2,048	1,671	1,748	1,727	1,841	1,450
31 Highway	9,380	10,713	11,915	15,693	13,606	14,393	13,230 ^r	14,012	13,758	10,866	n.a.
32 Conservation and development	3,862	4,457	4,586	5,325	5,686	5,000	5,285 ^r	4,241	5,893	4,295	n.a.
33 Other ⁴	23,502	29,230	30,859	34,475	35,329	32,903	33,932 ^r	33,671	33,930	35,506	n.a.

1. Not at annual rates.
 2. Not seasonally adjusted.
 3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports (C-30-76-5)*, issued by the Bureau in July 1976.
 4. Beginning January 1977 "Highway" imputations are included in "Other".

NOTE. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 14,000 jurisdictions through 1977, and 16,000 jurisdictions beginning with 1978.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	12 months to		3 months (at annual rate) to				1 month to					Index level Sept. 1980 (1967 = 100) ¹
	1979 Sept.	1980 Sept.	1979	1980			1980					
			Dec.	Mar.	June	Sept.	May	June	July	Aug.	Sept.	
CONSUMER PRICES²												
1 All items	12.1	12.7	13.7	18.1	11.6	7.0	.9	1.0	0.0	.7	1.0	251.7
2 Commodities	12.4	11.6	12.5	16.1	5.0	12.8	3	.3	.6	1.2	1.2	239.0
3 Food	10.0	10.1	12.1	3.8	5.6	18.9	3	.5	1.0	1.8	1.6	261.1
4 Commodities less food	13.5	12.3	12.7	22.1	4.7	10.6	4	.3	.5	.9	1.1	226.6
5 Durable	9.8	10.7	13.2	7.6	6.8	15.7	6	.5	.5	1.6	1.6	215.3
6 Nondurable	18.4	14.2	12.8	39.8	3.5	4.0	2	.1	.3	.4	.2	239.3
7 Services	11.6	14.2	15.8	20.9	21.6	-6	1.6	1.8	-8	-1	.7	274.8
8 Rent	7.6	9.0	9.0	8.3	10.0	8.6	1.0	1.2	.5	.6	1.0	195.1
9 Services less rent	12.2	15.0	16.9	22.8	23.3	1.8	1.7	1.9	-9	-2	.7	289.8
<i>Other groupings</i>												
10 All items less food	12.6	13.2	14.2	21.7	13.0	4.6	1.0	1.1	-2	.4	.9	248.6
11 All items less food and energy	9.9	12.0	13.9	15.7	13.5	5.1	1.0	1.1	-2	.5	.9	236.9
12 Homeownership	16.1	16.8	25.6	24.1	26.6	-5.6	1.8	2.3	-1.8	-2	.6	317.6
PRODUCER PRICES												
13 Finished goods	12.0	12.8	13.3	19.3	6.0	12.2	3	.7 ^r	1.5 ^r	1.5 ^r	-2	248.9
14 Consumer	13.5	13.6	14.6	21.6	4.9 ^r	13.8	4	.7 ^r	1.6 ^r	1.8	-2	251.8
15 Foods	8.9	7.8	8.6	-1.2	-7.8 ^r	36.9	0	.7	3.8	4.4	-2	245.8
16 Excluding foods	16.0	16.6	17.9	34.8	11.3 ^r	4.4	5	.6 ^r	.6 ^r	.6	-1	252.3
17 Capital equipment	8.3	10.8	10.0	13.4	11.3 ^r	8.5	2	.7 ^r	1.3	.9	-1	241.3
18 Intermediate materials ³	15.0	13.0	17.0	24.0	5.2 ^r	6.4	-1	.8 ^r	.5 ^r	.5	.5	285.2
Crude Materials												
19 Nonfood	23.3	20.2	27.8	21.9	-3.9	39.1	0.0	-5	3.2	1.8	3.3	436.3
20 Food	13.9	11.3	5.7	-16.7	-10.5	96.4	2.4	1.1	9.0	9.0	-4	276.7

1. Not seasonally adjusted.

2. Figures for consumer prices are those for all urban consumers.

3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE: Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1977	1978	1979	1979			1980		
				Q2	Q3	Q4	Q1	Q2	Q3 ^p
GROSS NATIONAL PRODUCT									
1 Total	1,899.5	2,127.6	2,368.8	2,329.8	2,396.5	2,456.9	2,520.8	2,521.3	2,583.0
<i>By source</i>									
2 Personal consumption expenditures	1,210.0	1,350.8	1,509.8	1,475.9	1,528.6	1,580.4	1,629.5	1,626.6	1,681.8
3 Durable goods	178.8	200.3	213.0	208.7	213.4	216.2	220.2	195.7	209.3
4 Nondurable goods	481.3	530.6	596.9	581.2	604.7	630.7	652.0	654.1	666.4
5 Services	549.8	619.8	699.8	686.0	710.6	733.5	757.3	776.9	806.1
6 Gross private domestic investment	303.3	351.5	387.2	395.4	392.3	387.2	387.7	368.5	346.0
7 Fixed investment	281.3	329.1	369.0	361.9	377.8	381.7	383.0	357.1	363.9
8 Nonresidential	189.4	221.1	254.9	249.1	261.8	265.2	272.6	268.2	271.4
9 Structures	62.6	76.5	92.6	90.5	95.0	100.2	103.3	103.7	102.4
10 Producers' durable equipment	126.8	144.6	162.2	158.6	166.7	165.1	169.4	164.5	169.0
11 Residential structures	91.9	108.0	114.1	112.9	116.0	116.4	110.4	88.9	92.5
12 Nonfarm	88.8	104.4	110.2	109.1	112.0	112.1	105.9	85.3	88.9
13 Change in business inventories	21.9	22.3	18.2	33.4	14.5	5.6	4.7	11.4	-17.9
14 Nonfarm	20.7	21.3	16.5	32.6	12.6	2.1	4.4	12.3	-13.1
15 Net exports of goods and services	-9.9	-10.3	-4.6	-8.1	-2.3	-11.9	-13.6	-2.2	18.6
16 Exports	175.9	207.2	257.5	243.7	267.3	280.4	308.1	307.0	312.1
17 Imports	185.8	217.5	262.1	251.9	269.5	292.4	321.7	309.2	293.5
18 Government purchases of goods and services	396.2	435.6	476.4	466.6	477.8	501.2	517.2	528.3	536.7
19 Federal	144.4	152.6	166.6	161.7	162.9	178.4	186.2	193.3	194.6
20 State and local	251.8	283.0	309.8	304.9	314.9	322.8	331.0	335.0	342.1
<i>By major type of product</i>									
21 Final sales, total	1,877.6	2,105.2	2,350.6	2,296.4	2,381.9	2,451.4	2,516.1	2,509.9	2,600.9
22 Goods	842.2	930.0	1,030.5	1,018.1	1,036.0	1,056.3	1,086.2	1,079.2	1,100.6
23 Durable	345.9	380.4	423.1	422.4	424.4	420.2	421.5	414.7	434.7
24 Nondurable	496.3	549.6	607.4	595.7	611.6	636.1	664.8	664.5	666.0
25 Services	866.4	969.3	1,085.1	1,064.2	1,100.6	1,134.0	1,169.5	1,199.9	1,237.6
26 Structures	190.9	228.2	253.2	247.5	259.8	266.6	265.1	242.2	244.8
27 Change in business inventories	21.9	22.3	18.2	33.4	14.5	5.6	4.7	11.4	-17.9
28 Durable goods	11.9	13.9	13.0	24.3	7.3	1.8	-9.3	6.1	.9
29 Nondurable goods	10.0	8.4	5.2	9.1	7.2	3.8	14.0	5.3	-18.8
30 MEMO: Total GNP in 1972 dollars	1,340.5	1,399.2	1,431.6	1,422.3	1,433.3	1,440.3	1,444.7	1,408.6	1,412.1
NATIONAL INCOME									
31 Total	1,525.8	1,724.3	1,924.8	1,897.9	1,941.9	1,990.4	2,035.4	2,024.6	n.a.
32 Compensation of employees	1,156.9	1,304.5	1,459.2	1,439.7	1,472.9	1,513.2	1,555.2	1,567.2	1,590.1
33 Wages and salaries	984.0	1,103.5	1,227.4	1,211.5	1,238.0	1,270.7	1,303.6	1,310.4	1,328.2
34 Government and government enterprises	201.3	218.0	233.5	231.2	234.4	240.2	243.5	247.5	251.0
35 Other	782.7	885.5	993.9	980.3	1,003.6	1,030.5	1,060.1	1,062.9	1,077.3
36 Supplement to wages and salaries	172.9	201.0	231.8	228.2	234.8	242.5	251.6	256.8	261.9
37 Employer contributions for social insurance	81.2	94.6	109.1	107.9	109.9	113.0	117.2	118.1	119.7
38 Other labor income	91.8	106.5	122.7	120.3	124.9	129.6	134.4	138.7	142.2
39 Proprietors' income ¹	100.2	116.8	130.8	129.3	130.3	134.5	130.0	120.5	124.2
40 Business and professional ¹	80.5	89.1	98.0	95.5	99.4	102.1	102.3	97.4	100.0
41 Farm ¹	19.6	27.7	32.8	33.7	30.9	32.5	27.7	23.1	24.2
42 Rental income of persons ²	24.7	25.9	26.9	26.8	26.6	27.0	27.0	27.3	27.8
43 Corporate profits ¹	150.0	167.7	178.2	176.6	180.8	176.4	175.0	152.8	n.a.
44 Profits before tax ³	177.1	206.0	236.6	227.9	242.3	243.0	260.4	204.8	n.a.
45 Inventory valuation adjustment	-15.2	-25.2	-41.8	-36.6	-44.0	-46.5	-63.2	-27.4	-36.3
46 Capital consumption adjustment	-12.0	-13.1	-16.7	-14.7	-17.6	-20.1	-22.2	-24.6	-28.2
47 Net interest	94.0	109.5	129.7	125.6	131.5	139.2	148.1	156.8	164.5

1. With inventory valuation and capital consumption adjustments.
 2. With capital consumption adjustments.

3. For after-tax profits, dividends, and the like, see table 1.49.

SOURCE: *Survey of Current Business* (Department of Commerce).

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.

Account	1977	1978	1979	1979			1980		
				Q2	Q3	Q4	Q1	Q2	Q3 ^p
PERSONAL INCOME AND SAVING									
1 Total personal income	1,531.6	1,717.4	1,924.2	1,892.5	1,946.6	2,005.0	2,057.4	2,080.5	2,141.1
2 Wage and salary disbursements	984.0	1,103.3	1,227.6	1,212.4	1,238.1	1,270.5	1,303.7	1,310.4	1,327.6
3 Commodity-producing industries	343.1	387.4	435.2	431.7	438.3	447.8	460.0	454.5	455.4
4 Manufacturing	266.0	298.3	330.9	328.5	331.9	338.3	347.2	342.0	343.2
5 Distributive industries	239.1	269.4	300.8	295.8	304.0	312.4	320.1	320.8	325.1
6 Service industries	200.5	228.7	257.9	252.8	261.3	270.2	280.0	287.6	296.1
7 Government and government enterprises	201.3	217.8	233.7	232.1	234.5	240.1	243.6	247.5	251.0
8 Other labor income	91.8	106.5	122.7	120.3	124.9	129.6	134.4	138.7	142.2
9 Proprietors' income ¹	100.2	116.8	130.8	129.3	130.3	134.5	130.0	120.5	124.2
10 Business and professional ¹	80.5	89.1	98.0	95.5	99.4	102.1	102.3	97.4	100.0
11 Farm ¹	19.6	27.7	32.8	33.7	30.9	32.5	27.7	23.1	24.2
12 Rental income of persons ²	24.7	25.9	26.9	26.8	26.6	27.0	27.0	27.3	27.8
13 Dividends	42.1	47.2	52.7	52.3	52.8	54.4	56.7	58.6	59.7
14 Personal interest income	141.7	163.3	192.1	187.6	194.4	205.5	217.2	228.8	235.5
15 Transfer payments	208.4	224.1	252.0	243.6	260.8	266.5	274.9	282.5	312.4
16 Old-age survivors, disability, and health insurance benefits	105.0	116.3	132.4	127.1	138.7	140.0	142.0	143.6	161.7
17 LESS: Personal contributions for social insurance	61.3	69.6	80.7	79.8	81.2	82.9	86.6	86.3	88.3
18 EQUALS: Personal income	1,531.6	1,717.4	1,924.2	1,892.5	1,946.6	2,005.0	2,057.4	2,080.5	2,141.1
19 LESS: Personal tax and nontax payments	226.4	259.0	299.9	290.7	306.6	321.9	320.0	324.6	333.6
20 EQUALS: Disposable personal income	1,305.1	1,458.4	1,624.3	1,601.7	1,640.0	1,683.1	1,737.4	1,755.9	1,807.5
21 LESS: Personal outlays	1,240.2	1,386.4	1,550.5	1,515.8	1,569.7	1,623.4	1,672.9	1,669.5	1,724.2
22 EQUALS: Personal saving	65.0	72.0	73.8	85.9	70.3	59.7	64.4	86.3	83.3
MEMO:									
Per capita (1972 dollars)									
23 Gross national product	6,181	6,402	6,494	6,459	6,494	6,509	6,514	6,336	6,335
24 Personal consumption expenditures	3,974	4,121	4,194	4,155	4,195	4,227	4,222	4,097	4,138
25 Disposable personal income	4,285	4,449	4,512	4,510	4,501	4,502	4,502	7,900	8,107
26 Saving rate (percent)	5.0	4.9	4.5	5.4	4.3	3.5	3.7	4.9	4.6
GROSS SAVING									
27 Gross saving	276.1	324.6	363.9	374.3	367.3	351.9	346.6	345.5	n.a.
28 Gross private saving	295.6	324.9	349.6	360.5	352.1	340.7	343.7	374.0	n.a.
29 Personal saving	65.0	72.0	73.8	85.9	70.3	59.7	64.4	86.3	83.3
30 Undistributed corporate profits ¹	35.2	36.0	32.9	35.6	34.0	25.9	15.9	16.6	15.3
31 Corporate inventory valuation adjustment	-15.2	-25.2	-41.8	-36.6	-44.0	-46.5	-63.2	-27.4	n.a.
Capital consumption allowances									
32 Corporate	121.3	132.9	147.7	145.1	150.4	155.3	159.6	163.9	169.6
33 Noncorporate	74.1	84.0	95.3	93.9	97.5	99.8	103.7	107.1	110.1
34 Wage accruals less disbursements									.6
35 Government surplus, or deficit (-), national income and product accounts	-19.5	-3	13.2	12.7	14.0	10.0	1.7	-29.6	n.a.
36 Federal	-46.3	-27.7	-11.4	-7.0	-11.3	-15.7	-22.9	-49.2	n.a.
37 State and local	26.8	27.4	24.6	19.7	25.3	25.8	24.6	19.5	n.a.
38 Capital grants received by the United States, net			1.1	1.1	1.1	1.1	1.2	1.2	1.2
39 Gross investment	283.6	327.9	367.6	373.1	375.6	359.1	357.5	350.9	349.9
40 Gross private domestic	303.3	351.5	387.2	395.4	392.3	387.2	387.7	368.5	346.0
41 Net foreign	-19.6	-23.5	-19.5	-22.3	-16.7	-28.1	-30.2	-17.6	3.9
42 Statistical discrepancy	7.5	3.3	2.9	-1.3	8.3	7.2	11.0	5.4	n.a.

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE: Survey of Current Business (Department of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.¹

Item credits or debits	1977	1978	1979	1979			1980	
				Q2	Q3	Q4	Q1	Q2 ^p
1 Balance on current account	-14,068	-14,259	-788	-1,493	1,099	-1,802	-2,635	-2,500
2 Not seasonally adjusted				-61	-2,909	486	-2,453	-738
3 Merchandise trade balance ²	-30,873	-33,759	-29,469	-8,070	-7,060	-9,225	-10,875	-7,643
4 Merchandise exports	120,816	142,054	182,055	42,815	47,198	50,237	54,708	54,710
5 Merchandise imports	-151,689	-175,813	-211,524	-50,885	-54,258	-59,462	-65,583	-62,353
6 Military transactions, net	1,628	886	-1,274	-102	-443	-700	-922	-1,074
7 Investment income, net ³	17,988	20,899	32,509	7,271	9,319	8,883	10,094	6,355
8 Other service transactions, net	1,794	2,769	3,112	791	690	792	880	1,104
9 MEMO: Balance on goods and services ^{3,4}	-9,464	-9,204	4,878	-110	2,506	-250	-823	-1,258
10 Remittances, pensions, and other transfers	-1,830	-1,884	-2,142	-484	-529	-665	-565	-557
11 U.S. government grants (excluding military)	-2,775	-3,171	-3,524	-899	-878	-887	-1,247	-685
12 Change in U.S. government assets, other than official reserve assets, net (increase, -)	-3,693	-4,644	-3,783	-991	-766	-925	-1,467	-1,280
13 Change in U.S. official reserve assets (increase, -)	-375	732	-1,106	343	2,779	-644	-3,246	473
14 Gold	-118	-65	-65	0	0	-65	0	0
15 Special drawing rights (SDRs)	-121	1,249	-1,136	6	0	0	-1,152	112
16 Reserve position in International Monetary Fund	-294	4,231	-189	-78	-52	27	-34	-99
17 Foreign currencies	158	-4,683	283	415	2,831	-606	-2,060	460
18 Change in U.S. private assets abroad (increase, -) ³	-31,725	-57,279	-56,858	-14,631	-27,228	-11,918	-7,976	-25,554
19 Bank-reported claims	-11,427	-33,631	-25,868	-7,839	-16,997	-7,213	-274	-20,913
20 Nonbank-reported claims	-1,940	-3,853	-2,029	935	-932	410	-1,474	n.a.
21 U.S. purchase of foreign securities, net	-5,460	-3,450	-4,643	-513	-2,143	-986	-765	-1,325
22 U.S. direct investments abroad, net ³	-12,898	-16,345	-24,318	-7,214	-7,156	-4,129	-5,463	-3,316
23 Change in foreign official assets in the United States (increase, +)	36,574	33,292	-14,270	-10,095	5,789	-1,221	-7,215	7,816
24 U.S. Treasury securities	30,230	23,523	-22,356	-12,859	5,024	-5,769	-5,357	4,315
25 Other U.S. government obligations	2,308	666	465	94	335	41	801	247
26 Other U.S. government liabilities ⁵	1,159	2,220	-714	122	216	-924	181	1,035
27 Other U.S. liabilities reported by U.S. banks	773	5,488	7,219	2,354	56	4,881	-3,185	1,559
28 Other foreign official assets ⁶	2,105	1,395	1,116	195	158	550	345	660
29 Change in foreign private assets in the United States (increase, +) ³	14,167	30,804	51,845	16,502	19,152	5,246	14,409	-2,056
30 U.S. bank-reported liabilities	6,719	16,259	32,668	12,082	13,185	400	6,355	-4,334
31 U.S. nonbank-reported liabilities	473	1,640	1,692	579	606	1,050	683	n.a.
32 Foreign private purchases of U.S. Treasury securities, net	534	2,197	4,830	-120	1,466	920	3,278	-1,226
33 Foreign purchases of other U.S. securities, net	2,713	2,811	2,942	1,149	677	313	2,427	1,350
34 Foreign direct investments in the United States, net ³	3,728	7,896	9,713	2,812	3,217	2,564	1,666	2,155
35 Allocation of SDRs	0	0	1,139	0	0	0	1,152	0
36 Discrepancy	-880	11,354	23,822	10,364	-825	11,264	6,978	23,100
37 Owing to seasonal adjustments				1,167	-3,641	2,400	-101	1,473
38 Statistical discrepancy in recorded data before seasonal adjustment	-880	11,354	23,822	9,197	2,816	8,864	7,079	21,627
MEMO:								
39 Changes in official assets								
U.S. official reserve assets (increase, -)	-375	732	-1,106	343	2,779	-644	-3,246	473
40 Foreign official assets in the United States (increase, +)	35,416	31,072	-13,556	-10,216	5,573	-297	-7,396	6,781
41 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 23 above)	6,351	-1,137	5,508	238	1,676	4,955	2,930	4,671
42 Transfers under military grant programs (excluded from lines 4, 6, and 11 above)	204	236	305	49	88	139	144	152

1. Seasonal factors are no longer calculated for lines 13 through 42.

2. Data are on an international accounts (IA) basis. Differs from the census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of line 6.

3. Includes reinvested earnings of incorporated affiliates.

4. Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition makes various adjustments to merchandise trade and service transactions.

5. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.

6. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE: Data are from Bureau of Economic Analysis, *Survey of Current Business* (U.S. Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1977	1978	1979	1980						
				Mar.	Apr.	May	June	July	Aug.	Sept.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	121,150	143,578	181,637	18,534	18,468	17,678	18,642	18,075	19,103	18,701
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	147,685	171,978	206,326	20,588 ^r	19,257 ^r	20,439 ^r	19,893	18,995	19,236	19,465
3 Trade balance	-26,535	-28,400	-24,690	-2,054 ^r	-789 ^r	-2,762 ^r	-1,251	-920	-132	-764

NOTE: Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Effective January 1978, major changes were made in coverage, reporting, and compiling procedures. The international-accounts-basis data adjust the Census basis data for reasons of coverage and timing. On the *export side*, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military exports (which are combined with other military transactions and are reported separately in the "service account").

On the *import side*, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

SOURCE: FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1977	1978	1979	1980						
				Apr.	May	June	July	Aug.	Sept.	Oct.
1 Total ¹	19,312	18,650	18,956	21,644	21,917	21,943	21,845	22,691	22,994	23,967
2 Gold stock, including Exchange Stabilization Fund ¹	11,719	11,671	11,172	11,172	11,172	11,172	11,172	11,172	11,168	11,163
3 Special drawing rights ^{2,3}	2,629	1,558	2,724	3,697	3,744	3,782	3,842	4,009	4,007	3,939
4 Reserve position in International Monetary Fund ²	4,946	1,047	1,253	1,094	1,157	1,385	1,410	1,564	1,665	1,671
5 Foreign currencies ^{4,5}	18	4,374	3,807	5,681	5,844	5,604	5,421	5,946	6,154	7,194

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.22.

2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3. Includes allocations by the International Monetary Fund of SDRs as follows: \$867 million on Jan. 1, 1970; \$717 million on Jan. 1, 1971; \$710 million on Jan. 1, 1972; \$1,139 million on Jan. 1, 1979; and \$1,152 million Jan. 1, 1980; plus net transactions in SDRs.

4. Beginning November 1978, valued at current market exchange rates.

5. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies, if any.

3.13 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1977	1978 ¹	1979	1980						
				Feb. ^r	Mar. ^r	Apr. ^r	May ^r	June ^r	July	Aug. ^p
All foreign countries										
1 Total, all currencies	258,897	306,795	364,233^r	372,149	371,533	376,146	378,899	376,722	377,813	386,168
2 Claims on United States	11,623	17,340	32,302	39,737	35,682	34,183	35,606	29,069	29,053	36,789
3 Parent bank	7,806	12,811	25,929	32,192	28,249	26,290	26,139	18,565	17,525	26,652
4 Other	3,817	4,529	6,373	7,545	7,433	7,893	9,467	10,504	11,528	10,137
5 Claims on foreigners	238,848	278,135	317,175 ^r	317,041	319,795	325,623	326,340	330,171	331,301	332,317
6 Other branches of parent bank	55,772	70,338	79,661	78,104	80,523	79,500	76,317	76,061	75,196	72,417
7 Banks	91,883	103,111	123,395 ^r	124,533	126,069	130,198	130,313	132,587	134,624	136,484
8 Public borrowers ²	14,634	23,737	26,072 ^r	26,056	25,483	25,213	25,411	25,604	25,411	26,112
9 Nonbank foreigners	76,560	80,949	88,047 ^r	88,348	87,720	90,712	94,299	95,919	96,070	97,304
10 Other assets	8,425	11,320	14,756 ^r	15,371	16,056	16,340	16,953	17,482	17,459	17,062
11 Total payable in U.S. dollars	193,764	224,940	267,711^r	276,066	276,760	277,791	277,542	275,243	275,719	284,331
12 Claims on United States	11,049	16,382	31,171	38,520	34,502	32,899	34,314	27,867	27,688	35,476
13 Parent bank	7,692	12,625	25,632	31,812	27,897	25,920	25,778	18,254	17,209	26,331
14 Other	3,357	3,757	5,539	6,708	6,605	6,979	8,536	9,613	10,479	9,145
15 Claims on foreigners	178,896	203,498	229,118 ^r	229,060	233,763	235,953	234,159	238,213	239,271	240,012
16 Other branches of parent bank	44,256	55,408	61,525	60,174	63,404	61,768	58,908	58,456	57,813	54,965
17 Banks	70,786	78,686	96,243 ^r	97,266	99,383	103,256	102,693	104,902	106,313	107,976
18 Public borrowers ²	12,632	19,567	21,629 ^r	21,800	21,378	20,994	21,217	21,379	21,229	21,785
19 Nonbank foreigners	51,222	49,837	49,721 ^r	49,820	49,598	49,935	51,341	53,476	53,916	55,286
20 Other assets	3,820	5,060	7,422 ^r	8,486	8,495	8,939	9,069	9,163	8,760	8,843
United Kingdom										
21 Total, all currencies	90,933	106,593	130,873	133,793	136,654	138,915	138,930	139,066	135,669	136,435
22 Claims on United States	4,341	5,370	11,117	10,697	11,990	11,533	11,399	9,157	8,366	8,433
23 Parent bank	3,518	4,448	9,338	8,584	9,838	9,300	9,140	6,870	5,705	5,991
24 Other	823	922	1,779	2,113	2,152	2,233	2,259	2,287	2,661	2,442
25 Claims on foreigners	84,016	98,137	115,123	118,212	119,290	122,105	121,851	124,059	120,914	121,805
26 Other branches of parent bank	22,017	27,830	34,291	35,187	35,536	36,015	34,305	34,824	32,231	31,607
27 Banks	39,899	45,013	51,343	53,127	52,509	54,020	54,076	54,855	54,824	55,530
28 Public borrowers ²	2,206	4,522	4,919	4,499	5,860	5,591	5,591	5,897	5,710	5,865
29 Nonbank foreigners	19,895	20,772	24,570	25,399	25,385	26,492	27,879	28,483	28,149	28,803
30 Other assets	2,576	3,086	4,633	4,884	5,374	5,277	5,680	5,850	6,389	6,197
31 Total payable in U.S. dollars	66,635	75,860	94,287	96,228	99,711	100,628	98,809	98,013	93,158	94,344
32 Claims on United States	4,100	5,113	10,746	10,285	11,620	11,071	10,988	8,790	7,831	7,922
33 Parent bank	3,431	4,386	9,297	8,467	9,778	9,179	9,059	6,810	5,629	5,928
34 Other	669	727	1,449	1,818	1,842	1,892	1,929	1,980	2,202	1,994
35 Claims on foreigners	61,408	69,416	81,294	83,603	85,452	86,818	85,013	86,404	82,434	83,361
36 Other branches of parent bank	18,947	22,838	28,928	29,907	30,204	29,980	28,466	28,692	26,083	25,565
37 Banks	28,530	31,482	36,760	38,185	37,768	39,159	38,594	39,050	38,471	39,070
38 Public borrowers ²	1,669	3,317	3,319	3,253	4,589	4,277	4,277	4,396	4,280	4,327
39 Nonbank foreigners	12,263	11,779	12,287	12,258	12,891	13,402	13,676	14,266	13,600	14,399
40 Other assets	1,126	1,331	2,247	2,340	2,639	2,739	2,808	2,819	2,893	3,061
Bahamas and Caymans										
41 Total, all currencies	79,052	91,735	108,977^r	117,889	114,798	115,840	116,538	115,276	120,243	128,429
42 Claims on United States	5,782	9,635	19,124	27,155	21,832	20,060	21,406	17,682	18,240	25,846
43 Parent bank	3,051	6,429	15,196	22,414	17,323	15,269	15,334	10,660	10,497	19,129
44 Other	2,731	3,206	3,928	4,741	4,509	4,791	6,072	7,022	7,743	6,717
45 Claims on foreigners	71,671	79,774	86,718 ^r	86,877	89,326	91,683	90,995	93,432	98,001	98,463
46 Other branches of parent bank	11,120	12,904	9,689	10,265	13,659	13,438	12,454	12,977	14,362	13,160
47 Banks	27,939	33,677	43,171 ^r	42,470	44,485	47,212	46,782	48,012	50,780	51,712
48 Public borrowers ²	9,109	11,514	12,905 ^r	13,132	11,334	11,355	11,636	11,554	11,627	12,054
49 Nonbank foreigners	23,503	21,679	20,953 ^r	21,010	19,848	19,678	20,123	20,889	21,232	21,537
50 Other assets	1,599	2,326	3,135 ^r	3,857	3,640	4,097	4,137	4,162	4,002	4,120
51 Total payable in U.S. dollars	73,987	85,417	102,368^r	111,553	108,599	109,728	110,872	109,726	114,474	122,581

For notes see opposite page.

3.13 Continued

Liability account	1977	1978 ¹	1979	1980						
				Feb.	Mar.	Apr.	May	June ^r	July	Aug. ^r
All foreign countries										
52 Total, all currencies	258,897	306,795	364,233^r	372,149^r	371,533^r	376,146^r	378,899^r	376,722	377,813	386,168
53 To United States	44,154	57,948	66,618 ^r	71,148 ^r	67,654 ^r	69,570 ^r	73,262 ^r	76,296	83,150	87,479
54 Parent bank	24,542	28,590	24,462 ^r	22,896 ^r	22,413 ^r	24,348 ^r	26,603 ^r	30,918	35,357	37,368
55 Other banks in United States	19,613	12,212	13,968	13,821	12,351	12,832	13,089 ^r	12,431	11,414	14,708
56 Nonbanks		17,146	28,188	34,431	32,890	32,390	33,570 ^r	32,947	36,379	35,403
57 To foreigners	206,579	238,912	283,344 ^r	286,281 ^r	289,484 ^r	291,114 ^r	289,755 ^r	284,540	279,568	283,962
58 Other branches of parent bank	53,244	67,496	77,601	73,602	76,695	75,096	72,530 ^r	72,061	72,067	69,003
59 Banks	94,140	97,711	122,849 ^r	130,271 ^r	129,338 ^r	130,774 ^r	130,876 ^r	127,697	122,765	130,530
60 Official institutions	28,110	31,936	35,664	34,221	34,806	35,009	34,840	34,081	33,009	33,062
61 Nonbank foreigners	31,085	41,769	47,230	48,187	48,645	50,235	51,509	50,701	51,727	51,377
62 Other liabilities	8,163	9,935	14,271 ^r	14,720 ^r	14,395 ^r	15,462 ^r	15,882 ^r	15,886	15,095	14,727
63 Total payable in U.S. dollars	198,572	230,810	273,819^r	282,249^r	282,715^r	283,880^r	285,131^r	282,578	282,876	291,204
64 To United States	42,881	55,811	64,530 ^r	68,629 ^r	65,393 ^r	67,215 ^r	70,825 ^r	73,703	80,629	84,251
65 Parent bank	24,213	27,519	23,403 ^r	21,666 ^r	21,225 ^r	23,102 ^r	25,279 ^r	29,547	33,977	35,874
66 Other banks in United States	18,669	11,958	13,771	13,414	12,004	12,583	12,825 ^r	12,161	11,154	14,016
67 Nonbanks		16,334	27,356	33,549	32,164	31,530	32,721 ^r	31,995	35,498	34,361
68 To foreigners	151,363	169,927	201,476 ^r	205,529 ^r	209,174 ^r	207,848 ^r	205,264 ^r	199,873	194,173	198,808
69 Other branches of parent bank	43,268	53,396	60,513	57,714	61,240	59,423	56,577	56,247	56,206	53,260
70 Banks	64,872	63,000	80,691	89,256 ^r	88,081 ^r	87,678 ^r	87,072 ^r	84,323	78,940	86,508
71 Official institutions	23,972	26,404	29,048	27,727	28,321	28,614	28,318	26,929	25,999	26,165
72 Nonbank foreigners	19,251	27,127	31,224	30,832	31,532	32,133	33,297 ^r	32,374	33,028	32,875
73 Other liabilities	4,328	5,072	7,813 ^r	8,091 ^r	8,148 ^r	8,817 ^r	9,042 ^r	9,002	8,074	8,145
United Kingdom										
74 Total, all currencies	90,933	106,593	130,873	133,793	136,654	138,915	138,930	139,066	135,669	136,435
75 To United States	7,753	9,730	20,986	20,808	19,921	20,838	19,877	20,189	21,404	20,551
76 Parent bank	1,451	1,887	3,104	2,758	2,140	2,301	2,118	2,410	3,275	2,510
77 Other banks in United States	6,302	4,232	7,693	6,559	6,502	6,382	6,265	6,306	5,567	5,910
78 Nonbanks		3,611	10,189	11,491	11,279	12,155	11,494	11,473	12,562	12,131
79 To foreigners	80,736	93,202	104,032	106,524	110,473	111,375	111,769	111,878	107,739	109,629
80 Other branches of parent bank	9,376	12,786	12,567	11,099	14,799	14,268	13,824	13,767	12,694	13,188
81 Banks	37,893	39,917	47,620	53,031	53,204	53,955	54,309	54,750	51,203	51,607
82 Official institutions	18,318	20,963	24,202	22,890	23,303	23,453	23,628	22,577	21,088	22,600
83 Nonbank foreigners	15,149	19,536	19,643	19,504	19,167	19,699	20,008	20,784	22,754	22,234
84 Other liabilities	2,445	3,661	5,855	6,461	6,260	6,702	7,284	6,999	6,526	6,255
85 Total payable in U.S. dollars	67,573	77,030	95,449	97,391	101,293	101,679	101,170	100,117	95,164	96,051
86 To United States	7,480	9,328	20,552	20,206	19,381	20,337	19,284	19,498	20,843	19,580
87 Parent bank	1,416	1,836	3,054	2,724	2,089	2,252	2,060	2,315	3,238	2,464
88 Other banks in United States	6,064	4,144	7,651	6,399	6,351	6,318	6,210	6,233	5,486	5,439
89 Nonbanks		3,348	9,847	11,083	10,941	11,767	11,014	10,950	12,119	11,677
90 To foreigners	58,977	66,216	72,397	74,705	79,251	78,296	78,278	77,145	71,339	73,456
91 Other branches of parent bank	7,505	9,635	8,446	7,322	10,894	10,468	10,021	9,758	8,672	9,053
92 Banks	25,608	25,287	29,424	34,694	35,300	34,485	34,488	35,217	31,352	31,801
93 Official institutions	15,482	17,091	20,192	18,923	19,255	19,554	19,558	18,300	16,696	18,253
94 Nonbank foreigners	10,382	14,203	14,335	13,766	13,802	13,789	14,211	13,870	14,619	14,349
95 Other liabilities	1,116	1,486	2,500	2,480	2,661	3,046	3,608	3,474	2,982	3,015
Bahamas and Caymans										
96 Total, all currencies	79,052	91,735	108,977^r	117,889^r	114,798^r	115,840^r	116,538^r	115,276	120,243	128,429
97 To United States	32,176	39,431	37,719 ^r	43,610 ^r	40,926 ^r	41,918 ^r	45,617 ^r	48,430	54,189	58,848
98 Parent bank	20,956	20,482	15,267 ^r	15,129 ^r	15,371 ^r	17,066 ^r	19,170 ^r	22,748	26,589	29,189
99 Other banks in United States	11,220	6,073	5,204	6,351	4,778	5,417	5,720	5,199	4,820	7,427
100 Nonbanks		12,876	17,248	22,130	20,777	19,435	20,727	20,483	22,780	22,232
101 To foreigners	45,292	50,447	68,598 ^r	71,151 ^r	70,822 ^r	70,602 ^r	67,972 ^r	63,936	63,172	66,622
102 Other branches of parent bank	12,816	16,094	20,875	22,150	22,387	22,470	20,009	20,102	20,409	18,081
103 Banks	24,717	23,104	33,631 ^r	34,720 ^r	33,792 ^r	33,047 ^r	32,175 ^r	28,918	27,127	34,115
104 Official institutions	3,000	4,208	4,866	5,016	4,958	5,435	5,461	5,096	5,525	4,119
105 Nonbank foreigners	4,759	7,041	9,226	9,265	9,685	9,650	10,327	9,820	10,111	10,307
106 Other liabilities	1,584	1,857	2,660 ^r	3,128 ^r	3,050 ^r	3,320 ^r	2,949 ^r	2,910	2,882	2,959
107 Total payable in U.S. dollars	74,463	87,014	103,460^r	112,978^r	110,123^r	111,486^r	112,509^r	111,494	116,182	124,017

1. In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.

2. In May 1978 a broader category of claims on foreign public bor-

rowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1977	1978	1979	1980						
				Mar.	Apr.	May	June	July	Aug. ^P	Sept. ^P
1 Total ¹	131,097	162,589	149,466	142,069	140,500	143,460	149,169	153,057	154,655	156,446
<i>By type</i>										
2 Liabilities reported by banks in the United States ²	18,003	23,290	30,411	27,226	27,923	28,486	28,940	29,201	29,450	30,865
3 U.S. Treasury bills and certificates ³	47,820	67,671	47,666	42,797	40,527	42,731	45,907	47,982	49,811	48,981
<i>U.S. Treasury bonds and notes</i>										
4 Marketable	32,164	35,894	37,669	37,785	37,718	38,104	39,820	40,582	39,837	40,835
5 Nonmarketable ⁴	20,443	20,970	17,387	16,784	16,384	16,184	15,954	15,954	15,654	15,254
6 U.S. securities other than U.S. Treasury securities ⁵	12,667	14,764	16,333	17,477	17,948	17,955	18,548	19,338	19,903	20,511
<i>By area</i>										
7 Western Europe ¹	70,748	93,089	85,602	77,119	74,154	74,159	75,246	78,141	78,425	76,487
8 Canada	2,334	2,486	1,898	1,644	1,903	2,134	2,157	1,907	2,156	1,911
9 Latin America and Caribbean	4,649	5,046	6,371	6,099	5,979	6,035	6,023	6,378	6,130	6,692
10 Asia	50,693	58,817	52,697	53,997	54,403	57,317	62,163	62,988	64,191	67,608
11 Africa	1,742	2,408	2,412	2,419	3,316	2,889	2,694	2,930	3,281	3,232
12 Other countries ⁶	931	743	486	791	745	926	886	713	472	516

1. Includes the Bank for International Settlements.

2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.

3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.

4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.

5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

6. Includes countries in Oceania and Eastern Europe.

NOTE: Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.15 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1977	1978	1979			1980	
			June	Sept.	Dec.	Mar.	June
1 Banks' own liabilities	925	2,347	1,978	2,393	1,870	2,237	2,562
2 Banks' own claims ¹	2,356	3,663	2,559	2,700	2,438	2,812	2,994
3 Deposits	941	1,798	1,371	1,356	1,032	1,212	1,048
4 Other claims	1,415	1,864	1,189	1,344	1,406	1,600	1,946
5 Claims of banks' domestic customers ²		367	574	616	592	1,056	797

1. Includes claims of banks' domestic customers through March 1978.

2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE: Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.16 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars
Millions of dollars, end of period

Holder and type of liability	1977	1978	1979	1980						
				Mar.	Apr.	May	June	July	Aug.	Sept. ^P
1 All foreigners	126,168	166,796	187,339	185,977	180,552	182,847	187,012	188,354^r	201,311	191,492
2 Banks' own liabilities		78,699	117,146	119,118	115,586	116,323	116,811	116,645 ^r	128,169	118,849
3 Demand deposits	18,996	19,211	23,308	22,678	22,319	22,511	25,967	22,138 ^r	22,511	22,455
4 Time deposits ¹	11,521	12,441	13,671	12,877	12,627	12,668	12,778	12,899	13,158	13,857
5 Other ²		9,693	16,277	14,611	15,020	15,944	16,774	18,737	18,765	17,928
6 Own foreign offices ³		37,353	63,890	68,951	65,620	65,200	61,292	62,871	73,735	64,608
7 Banks' custody liabilities ⁴		88,098	70,193	66,859	64,966	66,524	70,201	71,708 ^r	73,142	72,643
8 U.S. Treasury bills and certificates ⁵	48,906	68,202	48,573	44,408	42,232	44,088	48,193	49,627	50,512	50,351
9 Other negotiable and readily transferable instruments ⁶		17,396	19,270	19,701	19,944	19,643	19,433	19,349 ^r	19,047	19,700
10 Other		2,499	2,350	2,750	2,790	2,793	2,575	2,732	2,584	2,592
11 Nonmonetary international and regional organizations⁷	3,274	2,607	2,351	1,758	1,968	1,775	3,504	2,903	2,821	2,551
12 Banks' own liabilities		906	709	383	648	377	847	607	502	478
13 Demand deposits	231	330	260	160	241	144	99	214	171	141
14 Time deposits ¹	139	84	151	79	93	88	92	93	101	100
15 Other ²		492	298	144	314	145	657	299	230	238
16 Banks' custody liabilities ⁴		1,701	1,643	1,376	1,320	1,398	2,657	2,296	2,319	2,073
17 U.S. Treasury bills and certificates	706	201	102	157	87	82	1,106	604	651	316
18 Other negotiable and readily transferable instruments ⁶		1,499	1,538	1,218	1,233	1,317	1,551	1,692	1,668	1,757
19 Other		1	2	0	0	0	0	0	0	0
20 Official institutions⁸	65,822	90,706	78,077	70,023	68,450	71,218	74,848	77,183^r	79,261	79,846
21 Banks' own liabilities		12,129	18,163	14,527	14,547	15,363	16,341	17,061	17,592	18,546
22 Demand deposits	3,528	3,390	4,704	3,928	4,734	4,484	5,042	4,218 ^r	3,898	4,350
23 Time deposits ¹	1,797	2,550	3,041	2,397	2,392	2,581	2,670	2,695	2,959	3,502
24 Other ²		6,189	10,418	8,202	7,421	8,297	8,628	10,148	10,735	10,695
25 Banks' custody liabilities ⁴		78,577	59,914	55,497	53,903	55,854	58,507	60,122	61,670	61,300
26 U.S. Treasury bills and certificates ⁵	47,820	67,415	47,666	42,797	40,527	42,731	45,907	47,982	49,811	48,981
27 Other negotiable and readily transferable instruments ⁶		10,992	12,196	12,668	13,341	13,084	12,554	12,092	11,807	12,277
28 Other		170	52	32	35	40	45	48	52	42
29 Banks⁹	42,335	57,464	88,384	95,162	92,013	92,106	89,661	90,328^r	100,899	90,364
30 Banks' own liabilities		52,674	83,383	89,381	86,198	86,279	84,270	84,846	95,585	85,020
31 Unaffiliated foreign banks		15,320	19,493	20,430	20,578	21,079	22,977	21,975	21,851	20,412
32 Demand deposits	10,933	11,249	13,257	13,371	12,681	13,003	14,986	12,974	13,427	12,974
33 Time deposits ¹	2,040	1,453	1,724	1,574	1,498	1,423	1,479	1,544	1,514	1,425
34 Other ²		2,618	4,512	5,485	6,399	6,653	6,512	7,457	6,910	6,012
35 Own foreign offices ³		37,353	63,890	68,951	65,620	65,200	61,292	62,871	73,735	64,608
36 Banks' custody liabilities ⁴		4,790	5,000	5,781	5,815	5,828	5,392	5,482 ^r	5,313	5,344
37 U.S. Treasury and certificates	141	300	422	675	771	764	594	557	577	361
38 Other negotiable and readily transferable instruments ⁶		2,425	2,405	2,559	2,462	2,491	2,522	2,395 ^r	2,435	2,533
39 Other		2,065	2,173	2,547	2,582	2,574	2,277	2,530	2,301	2,450
40 Other foreigners	14,736	16,020	18,526	19,033	18,121	17,748	18,999	17,940^r	18,330	18,731
41 Banks' own liabilities		12,990	14,890	14,828	14,193	14,305	15,353	14,131	14,490	14,804
42 Demand deposits	4,304	4,242	5,087	5,219	4,663	4,880	5,840	4,732 ^r	5,014	4,991
43 Time deposits	7,546	8,353	8,755	8,827	8,645	8,576	8,537	8,566	8,585	8,830
44 Other ²		394	1,048	781	886	849	977	833	891	983
45 Banks' custody liabilities ⁴		3,030	3,636	4,205	3,928	3,443	3,646	3,809	3,840	3,927
46 U.S. Treasury bills and certificates	240	285	382	777	847	511	586	484	473	693
47 Other negotiable and readily transferable instruments ⁶		2,481	3,131	3,256	2,908	2,752	2,806	3,170	3,137	3,133
48 Other		264	123	172	173	180	254	154	231	100
49 MEMO: Negotiable time certificates of deposit in custody for foreigners		11,007	10,974	11,236	11,670	11,685	11,773	10,500	10,433	10,428

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments." Data for time deposits before April 1978 represent short-term only.

2. Includes borrowing under repurchase agreements.

3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.

4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.

5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.

8. Foreign central banks and foreign central governments and the Bank for International Settlements.

9. Excludes central banks, which are included in "Official institutions."

3.16 LIABILITIES TO FOREIGNERS Continued

Area and country	1977	1978	1979	1980						
				Mar.	Apr.	May	June	July	Aug.	Sept. ^p
1 Total	126,168	166,796	187,339	185,977	180,552	182,847	187,012	188,354^r	201,311	191,492
2 Foreign countries	122,893	164,190	184,987	184,218	178,584	181,072	183,508	185,451^r	198,490	188,941
3 Europe	60,295	85,159	90,904	85,278	82,806	82,726	82,911	83,871	86,072	83,250
4 Austria	318	513	413	335	444	352	383	432	390	432
5 Belgium-Luxembourg	2,531	2,552	2,375	2,365	2,369	2,795	3,982	3,837	3,673	3,696
6 Denmark	770	1,946	1,092	613	615	588	553	534	525	528
7 Finland	323	346	398	484	522	435	438	433	403	311
8 France	5,269	9,208	10,401	11,004	11,303	10,839	11,272	12,178	12,596	12,332
9 Germany	7,239	17,286	12,935	8,618	5,320	5,427	6,954	7,626 ^r	9,121	7,854
10 Greece	603	826	635	618	617	610	626	567	642	591
11 Italy	6,857	7,739	7,782	7,399	7,429	6,942	5,778	7,138	6,530	5,607
12 Netherlands	2,869	2,402	2,327	2,377	2,022	2,128	2,676	2,830	2,491	2,540
13 Norway	944	1,271	1,267	1,500	1,391	1,221	1,282	1,140	1,040	1,074
14 Portugal	273	330	557	314	537	339	391	398	506	571
15 Spain	619	870	1,259	1,242	1,418	1,386	1,366	1,371	1,491	1,356
16 Sweden	2,712	3,121	2,005	1,692	1,847	1,632	1,999	1,795 ^r	1,861	1,826
17 Switzerland	12,343	18,225	17,954	15,625	14,859	14,517	14,736	14,359	14,252	13,619
18 Turkey	130	157	120	138	136	136	153	156	147	237
19 United Kingdom	14,125	14,265	24,694	26,810	27,187	27,247	24,192	22,579	22,925	22,957
20 Yugoslavia	232	254	266	115	122	144	254	190	135	169
21 Other Western Europe ¹	1,804	3,440	4,070	3,693	4,301	5,591	5,468	6,006	7,002	7,120
22 U. S. S. R.	98	82	52	37	33	40	49	36	70	39
23 Other Eastern Europe ²	236	325	302	300	334	354	357	267	271	392
24 Canada	4,607	6,969	7,379	8,507	8,048	8,201	9,157	9,228 ^r	9,187	10,432
25 Latin America and Caribbean	23,670	31,606	49,633	51,583	48,874	48,953	46,975	49,301 ^r	58,228	48,586
26 Argentina	1,416	1,484	1,582	1,582	1,679	1,903	1,705	1,841 ^r	1,880	1,875
27 Bahamas	3,596	6,752	15,354	16,352	14,454	16,535	12,887	13,173	21,167	14,013
28 Bermuda	321	428	430	534	479	512	576	464	571	677
29 Brazil	1,396	1,125	1,005	1,367	1,645	1,527	1,454	1,474	1,378	1,170
30 British West Indies	3,998	5,991	11,074	11,812	11,585	9,571	10,369	12,072	13,344	11,204
31 Chile	360	399	469	445	444	416	450	453	475	431
32 Colombia	1,221	1,756	2,617	2,825	2,905	2,780	2,854	2,932	2,893	2,916
33 Cuba	6	13	13	6	23	7	6	6	7	5
34 Ecuador	330	322	425	459	357	337	455	346	818	381
35 Guatemala ³ .....	.....	416	414	426	403	350	360	373	372	373
36 Jamaica ³ .....	.....	52	76	97	132	138	91	137	100	101
37 Mexico	2,876	3,417	4,096	4,001	4,302	4,111	3,918	4,208 ^r	4,202	4,121
38 Netherlands Antilles	196	308	499	419	411	335	250	332	314	357
39 Panama	2,331	2,968	4,483	4,418	4,505	4,082	4,176	4,685	4,617	3,922
40 Peru	287	363	383	363	392	412	346	350	401	355
41 Uruguay	243	231	202	240	216	208	232	232	241	199
42 Venezuela	2,929	3,821	4,192	4,075	3,104	3,953	4,707	4,350	3,692	4,405
43 Other Latin America and Caribbean	2,167	1,760	2,318	2,161	1,837	1,775	2,139	1,873	1,755	2,080
44 Asia	30,488	36,492	32,928	34,222	33,519	35,984	39,468	38,020 ^r	39,850	41,877
45 China .....	.....	67	49	34	35	30	44	38	37	38
46 Taiwan	1,013	502	1,393	1,188	1,076	1,396	1,524	1,438	1,552	1,595
47 Hong Kong	1,094	1,256	1,672	1,897	1,857	1,944	2,270	2,186	1,991	2,113
48 India	961	790	527	558	576	740	633	494	631	619
49 Indonesia	410	449	504	658	935	670	807	849	632	827
50 Israel	559	688	707	759	560	570	584	488	569	533
51 Japan	14,616	21,927	8,907	9,651	9,383	10,792	12,430	12,547 ^r	14,059	15,476
52 Korea	602	795	993	1,069	1,008	988	1,087	1,482 ^r	1,473	1,994
53 Philippines	687	644	800	669	789	885	883	935	778	815
54 Thailand	264	427	277	414	407	472	405	405	304	517
55 Middle-East oil-exporting countries ⁴	8,979	7,534	15,217	15,686	15,189	15,724	16,792	15,350 ^r	15,791	15,380
56 Other Asia	1,250	1,414	1,881	1,638	1,704	1,771	2,010	1,808 ^r	2,033	1,970
57 Africa	2,535	2,886	3,239	3,325	4,203	3,810	3,708	3,792	4,218	3,902
58 Egypt	404	404	475	318	438	376	346	447	347	322
59 Morocco	66	32	33	31	41	31	35	33	47	32
60 South Africa	174	168	184	313	294	316	325	360	404	354
61 Zaire	39	43	110	102	84	86	107	78	38	42
62 Oil-exporting countries ⁵	1,155	1,525	1,635	1,660	2,462	2,231	2,100	2,094	2,685	2,459
63 Other Africa	698	715	804	901	885	768	796	779	697	694
64 Other countries	1,297	1,076	904	1,304	1,133	1,397	1,290	1,239	936	894
65 Australia	1,140	838	684	892	881	1,150	1,019	959	692	613
66 All other	158	239	220	312	252	247	271	281	243	281
67 Nonmonetary international and regional organizations	3,274	2,607	2,351	1,758	1,968	1,775	3,504	2,903	2,821	2,551
68 International	2,752	1,485	1,238	652	863	696	2,394	1,804	1,737	1,391
69 Latin American regional	278	808	806	746	813	790	807	785	800	837
70 Other regional ⁶	245	314	308	361	292	289	302	314	285	323

1. Includes the Bank for International Settlements, beginning April 1978, also includes Eastern European countries not listed in line 23.

2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.

3. Included in "Other Latin America and Caribbean" through March 1978.

4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

5. Comprises Algeria, Gabon, Libya, and Nigeria.

6. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.17 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars
Millions of dollars, end of period

Area and country	1977	1978	1979	1980						
				Mar.	Apr.	May	June	July	Aug.	Sept. ^P
1 Total	90,206	115,479	133,762	130,775	133,331	139,730	149,447	151,196*	161,920	161,309
2 Foreign countries	90,163	115,423	133,730	130,739	133,298	139,696	149,413	151,165*	161,882	161,275
3 Europe	18,114	24,232	28,389	25,810	24,525	26,206	29,707	28,439*	29,386	29,892
4 Austria	65	140	284	331	337	292	305	309	280	351
5 Belgium-Luxembourg	561	1,200	1,339	1,631	1,590	1,471	1,866	1,622	1,881	1,867
6 Denmark	173	254	147	207	203	168	167	149*	164	180
7 Finland	172	305	202	188	223	273	307	223*	215	184
8 France	2,082	3,735	3,302	2,984	2,811	2,740	2,689	2,582*	3,288	3,232
9 Germany	644	845	1,159	1,308	1,153	1,104	1,131	1,004*	1,131	1,018
10 Greece	206	164	154	191	244	329	346	279	265	221
11 Italy	1,334	1,523	1,631	1,488	1,462	1,748	1,940	2,295	2,433	2,569
12 Netherlands	338	677	514	535	480	457	590	492	628	546
13 Norway	162	299	276	254	170	172	219	270	231	248
14 Portugal	175	171	330	227	247	246	300	346	334	330
15 Spain	722	1,120	1,051	914	1,020	1,106	1,189	1,011*	1,139	1,106
16 Sweden	218	537	542	593	661	618	677	534	558	716
17 Switzerland	564	1,283	1,166	1,356	826	916	1,237	1,319*	1,581	1,337
18 Turkey	360	300	149	123	132	151	144	143	137	144
19 United Kingdom	8,964	10,172	13,789	10,950	10,462	11,851	14,026	13,175*	12,631	13,243
20 Yugoslavia	311	363	611	598	593	614	658	648	647	601
21 Other Western Europe ¹	86	122	175	225	330	266	203	170	172	244
22 U.S.S.R.	413	366	290	253	247	289	289	531	232	321
23 Other Eastern Europe ²	566	657	1,277	1,453	1,366	1,394	1,424	1,336	1,438	1,434
24 Canada	3,355	5,152	4,143	4,186	3,923	4,283	5,272	4,654*	4,775	5,250
25 Latin America and Caribbean	45,850	57,443	67,925	65,152	68,257	71,653	74,100	78,703*	87,817	85,574
26 Argentina	1,478	2,281	4,417	4,969	4,992	5,117	5,226	5,234	5,393	5,629
27 Bahamas	19,858	21,428	18,828	19,262	21,045	23,297	25,093	28,710*	30,495	30,348
28 Bermuda	232	184	496	313	321	296	175	194	256	216
29 Brazil	4,629	6,251	7,731	8,010	8,112	8,064	8,316	9,002	9,217	9,633
30 British West Indies	6,481	9,692	9,762	7,364	8,584	9,042	8,667	8,637	14,570	11,789
31 Chile	675	972	1,442	1,367	1,334	1,355	1,367	1,359	1,487	1,626
32 Colombia	671	1,012	1,614	1,526	1,539	1,408	1,435	1,448	1,490	1,491
33 Cuba	10	0	4	4	5	4	4	4	3	7
34 Ecuador	517	705	1,025	1,023	1,011	1,007	1,058	1,051	1,136	1,111
35 Guatemala ³	94	134	109	108	107	107	120	153	102	105
36 Jamaica ³	40	47	42	43	43	36	31	31	31	33
37 Mexico	4,909	5,479	9,095	9,231	9,191	9,726	10,239	10,660	10,750	11,107
38 Netherlands Antilles	224	273	248	513	663	693	728	760	729	710
39 Panama	1,410	3,098	6,031	4,652	4,643	4,538	4,952	4,552	4,931	4,404
40 Peru	962	918	652	701	654	628	711	647	687	671
41 Uruguay	80	52	105	90	84	154	103	91	105	100
42 Venezuela	2,318	3,474	4,695	4,457	4,231	4,528	4,295	4,469	4,737	4,879
43 Other Latin America and Caribbean	1,394	1,490	1,598	1,520	1,696	1,646	1,576	1,700	1,697	1,715
44 Asia	19,236	25,386	30,625	32,827	33,912	34,902	37,261	36,260*	36,907	37,440
45 China	10	4	35	49	48	40	75	68	50	112
46 Mainland	1,719	1,499	1,821	1,524	1,626	1,889	2,100	2,224	2,284	2,489
47 Hong Kong	543	1,479	1,804	1,888	2,001	2,362	2,269	2,174	2,063	2,099
48 India	53	54	92	120	87	61	83	97	118	84
49 Indonesia	232	143	131	132	166	128	155	205	245	208
50 Israel	584	888	990	734	829	828	1,028	950	1,012	919
51 Japan	9,839	12,671	16,921	19,433	20,311	20,395	21,606	20,575*	21,187	20,501
52 Korea	2,336	2,282	3,796	4,726	4,853	5,057	5,417	5,521*	5,462	5,568
53 Philippines	594	680	737	696	693	717	780	881	1,019	1,169
54 Thailand	633	758	935	877	857	918	922	939	947	947
55 Middle East oil-exporting countries ⁴	1,746	3,125	1,548	1,437	1,178	978	1,262	1,120	1,040	1,467
56 Other Asia	947	1,804	1,813	1,211	1,263	1,530	1,564	1,506	1,480	1,877
57 Africa	2,518	2,221	1,795	1,729	1,800	1,770	2,016	2,166	1,977	2,027
58 Egypt	119	107	112	128	135	134	95	112	135	123
59 Morocco	43	82	103	118	128	107	121	134	180	166
60 South Africa	1,066	860	445	337	362	465	616	691	469	535
61 Zaire	98	164	144	143	108	107	107	107	98	101
62 Oil-exporting countries ⁵	510	452	391	353	443	325	364	365	349	374
63 Other	682	556	600	649	588	632	714	757	746	728
64 Other countries	1,090	988	855	1,035	880	883	1,056	943	1,021	1,091
65 Australia	905	877	673	803	713	695	860	743	794	878
66 All other	186	111	182	232	167	187	186	200	227	213
67 Nonmonetary international and regional organizations ⁶	43	56	32	36	33	34	34	31	38	34

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.

3. Included in "Other Latin America and Caribbean" through March 1978.

4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

5. Comprises Algeria, Gabon, Libya, and Nigeria.

6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE: Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

3.18 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars
Millions of dollars, end of period

Type of claim	1977	1978	1979	1980						
				Mar.	Apr.	May	June	July	Aug.	Sept. ^P
1 Total	90,206	126,698	153,710	153,147	.....	.....	174,563	.....	.....	.....
2 Banks' own claims on foreigners		115,479	133,762	130,775	133,331	139,730	149,447	151,196 ^F	161,920	161,309
3 Foreign public borrowers		10,263	15,434	15,428	15,151	15,105	15,723	16,444	17,207	18,773
4 Own foreign offices ¹		41,502	47,305	45,248	46,163	50,108	56,064	58,499 ^F	62,676	61,811
5 Unaffiliated foreign banks		40,538	41,016	39,692	40,990	42,896	44,061	42,007 ^F	47,510	45,863
6 Deposits		5,480	6,253	5,479	6,093	6,504	6,573	6,176 ^F	7,260	7,284
7 Other		35,058	34,762	34,213	34,897	36,392	37,488	35,832 ^F	40,249	38,580
8 All other foreigners		23,176	30,007	30,407	31,027	31,621	33,600	34,245	34,528	34,861
9 Claims of banks' domestic customers ²		11,219	19,948	22,372	.....	.....	25,116	.....	.....	.....
10 Deposits		480	955	1,208	.....	.....	910	.....	.....	.....
11 Negotiable and readily transferable instruments ³		5,385	12,974	14,559	.....	.....	17,410	.....	.....	.....
12 Outstanding collections and other claims ⁴		6,176	6,019	6,605	.....	.....	6,796	.....	.....	.....
13 MEMO: Customer liability on acceptances		14,969	18,044	20,095	.....	.....	22,134	.....	.....	.....
Dollar deposits in banks abroad, reported by non-banking business enterprises in the United States ⁵		13,113	21,364	24,949	24,195 ^F	24,692 ^F	23,195 ^F	24,777 ^F	23,564	.....

1. U.S. banks: includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.

4. Data for March 1978 and for period prior to that are outstanding collections only.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.
NOTE: Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.19 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars
Millions of dollars, end of period

Maturity: by borrower and area	1978	1979				1980	
	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
1 Total	73,773	71,638	77,738	87,571	86,209	85,265	92,145
<i>By borrower</i>							
2 Maturity of 1 year or less ¹	58,481	55,459	60,069	68,390	65,195	63,901	70,772
3 Foreign public borrowers	4,583	4,627	4,604	6,062	7,033	6,843	6,913
4 All other foreigners	53,898	50,832	55,465	62,329	58,162	57,058	63,859
5 Maturity of over 1 year ¹	15,291	16,179	17,669	19,181	21,014	21,364	21,373
6 Foreign public borrowers	5,361	5,948	6,433	7,652	8,103	8,419	8,536
7 All other foreigners	9,930	10,231	11,236	11,529	12,911	12,945	12,838
<i>By area</i>							
8 Maturity of 1 year or less ¹							
9 Europe	15,176	12,396	14,028	16,794	15,209	13,850	17,121
10 Canada	2,670	2,514	2,703	2,471	1,777	1,818	2,099
11 Latin America and Caribbean	20,990	21,724	23,144	25,687	24,964	23,177	24,241
12 Asia	17,579	16,992	18,191	21,515	21,673	23,386	25,299
13 Africa	1,496	1,290	1,438	1,399	1,078	1,043	1,307
14 All other ²	569	541	565	524	493	627	705
15 Maturity of over 1 year ¹							
16 Europe	3,142	3,103	3,488	3,658	4,145	4,253	4,058
17 Canada	1,426	1,456	1,221	1,364	1,317	1,214	1,194
18 Latin America and Caribbean	8,466	9,325	10,279	11,771	12,821	13,397	13,846
19 Asia	1,407	1,486	1,884	1,578	1,911	1,728 ^F	1,562
20 Africa	637	629	614	623	652	620	567
21 All other ²	214	180	183	188	169	152	146

1. Remaining time to maturity.
2. Includes nonmonetary international and regional organizations.

3.20 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks¹

Billions of dollars, end of period

Area or country	1976	1977	1978			1979			1980		
			June ²	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June ^P
1 Total	206.8	240.0	247.1	247.6	266.3	264.0	275.6	294.0	303.8	307.5	326.8
2 G-10 countries and Switzerland	100.3	116.4	112.6	113.5	124.8	119.1	125.3	135.8	138.4	140.4	153.7
3 Belgium-Luxembourg	6.1	8.4	8.3	8.4	9.0	9.4	9.7	10.7	11.1	10.8	13.2
4 France	10.0	11.0	11.4	11.7	12.2	11.7	12.7	12.0	11.6	12.0	14.1
5 Germany	8.7	9.6	9.1	9.7	11.3	10.5	10.8	12.8	12.2	11.4	12.7
6 Italy	5.8	6.5	6.4	6.1	6.7	5.7	6.1	6.1	6.4	6.2	6.9
7 Netherlands	2.8	3.5	3.4	3.5	4.4	3.9	4.0	4.7	4.8	4.3	4.5
8 Sweden	1.2	1.9	2.1	2.2	2.1	2.0	2.0	2.3	2.4	2.4	2.7
9 Switzerland	3.0	3.6	4.1	4.3	5.4	4.5	4.8	5.0	4.8	4.4	3.4
10 United Kingdom	41.7	46.5	44.9	44.2	47.3	46.4	50.3	53.7	56.4	57.5	64.6
11 Canada	5.1	6.4	5.1	4.9	6.0	5.9	5.5	6.0	6.3	6.8	6.9
12 Japan	15.9	18.8	17.9	18.5	20.6	19.0	19.5	22.3	22.4	24.7	24.8
13 Other developed countries	15.0	18.6	19.4	18.7	19.4	18.2	18.2	19.7	19.8	18.8	20.3
14 Austria	1.2	1.3	1.5	1.5	1.7	1.7	1.8	2.0	2.0	1.7	1.8
15 Denmark	1.0	1.6	1.7	1.9	2.0	2.0	1.9	2.0	2.2	2.1	2.2
16 Finland	1.1	1.2	1.1	1.0	1.2	1.2	1.1	1.2	1.2	1.1	1.3
17 Greece	1.7	2.2	2.3	2.2	2.3	2.3	2.2	2.3	2.4	2.4	2.5
18 Norway	1.5	1.9	2.1	2.1	2.1	2.1	2.1	2.3	2.3	2.4	2.4
19 Portugal	.4	.6	.6	.5	.6	.6	.5	.7	.7	.6	.6
20 Spain	2.8	3.6	3.6	3.5	3.5	3.0	3.0	3.3	3.5	3.5	3.9
21 Turkey	1.3	1.5	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4
22 Other Western Europe	.7	.9	1.2	.9	1.3	1.1	1.0	1.5	1.4	1.4	1.6
23 South Africa	2.2	2.4	2.4	2.2	2.0	1.7	1.8	1.7	1.3	1.1	1.5
24 Australia	1.2	1.4	1.4	1.3	1.4	1.3	1.4	1.3	1.3	1.2	1.2
25 OPEC countries ³	12.6	17.6	19.2	20.4	22.7	22.6	22.7	23.4	22.9	21.9	20.9
26 Ecuador	.7	1.1	1.4	1.6	1.6	1.5	1.6	1.6	1.7	1.8	1.8
27 Venezuela	4.1	5.5	5.6	6.2	7.2	7.2	7.6	7.9	8.7	7.9	7.9
28 Indonesia	2.2	2.2	1.9	1.9	2.0	1.9	1.9	1.9	1.9	1.9	1.9
29 Middle East countries	4.2	6.9	8.4	8.7	9.5	9.4	9.0	9.2	8.0	7.8	6.9
30 African countries	1.4	1.9	1.9	2.0	2.5	2.6	2.6	2.8	2.6	2.5	2.5
31 Non-OPEC developing countries	44.2	48.7	49.1	49.6	52.6	53.9 ^r	55.9	58.8	62.8	63.8	67.1
Latin America											
32 Argentina	1.9	2.9	3.0	2.9	3.0	3.1	3.5	4.1	5.1	5.6	5.5
33 Brazil	11.1	12.7	13.3	14.0	14.9	14.9	15.1	15.1	15.2	15.0	15.4
34 Chile	.8	.9	1.3	1.3	1.6	1.7	1.8	2.2	2.5	2.5	2.6
35 Colombia	1.3	1.3	1.3	1.3	1.4	1.5	1.5	1.7	2.2	2.1	2.2
36 Mexico	11.7	11.9	11.0	10.7	10.8	10.9	10.7	11.4	12.0	12.2	13.4
37 Peru	1.8	1.9	1.8	1.8	1.7	1.6	1.4	1.4	1.5	1.3	1.4
38 Other Latin America	2.8	2.6	3.3	3.4	3.6	3.5	3.3	3.6	3.7	3.6	3.6
Asia											
China											
39 Mainland	.0	.0	.0	.0	.0	.1	.1	.1	.1	.1	.1
40 Taiwan	2.4	3.1	2.5	2.4	2.9	3.1	3.3	3.5	3.4	3.6	3.8
41 India	.2	.3	.2	.3	.2	.2	.2	.2	.2	.2	.2
42 Israel	1.0	.9	.7	.7	1.0	1.0	.9	1.0	1.3	.9	1.2
43 Korea (South)	3.1	3.9	3.6	3.5	3.9	4.2	5.0	5.3	5.5	6.5	7.0
44 Malaysia ⁴	.5	.7	.6	.6	.6	.6	.7	.7	.9	.8	.9
45 Philippines	2.2	2.5	2.7	2.8	2.8	3.2	3.7	3.7	4.2	4.4	4.6
46 Thailand	.7	1.1	1.1	1.1	1.2	1.2	1.4	1.6	1.6	1.4	1.5
47 Other Asia	.5	.4	.3	.3	.2	.3	.4	.3	.4	.4	.5
Africa											
48 Egypt	.4	.3	.3	.4	.4	.5	.7	.6	.6	.7	.7
49 Morocco	.3	.5	.5	.5	.6	.6	.5	.5	.6	.5	.5
50 Zaire	.2	.3	.2	.2	.2	.2	.2	.2	.2	.2	.2
51 Other Africa ⁵	1.2	.7	1.2	1.3	1.4	1.4	1.5	1.6	1.7	1.8	1.9
52 Eastern Europe	5.2	6.3	6.4	6.6	6.9	6.7	6.7	7.2	7.3	7.3	7.2
53 U.S.S.R.	1.5	1.6	1.4	1.4	1.3	1.1	.9	.9	.7	.6	.5
54 Yugoslavia	.8	1.1	1.3	1.3	1.5	1.6	1.7	1.8	1.8	1.9	2.1
55 Other	2.9	3.7	3.7	3.9	4.1	4.0	4.1	4.6	4.8	4.9	4.6
56 Offshore banking centers	24.7	26.1	32.4	30.2	30.9	33.7	37.0	38.6	40.4	42.4	43.4
57 Bahamas	10.1	9.8	12.1	11.6	10.3	12.1	14.3	12.9	13.7	13.7	13.0
58 Bermuda	.5	.6	.7	.7	.7	.6	.7	.7	.8	.6	.6
59 Cayman Islands and other British West Indies	3.8	3.8	7.2	6.8	7.4	7.2	7.5	9.5	9.4	11.3	9.7
60 Netherlands Antilles	.6	.7	.6	.6	.8	.8	1.0	1.1	1.2	.9	1.2
61 Panama ⁶	3.0	3.1	3.3	3.1	3.0	3.4	3.8	3.4	4.3	4.9	5.6
62 Lebanon	.1	.2	.1	.1	.1	.1	.1	.2	.2	.2	.2
63 Hong Kong	2.2	3.7	4.1	4.0	4.2	4.8	4.9	5.5	6.0	5.7	6.9
64 Singapore	4.4	3.7	3.8	2.9	3.9	4.2	4.2	4.9	4.5	4.7	5.9
65 Others ⁷	.0	.5	.5	.5	.5	.4	.4	.4	.4	.4	.4
66 Miscellaneous and unallocated ⁸	5.0	5.3	8.1	8.6	9.1	9.5	9.9	10.6	11.7	13.1	14.4

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices not covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.13 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.17 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches). However, see also footnote 2.

2. For June 1978 and subsequent dates, the claims of the U.S. offices in this table include only banks' own claims payable in dollars. For earlier dates

the claims of the U.S. offices also include customer claims and foreign currency claims (amounting in June 1978 to \$10 billion).

3. In addition to the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

4. Foreign branch claims only through December 1976.

5. Excludes Liberia.

6. Includes Canal Zone beginning December 1979.

7. Foreign branch claims only.

8. Includes New Zealand, Liberia, and international and regional organizations.

3.21 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1978	1979	1980							
			Jan.-Sept.	Mar.	Apr.	May	June	July	Aug.	Sept. ^P
Holdings (end of period) ¹										
1 Estimated total ²	44,938	50,307	.....	52,997	52,091	51,371	53,131	53,819	53,056	54,804
2 Foreign countries ²	39,817	44,875	.....	46,534	46,430	46,907	48,727	49,523	48,924	50,105
3 Europe ²	17,072	23,705	.....	24,611	24,008	24,075	24,377	24,157	23,541	23,914
4 Belgium-Luxembourg	19	60	.....	27	28	28	28	45	89	91
5 Germany ²	8,705	12,937	.....	13,489	13,207	13,225	12,976	12,578	11,978	11,991
6 Netherlands	1,358	1,466	.....	1,453	1,473	1,412	1,437	1,547	1,522	1,640
7 Sweden	285	647	.....	633	642	653	647	650	640	611
8 Switzerland ²	977	1,868	.....	1,534	1,528	1,574	1,731	1,675	1,675	1,566
9 United Kingdom	5,373	6,236	.....	6,995	6,603	6,665	7,001	7,091	7,106	7,473
10 Other Western Europe	354	491	.....	478	527	519	556	571	531	542
11 Eastern Europe	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
12 Canada	152	232	.....	394	381	385	423	481	469	480
13 Latin America and Caribbean	416	546	.....	552	581	592	696	770	786	848
14 Venezuela	144	183	.....	183	183	183	280	328	341	382
15 Other Latin America and Caribbean	110	200	.....	206	199	209	215	242	240	241
16 Netherlands Antilles	162	163	.....	164	199	200	200	200	205	225
17 Asia	21,488	19,804	.....	20,390	20,872	21,269	22,751	23,534	23,545	24,252
18 Japan	11,528	11,175	.....	9,631	9,533	9,543	9,545	9,614	9,465	9,444
19 Africa	691	591	.....	591	593	593	492	592	592	617
20 All other	-3	-3	.....	-3	-6	-7	-11	-11	-10	-5
21 Nonmonetary international and regional organizations	5,121	5,432	.....	6,463	5,661	4,464	4,404	4,296	4,132	4,699
22 International	5,089	5,388	.....	6,407	5,606	4,401	4,338	4,234	4,066	4,632
23 Latin American regional	33	40	.....	53	53	63	63	63	63	67
Transactions (net purchases, or sales (-) during period)										
24 Total ²	6,297	5,368	4,501	-207	-906	-717	1,757	692	-767	1,752
25 Foreign countries ²	5,921	5,059	5,230	-22	-105	478	1,820	795	-598	1,181
26 Official institutions	3,729	1,776	3,166	-103	-67	386	1,716	762	-745	998
27 Other foreign ²	2,193	3,284	2,062	79	-37	92	104	33	146	183
28 Nonmonetary international and regional organizations	375	312	-728	-185	-802	-1,195	-63	-104	-168	571
MEMO: Oil-exporting countries	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
29 Middle East ³	-1,785	-1,015	5,763	1,014	471	462	1,427	598	140	601
30 Africa ⁴	329	-100	25	.....	.....	.....	-100	100	.....	25

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1977	1978	1979	1980						
				Apr.	May	June	July	Aug.	Sept.	Oct. ^P
1 Deposits	424	367	429	618	380	691	436	336	460	368
Assets held in custody	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2 U.S. Treasury securities ¹	91,962	117,126	95,075	85,717	88,489	93,661	95,525	96,504	96,227	98,121
3 Earmarked gold ²	15,988	15,463	15,169	15,087	15,034	15,034	15,034	15,025	14,987	14,986

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2. The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.23 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1978	1979	1980	1980						
			Jan.- Sept.	Mar.	Apr.	May	June	July	Aug.	Sept. ^p
U.S. corporate securities										
STOCKS										
1 Foreign purchases	20,145	22,643	26,957	2,724	1,985	1,940	2,550	3,080 ^r	3,505	3,569
2 Foreign sales	17,723	21,017	23,652	2,380	1,719	1,958	2,390	2,781	3,301	3,329
3 Net purchases, or sales (-)	2,423	1,627	3,305	344	266	-17	160	299 ^r	203	241
4 Foreign countries	2,469	1,610	3,306	342	263	-19	162	296 ^r	205	246
5 Europe	1,283	217	1,882	156	129	105	56	115 ^r	42	-83
6 France	47	122	260	-49	14	23	9	62	30	-33
7 Germany	620	-221	21	-25	3	-14	-5	-13 ^r	-21	-18
8 Netherlands	-22	-71	-225	-6	-30	-40	-25	-27	-26	-38
9 Switzerland	-585	-519	50	-36	-75	-17	-19	-82	-127	-123
10 United Kingdom	1,230	964	1,780	277	194	106	99	188	216	153
11 Canada	74	552	420	130	66	-42	24	81	13	-22
12 Latin America and Caribbean	151	-19	-33	-49	6	-4	27	-25	-32	-83
13 Middle East ¹	781	656	990	97	145	-60	20	130	183	410
14 Other Asia	189	211	14	8	-81	-21	28	-5	-22	19
15 Africa	-13	-14	-1	2	0	0	-2	-1	0	2
16 Other countries	3	7	33	-2	-2	3	8	2	21	4
17 Nonmonetary international and regional organizations	-46	17	0	2	3	2	-2	2	-2	-5
BONDS ²										
18 Foreign purchases	7,975	8,826	11,564	1,237	1,654	1,329	1,834	1,695	1,087	645
19 Foreign sales	5,681	7,575	7,243	838	1,137	1,011	1,152	898	589	476
20 Net purchases, or sales (-)	2,294	1,251	4,322	399	518	318	682	797	498	169
21 Foreign countries	1,885	1,351	4,057	407	568	249	625	769	475	218
22 Europe	744	639	1,093	315	251	92	105	129	27	-18
23 France	30	11	103	15	7	47	12	8	6	-2
24 Germany	6	72	155	11	104	104	-14	-50	-11	8
25 Netherlands	12	-202	-82	0	-14	-14	6	-26	-7	7
26 Switzerland	-202	-118	31	3	79	-29	-10	-16	-9	0
27 United Kingdom	930	814	886	265	36	-34	110	196	53	-5
28 Canada	102	89	112	8	2	9	5	-2	25	12
29 Latin America and Caribbean	98	109	172	9	13	25	23	29	32	18
30 Middle East ¹	810	424	2,600	79	295	104	483	600	382	194
31 Other Asia	131	88	64	-4	7	17	5	13	9	14
32 Africa	-1	1	4	0	0	1	0	0	0	0
33 Other countries	1	1	11	0	0	0	4	1	0	-2
34 Nonmonetary international and regional organizations	409	-101	266	-8	-50	68	57	28	23	-49
Foreign securities										
35 Stocks, net purchases, or sales (-)	527	-786	-1,916	-2	-40	-241	-164	-76	-201	-534
36 Foreign purchases	3,666	4,615	5,374	665	402	450	491	654	605	676
37 Foreign sales	3,139	5,401	7,290	667	442	691	655	731	805	1,211
38 Bonds, net purchases, or sales (-)	-4,054	-3,970	-961	17	-12	-251	-618	374	-259	-91
39 Foreign purchases	11,043	12,375	12,333	1,181	1,072	1,479	1,637	1,725 ^r	1,374	1,221
40 Foreign sales	15,096	16,345	13,295	1,164	1,084	1,730	2,255	1,351 ^r	1,634	1,312
41 Net purchases, or sales (-), of stocks and bonds	-3,527	-4,756	-2,877	15	-52	-491	-781	298 ^r	-460	-625
42 Foreign countries	-3,340	-4,006	-3,339	-33	-72	-498	-800	-32 ^r	-384	-661
43 Europe	-65	-1,640	-931	54	-80	-214	-474	10 ^r	-176	-101
44 Canada	-3,238	-2,609	-1,765	-161	3	-256	-283	-29	42	336
45 Latin America and Caribbean	201	348	195	29	14	45	-25	34	-14	7
46 Asia	349	-108	-951	49	-12	-82	-65	-55 ^r	-313	-223
47 Africa	-441	-23	4	0	3	4	3	1 ^r	0	-4
48 Other countries	-146	25	108	-3	0	5	44	7	76	-4
49 Nonmonetary international and regional organizations	-187	-750	462	48	20	7	19	330	-76	36

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.24 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States¹

Millions of dollars, end of period

Type, and area or country	1978	1979	1979				1980	
			Mar.	June	Sept.	Dec.	Mar. ^r	June. ^p
1 Total	14,860	16,910	14,470	15,452	15,653	16,910	17,370	18,500
2 Payable in dollars	11,496	13,916	11,493	12,579	12,667	13,916	14,437	15,145
3 Payable in foreign currencies ²	3,363	2,994	2,977	2,872	2,986	2,994	2,933	3,354
<i>By type</i>								
4 Financial liabilities	6,305	7,286	6,047	6,024	6,100	7,286	7,799	8,303
5 Payable in dollars	3,841	5,083	3,789	3,861	3,864	5,083	5,618	5,757
6 Payable in foreign currencies	2,464	2,203	2,258	2,164	2,236	2,203	2,182	2,546
7 Commercial liabilities	8,555	9,624	8,423	9,428	9,553	9,624	9,571	10,197
8 Trade payables	3,989	4,369	3,501	4,259	4,035	4,369	4,138	4,299
9 Advance receipts and other liabilities	4,566	5,255	4,922	5,168	5,518	5,255	5,433	5,898
10 Payable in dollars	7,656	8,834	7,703	8,719	8,802	8,834	8,819	9,388
11 Payable in foreign currencies	899	790	719	709	750	790	752	809
<i>By area or country</i>								
Financial liabilities								
12 Europe	3,903	4,554	3,650	3,557	3,682	4,554	4,813	5,389
13 Belgium-Luxembourg	289	345	266	355	317	345	360	413
14 France	167	168	139	134	126	168	188	341
15 Germany	366	497	311	283	381	497	520	668
16 Netherlands	390	834	422	401	542	834	801	804
17 Switzerland	248	168	244	235	190	168	172	231
18 United Kingdom	2,110	2,347	2,054	1,930	1,927	2,347	2,568	2,763
19 Canada	244	445	252	290	304	445	383	482
20 Latin America and Caribbean	1,357	1,483	1,346	1,395	1,347	1,483	1,761	1,632
21 Bahamas	426	347	411	442	355	347	459	433
22 Bermuda	56	109	41	37	37	109	82	2
23 Brazil	10	18	13	19	14	18	22	25
24 British West Indies	194	514	201	189	198	514	693	700
25 Mexico	102	121	101	131	122	121	101	101
26 Venezuela	49	72	55	68	71	72	70	72
27 Asia	791	795	790	772	757	795	821	775
28 Japan	714	723	714	706	700	723	737	680
29 Middle East oil-exporting countries ³	32	31	23	25	19	31	26	31
30 Africa	5	4	5	6	5	4	11	10
31 Oil-exporting countries ⁴	2	1	1	2	1	1	1	1
32 All other ⁵	5	4	5	5	5	4	10	15
Commercial liabilities								
33 Europe	3,033	3,625	3,003	3,306	3,395	3,625	3,682	4,006
34 Belgium-Luxembourg	75	137	70	81	103	137	117	132
35 France	321	467	350	353	394	467	503	485
36 Germany	529	534	395	471	539	534	533	714
37 Netherlands	246	227	224	230	206	227	288	245
38 Switzerland	302	310	329	439	348	310	382	462
39 United Kingdom	824	1,078	870	997	1,015	1,078	994	1,120
40 Canada	667	852	614	645	709	852	720	591
41 Latin America	997	1,323	1,168	1,335	1,401	1,323	1,253	1,307
42 Bahamas	25	69	16	65	89	69	4	26
43 Bermuda	97	32	42	82	48	32	47	107
44 Brazil	74	203	61	165	186	203	228	151
45 British West Indies	53	21	89	121	21	21	20	37
46 Mexico	106	257	236	216	270	257	235	311
47 Venezuela	303	301	356	323	359	301	211	210
48 Asia	2,912	2,859	2,622	3,007	2,985	2,859	2,912	3,051
49 Japan	429	481	401	489	506	481	578	411
50 Middle East oil-exporting countries ³	1,523	1,021	1,122	1,225	1,070	1,021	901	1,017
51 Africa	743	728	779	891	775	728	742	875
52 Oil-exporting countries ⁴	312	384	343	410	370	384	382	498
53 All other ⁵	203	237	237	243	287	237	263	367

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.

2. Before December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

5. Includes nonmonetary international and regional organizations.

3.25 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States¹
Millions of dollars, end of period

Type, and area or country	1978	1979	1979				1980	
			Mar.	June	Sept.	Dec.	Mar. ²	June ²
1 Total	27,645	30,141	30,114	29,516	30,069	30,141	31,953	31,808
2 Payable in dollars	24,700	27,087	27,348	26,665	27,458	27,087	28,956	28,778
3 Payable in foreign currencies ²	2,945	3,055	2,766	2,852	2,611	3,055	2,997	3,030
<i>By type</i>								
4 Financial claims	16,307	17,456	19,390	18,526	18,295	17,456	19,237	18,467
5 Deposits	10,846	11,810	13,932	12,904	12,888	11,810	13,563	12,626
6 Payable in dollars	9,785	10,927	13,013	11,967	11,988	10,927	12,601	11,766
7 Payable in foreign currencies	1,061	883	920	938	901	883	963	860
8 Other financial claims	5,461	5,646	5,458	5,622	5,407	5,646	5,673	5,841
9 Payable in dollars	3,908	3,872	3,949	4,071	4,049	3,872	4,046	4,097
10 Payable in foreign currencies	1,553	1,774	1,509	1,551	1,358	1,774	1,627	1,744
11 Commercial claims	11,337	12,685	10,724	10,991	11,773	12,685	12,716	13,341
12 Trade receivables	10,779	11,997	10,054	10,362	11,061	11,997	12,071	12,638
13 Advance payments and other claims	559	688	670	628	712	688	645	703
14 Payable in dollars	11,007	12,287	10,387	10,627	11,421	12,287	12,309	12,915
15 Payable in foreign currencies	331	398	337	363	352	398	407	426
<i>By area or country</i>								
<i>Financial claims</i>								
16 Europe	5,073	6,066	5,203	5,498	6,428	6,066	5,826	5,812
17 Belgium-Luxembourg	48	32	63	54	33	32	19	23
18 France	178	177	171	183	191	177	290	307
19 Germany	510	401	266	361	393	401	298	185
20 Netherlands	103	53	85	62	51	53	39	37
21 Switzerland	98	73	96	81	85	73	89	96
22 United Kingdom	3,878	5,009	4,284	4,510	5,388	5,009	4,778	4,835
23 Canada	4,482	4,777	5,164	5,101	4,709	4,777	4,882	4,778
24 Latin America and Caribbean	5,595	5,624	7,939	6,840	5,994	5,624	7,512	6,800
25 Bahamas	2,902	2,294	4,148	3,216	2,831	2,294	3,448	2,962
26 Bermuda	80	30	63	57	31	30	34	25
27 Brazil	151	163	156	141	133	163	128	120
28 British West Indies	1,280	1,851	2,443	2,281	1,717	1,851	2,591	2,393
29 Mexico	163	158	160	159	156	158	169	178
30 Venezuela	150	133	142	151	139	133	132	132
31 Asia	922	693	829	800	818	693	708	756
32 Japan	307	190	207	217	222	190	226	253
33 Middle East oil-exporting countries ³	18	16	16	17	21	16	18	16
34 Africa	181	253	204	227	277	253	265	256
35 Oil-exporting countries ⁴	10	49	26	23	41	49	40	35
36 All other ⁵	55	44	52	61	69	44	43	65
<i>Commercial claims</i>								
37 Europe	3,985	4,891	3,811	3,833	4,127	4,891	4,751	4,808
38 Belgium-Luxembourg	144	203	173	170	179	203	208	255
39 France	609	727	490	470	518	727	703	662
40 Germany	399	580	504	421	448	580	515	504
41 Netherlands	267	298	275	307	262	298	347	297
42 Switzerland	198	269	230	232	224	269	349	429
43 United Kingdom	827	905	676	731	818	905	924	904
44 Canada	1,094	840	1,109	1,104	1,162	840	862	895
45 Latin America and Caribbean	2,547	2,859	2,395	2,406	2,598	2,859	2,990	3,278
46 Bahamas	109	21	117	98	16	21	19	19
47 Bermuda	215	197	241	118	154	197	135	133
48 Brazil	629	647	495	503	568	647	656	697
49 British West Indies	9	16	10	25	13	16	11	9
50 Mexico	506	704	489	584	650	704	833	918
51 Venezuela	292	342	274	296	346	342	349	394
52 Asia	3,085	3,299	2,765	2,967	3,116	3,299	3,370	3,544
53 Japan	979	1,127	896	1,005	1,128	1,127	1,209	1,129
54 Middle East oil-exporting countries ³	717	700	682	685	701	700	718	830
55 Africa	447	556	443	487	549	556	518	567
56 Oil-exporting countries ⁴	136	133	131	139	140	133	114	116
57 All other ⁵	179	240	200	194	220	240	225	249

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.

2. Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

5. Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Oct. 31, 1980		Country	Rate on Oct. 31, 1980		Country	Rate on Oct. 31, 1980	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria	6.75	Mar. 1980	Germany, Fed. Rep. of	7.5	May 1980	Switzerland	3.0	Feb. 1980
Belgium	12.0	July 1980	Italy	16.5	Sept. 1980	United Kingdom	16.0	July 1979
Brazil	40.0	June 1980	Japan	8.25	Aug. 1980	Venezuela	12.0	Mar. 1980
Canada	12.16	Oct. 1980	Netherlands	8.0	Oct. 1980			
Denmark	11.00	Oct. 1980	Norway	9.0	Nov. 1979			
France	9.5	Aug. 1977	Sweden	10.0	Jan. 1980			

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with

more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1977	1978	1979	1980						
				Apr.	May	June	July	Aug.	Sept.	Oct.
1 Eurodollars	6.03	8.74	11.96	17.81	11.20	9.41	9.33	10.82	12.07	13.55
2 United Kingdom	8.07	9.18	13.60	17.70	16.97	16.68	15.82	16.45	15.89	15.87
3 Canada	7.47	8.52	11.91	16.31	13.23	11.73	10.91	10.47	10.73	11.71
4 Germany	4.30	3.67	6.64	10.12	10.18	10.00	9.59	8.93	8.90	8.99
5 Switzerland	2.56	0.74	2.04	6.87	5.85	5.64	5.29	5.52	5.57	5.40
6 Netherlands	4.73	6.53	9.33	10.76	11.18	10.72	10.06	9.97	10.31	9.63
7 France	9.20	8.10	9.44	12.84	12.62	12.37	11.87	11.20	11.81	11.69
8 Italy	14.26	11.40	11.85	16.91	17.20	17.25	17.49	17.30	17.50	18.16
9 Belgium	6.95	7.14	10.48	17.10	16.31	14.69	13.30	12.52	12.35	12.24
10 Japan	6.22	4.75	6.10	13.51	13.63	13.51	12.89	12.04	11.46	10.98

NOTE. Rates are for 3-month interbank loans except for the following: Canada, finance company paper; Belgium, time deposits of 20 million

francs and over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1977	1978	1979	1980						
				Apr.	May	June	July	Aug.	Sept.	Oct.
1 Australia/dollar	110.82	114.41	111.77	109.10	113.02	115.29	115.85	115.77	117.04	117.43
2 Austria/schilling	6.0494	6.8958	7.4799	7.4513	7.8112	7.9421	8.0578	7.8840	7.8916	7.6714
3 Belgium/franc	2.7911	3.1809	3.4098	3.3156	3.4759	3.5335	3.5766	3.4883	3.4844	3.3875
4 Canada/dollar	94.112	87.729	85.386	84.311	85.178	86.836	86.783	86.263	85.861	85.538
5 Denmark/krone	16.658	18.156	19.010	17.104	17.859	18.215	18.487	18.070	18.068	17.639
6 Finland/markka	24.913	24.337	27.732	26.158	27.084	27.448	27.699	27.353	27.428	27.122
7 France/franc	20.344	22.218	23.504	22.985	23.920	24.310	24.657	24.106	24.056	23.489
8 Germany/deutsche mark	43.079	49.867	54.561	53.310	55.828	56.584	57.245	55.867	55.883	54.280
9 India/rupee	11.406	12.207	12.265	12.395	12.727	12.751	12.875	12.849	12.903	12.932
10 Ireland/pound	174.49	191.84	204.65	198.98	207.41	211.16	214.74	210.62	210.34	203.88
11 Italy/lira	11328	11782	12035	11417	11860	11973	12026	11801	11742	11441
12 Japan/yen	37342	47981	45834	39980	43766	45894	45232	44666	46644	47777
13 Malaysia/ringgit	40.620	43.210	45.720	43.817	45.691	46.625	46.658	46.484	47.127	46.902
14 Mexico/peso	4.4239	4.3896	4.3826	4.3779	4.3763	4.3684	4.3511	4.3389	4.3443	4.3324
15 Netherlands/guilder	40.752	46.284	49.843	48.570	50.673	51.578	52.337	51.305	51.398	50.052
16 New Zealand/dollar	96.893	103.64	102.23	94.704	97.641	98.729	98.643	97.738	98.309	98.069
17 Norway/krone	18.789	19.079	19.747	19.739	20.377	20.608	20.762	20.555	20.676	20.421
18 Portugal/escudo	2.6234	2.2782	2.0437	1.9798	2.0298	2.0422	2.0466	2.0163	2.0096	1.9756
19 South Africa/rand	114.99	115.01	118.72	123.88	126.43	129.00	130.79	131.55	132.73	133.13
20 Spain/peseta	1.3287	1.3073	1.4896	1.3918	1.4104	1.4280	1.4122	1.3810	1.3639	1.3423
21 Sri Lanka/rupee	11.964	6.3834	6.4226	6.1500	6.1900	6.2186	6.3288	6.2980	6.3196	5.9707
22 Sweden/krona	22.383	22.139	23.323	22.872	23.731	24.238	24.762	23.953	24.072	23.845
23 Switzerland/franc	41.714	56.283	60.121	56.857	60.131	61.207	62.203	60.527	61.012	60.185
24 United Kingdom/pound	174.49	191.84	212.24	220.94	230.20	233.59	237.32	237.04	240.12	241.64
MEMO:										
25 United States/dollar ¹	103.31	92.39	88.09	91.09	86.96	85.29	84.65	86.09	85.50	86.59

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, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected	0	Calculated to be zero
e	Estimated	n.a.	Not available
p	Preliminary	n.e.c.	Not elsewhere classified
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)	IPCs	Individuals, partnerships, and corporations
		REITs	Real estate investment trusts
		RPs	Repurchase agreements
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)	SMSAs	Standard metropolitan statistical areas
		.....	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obli-

gations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

STATISTICAL RELEASES

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SPECIAL TABLES

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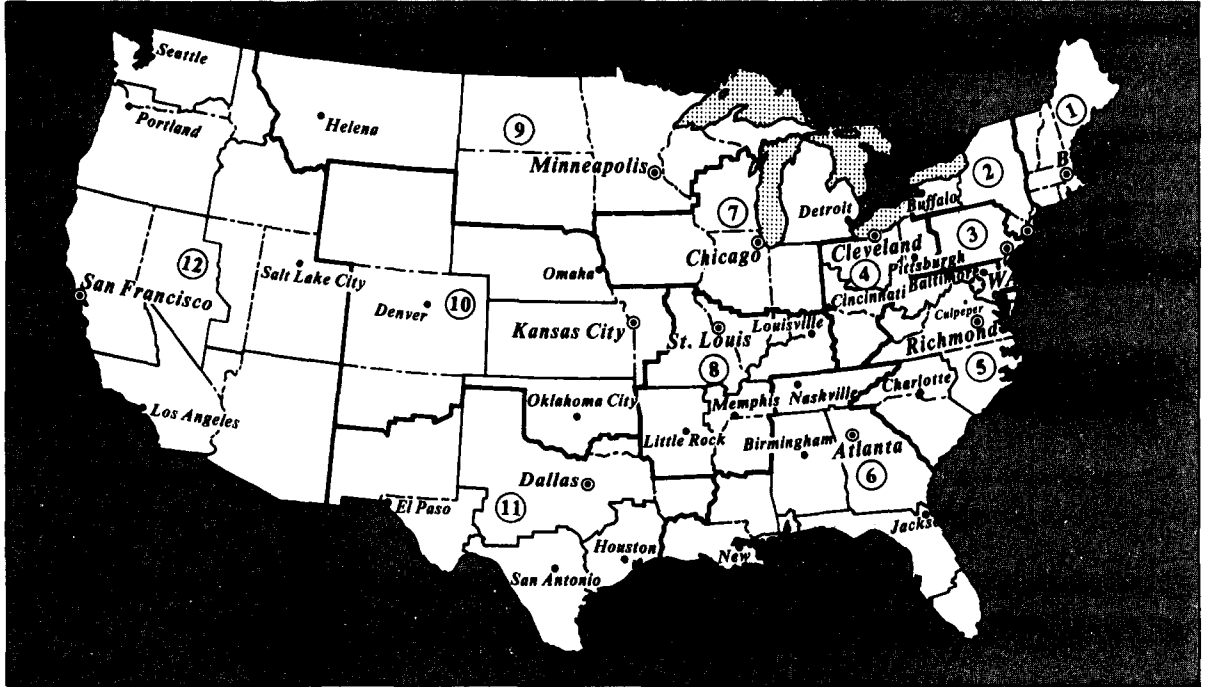
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