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FEDERAL RESERVE
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Implementation of the International Banking Act
Changes in Bank Lending Practices, 1977 79

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Washington, D.C.

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Implementation of the International Banking Act

This article was prepared by Sydney J. Key of the Board's Division of International Finance and by James M. Brundy of the Division of Research and Statistics.

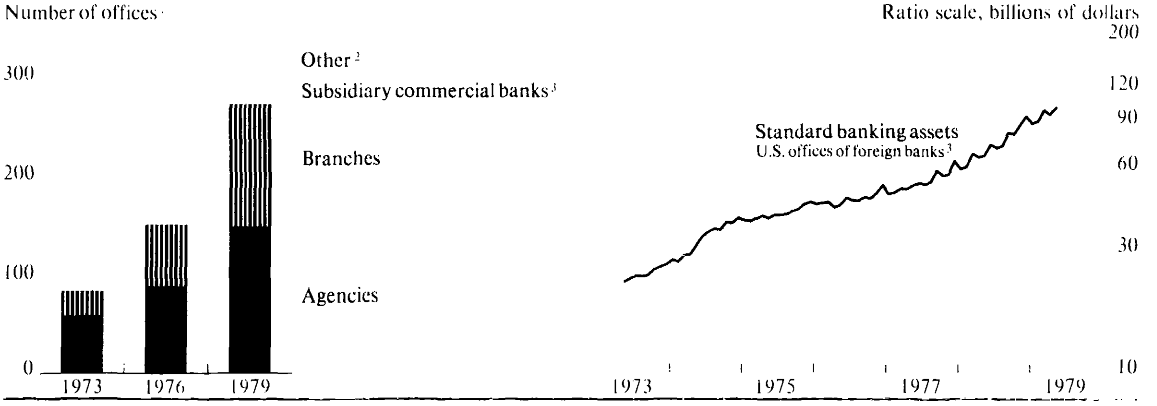
In the past two decades a marked increase in multinational banking has accompanied the increasing interdependence of national economies and the rapid expansion of world trade. Since the early 1960s, U.S. banks have been expanding their foreign operations significantly, and in the 1970s, ever-increasing numbers of foreign banks have opened offices in the United States. For ease of access to the major U.S. financial markets, most foreign banks initially opened offices in New York City; offices were then opened in other parts of the country, particularly in those places where the bank's home-country customers had trade or financial relationships.

In May 1979, 144 foreign banks operated 315 offices in the United States, up from 111 offices six years earlier. (See chart 1.) Standard banking assets (total assets minus claims on related institutions and assets arising in the process of clearing payments) amounted to \$97 billion in May 1979, a figure 4½ times as large as that for May 1973.

By the mid-1970s the size and growth of foreign bank activities in the United States and the competitive impact of these activities on the domestic banking industry focused attention on the absence of both a federal regulatory framework and any governmental overview of the multistate activities of the foreign banks. Unlike virtually all domestic banks, U.S. agencies and branches of foreign banks were supervised only by the licensing state. Moreover, agencies and branches were not required to hold reserves with the Federal Reserve System, a situation that tended to complicate monetary management.

The Congress considered legislation to remedy these problems for four years before the International Banking Act of 1978 (IBA) was enacted. The IBA created a federal regulatory

1. U.S. activities of foreign banks, 1973-79



1. As of May of each year.
2. New York investment companies and Agreement corporations.
3. Data do not include domestic banks acquired by foreign banks in 1979.

structure for agencies and branches as part of a general policy of national treatment in order to promote competitive equality between domestic and foreign banking institutions in the United States. The policy of national treatment attempts to give foreign enterprises operating in a host country the same powers, and to subject them to the same obligations, as their domestic counterparts.

To implement this broad principle of parity of treatment, six major statutory changes were made. First, the IBA limited interstate domestic deposit-taking activities of foreign banks. Such multistate banking activities are not generally permissible for domestic banks or bank holding companies, and the ability to engage in such activities was viewed as a competitive advantage for foreign banks. Second, the option of federal licensing was provided for agencies and branches. Third, the Federal Reserve Board was authorized to impose federal reserve requirements on agencies and branches for monetary policy purposes as well as for competitive equity. Fourth, federal deposit insurance was required for those branches of foreign banks that engage in retail deposit-taking. Fifth, Edge corporations that engage in banking were given broadened powers to compete more effectively with agencies and branches, and foreign banks were permitted to own Edge corporations. Sixth, foreign banks that operate agencies and branches in the United States were subjected to the nonbanking prohibitions of the Bank Holding Company Act. In addition, the IBA required reports to the Congress on the desirability of lifting the restrictions on interstate operations of domestic banks, the treatment of U.S. banks abroad, and the advisability of admitting Edge corporations to membership in the Federal Reserve System.

This article first describes the institutional structure and the activities of U.S. offices of foreign banks, with special emphasis on agencies and branches. It then analyzes various aspects of the regulations that have been issued or proposed by the federal bank regulatory agencies, to which the IBA delegated the implementation of its overall provisions.

Institutional Structure

At present, foreign banks operate in the United States mainly through three types of banking facilities: agencies, branches, and subsidiary commercial banks. Both agencies and branches may conduct full-scale lending operations, but agencies may not accept deposits. Agencies and branches are integral parts of their parent banks and until the passage of the IBA were subject to virtually no federal regulation. Subsidiary commercial banks are separately chartered institutions and are subject to a variety of federal laws and regulations.

Foreign banks also now operate in the United States through two less common types of facilities: New York investment companies and Agreement corporations. In the future, foreign banks will also be able to operate in the United States through Edge corporations. As discussed below, the IBA removed the bar to foreign bank ownership of shares of such corporations.

Unlike domestic banks, foreign banks may open agencies and branches in more than one state with relative ease, and they have taken advantage of this situation to expand their multistate banking facilities. Because of their international trade and money market orientation, New York, California, and Illinois have attracted most of the U.S. offices of foreign banks and now account for 97 percent of the standard assets of foreign banks in the United States. U.S. offices of foreign banks are also located in seven additional states: Massachusetts, Pennsylvania, Georgia, Florida, Washington, Oregon, and Hawaii. (One Agreement corporation is located in Texas.)

In the years immediately before the enactment of the IBA, branches were becoming a relatively more important part of the U.S. activities of foreign banks, primarily because of the rapid growth of branches of European banks, the relatively slow growth of activities of Canadian agencies, and a shift by most Japanese banks operating in New York to the branch form of organization. One reason for preferring branches is their ability to issue domestic certificates of deposit, which agencies are prohibited from doing. As shown in table 1, agencies

1. Selected assets and liabilities of U.S. offices of foreign banks, 1973–79[1]
Millions of dollars

Category and type of institution	May 1973	May 1976	May 1979
Total assets			
All institutions[2]	30,461	60,542	132,272
Agencies	18,043	27,143	40,317
Branches	5,863	19,195	67,092
Subsidiary commercial banks[3]	4,974	12,573	22,915
Standard banking assets			
All institutions[2]	21,963	42,360	97,188
Agencies	12,019	16,934	24,726
Branches	4,113	13,082	50,682
Subsidiary commercial banks[3]	4,628	11,094	20,169
Business loans			
All institutions[2]	10,980	19,039	36,440
Agencies	6,860	9,886	12,352
Branches	1,820	5,137	17,525
Subsidiary commercial banks[3]	1,741	3,658	5,929
Deposits and credit balances of nonbanks			
All institutions[2]	6,491	16,702	33,862
Agencies	661	958	873
Branches	1,912	5,938	17,523
Subsidiary commercial banks[3]	3,371	9,305	15,048
Number of institutions			
All institutions[2]	111	186	315
Agencies	57	86	146
Branches	24	62	122
Subsidiary commercial banks[3]	27	33	39

1. Does not include offices located in territories or possessions of the United States.

2. Including New York investment companies and Agreement corporations. New York investment companies are chartered under Article XII of the New York State Banking Law; as is the case with agencies, the investment companies may accept credit balances but may not receive deposits. Agreement corporations are state chartered corporations that have entered into an agreement with the Federal Reserve Board to limit their banking activities to those permitted to Edge corporations, as described later.

3. For comparability, subsidiary commercial banks acquired by foreign banks in 1979 are not included in the figures for May 1979. (See text.)

accounted for more than half of the standard banking assets of U.S. offices of foreign banks in May 1973; agencies now account for only one-quarter of these assets. Standard assets of branches have been increasing steadily over the past six years and now amount to more than $50 billion, or about half of the standard assets of all U.S. offices of foreign banks.

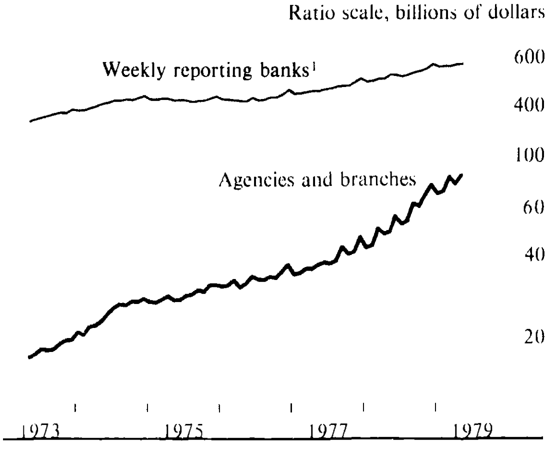
Agencies and branches generally are "wholesale" banking institutions, that is, their customers are chiefly banks and other internationally oriented nonbank businesses rather than individuals. By contrast, many foreign bank subsidiaries are "retail" banks whose customers include many individuals and smaller businesses. This distinction is reflected in the ratios of business loans to deposits of nonbanks at the two groups of institutions. Business loans are about two-fifths of the deposits at subsidiaries, indicating a relatively smaller amount of business lending activity, while business loans of branches are about equal to deposits. (See table 1.) The fact that almost all agencies and branches are wholesale banking institutions has an important bearing on questions of competitive equity that arise in implementing the IBA.

As of May 1979, standard assets of subsidiary commercial banks owned by foreign banks amounted to about $20 billion. This figure does not, however, include four acquisitions of U.S. banks by foreign banks approved by the Federal Reserve Board in 1979: Marine Midland Bank by Hong Kong and Shanghai Banking Corporation (not consummated as of mid-October 1979); National Bank of North America by National Westminster Bank Limited; Union Bank of California by Standard Chartered Bank; and LaSalle National Bank by Algemene Bank Nederland. As of mid-1979, the standard banking assets of the domestic offices of these four U.S.-chartered banks amounted to about $17 billion. Thus aggregate standard assets of subsidiary commercial banks could soon double, thereby becoming nearly as large as standard assets of branches.

Activities of Agencies and Branches

The IBA extended federal reserve requirements and deposit interest rate limitations to agencies and branches and also placed restrictions on their interstate activities. The IBA provided for minimal additional federal regulation of state-chartered banks and New York investment companies owned by foreign banks because they are domestic institutions separately organized under state law. For agencies and branches, implementing the goal of competitive equity

2. Standard banking assets, 1973-79



1. The panel of weekly reporting banks and their report form changed effective January 3, 1979. Historical data for 1973-78 for the new reporting panel were constructed by Federal Reserve Board staff.

requires consideration of their operating characteristics compared with those of domestic banks.

Over the past six years the standard banking assets of the agencies and branches have grown more rapidly than comparable assets of large domestic banks that report weekly to the Federal Reserve. (See chart 2.) From May 1973 to May 1979, standard assets of agencies and branches more than quadrupled, increasing from $16 billion to $75 billion, while standard assets of weekly reporting banks increased about three-fifths to $552 billion. As a result, standard assets of the agencies and branches now equal about 14 percent of the standard assets of the weekly reporters. (See table 2.)

Business Loans

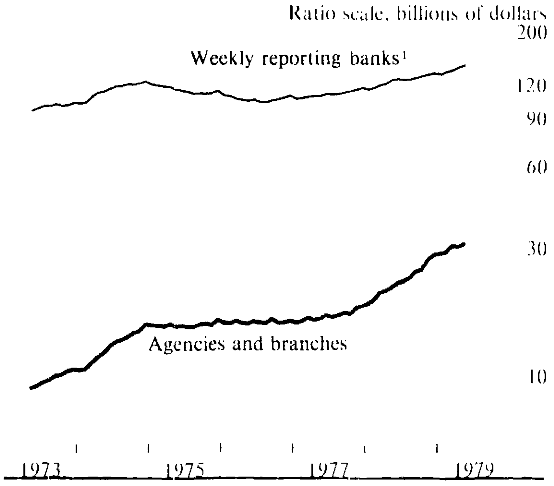
An important asset item for the agencies and branches is their nearly $30 billion in business loans to domestic and foreign borrowers. The substantial growth in these loans is illustrated in chart 3. In May 1979, outstanding business loans at agencies and branches were about one-fifth the volume of outstanding business loans at the weekly reporting banks, compared with one-tenth six years earlier. During the year ending May 1979, these loans increased more than $9 billion, or 45 percent. While a signifi-

2. Summary of assets and liabilities of U.S. agencies and branches of foreign banks and weekly reporting U.S. banks, May 1979[1]

Category	Agencies and branches		Weekly reporting banks[2]	
	Amount (millions of dollars)	Share (percent)	Amount (millions of dollars)	Share (percent)
Standard banking assets	75,408	70	551,829	89
Business loans	29,877	28	138,136	22
U.S. residents	19,900	19	128,832[3]	21
Foreign residents	9,977	9	5,888[3]	1
Interbank loans and deposits[4]	30,405	28	27,017	4
U.S.	18,686	17	21,163	3
Foreign	11,719	11	5,854	1
Other assets	15,126	14	386,676	62
Clearing balances[5]	8,984	8	70,208	11
Due from related institutions	23,018	21	...	...
U.S.	6,964	6	...	...
Foreign	16,053	15	(6)	(6)
Total assets/total liabilities	**107,409**	**100**	**622,036**	**100**
Standard banking liabilities	53,080	49	485,878	78
Deposits and credit balances of nonbanks[7]	18,396	17	365,800	59
U.S. residents	13,229	12	...	...
Foreign residents	5,167	5	...	...
Interbank liabilities[4]	22,726	21	104,069	17
U.S.	21,765	20	98,256	16
Foreign	961	1	5,813	1
Other liabilities	11,958	11	16,010	3
Clearing liabilities[8]	8,523	8	43,144	7
Due to related institutions	45,146	42	...	...
U.S.	8,272	8	...	...
Foreign	36,874	34	(6)	(6)
Residual[9]	661	1	93,013	15
Number of institutions	268	...	165	...

1. Details may not add to totals due to rounding.
2. Excludes six subsidiary commercial banks owned by foreign banks, but does not exclude the four banks acquired by foreign banks in 1979.
3. Does not include acceptances held in loan portfolio.
4. Includes federal funds sold (purchased) and time deposits, but not demand deposits, due from (to) banks.
5. Includes cash items in process of collection, demand balances due from U.S. banks, and deposits due from banks in foreign countries; the last category is not included for the weekly reporting banks as it is no longer reported separately on the weekly report of condition.
6. Any net assets (net liabilities) due from (to) own foreign branches are reported as part of "other assets" ("other liabilities," see note 9) on the weekly report of condition.
7. Deposits of foreign governments and official institutions are included for the agencies and branches but not for the weekly reporting banks; such deposits are reported with time deposits due to foreign banks on the weekly report of condition.
8. Includes demand deposits due to banks, certified and officers' checks, letters of credit, etc.
9. For the weekly reporting banks this category includes a $41,887 million "residual," which roughly corresponds to capital; the remaining $51,126 million represents "other liabilities and subordinated notes and debentures."

3. Business loans, 1973-79



1. The panel of weekly reporting banks and their report form changed effective January 3, 1979. Historical data for 1973-78 for the new reporting panel were constructed by Federal Reserve Board staff.

cant portion of this growth was undoubtedly related to financing U.S. trade with foreign countries and third-country trade, the agencies and branches have also become increasingly active competitors in the domestic business loan market.

Competition from foreign banks, as well as from nonbank sources of funds such as commercial paper, has resulted in changes in pricing practices on some U.S. business loans. Some foreign banks and their U.S. agencies and branches now price loans in terms of Eurodollar rates rather than quoting a prime rate and specifying an associated compensating balance. In order to compete, some U.S. banks are also developing new pricing practices. Competititon in pricing may account for a part of the growth of business loans at agencies and branches. The competitive position in the U.S. market of the agencies and branches may also have been strengthened by their ability to capitalize on the close and continuing relationships their parent banks have with multinational customers in home markets and also, in some cases, on their special expertise in transactions with particular third-country markets. These aspects of competition are inherent in multinational banking, and branches of U.S. banks abroad probably are able to take advantage of similar relationships.

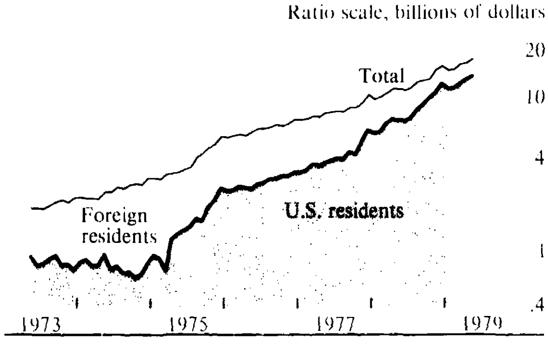
Some portion of the relatively rapid growth of business loans at agencies and branches may also result from booking practices that tend to inflate the lending figures of agencies and branches without reflecting actual lending activity of these offices. For example, when a new U.S. office is established, some outstanding business loans may be transferred from the books of the parent to the books of the new office. Moreover, when a line of credit is negotiated between a foreign bank and a multinational customer, some portion of the subsequent loan may be assigned automatically to the U.S. office of the foreign bank.

Sources of Funding

On the liability side of the balance sheet, a significant development has been the steady growth of deposits of nonbanks at branches. (See chart 4.) During the year ending May 1979, deposits of nonbanks at branches increased 56 percent to nearly $18 billion. Almost all of this growth can be attributed to an increase in time deposits of U.S. residents, primarily large certificates of deposit. Deposits of U.S. residents now account for more than three-quarters of the branches' time deposit liabilities to nonbanks.

As part of the management of the dollar positions of their parent organizations, many agencies and branches engage actively in deposit-placing and deposit-taking activities in in-

4. Deposits of nonbanks at
U.S. branches of foreign banks, 1973-79



terbank markets, both domestic and foreign. As of May 1979, net borrowings by agencies in the domestic interbank market were about $10 billion, while branches were net lenders of $6⅔ billion. These figures reflect differences in the use of the domestic interbank market by institutions from different countries. For example, U.S. agencies of Japanese banks appear to be continuing their practice of establishing and drawing on credit lines with a large number of U.S. banks. By contrast, U.S. branches of European banks are net lenders in domestic interbank markets. In foreign interbank markets, net borrowings amounted to $2 billion for agencies and $8½ billion for branches.

Although domestic deposits at branches have grown substantially, both agencies and branches continue to rely heavily on funds advanced from their foreign parents and other related banking institutions abroad. As of May 1979, agencies and branches owed about $21 billion net to their related institutions outside the United States. Reliance on external funds for internal lending appears to be a basic characteristic of international banking. It suggests that for a given regulatory structure and at given levels of lending and deposit rates, nonindigenous banks find more customers who wish to borrow than they can accommodate with local funds, and thus they rely on advances from related institutions abroad and on foreign interbank borrowings. Moreover, a bank, particularly a nonindigenous one, in general finds it more difficult to build up a deposit business than to develop a loan business.

Multistate Operations

Multistate operations of agencies and branches are quite significant. As of May 1979, more than half of the 136 foreign parent banks operating agencies or branches in the United States had offices in more than one state. Activities outside the principal state have been growing at about the same rate as other activities of agencies and branches. By May 1979, standard banking assets of agencies and branches outside the principal state of operation amounted to nearly $16 billion, of which $10 billion represented business loans. (See table 3.) The amount of deposits at offices outside the principal state is very small; these offices rely for funding on interbank markets, advances from related institutions abroad, and advances from related agencies and branches within the United States.

3. Activities of U.S. agencies and branches of foreign banks outside the principal state of operation, May 1979[1]

Category	Millions of dollars	Percent of total[2]
Total assets	23,935	22
Standard banking assets	15,836	21
Business loans	10,099	34
Deposits and credit balances of nonbanks	2,186	12

1. The "principal state" for a foreign bank with offices in more than one state is the state in which its agencies and branches have the largest amount of total assets.
2. Ratio of each asset or liability item at offices outside the principal state to the same item at all U.S. agencies and branches of foreign banks.

Federal Reserve Requirement Regulations

As the U.S. arms of many of the world's largest banks, most agencies and branches conduct a wholesale banking business in the United States. Their direct competitors in both domestic and foreign markets are large multinational U.S. banks, which carry on a wholesale (as well as a retail) banking business in the United States. This similarity suggests that, in implementing the policy goals of the IBA, regulations designed for agencies and branches should be comparable to those that apply to domestic money center banks.

The IBA authorizes the Board to impose federal reserve requirements on U.S. agencies and branches of foreign banks with consolidated worldwide banking assets in excess of $1 billion. The Board may also limit the maximum interest rates that such agencies and branches may pay on time deposits to the same rates that member banks are permitted to pay. Agencies and branches are made eligible for services provided by the Federal Reserve Banks.

In July 1979, the Board proposed regulations concerning reserve requirements and limitations on deposit interest rates for agencies and branches. The period for public comment extends until November 23; final regulations, which take the public comments into account, will be published thereafter.[1] The proposed regulations were designed to facilitate monetary policy and to implement national treatment by applying to agencies and branches, insofar as possible, Regulation D governing reserve requirements for member banks and Regulation Q governing payment of interest on deposits by member banks. However, if the proposals are adopted, the existing regulations would be modified somewhat to take into account the special characteristics of agencies and branches.

The Federal Reserve Act and the Board's Regulation D require that member banks must hold reserves equal to a specified percentage of their deposits in an account at a Federal Reserve Bank or in vault cash. The Board has proposed that deposits at U.S. branches of foreign banks be classified exactly as at member banks and that the same reserve ratios apply. Insofar as agencies have liabilities that serve the same function as deposits at member banks, reserves would be required on the same basis.

Aggregation

In calculating required reserves for a member bank, deposits at all branches are aggregated, and deposits held by one branch with another are ignored. The Board proposed to follow the same procedure for calculating reservable deposits for agencies and branches. Because federal reserve requirements are graduated—that is, the average reserve ratio faced by a member bank increases as its deposits increase—a foreign bank's average reserve ratio would tend to be larger if deposits at all offices were aggregated. At least in principle, national aggregation of all deposits at agencies and branches of a particular foreign parent bank would promote competitive equality with the large domestic money center banks. However, estimates suggest that the actual effect of national aggregation of reserve requirements on individual foreign banks would be small.

National aggregation would involve some administrative complexities, including relatively extensive reporting requirements. For example, if agencies and branches were to have access locally to all Reserve Bank services, national aggregation would require a report of deposits from a foreign bank's agencies or branches in each state as well as one from the foreign bank family as a whole. Aggregation could be approached on different levels. One possible alternative to aggregation at the national level would be aggregation at the level of a single state or Federal Reserve District, which would reduce the administrative complexity somewhat.

Credit Balances

All existing agencies of foreign banks are state licensed. In general, they do not accept deposits, but they do hold credit balances, which have some deposit-like characteristics. (Agencies in California are permitted to accept deposits of foreign residents.) In the aggregate, credit balances of nonbanks at agencies total less than $1 billion. Under many state banking laws or regulations, credit balances may arise only as a by-product of other banking activities of the agency. For example, the proceeds of a credit extended or a collection made by the agency may be placed initially in a credit balance for the agency's customer, who can then draw drafts to transfer the balance to third parties. In supervising the activities of agencies, most state banking authorities strictly limit the purposes for which drafts may be drawn against credit balances.

In order both to recognize the deposit-like characteristics of credit balances and to promote competitive equality, the Board proposed to treat credit balances at agencies as deposits. This treatment would parallel the treatment of deposit balances at member banks and at Edge corporations that serve the same purposes as credit balances and have always been reservable. Some commentators on the Board's proposals have suggested that reserve requirements on credit balances would make such balances

1. On October 6, 1979, the Board announced that member banks, Edge corporations, and U.S. agencies and branches of foreign banks would be required to maintain as reserves 8 percent of the increase in their managed liabilities above base levels. This marginal reserve requirement, designed to dampen inflationary forces, does not reflect a Board determination of the issues raised by the July proposals for implementing reserve requirements under the IBA. See 44 *Federal Register* 60,071 (1979).

uneconomical and thereby create a serious competitive disadvantage for the agencies.

Advances from Foreign Parent

As discussed earlier, net advances from the foreign parent and other related banking institutions abroad are an important source of funding for the agencies and branches. Comparable borrowings by domestic member banks from their foreign branches are subject to a Eurodollar reserve requirement. To provide comparable treatment of agencies and branches, the Board proposed that net borrowings by agencies and branches from related banking institutions abroad also be subject to the Eurodollar reserve requirement. Proceeds of commercial paper sold in the United States by the foreign bank would be subject to Eurodollar reserve requirements only if and when the funds were brought back to the United States for lending or investment. Since sales of assets by an agency or branch to the foreign parent bring funds from abroad into the United States, in economic effect they are similar to Eurodollar borrowings. Therefore, the Board proposed to apply the Eurodollar reserve ratio to all such funds.

Agencies and branches of a foreign bank, as part of the same corporate entity, do not have a separate capital account from that of the foreign parent. However, some funds advanced to agencies and branches by their parents may serve the function of capital for these institutions. Since member banks are not required to hold reserves against their capital, the Board proposed that net borrowings of agencies and branches from related banking institutions abroad be exempted from reserve requirements up to 8 percent of standard banking assets.

Federal Reserve Bank Services

Under the Board's proposals, when agencies and branches become subject to reserve requirements, they would be permitted to use the services provided to member banks by the Reserve Banks. These services, which include check clearing, wire transfer of funds and securities, safekeeping of securities, and provision of coin and currency, would be provided in each Federal Reserve zone (the geographic area served by a Federal Reserve Bank or branch) in which a foreign bank operates an agency or branch and holds a reserve account. Preliminary surveys have shown that use of Reserve Bank services by agencies and branches is not likely to be substantial, at least initially.

The IBA provides access to the Federal Reserve discount window for agencies and branches when they begin holding reserves. As part of its studies on implementation of the IBA, the Board's staff reviewed possible policies governing administration of agency and branch access to the discount window. Domestic money center banks, with which agencies and branches compete most directly, are expected to use money market sources of funding before borrowing at the discount window. Thus national treatment suggests that an agency or branch should normally seek adjustment credit from its parent or from the national or international money markets before turning to the Federal Reserve for assistance. Another possible policy would require that a family of agencies and branches not reduce its funding from the foreign parent at the same time that it was using discount window credit. Another would involve coordinating the lending to agencies and branches of a single foreign bank family to ensure that the family did not use the discount window as a permanent source of funds by borrowing sequentially from several Reserve Banks.

Impact of the Regulations

The Board's proposed regulations, as well as the other new regulations discussed below, if adopted, might have a considerable impact on the business of the agencies and branches. Under the proposals, these institutions would be required to hold over $1 billion in balances at Federal Reserve Banks, a requirement that might increase their gross operating costs by more than $100 million per year at current interest rates. These estimates assume that access to Federal Reserve services would enable agencies and branches to reduce their correspondent balances at domestic banks by about 20 percent. Agencies and branches might adjust both their offering rates for funds and their loan rates to offset part of the cost of required reserves, and other operating practices might also be changed to minimize reservable liabilities. Moreover, the benefits conferred by the IBA, especially their assured status under federal law, may create new profit opportunities for the agencies and branches.

Limits on Interstate and Nonbanking Activities

At the time the IBA was under consideration, the Congress perceived the ability of foreign banks to establish domestic deposit-taking offices in more than one state as a competitive advantage because domestic banks are not permitted to establish branches outside the state in which they operate and because bank holding companies are subject to a similar limitation. Although limited interstate operations may be conducted by domestic banks through, for example, loan production offices or Edge corporations, the former may not take deposits and the domestic deposit-taking capabilities of the latter are severely limited. In contrast, before enactment of the IBA, a foreign bank could establish full-service branches wherever state law permitted.

The IBA attempted to foster competitive equity by limiting interstate expansion of domestic deposit-taking capabilities of foreign banks. To this end, a foreign bank with offices in more than one state is required to elect one of those states as its home state. The foreign bank may in the future establish agencies or branches outside the home state, but such branches must agree to accept only deposits that may be accepted by an Edge corporation. Within the home state, the foreign bank may establish additional domestic deposit-taking offices if the state permits. The IBA places no limits on the deposit-taking activities of offices that existed or had been applied for on or before July 27, 1978, nor on the lending powers of agencies or branches outside the home state.

The election of a home state by a foreign bank also affects its ability to do a banking business in the United States through subsidiary commercial banks. A foreign bank that has no subsidiary bank in the United States (and, therefore, is not a bank holding company) is precluded by the IBA from acquiring a bank outside the home state. A foreign bank that is already a bank holding company continues to be limited by the provisions of the Bank Holding Company Act that preclude the acquisition of a bank in a state other than that in which its subsidiary bank is located. A foreign bank might be further limited under the IBA if, for example, it chose as its home state a state other than that in which its subsidiary bank is located. The possibility of future bank acquisitions could be an important factor influencing a foreign bank's choice of home state, in addition to the factor of being able to establish full-service branches only in the home state.

Before enactment of the IBA, foreign banks having U.S. agencies or branches (but not owning a U.S. commercial bank) were not subject to federal restrictions on nonbanking activities in the United States, despite the longstanding U.S. policy requiring separation of banking and commerce. The IBA addressed this situation by applying to such foreign banks limitations on nonbanking activities similar to those that apply to domestic bank holding companies. The restrictions apply only to U.S. activities begun or applied for after July 26, 1978; activities engaged in on that date, including securities underwriting, were "grandfathered."

In recognition of the authority of some banks abroad to engage in a variety of nonbanking activities and the impracticality of extending U.S. rules to cover all operations of a foreign bank, the IBA, under certain circumstances, permits foreign bank holding companies and foreign banks with U.S. agencies and branches, to engage indirectly in nonbanking activities in the United States that would not generally be permissible for domestic bank holding companies. This provision was added to the IBA in order not to inhibit investment by foreign enterprises in the United States. Foreign bank holding companies and foreign banks with U.S. agencies and branches may, with the prior approval of the Board, engage in nonbanking activities that are permissible for domestic bank holding companies.

Supervision and Regulation

The IBA left primary responsibility for supervision and regulation of agencies and branches to the federal or state licensing authorities. The Federal Reserve System was given residual supervisory authority in order to ensure a national overview of the multistate activities of foreign banks. To enable it to carry out its supervisory responsibilities, the Federal Reserve may, when necessary, examine agencies and branches, New York investment companies, and subsidiary commercial banks of the foreign bank or bank holding company. Normally, the Federal Reserve would rely on examinations carried out by the state or federal authority that licensed the agency or branch.

The Federal Reserve has received statistical reports, including balance sheet information, from agencies and branches for a number of years. Data based on these reports have been included in the new Federal Reserve measures of commercial credit and bank nondeposit funds that were discussed in the September 1979 BULLETIN. A revised version of the report of condition for agencies and branches has been proposed by the Federal Financial Institutions Examination Council, which was created last year to coordinate the bank examination activities of the federal bank regulatory agencies. If the proposal is adopted, the revised report of condition would be required quarterly from agencies and branches for supervisory purposes by the federal bank regulatory agencies and would be publicly available.

EDGE CORPORATIONS

To carry out the overall congressional objective of promoting competitive balance between domestic and foreign banks in the United States, the IBA instructed the Board to revise its regulations to permit expansion of the activities of Edge corporations. These corporations are chartered by the Board to engage in international banking and financial operations and may be established in locations outside the state in which their owner operates. At present all banking Edge corporations are owned by member banks or their parent holding companies, 16 of which owned more than one Edge corporation.

4. Selected assets and liabilities of Edge corporations, 1973–79

Millions of dollars

Category	June 1973	June 1976	June 1979
Total assets	6,040	7,237	13,265
Standard banking assets	2,051	3,780	4,847
Business loans	862	1,519	1,531
Deposits of nonbanks	609	1,349	1,735
Domestic	148	216	229
Foreign	461	1,133	1,506
Number of institutions	42	58	66

While standard banking assets of Edge corporations have more than doubled over the past six years (table 4), this growth was considerably less rapid than that of agencies and branches. Business loans to domestic and foreign customers at Edge corporations totaled $1.5 billion in June 1979 and amounted to only 12 percent of total assets. Growth of deposits at Edge corporations mainly reflects foreign deposits because regulatory restrictions prevent Edge corporations from accepting domestic deposits that are unrelated to specific international transactions.

The amendments to the Edge Act made by the IBA were intended both to increase the ability of Edge corporations to finance U.S. trade and to provide domestic banks with a more effective vehicle for competing with agencies and branches in the United States. At the same time, the deposit-taking powers of U.S. branches of foreign banks formed outside the home state after July 27, 1978, were limited to those that the Board authorizes for Edge corporations. Completing the pattern of overall competitive balance, the IBA authorized ownership of Edge corporations by foreign banks. In some states in which they are barred from establishing agencies or branches, foreign banks can be expected to use Edge corporations to engage in international banking activities.

Revisions to Regulation K

In response to the mandate of the IBA, the Board made significant changes in its Regulation K. Reserve requirements on Edge corporations were revised to correspond to those of member banks, thereby eliminating the longstanding 10 percent floor on the Edge corporation reserve ratio. Other revisions were made to enhance the ability of Edge corporations to compete with agencies and branches with respect both to their domestic lending powers and to their deposit-taking authority.

Agencies and branches are permitted to extend credit without regard to the type of transaction, but domestic lending activities of Edge corporations are restricted by statute to financing international trade, a provision that has been interpreted strictly. The changes in Regulation K relaxed this interpretation in order to allow Edge corporations to finance domestic production of goods and services identifiable as being directly for export. On the liability side, Edge corporations are authorized to accept demand, time, and savings deposits from, and to issue negotiable certificates of deposit to, U.S. residents, provided that the funds are related to an international transaction. (For both loans and deposits, Edge corporations and their customers must document that each transaction is for international trade-related purposes.) The longstanding power of Edge corporations to accept deposits from foreigners was retained.

A bank has always been permitted to establish Edge corporations in more than one state. However, the proportion of its capital and surplus that a bank may invest in all of its Edge corporation subsidiaries is limited. In turn, the lending limit to a single customer for each individual Edge corporation is based on its own capital and surplus. Thus, only banks with very large amounts of capital have found multiple Edge corporations an attractive way to carry on an international banking business. By contrast, lending by agencies to individual customers is not limited, and lending limits for branches are based on the capital of their parent banks.

The Board revised Regulation K to permit, subject to prior Board approval, domestic interstate branches of Edge corporations. Competitive equality with agencies and branches should be promoted by the revised Regulation K because a branch of an Edge corporation will be able to lend to an individual customer based on the larger capital of the consolidated Edge corporation.

Federal Licensing and Deposit Insurance

The IBA provides, for the first time, for the establishment of agencies and branches that are federally licensed by the Comptroller of the Currency. A foreign bank is permitted to establish a federal agency or branch in any state in which it is not already operating a state agency or branch and in which the establishment of an agency or branch is not prohibited by state law. The Comptroller's proposed regulations would permit a foreign bank to establish U.S. offices without regard to whether the foreign bank's home country would grant equivalent access to U.S. banks; some states now require such reciprocal treatment. Therefore, federal licenses may be attractive to foreign banks from countries that do not permit branches of U.S. banks.

To protect depositors, the IBA requires a federal agency or branch to hold at a member bank deposits or investment securities equal in value to 5 percent of its liabilities. These "capital equivalency deposits" are intended to substitute for the capital required of national banks. The Comptroller also is authorized to require the federal agency or branch to hold a higher percentage of liabilities in the form of pledged assets. However, the Comptroller's proposed regulations require simply that insured federal branches comply with the asset-pledge requirements of the Federal Deposit Insurance Corporation, discussed later. If the Comptroller's asset pledge requirements are less burdensome than those of some states, foreign banks operating in such states might seek federal rather than state licenses.

The IBA provides for FDIC insurance for all domestic deposits in a U.S. branch of a foreign bank that accepts deposits of less than $100,000. Insurance for branches taking retail deposits is generally compulsory, although state-licensed branches are subject to the insurance requirement only if they are located in a state that requires state banks to have FDIC insurance. The FDIC is authorized to exempt a branch from the insurance requirement if it determines that the branch is not engaged in domestic retail deposit activities. In the past only a few branches have attempted to conduct a retail deposit business. If other branches have not done so because of the unavailability of FDIC insurance, some retail expansion by branches in home states of foreign banks might be expected. Moreover, because of a provision of California law requiring FDIC insurance for any institution accepting domestic deposits, foreign banks, for the first time, will be able to have offices in California that accept domestic wholesale or retail deposits.

As a condition of insurance, any insured branch must pledge assets to the FDIC equal to 10 percent of total liabilities; an asset pledge of up to 5 percent to the state authorities or to the Comptroller of the Currency may be deducted from the FDIC pledge. This asset pledge may serve to protect the deposit insurance fund against any country risk that might be inherent in the operations of a foreign bank and also against the risk of insuring a branch of a foreign bank not subject to the same supervisory controls as a domestic bank.

Conclusion

Growth in the U.S. activities of foreign banks over the past six years has been extremely rapid. While future growth may not continue at the same rapid rate, the U.S. activities of foreign banks can be expected to continue to increase. The form in which future growth takes place will, however, be influenced by the new legislative and regulatory environment. As discussed earlier, foreign banks may be expected to make use of the IBA's provisions for foreign bank ownership of Edge corporations, for federal licensing of agencies and branches, and, in some cases, federal deposit insurance.

Implementation of the IBA's goal of national treatment is intended to place all institutions engaged in multinational banking in the United States on a more equal footing. In furthering the principle of competitive equality between domestic and foreign banking institutions in the United States, the IBA not only provided for the imposition of federal reserve requirements on agencies and branches, the impact of which has been discussed earlier, but also placed restrictions on the multistate activities of foreign banks. As a result, the IBA appears to have reduced competitive advantages that may have contributed to the rapid rate of growth of the U.S. activities of foreign banks. But other factors, including the multinational character of these institutions and the expansion of U.S. trade with foreign countries, have also contributed to this rapid growth. Thus it seems likely that agencies and branches will continue to be an important presence in U.S. banking markets, contributing skills that serve the needs of business, international trade, and the consumer. This presence has increased competition in the market for banking services in the United States, thereby contributing to greater efficiency in this market.

To promote competitive equality between foreign and domestic banking institutions in the United States, the Congress chose, in enacting the IBA, to place restrictions on U.S. activities of foreign banks similar to those on domestic banking institutions. However, the IBA also required the President to submit a report to the Congress re-evaluating the statutory limitations on interstate operations of domestic banks in the context of the present financial, banking, and economic environment. This provision of the IBA suggests a congressional recognition that there may be merit in a less restrictive banking environment. Thus the IBA may point toward evolution of the industry structure in the direction of greater competitive freedom for all banking institutions in the United States. □

Changes in Bank Lending Practices, 1977-79

This article was prepared by Thomas F. Brady of the Board's Division of Research and Statistics.[1]

Banks have generally tightened their terms of credit through the first eight months of 1979, continuing a policy that began in early 1978. However, the evidence of increasing restriction has been less pronounced this year than it was in late 1978, according to responses to the Senior Loan Officer Opinion Survey on Bank Lending Practices (LPS).

The Federal Reserve has conducted a quarterly survey of changes in lending practices at selected commercial banks since 1964.[2] These surveys provide qualitative information on changes in current and anticipated business loan demand, various nonrate elements of business loan pricing, and willingness to extend business loans and other types of credit including mortgages and consumer installment loans. The results of the LPS, which is conducted in February, May, August, and November of each year, have appeared regularly in the FEDERAL RESERVE BULLETIN. The most recent article discussed the surveys taken in 1976.[3] This article analyzes the 11 surveys from February 1977 to August 1979.[4]

To aid interpretation of the results, references are made to the Survey of Terms of Bank Lending (STBL). The STBL gathers information on the volume of short-term (under one year) and long-term (one year and over) business loans acquired during one week each quarter, the interest rates charged on them, and other characteristics such as maturity and whether rates paid are fixed or floating. The survey periods are the first full weeks of February, May, August, and November, and thus correspond closely to the dates of the LPS. Respondents to the STBL include 48 large commercial banks, of which all but one also respond to the Lending Practices Survey, and a stratified sample of other banks from which estimates for all commercial banks are derived.[5] Generally, the information from the STBL corroborates the responses given to the LPS, suggesting that conclusions drawn from the latter are frequently valid for the entire banking system.[6] Because the commercial banking system includes banks of many different types and classes, however, loan demand and lending policies may differ considerably within that system. For example, table 1 illustrates the often quite different rates of growth of business loans of large banks and of smaller banks over successive stages of the business cycle.[7]

During 1976 large weekly reporting banks were as liquid as they had been at any time

1. Research assistance for the article was provided by Mary McLaughlin.

2. Respondents to the current survey include 121 banks. As of September 1978, almost two-thirds of respondents had assets between \$1 billion and \$5 billion; 19 percent had assets of less than \$1 billion and 16½ percent had more than \$5 billion. The current survey was preceded by the Survey of Changes in Bank Lending Practices, which had the same respondents but a somewhat different format.

3. FEDERAL RESERVE BULLETIN, April 1977, pp. 341-46.

4. A statistical summary of these surveys appears in the Appendix Tables of this article.

5. The STBL, which is available beginning in February 1977, also includes information on construction and land development loans and loans to farmers. A summary of the most recent results of the STBL appears monthly in the BULLETIN, p. A26.

6. The majority of banks answering any particular LPS question generally respond no change in the most recent three months; consequently it is necessary to focus on the responses of those banks that have experienced change in order to determine in which directions banks, on balance, appear to have moved.

7. Large commercial banks are weekly reporting banks with domestic assets on December 31, 1977, of \$750 million or more.

1. Growth of business loans at commercial banks, 1975–79

Seasonally adjusted annual rate

Year and quarter	All commercial banks	Large banks[1]	Other banks[2]
1975			
Q1	4.2	8.1	2.4
Q2	9.8	13.3	4.0
Q3	3.3	10.5	8.0
Q4	1.9	4.4	11.4
1976			
Q1	3.6	7.1	1.1
Q2	4.8	9.5	1.9
Q3	3.7	.9	10.0
Q4	9.8	7.4	12.9
1977			
Q1	9.9	5.5	15.7
Q2	6.9	7.0	6.8
Q3	10.3	5.6	16.2
Q4	13.5	8.7	19.4
1978			
Q1	18.0	15.1	21.1
Q2	16.7	20.0	12.5
Q3	12.6	8.2	18.3
Q4	14.1	4.6	25.5
1979			
Q1	20.4	14.8	26.7
Q2	17.0	26.2	7.1
Q3[e]	20.3	24.0	16.1

1. Weekly reporting banks with domestic assets, as of December 31, 1977, of $750 million or more.

2. Defined as domestically chartered banks with assets of less than $750 million plus foreign related banking institutions in the United States.

e Estimated.

since late 1972 (table 2). Over the course of the year, respondents to the LPS revealed a generally increased willingness to extend business and other loans. However, demand for business loans in 1976 was lackluster and, for respondents to the LPS, it consistently fell short of expectations. With a weak demand for credit and an accommodative monetary policy, large banks noticeably increased their liquidity and reduced their dependence on borrowed funds over the year.

Growth of business loans began to pick up toward the end of 1976, and an increasing minority of bank loan officers indicated that they were beginning to see a turnaround in loan demand. Strengthening business loan demand had become much more evident by the first survey of 1977, and with a single exception, the number of LPS respondent banks reporting stronger business loan demand exceeded the generally very low number reporting weaker demand in each of the 11 surveys examined in this article.

Respondent banks initially did not attempt to resist strengthening loan demand but continued on balance to ease terms of credit and other loan policies, as they had been doing since mid-1975. They altered this attitude early in 1978, and began on balance to report less willingness to lend. This shift coincided with a growing reliance on more expensive borrowed funds, particularly after mid-1978. The pace of this movement toward restriction, as gauged by the margin of the number of banks reporting credit tightening over those that reported easing, became particularly noticeable in late 1978. Additional restriction reported in the first three quarters of 1979 has been relatively mild.

2. Selected balance-sheet ratios at large commercial banks, 1973–79

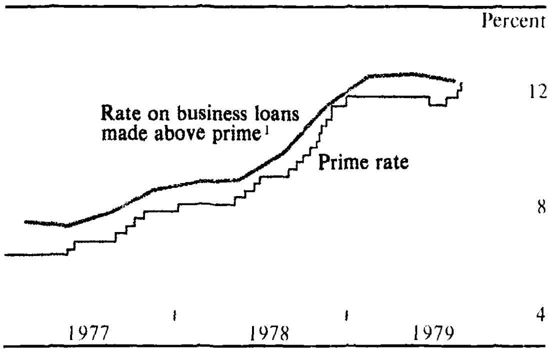
Period	Ratio	
	Borrowing to selected assets[1]	Liquid assets to liabilities[2]
1973 – Dec.	32.7[e]	11.0
1974 – Dec.	36.5[e]	9.7
1975 – Dec.	33.2	13.0
1976 – Dec.	29.7	14.1
1977		
Q1	28.3	13.2
Q2	28.4	13.5
Q3	29.5	13.5
Q4	31.4	14.0
1978		
Q1	32.3	12.1
Q2	32.7	11.4
Q3	33.0	10.5
Q4	35.5	10.5
1979		
Q1	36.8	12.2
Q2	37.7	12.3
August ...	38.9	11.7

1. Monthly averages of Wednesday figures. The numerator includes all CDs of $100,000 or more, net federal funds purchased and security repurchase agreements, gross liabilities to own foreign branches, and all other liabilities for borrowed money other than Treasury tax and loan accounts and borrowings from Federal Reserve Banks; the denominator includes all assets less federal funds sold and cash items in process of collection.

2. Monthly averages of Wednesday figures. Liquid assets include Treasury and other securities maturing in one year or less, loans to brokers and dealers and domestic commercial banks, holdings of bankers acceptances, and gross sales of federal funds. Liabilities are total liabilities less capital accounts, valuation reserves, and demand deposits due to banks.

e Estimated.

1. Selected measures of the cost of credit



1. Weighted average interest rate on short-term commercial and industrial loans made above prime rate

2. Converted from a discount rate basis to a nominal annual yield.

The nominal cost of credit rose over the period as the Federal Reserve operated to restrain the growth of monetary aggregates and to resist inflationary pressures. From the first quarter of 1977 through the last quarter of 1978, the prime rate rose 5½ percentage points, in a series of 22 moves, to 11¾ percent. It then stabilized and declined 1/4 percentage point toward mid-1979 before returning to 11¾ percent shortly before the last survey discussed in this article. (See chart 1.)

1977 Q1 to 1978 Q1: A Move Toward Accommodation

The demand for short-term business credit generally was strong in the first quarter of 1977. Corporate demands for external funds increased during this period owing to a stepup in the pace of investment in plant and equipment; at the same time corporations reduced their efforts to lengthen average debt maturities, which earlier had held down the demand for short-term credit. More than one-fourth of the loan officers responding to the LPS of February 1977 reported that business loan demand had strengthened from three months earlier, and a clear majority expected loan demand to strengthen in the three months following the survey date.

Even as credit demand strengthened in early 1977, many banks continued to pursue policies encouraging further loan growth. A fifth of respondents reported that terms relating to compensating balances had been eased in the three months ending in mid-February, and well over one-third reported greater willingness to make business term loans. A substantial minority of reporters also had become more willing to make consumer installment and single-family mortgage loans, while only a very few banks had become less inclined to extend any category of credit.

STBL data for February 1977 indicate that banks granted no particular interest rate concessions on business loans even though the prime rate, which remained at the cyclical low it had reached several months earlier, was high relative to the costs of alternative sources of short-term credit such as commercial paper. The weighted-average interest rate on short-term business loans made above the prevailing prime rate was high relative to the prime rate at 48 large banks and other banks (see table 3A).[8]

Short-term interest rates began to rise in May 1977 as the Federal Reserve reacted to strong growth in M-1 and as the demand for business credit strengthened owing to rising capital expenditures, especially on inventories. The prevailing prime rate rose 1/4 percentage point immediately before the May LPS survey. The upward movement in the cost of credit was slowed somewhat both at large banks and at other STBL reporters as the weighted-average interest rate on short-term loans made above the prime declined relative to the prime.

The decline in the percentage of short-term business loans made below prime in May (table 3B) is likely to have been related to the increased level of short-term interest rates relative to the prime rate since February, rather than to tighter lending policies. The bulk of below-prime lending appears to be the result of pricing techniques introduced by large commercial banks to meet competition from the commercial paper market, finance companies, and branches

8. Loans made below the prime rate are excluded from this calculation to avoid distortions arising from changes in loan pricing practices resulting from increased competition from branches and agencies of foreign banks and others. These changes are discussed later in this article.

3. Selected terms of commercial and industrial loans

Percent unless noted otherwise.

Maturity by type of bank	1977 Feb.	1977 May	1977 Aug.	1977 Nov.	1978 Feb.	1978 May	1978 Aug.	1978 Nov.	1979 Feb.	1979 May	1979 Aug.
	A. Weighted-average interest rate on loans made above prime less the prime rate[1]										
Short term[2]											
48 large banks	.64	.59	.58	.56	.56	.60	.62	.86	.68	.70	.98
Other banks	1.62	1.43	1.27	.95	.96	1.01	.94	.97	.81	.86	1.31
	B. Loans made below prime										
Short term											
48 large banks	8.0	4.3	13.6	10.9	15.4	12.9	16.1	14.3	34.2	39.8	37.5
	C. Loans made on a fixed-rate basis										
Short term											
48 large banks	33.5	36.3	38.4	28.5	39.9	33.6	39.0	33.6	36.5	42.6	39.4
Other banks	72.2	66.5	54.0	57.2	54.8	56.4	59.1	36.4	59.5	63.1	60.6
Long term											
48 large banks	25.4	33.1	18.7	31.0	35.9	57.9	18.4	30.2	23.5	23.6	22.7
Other banks	74.4	77.7	60.8	59.8	62.1	59.8	50.2	47.8	52.5	70.6	69.9
	D. Loans made under commitment										
Short term											
48 large banks	54.2	57.3	49.1	53.6	47.0	51.8	55.0	58.7	54.7	53.1	45.3
Other banks	43.0	48.4	40.6	38.1	38.0	36.7	32.6	27.0	40.5	40.8	46.7
Long term											
48 large banks	64.0	86.0	78.9	62.4	63.7	52.8	75.5	80.4	71.6	74.9	83.7
Other banks	29.8	25.7	39.6	34.8	51.0	37.2	29.5	40.6	39.9	34.6	26.4
	E. Weighted average maturity (months)										
Short term											
48 large banks	3.4	2.7	3.2	3.6	3.3	2.8	2.9	3.3	3.0	2.7	2.3
Other banks	3.5	3.1	2.9	3.2	3.0	2.7	3.1	2.9	3.3	3.1	3.1
Long term											
48 large banks	42.4	47.1	54.9	50.5	44.3	53.7	45.7	43.8	44.5	46.3	37.9
Other banks	40.8	21.7	63.7	38.6	39.8	42.8	44.4	42.5	50.7	49.4	46.8

1. Interest rates, expressed as simple annual rates, are weighted by the dollar volume of loans.
2. Loans with an original term to maturity of less than one year.

and agencies of foreign banks. The last have emerged as aggressive and increasingly important suppliers of short-term credit in recent years.[9] To counter the inroads that these competitors have made, many money center banks have begun, for certain high-quality customers, to link the price of very large loans (above $1 million) to money market rates such as the commercial paper rate. Moreover, some large banks have introduced a facility to provide very short-term credit (usually no more than 10 days) to customers preparing to issue commercial paper; the cost of this credit is keyed to the federal funds rate.[10]

By mid-May the proportion of banks reporting stronger loan demand had risen to more than one-half, about in line with expectations reported three months earlier, while evidence of weakening had virtually disappeared. Respondent banks once again appeared to welcome the strengthening loan demand. Very few reported

9. The growth of business loans at branches and agencies of foreign banks has accelerated in recent years, growing in 1977, 1978, and 1979 (for the 12 months ending in August) at rates of 14 percent, 53½ percent, and 50½ percent respectively.

10. Generally, well over 90 percent of below-prime loans are made at rates above the commercial paper rate or the federal funds rate. The small volume of loans made below these market rates appears to reflect a restructuring of the terms of outstanding loans.

Loans made below the prevailing prime at other than 48 large banks are not analyzed because many smaller banks are believed to operate with prime rates that may differ substantially from the prevailing prime rate at larger banks.

any moves toward restriction and many established more liberal credit policies, such as easier conditions regarding the maturity of term loans. Despite the greater willingness of LPS banks to extend maturities, the average maturity of short-term loans at 48 large banks and other banks declined between February and May (table 3E), suggesting that borrowers may have viewed increases in interest rates at that time as likely to be reversed.

In each of the last two surveys of 1977 the number of respondents reporting strengthening loan demand, although still substantial, declined. This initial evidence that the robustness of loan demand might be starting to slacken was accompanied by a continued, but less pronounced, move toward general ease. For example, there was a narrowing in the margins by which the number of banks reporting greater willingness to make term business loans, and easier credit policies exceeded the number reporting greater restriction. Moreover, for the first time since 1974, the number of banks reporting that they had taken a firmer position when reviewing credit applications from new and nonlocal customers exceeded the number reporting ease.

The cumulative effect of easing continued to be reflected in developments in the cost of bank credit in the second half of 1977. Even as increases in the prime rate lagged behind the rapidly rising commercial paper rate, the weighted-average interest rate on short-term business loans made above the prime rate tended to decline further relative to the prime.[11] (See chart 1 and table 3A.)

Large banks apparently felt some liquidity pressures during 1977, although their position as the year ended was about unchanged from 12 months earlier. Reliance on borrowed funds did increase, however, particularly during the second half, as inflows to savings and small time deposits slowed. Perhaps reflecting in part these balance-sheet changes, which continued into 1978, and in part a further strengthening of loan demand, respondents' replies to LPS questions about changes in their lending practices were somewhat mixed in the February 1978 survey. As in the previous survey, more banks had eased compensating balance requirements than had tightened them, and more banks showed a greater willingness to make certain types of loans—commercial and industrial loans with maturities of one to five years, installment loans to individuals, and participation loans with correspondents—than reported less willingness. For longer-term commercial and industrial loans and other credit categories, however, the number of banks that had become less willing to extend credit now equaled or exceeded the number that had become more willing.

Effective in February 1978, the format of the Lending Practices Survey was altered. The new reporting form asks banks to indicate changes in the standards of creditworthiness that are applied to borrowers to determine their qualification for the prime rate and for a given spread above the prime rate.[12] On balance, these standards had not been changed in the three months ending in mid-February 1978, as the number of banks reporting more stringent standards about matched the number reporting easier standards. Consistent with this report, the weighted-average interest rate on short-term loans made above the prime rate rose as much as the prime rate, which was increased 1/4 percentage point during the survey period, approximately in line with changes in the 90-day commercial paper rate.

Increases in short-term interest rates in late 1977 and early 1978 were quite mild—reflecting in part slower growth in M-1 in late 1977 and further moderation in early 1978—and expectations of continued rate stability in the near term

11. The prime rate typically moves sluggishly relative to nonadministered rates. In part, this relationship reflects the use by some large banks of average market rates over recent weeks to help determine appropriate levels for the prime rate.

12. These items replace the question from the earlier format asking banks to describe changes in terms and conditions with respect to interest rates charged. Generally, the responses had mirrored developments in the prime rate and thus failed to provide additional information on banks' interest rate policies.

may explain the greater willingness on balance to make short-term loans at fixed rates in the February 1978 survey. At the same time the number of LPS respondents that were less willing to make long-term loans at fixed rates exceeded the number that were more willing. The proportion of short-term loans made at fixed rates at 48 large banks was sharply higher in February than three months earlier; however, the proportion of long-term loans made at fixed rates also increased somewhat (table 3C).

1978 Q2 TO 1979 Q3: INCREASING RESTRICTIONS

The general move toward ease came to a halt in the three months ending May 1978. By this time banks had been reporting a general easing of credit policies for 14 consecutive quarters, and the cumulative effect of this easing on bank lending behavior is suggested by the response of 48 large banks to the burgeoning loan demand that developed in the February–May period. Strengthening was reported by more than three-fourths of LPS respondents, including many who had anticipated in mid-February that loan demand would remain unchanged. Some of this demand appears to have been directed toward the long end of the market as growth in term loans was rapid at large commercial banks in this period. This demand likely reflected a surge in expenditures on plant and equipment during the second quarter. Moreover, with short-term rates moving up sharply just before the survey, demand was likely due as well to attempts by borrowers to secure fixed-rate, long-term credit at what they expected to be relatively low rates. The accommodative stance of 48 large banks allowed borrowers to extend significantly the maturity of their long-term loans (last panel, table 3E) while securing about 58 percent of them (more than in any other survey being examined) at fixed rates (table 3C).

The very strength of loan demand, combined with a sharp decline in bank liquidity and a further increase in reliance on borrowed funds, apparently contributed to the clear shift toward less accommodation that emerged in the survey for mid-May. For example, of the one-third of LPS respondents reporting that their banks had become less willing to make fixed-rate, long-term loans by mid-May, more than 90 percent had experienced a strengthening of loan demand in that period.

Other evidence of tightening was abundant. The number of banks reporting firmer compensating-balance requirements clearly exceeded the number that reported easing, a reversal from the previous survey, and a reduced willingness to extend most types of credit was apparent. Moreover, the balance between banks easing and those firming credit standards shifted clearly toward the latter, with respect to qualifying both for the prime rate and for a given spread above prime. Consistent with these developments, the weighted-average rates on loans made above the prime rate rose relative to the prime both at 48 large banks and at other banks between February and May.

Banks continued to tighten credit policies on balance over the three months ending in August 1978, as the perceived demand for commercial and industrial loans continued to strengthen. Almost a quarter of LPS respondent banks reported tightening standards to qualify for a given spread above the prime rate, which moved up 3/4 percentage point during this period, and the number of banks that tightened standards to qualify for the prime exceeded the number reporting ease. These reported shifts in policies were not clearly reflected in interest rate developments, however, for the average rate charged at large banks on loans made above the prime rate was about unchanged, while at other banks it declined. As in the previous survey, respondent banks as a group continued to report a tightening of compensating-balance requirements, and the evidence of growing unwillingness to make business and most other types of loans became somewhat more pronounced.

Perceived loan demand continued to strengthen on balance in the three months ending November 1978, and in the course of the year more than 90 percent of respondents had reported strengthened business loan demand at least once. Moreover, at large weekly reporting banks, liquidity positions deteriorated further over the year, and reliance on borrowed funds approached the previous cyclical peak. Probably in response to these developments, reports of tightening credit policies rose dramatically in the November survey, reaching the high point in the period being discussed. The criteria used to review credit requests from established and local area customers were tightened on balance—for the first time in the expansion—and the proportion of banks that tightened compensating-balance policies rose to more than one-fourth while the number that reported easing was very small. Moreover, about one-third of banks had now become less willing to make most categories of loans, with the proportions somewhat lower only for consumer installment loans and participation loans. For only a few loan categories did even a small number of respondents report easing.

As this restriction developed in the period from mid-August to mid-November, the prime rate rose seven times, by a total of 1¾ percentage points. An even more rapid rise in the commercial paper rate narrowed and then virtually eliminated the spread between it and the prime rate. Perhaps in part due to this unusually large decline in the relative cost of bank credit, one-fourth of respondent banks reported tightening standards to qualify for the prime rate and a third reported tightening them for a given spread over prime. Consistent with these reports, the weighted-average nominal interest rate charged on short-term loans made above the prime rate rose sharply relative to the prime from August to November at 48 large banks.[13]

Greater restriction was also apparent in policies regarding fixed-rate term loans. Well over a third of respondents to the November 1978 survey had become less willing to make short-term loans of this type; for long-term loans the proportion was even greater. These shifts—similar to those reported in the previous two surveys—may have reflected concern that rates would continue to rise in the near term and that further increases in long-term rates had become more likely. These developments are not fully reflected in the actual shares of fixed-rate loans made in November (table 3C).

Within six weeks of the November 1978 LPS the prime rate had risen a full percentage point, to 11¾ percent. The commercial paper rate and other short-term market rates then generally declined over most of the remainder of the period discussed in this article. In sympathy with this abatement in the upward pressures on interest rates, the proportion of respondent banks reporting a lesser willingness to extend most types of credit in the three Lending Practice Surveys of 1979 declined somewhat, from about 20 to 30 percent in the November 1978 survey to a range of 15 to 20 percent; however, the proportion reporting a greater willingness to lend continued to be very low in 1979.

A good part of the variation in other credit policies of respondent banks in 1979 appears to have been in connection with relative interest rate movements. From late 1978 through mid-1979, significant downward pressure developed in short-term credit markets, reflecting in part a reversal of earlier outflows of private capital from the United States as prospects for the dollar on exchange markets improved. Although short-term market rates declined steadily during this period, the prevailing prime rate was unchanged from late December through mid-June, and the spread between the prime and the 90-day commercial paper rate became substantially wider than at any time since early 1977. Probably in part due to some consequent rechanneling or rescheduling of credit flows, perceived strengthening of loan demand ceased abruptly in mid-February 1979, as the proportion of banks reporting easier loan demand—about one-fifth—actually exceeded the number reporting stronger demand, for the first time since 1976.[14] Many respondents apparently viewed this weakness as temporary; more than a fourth expected loan demand to strengthen over the

13. The proportion of short-term loans made below the prime rate also declined from August to November, although this may have been largely due to the rise in market rates relative to the prime over this period.

14. As table 1 reports, however, loans at all commercial banks continued to grow substantially over the first quarter of 1979.

subsequent three months, while only about a tenth looked for weakening.

With the prime rate relatively high, there was some tendency, particularly among very large respondents, to ease compensating-balance requirements in the three months ending in mid-February 1979. In addition, the average rate charged on short-term loans made above prime fell relative to the prime rate at the 48 large STBL reporters as well as at other banks. Also, there was a sharp increase in the proportion of short-term loans made below prime at the 48 large banks.

Perceived loan demand rebounded sharply in the May 1979 LPS survey. More than 50 percent of banks reported stronger demand, well above the proportion that had expected stronger loan growth three months earlier. This strengthening developed in the context of generally strong demand for short- and intermediate-term business credit in the second quarter, associated with the need to finance a sharp increase in business inventories.

Loan demand strengthened despite a continuation of the unusually large spread between the prime rate and commercial paper rates. The significance of this spread to borrowers apparently again was mitigated by some—mostly large—banks that reported easing policies regarding compensating balances. Moreover, although the number of banks that reported tightening standards to qualify for the prime rate and for a spread above the prime rate exceeded the number reporting an easing—as in the previous survey—the average rate on short-term loans made above the prime rate at the 48 large STBL reporters nevertheless was about unchanged relative to the prime.

The spread between the prime rate and the commercial paper rate narrowed substantially during the three months ending with the August LPS survey, in part due to a decline of 1/4 percentage point in the prime rate in mid-July and in part due to a sharp rise in market rates that began in late July. The spread continued to narrow even after the decline in the prime rate was reversed in late July.

The demand for short-term credit also continued to increase during this period, in part reflecting a further buildup in business inventories, and more than 40 percent of LPS respondents reported a strengthening in business loan demand in the three months ending in mid-August. As in the survey three months earlier, only a handful of banks reported that demand had eased.

As in the previous two surveys, the number of banks reporting more stringent criteria to qualify for the prime rate exceeded the number that had eased standards of creditworthiness. Consistent with this attitude, and with the strong upward pressure being exerted on the prime rate by rapidly rising short-term rates, the weighted-average interest rate on business loans made above prime rose sharply relative to the prime at both groups of STBL reporters.[15] Also, the evidence in the two previous LPSs that banks were easing compensating-balance requirements had disappeared by August.

The proportion of short-term loans made below the prime rate in August remained at about the sharply increased level reached earlier in the year. The continued high proportion of loans made below prime, even after short-term market rates returned to a more typical alignment with the prime rate, suggests that large banks continued to respond to substantial competition in the market to supply the credit needs of very large borrowers. □

15. The prevailing prime rate was increased 1/4 percentage point to 12 percent on August 16.

Appendix Tables[16]

A1. Changes in bank lending practices, selected large U.S. banks
Policy on February 15, 1977, compared with policy three months earlier

Number of banks; figures in parentheses indicate percentage distribution of total banks reporting

Item	Total		Much stronger		Moderately stronger		Essentially unchanged		Moderately weaker		Much weaker	
Strength of demand for commercial and industrial loans[1]												
Compared with three months earlier	121	(100.0)	0	(.0)	33	(27.3)	81	(66.9)	7	(5.8)	0	(.0)
Anticipated in next three months	121	(100.0)	1	(.8)	67	(55.4)	52	(43.0)	1	(.8)	0	(.0)
	Total		Much firmer policy		Moderately firmer policy		Essentially unchanged		Moderately easier policy		Much easier policy	
Loans to nonfinancial businesses												
Terms and conditions:												
Interest rates charged	121	(100.0)	1	(.8)	3	(2.5)	85	(70.3)	32	(26.4)	0	(.0)
Compensating or supporting balances	121	(100.0)	0	(.0)	2	(1.7)	95	(78.5)	24	(19.8)	0	(.0)
Standards of creditworthiness	121	(100.0)	0	(.0)	3	(2.5)	118	(97.5)	0	(.0)	0	(.0)
Maturity of term loans	121	(100.0)	0	(.0)	1	(.8)	91	(75.2)	29	(24.0)	0	(.0)
Practice concerning review of credit lines or loan applications:												
Established customers	121	(100.0)	0	(.0)	1	(.8)	110	(90.9)	10	(8.3)	0	(.0)
New customers	121	(100.0)	0	(.0)	3	(2.5)	109	(90.1)	9	(7.4)	0	(.0)
Local service area customers	121	(100.0)	1	(.8)	0	(.0)	112	(92.6)	8	(6.6)	0	(.0)
Nonlocal service area customers	121	(100.0)	1	(.8)	2	(1.7)	107	(88.4)	11	(9.1)	0	(.0)
Factors relating to applicant:[2]												
Value as depositor or source of collateral business	121	(100.0)	2	(1.7)	8	(6.6)	98	(81.0)	12	(9.9)	1	(.8)
Intended use of the loan	121	(100.0)	1	(.8)	1	(.8)	115	(95.1)	4	(3.3)	0	(.0)
Loans to independent finance companies[3]												
Terms and conditions												
Interest rates charged	121	(100.0)	1	(.8)	0	(.0)	106	(87.6)	14	(11.6)	0	(.0)
Compensating or supporting balances	121	(100.0)	1	(.8)	1	(.8)	112	(92.6)	7	(5.8)	0	(.0)
Enforcement of balance requirements	121	(100.0)	1	(.8)	3	(2.5)	112	(92.6)	5	(4.1)	0	(.0)
Establishing new or larger credit lines	121	(100.0)	2	(1.7)	4	(3.3)	103	(85.1)	12	(9.9)	0	(.0)
	Total		Considerably less willing		Moderately less willing		Essentially unchanged		Moderately more willing		Considerably more willing	
Willingness to make other types of loans												
Term loans to businesses	121	(100.0)	1	(.8)	0	(.0)	76	(62.8)	42	(34.7)	2	(1.7)
Consumer installment loans	120	(100.0)	0	(.0)	0	(.0)	91	(75.8)	26	(21.7)	3	(2.5)
Single-family mortgage loans	120	(100.0)	1	(.8)	1	(.8)	91	(75.9)	26	(21.7)	1	(.8)
Multifamily mortgage loans	118	(100.0)	3	(2.5)	2	(1.7)	105	(89.0)	8	(6.8)	0	(.0)
All other mortgage loans	120	(100.0)	3	(2.5)	1	(.8)	101	(84.2)	15	(12.5)	0	(.0)
Participation loans with correspondent banks	121	(100.0)	0	(.0)	1	(.8)	99	(81.9)	20	(16.5)	1	(.8)
Loans to brokers	121	(100.0)	1	(.8)	1	(.8)	105	(86.8)	11	(9.1)	3	(2.5)

1. After allowance for bank's usual seasonal variation.
2. For these factors, firmer means the factors were considered to be more important in making decisions for approving credit requests, and easier means they were considered to be less important.
3. Independent, or noncaptive, finance companies are finance companies other than those organized by a parent company mainly for the purpose of financing dealer inventory and carrying installment loans generated through the sale of the parent company's products.

16. Data in these tables are available on request, approximately four weeks after the survey date, from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

A2. Changes in bank lending practices, selected large U.S. banks
Policy on May 15, 1977, compared with policy three months earlier

Number of banks; figures in parentheses indicate percentage distribution of total banks reporting

Item	Total		Much stronger		Moderately stronger		Essentially unchanged		Moderately weaker		Much weaker	
Strength of demand for commercial and industrial loans[1]												
Compared with three months earlier	121	(100.0)	1	(.8)	61	(50.4)	57	(47.1)	2	(1.7)	0	(.0)
Anticipated in next three months	120	(100.0)	1	(.8)	81	(67.5)	36	(30.0)	2	(1.7)	0	(.0)
	Total		Much firmer policy		Moderately firmer policy		Essentially unchanged		Moderately easier policy		Much easier policy	
Loans to nonfinancial businesses												
Terms and conditions:												
Interest rates charged	121	(100.0)	0	(.0)	25	(20.7)	77	(63.6)	19	(15.7)	0	(.0)
Compensating or supporting balances	121	(100.0)	0	(.0)	3	(2.5)	99	(81.8)	18	(14.9)	1	(.8)
Standards of creditworthiness	121	(100.0)	0	(.0)	3	(2.5)	115	(95.0)	3	(2.5)	0	(.0)
Maturity of term loans	121	(100.0)	0	(.0)	2	(1.7)	96	(79.3)	20	(16.5)	3	(2.5)
Practice concerning review of credit lines or loan applications:												
Established customers	121	(100.0)	0	(.0)	0	(.0)	110	(90.9)	10	(8.3)	1	(.8)
New customers	121	(100.0)	1	(.8)	3	(2.5)	105	(86.8)	11	(9.1)	1	(.8)
Local service area customers	121	(100.0)	0	(.0)	0	(.0)	113	(93.4)	7	(5.8)	1	(.8)
Nonlocal service area customers	121	(100.0)	1	(.8)	5	(4.1)	108	(89.3)	6	(5.0)	1	(.8)
Factors relating to applicant[2]												
Value as depositor or source of collateral business	121	(100.0)	1	(.8)	9	(7.4)	106	(87.7)	4	(3.3)	1	(.8)
Intended use of the loan	121	(100.0)	2	(1.7)	2	(1.7)	116	(95.8)	1	(.8)	0	(.0)
Loans to independent finance companies[3]												
Terms and conditions												
Interest rates charged	121	(100.0)	1	(.8)	9	(7.4)	108	(89.3)	3	(2.5)	0	(.0)
Compensating or supporting balances	121	(100.0)	1	(.8)	0	(.0)	115	(95.1)	5	(4.1)	0	(.0)
Enforcement of balance requirements	121	(100.0)	1	(.8)	2	(1.7)	116	(95.8)	2	(1.7)	0	(.0)
Establishing new or larger credit lines	121	(100.0)	1	(.8)	3	(2.5)	104	(86.0)	13	(10.7)	0	(.0)
	Total		Considerably less willing		Moderately less willing		Essentially unchanged		Moderately more willing		Considerably more willing	
Willingness to make other types of loans												
Term loans to businesses	121	(100.0)	0	(.0)	2	(1.7)	81	(66.9)	35	(28.9)	3	(2.5)
Consumer installment loans	120	(100.0)	0	(.0)	1	(.8)	88	(73.4)	28	(23.3)	3	(2.5)
Single-family mortgage loans	120	(100.0)	0	(.0)	2	(1.7)	89	(74.1)	23	(19.2)	6	(5.0)
Multifamily mortgage loans	119	(100.0)	0	(.0)	3	(2.5)	111	(93.3)	5	(4.2)	0	(.0)
All other mortgage loans	120	(100.0)	0	(.0)	2	(1.7)	104	(86.6)	14	(11.7)	0	(.0)
Participation loans with correspondent banks	121	(100.0)	1	(.8)	0	(.0)	103	(85.2)	17	(14.0)	0	(.0)
Loans to brokers	121	(100.0)	1	(.8)	4	(3.3)	96	(79.4)	17	(14.0)	3	(2.5)

1. After allowance for bank's usual seasonal variation.
2. For these factors, firmer means the factors were considered to be more important in making decisions for approving credit requests, and easier means they were considered to be less important.
3. Independent, or noncaptive, finance companies are finance companies other than those organized by a parent company mainly for the purpose of financing dealer inventory and carrying installment loans generated through the sale of the parent company's products.

A3. Changes in bank lending practices, selected large U.S. banks
Policy on August 15, 1977, compared with policy three months earlier

Number of banks; figures in parentheses indicate percentage distribution of total banks reporting

Item	Total		Much stronger		Moderately stronger		Essentially unchanged		Moderately weaker		Much weaker	
Strength of demand for commercial and industrial loans[1]												
Compared with three months earlier	121	(100.0)	1	(.8)	54	(44.6)	59	(48.8)	7	(5.8)	0	(.0)
Anticipated in next three months	121	(100.0)	1	(.8)	66	(54.5)	54	(44.7)	0	(.0)	0	(.0)
	Total		Much firmer policy		Moderately firmer policy		Essentially unchanged		Moderately easier policy		Much easier policy	
Loans to nonfinancial businesses												
Terms and conditions:												
Interest rates charged	121	(100.0)	1	(.8)	21	(17.4)	87	(71.9)	12	(9.9)	0	(.0)
Compensating or supporting balances	121	(100.0)	1	(.8)	6	(5.0)	98	(81.0)	16	(13.2)	0	(.0)
Standards of creditworthiness	121	(100.0)	1	(.8)	2	(1.7)	116	(95.8)	2	(1.7)	0	(.0)
Maturity of term loans	121	(100.0)	1	(.8)	5	(4.1)	99	(81.9)	15	(12.4)	1	(.8)
Practice concerning review of credit lines or loan applications:												
Established customers	121	(100.0)	0	(.0)	1	(.8)	116	(95.9)	4	(3.3)	0	(.0)
New customers	121	(100.0)	0	(.0)	8	(6.6)	109	(90.1)	4	(3.3)	0	(.0)
Local service area customers	121	(100.0)	1	(.8)	0	(.0)	114	(94.2)	6	(5.0)	0	(.0)
Nonlocal service area customers	121	(100.0)	0	(.0)	11	(9.1)	102	(84.3)	7	(5.8)	1	(.8)
Factors relating to applicant[2]												
Value as depositor or source of collateral business	121	(100.0)	0	(.0)	11	(9.1)	105	(86.8)	5	(4.1)	0	(.0)
Intended use of the loan	121	(100.0)	0	(.0)	1	(.8)	120	(99.2)	0	(.0)	0	(.0)
Loans to independent finance companies[3]												
Terms and conditions												
Interest rates charged	121	(100.0)	1	(.8)	8	(6.6)	110	(90.9)	2	(1.7)	0	(.0)
Compensating or supporting balances	121	(100.0)	0	(.0)	3	(2.5)	115	(95.0)	2	(1.7)	1	(.8)
Enforcement of balance requirements	121	(100.0)	0	(.0)	7	(5.8)	110	(90.9)	3	(2.5)	1	(.8)
Establishing new or larger credit lines	121	(100.0)	1	(.8)	2	(1.7)	115	(95.0)	3	(2.5)	0	(.0)
	Total		Considerably less willing		Moderately less willing		Essentially unchanged		Moderately more willing		Considerably more willing	
Willingness to make other types of loans												
Term loans to businesses	121	(100.0)	0	(.0)	3	(2.5)	96	(79.3)	22	(18.2)	0	(.0)
Consumer installment loans	120	(100.0)	0	(.0)	1	(.8)	102	(85.0)	17	(14.2)	0	(.0)
Single-family mortgage loans	120	(100.0)	0	(.0)	5	(4.2)	95	(79.1)	17	(14.2)	3	(2.5)
Multifamily mortgage loans	119	(100.0)	0	(.0)	5	(4.2)	110	(92.5)	3	(2.5)	1	(.8)
All other mortgage loans	120	(100.0)	0	(.0)	4	(3.3)	105	(87.6)	10	(8.3)	1	(.8)
Participation loans with correspondent banks	121	(100.0)	1	(.8)	0	(.0)	106	(87.7)	13	(10.7)	1	(.8)
Loans to brokers	121	(100.0)	1	(.8)	8	(6.6)	102	(84.4)	9	(7.4)	1	(.8)

1. After allowance for bank's usual seasonal variation.
2. For these factors, firmer means the factors were considered to be more important in making decisions for approving credit requests, and easier means they were considered to be less important.
3. Independent, or noncaptive, finance companies are finance companies other than those organized by a parent company mainly for the purpose of financing dealer inventory and carrying installment loans generated through the sale of the parent company's products.

A4. Changes in bank lending practices, selected large U.S. banks
Policy on November 15, 1977, compared with policy three months earlier

Number of banks; figures in parentheses indicate percentage distribution of total banks reporting

Item	Total		Much stronger		Moderately stronger		Essentially unchanged		Moderately weaker		Much weaker	
Strength of demand for commercial and industrial loans[1]												
Compared with three months earlier	121	(100.0)	0	(.0)	47	(38.8)	69	(57.1)	5	(4.1)	0	(.0)
Anticipated in next three months	121	(100.0)	0	(.0)	54	(44.6)	66	(54.6)	1	(.8)	0	(.0)
	Total		**Much firmer policy**		**Moderately firmer policy**		**Essentially unchanged**		**Moderately easier policy**		**Much easier policy**	
Loans to nonfinancial businesses												
Terms and conditions:												
Interest rates charged	121	(100.0)	3	(2.5)	36	(29.8)	66	(54.5)	16	(13.2)	0	(.0)
Compensating or supporting balances	121	(100.0)	1	(.8)	13	(10.7)	85	(70.3)	22	(18.2)	0	(.0)
Standards of creditworthiness	121	(100.0)	2	(1.7)	1	(.8)	116	(95.8)	2	(1.7)	0	(.0)
Maturity of term loans	121	(100.0)	1	(.8)	4	(3.3)	102	(84.3)	14	(11.6)	0	(.0)
Practice concerning review of credit lines or loan applications:												
Established customers	121	(100.0)	0	(.0)	4	(3.3)	114	(94.2)	3	(2.5)	0	(.0)
New customers	121	(100.0)	2	(1.7)	6	(5.0)	107	(88.3)	6	(5.0)	0	(.0)
Local service area customers	121	(100.0)	0	(.0)	4	(3.3)	112	(92.6)	5	(4.1)	0	(.0)
Nonlocal service area customers	121	(100.0)	2	(1.7)	9	(7.4)	105	(86.8)	5	(4.1)	0	(.0)
Factors relating to applicant[2]												
Value as depositor or source of collateral business	121	(100.0)	2	(1.7)	11	(9.1)	105	(86.8)	3	(2.5)	0	(.0)
Intended use of the loan	121	(100.0)	1	(.8)	4	(3.3)	115	(95.1)	1	(.8)	0	(.0)
Loans to independent finance companies[3]												
Terms and conditions												
Interest rates charged	121	(100.0)	2	(1.7)	9	(7.4)	106	(87.6)	4	(3.3)	0	(.0)
Compensating or supporting balances	121	(100.0)	0	(.0)	2	(1.7)	114	(94.2)	5	(4.1)	0	(.0)
Enforcement of balance requirements	121	(100.0)	2	(1.7)	1	(.8)	115	(95.0)	3	(2.5)	0	(.0)
Establishing new or larger credit lines	121	(100.0)	2	(1.7)	4	(3.3)	108	(89.2)	7	(5.8)	0	(.0)
	Total		**Considerably less willing**		**Moderately less willing**		**Essentially unchanged**		**Moderately more willing**		**Considerably more willing**	
Willingness to make other types of loans												
Term loans to businesses	121	(100.0)	1	(.8)	8	(6.6)	92	(76.1)	20	(16.5)	0	(.0)
Consumer installment loans	120	(100.0)	0	(.0)	2	(1.7)	101	(84.1)	17	(14.2)	0	(.0)
Single-family mortgage loans	120	(100.0)	0	(.0)	3	(2.5)	102	(85.0)	14	(11.7)	1	(.8)
Multifamily mortgage loans	118	(100.0)	0	(.0)	3	(2.5)	110	(93.3)	4	(3.4)	1	(.8)
All other mortgage loans	120	(100.0)	0	(.0)	2	(1.7)	105	(87.5)	13	(10.8)	0	(.0)
Participation loans with correspondent banks	120	(100.0)	0	(.0)	3	(2.5)	103	(85.9)	13	(10.8)	1	(.8)
Loans to brokers	120	(100.0)	2	(1.7)	7	(5.8)	103	(85.8)	8	(6.7)	0	(.0)

1. After allowance for bank's usual seasonal variation.
2. For these factors, firmer means the factors were considered to be more important in making decisions for approving credit requests, and easier means they were considered to be less important.
3. Independent, or noncaptive, finance companies are finance companies other than those organized by a parent company mainly for the purpose of financing dealer inventory and carrying installment loans generated through the sale of the parent company's products.

A5. Senior loan officer opinion survey on bank lending practices, selected large U.S. banks
Policy on February 15, 1978, compared with policy three months earlier

Number of banks; figures in parentheses indicate percentage distribution of total banks reporting

Item	Total		Much stronger		Moderately stronger		Essentially unchanged		Moderately easier		Much easier	
LOAN DEMAND												
Strength of demand for commercial and industrial loans[1]												
1 Compared with three months earlier	121	(100)	2	(1.7)	38	(31.5)	77	(63.7)	4	(3.4)	0	(.0)
2 Anticipated in next three months	121	(100)	1	(.9)	67	(55.4)	51	(42.2)	2	(1.7)	0	(.0)
INTEREST RATE POLICY	Total		Much firmer		Moderately firmer		Essentially unchanged		Moderately easier		Much easier	
Standards of creditworthiness												
3 To qualify for prime rate	120	(100)	1	(.9)	5	(4.2)	109	(90.9)	5	(4.2)	0	(.0)
4 To qualify for spread above prime	121	(100)	1	(.9)	14	(11.6)	90	(74.4)	16	(13.3)	0	(.0)
	Total		Considerably greater		Moderately greater		Essentially unchanged		Moderately less		Much less	
Willingness to make fixed-rate loans												
5 Short-term (under one year)	121	(100)	0	(.0)	18	(14.9)	95	(78.6)	7	(5.8)	1	(.9)
6 Long-term (one year or longer)	121	(100)	1	(.9)	22	(18.2)	68	(56.2)	26	(21.5)	4	(3.4)
CREDIT AVAILABILITY AND NONPRICE TERMS	Total		Much firmer		Moderately firmer		Essentially unchanged		Moderately easier		Much easier	
Reviewing credit lines or loan applications for												
7 Established customers	121	(100)	0	(.0)	2	(1.7)	117	(96.7)	2	(1.7)	0	(.0)
8 New customers	120	(100)	1	(.9)	13	(10.9)	98	(81.7)	8	(6.7)	0	(.0)
9 Local service area customers	120	(100)	0	(.0)	6	(5.0)	110	(91.7)	4	(3.4)	0	(.0)
10 Nonlocal service area customers	119	(100)	1	(.9)	13	(11.0)	101	(84.9)	4	(3.4)	0	(.0)
Compensating balance requirements												
11 Commercial and industrial loans	121	(100)	0	(.0)	15	(12.4)	79	(65.3)	27	(22.4)	0	(.0)
12 Loans to finance companies	121	(100)	1	(.9)	5	(4.2)	109	(90.1)	6	(5.0)	0	(.0)
	Total		Considerably greater		Moderately greater		Essentially unchanged		Moderately less		Much less	
Willingness to make other types of loans												
13 Secured construction and land development loans	121	(100)	0	(.0)	14	(11.6)	95	(78.6)	12	(10.0)	0	(.0)
Secured real estate loans												
14 1- to 4-family residential properties	120	(100)	2	(1.7)	10	(8.4)	98	(81.7)	9	(7.5)	1	(.9)
15 Multifamily residential property	117	(100)	0	(.0)	3	(2.6)	109	(93.2)	3	(2.6)	2	(1.8)
16 Commercial and industrial property	121	(100)	0	(.0)	6	(5.0)	108	(89.3)	7	(5.8)	0	(.0)
17 Installment loans to individuals	120	(100)	0	(.0)	16	(13.4)	101	(84.2)	3	(2.5)	0	(.0)
Commercial and industrial loans												
18 One to five years maturity	121	(100)	0	(.0)	14	(11.6)	101	(83.5)	5	(4.2)	1	(.9)
19 Over five years maturity	121	(100)	0	(.0)	11	(9.1)	92	(76.1)	15	(12.4)	3	(2.5)
20 Loans to finance companies	121	(100)	0	(.0)	3	(2.5)	112	(92.6)	5	(4.2)	1	(.9)
21 Loans to securities brokers and dealers	120	(100)	1	(.9)	8	(6.7)	101	(84.2)	9	(7.5)	1	(.9)
22 Participation loans with correspondent banks	120	(100)	0	(.0)	14	(11.7)	104	(86.7)	2	(1.7)	0	(.0)

1. After allowance for bank's usual seasonal variation.

A6. Senior loan officer opinion survey on bank lending practices, selected large U.S. banks
Policy on May 15, 1978, compared with policy three months earlier

Number of banks; figures in parentheses indicate percentage distribution of total banks reporting

Item	Total		Much stronger		Moderately stronger		Essentially unchanged		Moderately easier		Much easier	
LOAN DEMAND												
Strength of demand for commercial and industrial loans[1]												
1 Compared with three months earlier	121	(100)	8	(6.7)	85	(70.3)	27	(22.4)	1	(.9)	0	(.0)
2 Anticipated in next three months	121	(100)	5	(4.2)	82	(67.8)	33	(27.3)	1	(.9)	0	(.0)

INTEREST RATE POLICY	Total		Much firmer		Moderately firmer		Essentially unchanged		Moderately easier		Much easier	
Standards of creditworthiness												
3 To qualify for prime rate	120	(100)	3	(2.5)	9	(7.5)	107	(89.2)	0	(.0)	1	(.9)
4 To qualify for spread above prime	121	(100)	4	(3.4)	18	(14.9)	93	(76.9)	6	(5.0)	0	(.0)

	Total		Considerably greater		Moderately greater		Essentially unchanged		Moderately less		Much less	
Willingness to make fixed-rate loans												
5 Short-term (under one year)	120	(100)	0	(.0)	8	(6.7)	97	(80.9)	15	(12.5)	0	(.0)
6 Long-term (one year or longer)	120	(100)	0	(.0)	11	(9.2)	67	(55.9)	35	(29.2)	7	(5.9)

CREDIT AVAILABILITY AND NONPRICE TERMS	Total		Much firmer		Moderately firmer		Essentially unchanged		Moderately easier		Much easier	
Reviewing credit lines or loan applications for												
7 Established customers	121	(100)	0	(.0)	3	(2.5)	117	(96.7)	1	(.9)	0	(.0)
8 New customers	121	(100)	3	(2.5)	21	(17.4)	95	(78.6)	2	(1.7)	0	(.0)
9 Local service area customers	120	(100)	0	(.0)	4	(3.4)	114	(95.0)	2	(1.7)	0	(.0)
10 Nonlocal service area customers	120	(100)	4	(3.4)	20	(16.7)	96	(80.0)	0	(.0)	0	(.0)
Compensating balance requirements												
11 Commercial and industrial loans	121	(100)	2	(1.7)	23	(19.1)	87	(72.0)	9	(7.5)	0	(.0)
12 Loans to finance companies	121	(100)	2	(1.7)	17	(14.1)	99	(81.9)	3	(2.5)	0	(.0)

	Total		Considerably greater		Moderately greater		Essentially unchanged		Moderately less		Much less	
Willingness to make other types of loans												
13 Secured construction and land development loans	121	(100)	0	(.0)	10	(8.3)	97	(80.2)	14	(11.6)	0	(.0)
Secured real estate loans												
14 1- to 4-family residential properties	120	(100)	0	(.0)	10	(8.4)	95	(79.2)	12	(10.0)	3	(2.5)
15 Multifamily residential property	118	(100)	0	(.0)	0	(.0)	107	(90.7)	10	(8.5)	1	(.9)
16 Commercial and industrial property	120	(100)	0	(.0)	5	(4.2)	99	(82.5)	13	(10.9)	3	(2.5)
17 Installment loans to individuals	120	(100)	3	(2.5)	7	(5.9)	107	(89.2)	3	(2.5)	0	(.0)
Commercial and industrial loans												
18 One to five years maturity	121	(100)	0	(.0)	6	(5.0)	108	(89.3)	7	(5.8)	0	(.0)
19 Over five years maturity	121	(100)	0	(.0)	6	(5.0)	90	(74.4)	20	(16.6)	5	(4.2)
20 Loans to finance companies	121	(100)	0	(.0)	0	(.0)	107	(88.5)	13	(10.8)	1	(.9)
21 Loans to securities brokers and dealers	120	(100)	0	(.0)	5	(4.2)	89	(74.2)	23	(19.2)	3	(2.5)
22 Participation loans with correspondent banks	121	(100)	0	(.0)	11	(9.1)	106	(87.7)	4	(3.4)	0	(.0)

1. After allowance for bank's usual seasonal variation.

A7. Senior loan officer opinion survey on bank lending practices, selected large U.S. banks
Policy on August 15, 1978, compared with policy three months earlier

Number of banks; figures in parentheses indicate percentage distribution of total banks reporting

Item	Total		Much stronger		Moderately stronger		Essentially unchanged		Moderately easier		Much easier	
LOAN DEMAND												
Strength of demand for commercial and industrial loans[1]												
1 Compared with three months earlier	121	(100)	4	(3.4)	57	(47.2)	53	(43.9)	7	(5.8)	0	(.0)
2 Anticipated in next three months	121	(100)	2	(1.7)	59	(48.8)	59	(48.8)	1	(.9)	0	(.0)
INTEREST RATE POLICY	Total		Much firmer		Moderately firmer		Essentially unchanged		Moderately easier		Much easier	
Standards of creditworthiness												
3 To qualify for prime rate	120	(100)	0	(.0)	12	(10.0)	106	(88.4)	2	(1.7)	0	(.0)
4 To qualify for spread above prime	121	(100)	0	(.0)	28	(23.2)	88	(72.8)	5	(4.2)	0	(.0)
	Total		Considerably greater		Moderately greater		Essentially unchanged		Moderately less		Much less	
Willingness to make fixed-rate loans												
5 Short-term (under one year)	121	(100)	0	(.0)	6	(5.0)	99	(81.9)	13	(10.8)	3	(2.5)
6 Long-term (one year or longer)	121	(100)	0	(.0)	8	(6.7)	78	(62.9)	26	(21.5)	11	(9.1)
CREDIT AVAILABILITY AND NONPRICE TERMS	Total		Much firmer		Moderately firmer		Essentially unchanged		Moderately easier		Much easier	
Reviewing credit lines or loan applications for												
7 Established customers	121	(100)	0	(.0)	4	(3.4)	115	(95.1)	2	(1.7)	0	(.0)
8 New customers	121	(100)	1	(.9)	20	(16.6)	96	(79.4)	4	(3.4)	0	(.0)
9 Local service area customers	120	(100)	0	(.0)	5	(4.2)	112	(93.4)	3	(2.5)	0	(.0)
10 Nonlocal service area customers	120	(100)	6	(5.0)	23	(19.2)	91	(75.9)	0	(.0)	0	(.0)
Compensating balance requirements												
11 Commercial and industrial loans	121	(100)	0	(.0)	26	(21.5)	88	(72.8)	7	(5.8)	0	(.0)
12 Loans to finance companies	121	(100)	1	(.9)	11	(9.1)	105	(86.8)	4	(3.4)	0	(.0)
	Total		Considerably greater		Moderately greater		Essentially unchanged		Moderately less		Much less	
Willingness to make other types of loans												
13 Secured construction and land development loans	121	(100)	0	(.0)	8	(6.7)	90	(74.4)	22	(18.2)	1	(.9)
Secured real estate loans												
14 1- to 4-family residential properties	120	(100)	0	(.0)	7	(5.9)	92	(76.7)	16	(13.4)	5	(4.2)
15 Multifamily residential property	117	(100)	0	(.0)	1	(.9)	96	(82.1)	17	(14.6)	3	(2.6)
16 Commercial and industrial property	121	(100)	0	(.0)	6	(5.0)	98	(81.0)	17	(14.1)	0	(.0)
17 Installment loans to individuals	120	(100)	0	(.0)	7	(5.9)	109	(90.9)	4	(3.4)	0	(.0)
Commercial and industrial loans												
18 One to five years maturity	121	(100)	0	(.0)	2	(1.7)	111	(91.8)	8	(6.7)	0	(.0)
19 Over five years maturity	121	(100)	0	(.0)	4	(3.4)	97	(80.2)	18	(14.9)	2	(1.7)
20 Loans to finance companies	121	(100)	0	(.0)	1	(.9)	111	(91.8)	9	(7.5)	0	(.0)
21 Loans to securities brokers and dealers	120	(100)	0	(.0)	3	(2.5)	98	(81.7)	15	(12.5)	4	(3.4)
22 Participation loans with correspondent banks	121	(100)	1	(.9)	14	(11.6)	101	(83.5)	4	(3.4)	1	(.9)

1. After allowance for bank's usual seasonal variation.

A8. Senior loan officer opinion survey on bank lending practices, selected large U.S. banks
Policy on November 15, 1978, compared with policy three months earlier

Number of banks; figures in parentheses indicate percentage distribution of total banks reporting

Item	Total		Much stronger		Moderately stronger		Essentially unchanged		Moderately easier		Much easier	
Loan Demand												
Strength of demand for commercial and industrial loans[1]												
1 Compared with three months earlier	121	(100)	2	(1.7)	52	(43.0)	57	(47.2)	9	(7.5)	1	(.9)
2 Anticipated in next three months	121	(100)	5	(4.2)	55	(45.5)	51	(42.2)	10	(8.3)	0	(.0)

Interest Rate Policy	Total		Much firmer		Moderately firmer		Essentially unchanged		Moderately easier		Much easier	
Standards of creditworthiness												
3 To qualify for prime rate	117	(100)	1	(.9)	28	(24.0)	88	(75.3)	0	(.0)	0	(.0)
4 To qualify for spread above prime	120	(100)	5	(4.2)	34	(28.4)	78	(65.0)	3	(2.5)	0	(.0)

	Total		Considerably greater		Moderately greater		Essentially unchanged		Moderately less		Much less	
Willingness to make fixed-rate loans												
5 Short-term (under one year)	121	(100)	1	(.9)	1	(.9)	74	(61.2)	37	(30.6)	8	(6.7)
6 Long-term (one year or longer)	121	(100)	0	(.0)	8	(6.7)	57	(47.2)	38	(31.5)	18	(14.9)

Credit Availability and Nonprice Terms	Total		Much firmer		Moderately firmer		Essentially unchanged		Moderately easier		Much easier	
Reviewing credit lines or loan applications for												
7 Established customers	121	(100)	0	(.0)	12	(10.0)	107	(88.5)	2	(1.7)	0	(.0)
8 New customers	121	(100)	9	(7.5)	32	(26.5)	80	(66.2)	0	(.0)	0	(.0)
9 Local service area customers	120	(100)	1	(.9)	15	(12.5)	102	(85.0)	2	(1.7)	0	(.0)
10 Nonlocal service area customers	120	(100)	13	(10.9)	25	(20.9)	81	(67.5)	1	(.9)	0	(.0)
Compensating balance requirements												
11 Commercial and industrial loans	121	(100)	2	(1.7)	31	(25.7)	85	(70.3)	3	(2.5)	0	(.0)
12 Loans to finance companies	121	(100)	1	(.9)	17	(14.1)	100	(82.7)	3	(2.5)	0	(.0)

	Total		Considerably greater		Moderately greater		Essentially unchanged		Moderately less		Much less	
Willingness to make other types of loans												
13 Secured construction and land development loans	121	(100)	0	(.0)	4	(3.4)	76	(62.9)	33	(27.3)	8	(6.7)
Secured real estate loans												
14 1- to 4-family residential properties	120	(100)	0	(.0)	3	(2.5)	82	(68.4)	27	(22.5)	8	(6.7)
15 Multifamily residential property	117	(100)	0	(.0)	0	(.0)	81	(69.3)	25	(21.4)	11	(9.5)
16 Commercial and industrial property	121	(100)	0	(.0)	2	(1.7)	83	(68.6)	32	(26.5)	4	(3.4)
17 Installment loans to individuals	120	(100)	0	(.0)	2	(1.7)	108	(90.0)	9	(7.5)	1	(.9)
Commercial and industrial loans												
18 One to five years maturity	121	(100)	0	(.0)	3	(2.5)	100	(82.7)	14	(11.6)	4	(3.4)
19 Over five years maturity	121	(100)	0	(.0)	1	(.9)	86	(71.1)	26	(21.5)	8	(6.7)
20 Loans to finance companies	121	(100)	0	(.0)	0	(.0)	96	(79.4)	21	(17.4)	4	(3.4)
21 Loans to securities brokers and dealers	121	(100)	0	(.0)	0	(.0)	97	(80.2)	17	(14.1)	7	(5.8)
22 Participation loans with correspondent banks	121	(100)	0	(.0)	8	(6.7)	99	(81.9)	12	(10.0)	2	(1.7)

1. After allowance for bank's usual seasonal variation.

A9. Senior loan officer opinion survey on bank lending practices, selected large U.S. banks
Policy on February 15, 1979, compared with policy three months earlier

Number of banks; figures in parentheses indicate percentage distribution of total banks reporting

Item	Total		Much stronger		Moderately stronger		Essentially unchanged		Moderately easier		Much easier	
LOAN DEMAND												
Strength of demand for commercial and industrial loans[1]												
1 Compared with three months earlier	121	(100)	1	(.9)	20	(16.6)	75	(62.0)	23	(19.1)	2	(1.7)
2 Anticipated in next three months	121	(100)	1	(.9)	33	(27.3)	74	(61.2)	13	(10.8)	0	(.0)
INTEREST RATE POLICY	Total		Much firmer		Moderately firmer		Essentially unchanged		Moderately easier		Much easier	
Standards of creditworthiness												
3 To qualify for prime rate	121	(100)	0	(.0)	15	(12.4)	97	(80.2)	9	(7.5)	0	(.0)
4 To qualify for spread above prime	121	(100)	1	(.9)	19	(15.8)	87	(72.0)	14	(11.6)	0	(.0)
	Total		Considerably greater		Moderately greater		Essentially unchanged		Moderately less		Much less	
Willingness to make fixed-rate loans												
5 Short-term (under one year)	121	(100)	1	(.9)	10	(8.3)	94	(77.7)	15	(12.4)	1	(.9)
6 Long-term (one year or longer)	121	(100)	1	(.9)	17	(14.1)	81	(67.0)	15	(12.4)	7	(5.8)
CREDIT AVAILABILITY AND NONPRICE TERMS	Total		Much firmer		Moderately firmer		Essentially unchanged		Moderately easier		Much easier	
Reviewing credit lines or loan applications for												
7 Established customers	121	(100)	0	(.0)	1	(.9)	117	(96.7)	3	(2.5)	0	(.0)
8 New customers	121	(100)	1	(.9)	16	(13.3)	99	(81.9)	5	(4.2)	0	(.0)
9 Local service area customers	121	(100)	0	(.0)	2	(1.7)	116	(95.9)	3	(2.5)	0	(.0)
10 Nonlocal service area customers	121	(100)	3	(2.5)	20	(16.6)	97	(80.2)	1	(.9)	0	(.0)
Compensating balance requirements												
11 Commercial and industrial loans	121	(100)	0	(.0)	14	(11.6)	91	(75.3)	16	(13.3)	0	(.0)
12 Loans to finance companies	121	(100)	0	(.0)	8	(6.7)	103	(85.2)	10	(8.3)	0	(.0)
	Total		Considerably greater		Moderately greater		Essentially unchanged		Moderately less		Much less	
Willingness to make other types of loans												
13 Secured construction and land development loans	121	(100)	1	(.9)	7	(5.8)	91	(75.3)	21	(17.4)	1	(.9)
Secured real estate loans												
14 1- to 4-family residential properties	120	(100)	0	(.0)	4	(3.4)	93	(77.5)	20	(16.7)	3	(2.5)
15 Multifamily residential property	115	(100)	0	(.0)	0	(.0)	99	(86.1)	14	(12.2)	2	(1.8)
16 Commercial and industrial property	121	(100)	0	(.0)	6	(5.0)	101	(83.5)	13	(10.8)	1	(.9)
17 Installment loans to individuals	121	(100)	0	(.0)	8	(6.7)	106	(87.7)	6	(5.0)	1	(.9)
Commercial and industrial loans												
18 One to five years maturity	121	(100)	1	(.9)	7	(5.8)	111	(91.8)	2	(1.7)	0	(.0)
19 Over five years maturity	121	(100)	0	(.0)	3	(2.5)	106	(87.7)	11	(9.1)	1	(.9)
20 Loans to finance companies	121	(100)	0	(.0)	1	(.9)	109	(90.1)	11	(9.1)	0	(.0)
21 Loans to securities brokers and dealers	121	(100)	1	(.9)	4	(3.4)	104	(86.0)	10	(8.3)	2	(1.7)
22 Participation loans with correspondent banks	121	(100)	0	(.0)	12	(10.0)	102	(84.3)	6	(5.0)	1	(.9)

1. After allowance for bank's usual seasonal variation.

A10. Senior loan officer opinion survey on bank lending practices, selected large U.S. banks
Policy on May 15, 1979, compared with policy three months earlier

Number of banks; figures in parentheses indicate percentage distribution of total banks reporting

Item	Total		Much stronger		Moderately stronger		Essentially unchanged		Moderately easier		Much easier	
LOAN DEMAND												
Strength of demand for commercial and industrial loans[1]												
1 Compared with three months earlier	121	(100)	5	(4.2)	63	(52.1)	44	(36.4)	8	(6.7)	1	(.9)
2 Anticipated in next three months	121	(100)	3	(2.5)	59	(48.8)	55	(45.5)	4	(3.4)	0	(.0)
INTEREST RATE POLICY	Total		Much firmer		Moderately firmer		Essentially unchanged		Moderately easier		Much easier	
Standards of creditworthiness												
3 To qualify for prime rate	121	(100)	0	(.0)	14	(11.6)	103	(85.2)	4	(3.4)	0	(.0)
4 To qualify for spread above prime	121	(100)	0	(.0)	17	(14.1)	91	(75.3)	13	(10.8)	0	(.0)
	Total		Considerably greater		Moderately greater		Essentially unchanged		Moderately less		Much less	
Willingness to make fixed-rate loans												
5 Short-term (under one year)	121	(100)	0	(.0)	16	(13.3)	90	(74.4)	11	(9.1)	4	(3.4)
6 Long-term (one year or longer)	121	(100)	1	(.9)	11	(9.1)	78	(64.5)	19	(15.8)	12	(10.0)
CREDIT AVAILABILITY AND NONPRICE TERMS	Total		Much firmer		Moderately firmer		Essentially unchanged		Moderately easier		Much easier	
Reviewing credit lines or loan applications for												
7 Established customers	121	(100)	0	(.0)	3	(2.5)	115	(95.1)	3	(2.5)	0	(.0)
8 New customers	121	(100)	1	(.9)	20	(16.6)	94	(77.7)	6	(5.0)	0	(.0)
9 Local service area customers	120	(100)	0	(.0)	9	(7.5)	105	(87.5)	6	(5.0)	0	(.0)
10 Nonlocal service area customers	120	(100)	5	(4.2)	23	(19.2)	88	(73.4)	4	(3.4)	0	(.0)
Compensating balance requirements												
11 Commercial and industrial loans	121	(100)	1	(.9)	12	(10.0)	87	(72.0)	21	(17.4)	0	(.0)
12 Loans to finance companies	121	(100)	0	(.0)	4	(3.4)	106	(87.7)	11	(9.1)	0	(.0)
	Total		Considerably greater		Moderately greater		Essentially unchanged		Moderately less		Much less	
Willingness to make other types of loans												
13 Secured construction and land development loans	121	(100)	0	(.0)	2	(1.7)	98	(81.0)	20	(16.6)	1	(.9)
Secured real estate loans												
14 1- to 4-family residential properties	119	(100)	0	(.0)	1	(.9)	99	(83.2)	16	(13.5)	3	(2.6)
15 Multifamily residential property	117	(100)	0	(.0)	0	(.0)	92	(78.7)	18	(15.4)	7	(6.0)
16 Commercial and industrial property	121	(100)	0	(.0)	5	(4.2)	98	(81.0)	16	(13.3)	2	(1.7)
17 Installment loans to individuals	121	(100)	0	(.0)	6	(5.0)	104	(86.0)	11	(9.1)	0	(.0)
Commercial and industrial loans												
18 One to five years maturity	121	(100)	0	(.0)	6	(5.0)	109	(90.1)	6	(5.0)	0	(.0)
19 Over five years maturity	121	(100)	0	(.0)	3	(2.5)	97	(80.2)	19	(15.8)	2	(1.7)
20 Loans to finance companies	121	(100)	0	(.0)	1	(.9)	107	(88.5)	10	(8.3)	3	(2.5)
21 Loans to securities brokers and dealers	121	(100)	0	(.0)	4	(3.4)	104	(86.0)	9	(7.5)	4	(3.4)
22 Participation loans with correspondent banks	121	(100)	0	(.0)	9	(7.5)	105	(86.8)	5	(4.2)	2	(1.7)

1. After allowance for bank's usual seasonal variation.

A11. Senior loan officer opinion survey on bank lending practices, selected large U.S. banks
Policy on August 15, 1979, compared with policy three months earlier

Number of banks; figures in parentheses indicate percentage distribution of total banks reporting

Item	Total		Much stronger		Moderately stronger		Essentially unchanged		Moderately easier		Much easier	
LOAN DEMAND												
Strength of demand for commercial and industrial loans[1]												
1 Compared with three months earlier	121	(100)	3	(2.5)	52	(43.0)	60	(49.6)	6	(5.0)	0	(.0)
2 Anticipated in next three months	121	(100)	1	(.9)	38	(31.5)	71	(58.7)	11	(9.1)	0	(.0)
INTEREST RATE POLICY	**Total**		**Much firmer**		**Moderately firmer**		**Essentially unchanged**		**Moderately easier**		**Much easier**	
Standards of creditworthiness												
3 To qualify for prime rate	121	(100)	1	(.9)	17	(14.1)	97	(80.2)	6	(5.0)	0	(.0)
4 To qualify for spread above prime	121	(100)	2	(1.7)	15	(12.4)	92	(76.1)	12	(10.0)	0	(.0)
	Total		**Considerably greater**		**Moderately greater**		**Essentially unchanged**		**Moderately less**		**Much less**	
Willingness to make fixed-rate loans												
5 Short-term (under one year)	121	(100)	1	(.9)	7	(5.8)	100	(82.7)	10	(8.3)	3	(2.5)
6 Long-term (one year or longer)	121	(100)	3	(2.5)	12	(10.0)	81	(67.0)	20	(16.6)	5	(4.2)
CREDIT AVAILABILITY AND NONPRICE TERMS	**Total**		**Much firmer**		**Moderately firmer**		**Essentially unchanged**		**Moderately easier**		**Much easier**	
Reviewing credit lines or loan applications for												
7 Established customers	121	(100)	0	(.0)	4	(3.4)	115	(95.1)	2	(1.7)	0	(.0)
8 New customers	121	(100)	2	(1.7)	19	(15.8)	96	(79.4)	4	(3.4)	0	(.0)
9 Local service area customers	120	(100)	0	(.0)	5	(4.2)	111	(92.5)	4	(3.4)	0	(.0)
10 Nonlocal service area customers	120	(100)	3	(2.5)	23	(19.2)	91	(75.9)	3	(2.5)	0	(.0)
Compensating balance requirements												
11 Commercial and industrial loans	121	(100)	0	(.0)	14	(11.6)	94	(77.7)	13	(10.8)	0	(.0)
12 Loans to finance companies	121	(100)	1	(.9)	7	(5.8)	104	(86.0)	9	(7.5)	0	(.0)
	Total		**Considerably greater**		**Moderately greater**		**Essentially unchanged**		**Moderately less**		**Much less**	
Willingness to make other types of loans												
13 Secured construction and land development loans	121	(100)	0	(.0)	6	(5.0)	92	(76.1)	22	(18.2)	1	(.9)
Secured real estate loans												
14 1- to 4-family residential properties	120	(100)	0	(.0)	6	(5.0)	97	(80.9)	16	(13.4)	1	(.9)
15 Multifamily residential property	116	(100)	0	(.0)	1	(.9)	98	(84.5)	17	(14.7)	0	(.0)
16 Commercial and industrial property	121	(100)	0	(.0)	6	(5.0)	99	(81.9)	14	(11.6)	2	(1.7)
17 Installment loans to individuals	121	(100)	1	(.9)	3	(2.5)	104	(86.0)	12	(10.0)	1	(.9)
Commercial and industrial loans												
18 One to five years maturity	121	(100)	0	(.0)	9	(7.5)	108	(89.3)	4	(3.4)	0	(.0)
19 Over five years maturity	121	(100)	0	(.0)	5	(4.2)	96	(79.4)	19	(15.8)	1	(.9)
20 Loans to finance companies	121	(100)	0	(.0)	0	(.0)	112	(92.6)	9	(7.5)	0	(.0)
21 Loans to securities brokers and dealers	120	(100)	0	(.0)	4	(3.4)	103	(85.9)	11	(9.2)	2	(1.7)
22 Participation loans with correspondent banks	121	(100)	0	(.0)	6	(5.0)	104	(86.0)	10	(8.3)	1	(.9)

1. After allowance for bank's usual seasonal variation.

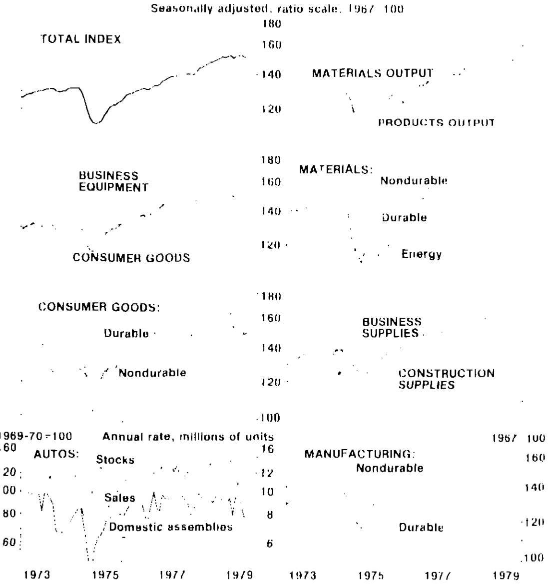
Industrial Production

Released for publication October 16

Industrial production increased an estimated 0.5 percent in September, largely reflecting a rebound in production of motor vehicles. The index had declined 0.9 percent in August after gains of 0.1 percent in both June and July. At 152.3 percent of the 1967 average, the September index was 2.5 percent above the level of a year earlier and 0.5 percent lower than its recent high in March 1979. The index for the third quarter of 1979 was 0.2 percent above the second quarter and at the same level as the first quarter of 1979.

Output of consumer durable goods rose 3.2 percent in September, as auto assemblies—at an annual rate of 7.9 million units—were about 5 percent higher than the sharply curtailed rate of 7.5 million units in August. However, the September assembly rate was still well below the 8.9-million rate in the first half of the year. Output of home goods rose in September because of a pickup in production of appliances from their curtailed level in August. Output of consumer nondurable goods, mainly foods, increased. Production of business equipment increased 0.8 percent, reflecting an upturn in output of heavy trucks, a poststrike rebound in output of power equipment, and continued strength in commercial equipment. With production of business vehicles up from its low level in August, the output of transit equipment advanced sharply but remained below its July level. Production of construction supplies was again about unchanged in September.

Output of durable goods materials was practically unchanged as the production of parts for equipment and consumer durable goods increased somewhat while output of basic metals, such as raw steel, declined further. Production of nondurable goods materials rose 0.4 percent. Output of energy materials declined slightly in September as coal production was reduced.



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

Industrial production	1967 = 100, 1979 Aug.p	1967 = 100, 1979 Sept.e	Percentage change from preceding month to 1979 Apr.	May	June	July	Aug.	Sept.	Percentage change 9/78 to 9/79
Total	**151.5**	**152.3**	**-1.4**	**1.1**	**.1**	**.1**	**.9**	**.5**	**2.5**
Products, total	148.6	149.7	1.6	1.3	.1	.2	.9	7	1.9
Final products	145.7	147.1	1.9	1.7	.1	.1	1.2	1.0	1.8
Consumer goods	148.4	149.9	2.5	1.9	.1	.5	1.8	1.0	.6
Durable	147.5	152.2	7.3	5.9	1.2	1.0	6.1	3.2	5.2
Nondurable	148.8	149.1	.4	.5	.3	.3	.1	.2	1.4
Business equipment	171.0	172.4	1.2	1.6	.1	.1	.2	.8	5.3
Intermediate products	159.4	159.4	.4	.1	0	.1	.1	0	2.4
Construction supplies	156.2	156.3	7	.3	.1	.1	.1	.1	1.8
Materials	156.0	156.2	1.2	.8	.5	.4	.8	.1	3.3

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

Statements to Congress

Statement by Emmett J. Rice, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Commerce, Consumer, and Monetary Affairs of the Committee on Government Operations, U.S. House of Representatives, September 12, 1979.

It is a pleasure for me to make my first appearance before this subcommittee. I look forward to working with you on our common problems and objectives.

The purpose of today's meeting is to review supervision of bank advertising practices by the federal financial regulatory agencies. The testimony of the Board of Governors was solicited on issues dealing with merchandise promotions and misleading or deceptive advertisements that fail to disclose relevant information.

For many years the Board has been involved under its statutory responsibilities with bank advertising. Regulation Q (Interest on Deposits) and Regulation Z (Truth in Lending) contain a number of provisions relating to bank advertising. These provisions are monitored and enforced by the Board through consumer compliance examinations conducted at all state member banks by System examiners. In addition, the Board has established procedures in Regulation AA (Unfair or Deceptive Acts or Practices) to act on individual complaints received by the Board or the Reserve Banks.

With regard to merchandise promotions, the Board has taken the position that the question as to whether a bank should be permitted to engage in either the sale or give-away of merchandise is primarily the responsibility of the institution's chartering authority. The Board's principal concern with respect to such promotions has been to determine whether they result in the payment of additional interest to depositors in violation of the Board's rules and limitations on the payment of interest on deposits.

Although the Board has not adopted formal regulations expressly pertaining to merchandise promotions (and is not considering such regulations at the present time), it has stated in a *Published Interpretation* that a premium given to a depositor (whether in cash or in merchandise) will not be considered an interest payment, provided the premium (1) is given only when a depositor opens or adds to an account, (2) is not given to any depositor on a recurring basis, and (3) has a value (or a cost to the bank) that does not exceed \$5 (\$10 for deposits of \$5,000 or more). When the Board last considered these limitations, it recognized that such programs may benefit small savers whose monetary returns are limited by law.

Regulation Q, which applies to all member banks of the Federal Reserve System, contains provisions that govern advertisements, announcements, or solicitations relating to interest paid on deposits. This regulation includes a number of specific advertising rules—such as requirements that interest rates be stated in terms of the annual rate of simple interest and that any time and amount requirements necessary to earn an advertised rate be stated conspicuously. In addition, Regulation Q contains the general requirement that a member bank's advertisements must not be inaccurate or misleading, or otherwise misrepresent the bank's deposit contracts.

Under its Truth in Lending authority, the Board has issued rules regarding the advertising of credit terms and consumer leases. The regulation requires banks and other creditors who advertise credit terms to make complete disclosure of related terms. The specific provisions in Regulation Z are intended to ensure that consumers are not told one or two favorable terms only to find out later, when they apply for the credit, that the overall terms may be a good deal less favorable than represented in an advertisement.

The Board and its staff are now reviewing other practices of banks that may be unfair or deceptive--practices that include but are not limited to bank advertising. During this review, a number of issues need to be explored thoroughly, including the basic question as to whether another new regulation is necessary or advisable at this time. Banks have had to absorb a large volume of burdensome and costly new regulations in the last year, particularly under the Financial Institutions Regulatory and Interest Rate Control Act (FIRA), which created new laws governing electronic fund transfers, the right to financial privacy, insider transactions, and so forth.

The cost and burden of a complex regulatory scheme, which will be borne ultimately by depositors and borrowers, must be weighed carefully against the perceived benefits to the public. Before venturing further into the regulatory morass, alternatives must be considered. We should resist the temptation to reach all problems by setting out detailed federal regulatory standards and should first seek to resolve these matters through local efforts, industry self-policing, general federal supervision, guidelines, and policy statements. We believe it would be preferable to try these measures before considering the adoption of regulations that could lead to our policing every bank promotion and advertisement.

These issues were discussed by the Board's Consumer Advisory Council last February at its quarterly meeting. There was general agreement among council members that some banking practices were troublesome--from misleading use of the term "free checking" to failure to make adequate disclosure of account terms to customers. Many council members—both consumers and creditors—were opposed to issuing new regulations, however, and favored the alternative of guidelines or policy statements.

The Board has taken a number of different approaches in reviewing bank activities that may warrant further consideration as unfair or deceptive practices. First, the staff has been instructed to monitor consumer complaints received by the Board on a continuing basis. There are problems, however, with trying to reach any conclusions on the need for action based on such complaints. Frequently, we have found that complaints either are imprecise about what the problem is or do not give all the facts.

Recognizing these difficulties, the Board in 1977 used another approach. Letters were sent to 400 state agencies and legal service organizations, asking them to identify practices that, in their experience, were prevalent and that could be viewed as unfair or deceptive. After a review of the responses (about 100) to this mailing, four practices were selected for further study:

1. Failing to disclose to new depositors the contract terms governing use of their accounts or to give reasonable advance notification to existing depositors of any change in contract terms.

2. Describing checking account services as being "free" when there are charges for or preconditions to a depositor's actually receiving no-cost checking.

3. Attaching, freezing, or closing a depositor's account without promptly notifying the depositor.

4. Imposing, as a matter of policy, a longer waiting period than needed for operational reasons before depositors can withdraw funds deposited in the form of checks.

A survey was conducted in cooperation with the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation to determine the prevalence of the four practices and to develop more information about the way in which they occur. A questionnaire was developed and incorporated into the three agencies' regular consumer compliance examinations covering all banks examined during a 90-day period in 1978. The agencies thus were able to obtain a sample regarding these practices at 846 financial institutions. The results of the survey were collected in a report that was published by the Board earlier this year. The report has been delivered to this subcommittee.

The survey results are instructive, although one must be cautious in drawing conclusions from them about the need for federal intervention. For example, 84 percent of the banks explained all or some of their checking account terms either orally or in writing to customers upon the opening of an account. Similarly, about half the banks that advertise checking accounts used the term "free checking." In 58 percent of these, there were some conditions attached. However, in the vast majority of cases—90 percent—the conditions were specifically disclosed in the advertisement.

One of the other items that has been of major interest relates to "delayed funds availability." This term refers to the practice of placing a hold on consumers' check deposits for certain periods, to give the check time to clear the bank on which it is drawn, or to be returned unpaid. The Bank Practices Survey found that only 38 percent of banks surveyed will delay fund availability either because of the type of check or because of the location of the bank on which the check is drawn.

Delayed availability can be a frustrating experience for consumers. Yet any requirement that availability delays reflect only "actual time for clearing" also would present a difficult problem because of the varying times needed for dishonored checks to be returned to depositors. The return time for unpaid items is unpredictable. Factors such as the location of the payor bank, or the nonmembership of a bank in the Federal Reserve System, may significantly affect collections. The Board's staff is now working with the Bank Administration Institute on how to improve the timing for returned items. If this process could be expedited, it would eliminate the major reason for delayed availability.

The staff also is investigating a number of alternatives regarding bank practices that may warrant action and, if any action is thought to be appropriate, regarding the form it might take. The following are some of the areas under study:

1. Should banks be required to disclose in writing deposit terms and conditions at the time an account is opened, and to disclose any subsequent changes that may be regarded as unfavorable to the consumer. Items to be disclosed might include the simple and effective rates of interest, account charges and restrictions, and information relating to delayed funds availability. It should be noted that the part of the Electronic Fund Transfer Act that goes into effect in May 1980 includes requirements for detailed account disclosures as to *electronic fund transfers* made to or from a consumer's account. At present, there are no parallel requirements as to *check transactions* involving the account.

2. Should banks be required to investigate, within a reasonable time, a customer's allegation that an error has been made by the bank.

3. Should requirements regarding advertising be imposed in addition to those now contained in Regulation Q, with comparable requirements for checking accounts.

The Board has statutory authority under section 18(f) of the Federal Trade Commission Act to prohibit unfair or deceptive acts or practices engaged in by banks. This provision parallels the Federal Trade Commission's power to declare activities of businesses (other than banks and savings and loan associations) to be unfair or deceptive, and therefore prohibited.

Any rule issued by the Board under its section 18(f) authority would apply only to banks, although the Federal Home Loan Bank Board has recently been granted similar authority for savings and loan associations by a 1979 amendment to the Federal Trade Commission Act. The Board believes that whatever action may be taken concerning bank practices should not apply only to banks. There should be parallel provisions applicable to other financial institutions—including credit unions and thrift institutions—to ensure competitive equality. The Board's Legal and Consumer Affairs Divisions are consulting with their counterparts at the other financial regulatory agencies to ensure full interagency coordination in this area. □

Statement by William H. Wallace, Staff Director for Federal Reserve Bank Activities, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, September 25, 1979.

I am pleased to present the views of the Board of Governors of the Federal Reserve System on the new Susan B. Anthony $1 coin. The Federal Reserve supports the widespread use of the new $1 coin and the eventual elimination of the $1 bill.

On October 10, 1978, the President signed into law S. 3036, the Susan B. Anthony Dollar Coin Act of 1978, authorizing the Secretary of the Treasury to replace the Eisenhower dollar with the "Anthony dollar." Governor Coldwell of our Board stated in his testimony on May 17, 1978, before the House Subcommittee on Historic Preservation and Coinage of the Committee on Banking, Finance and Urban Affairs, that the Federal Reserve supported this legislation because of the substantial benefits that would accrue from substitution of the $1 coin for the $1 bill.

Because of its superior durability, the Susan B. Anthony dollar is six and a half times more cost effective to provide as a circulating medium than a $1 note. In addition, Anthony dollars deposited with Federal Reserve Banks can be processed for recirculation ten times more efficiently than $1 bills. Considering these benefits, the government could save the American taxpayer $50 million per year by substituting the $1 coin for the $1 note. Of this $50 million, the comparative saving in production costs accounts for $34 million, and the remaining $16 million would result from a decrease in handling expenses at the Reserve Banks.

At some time in the near future, it would be reasonable to assume that $1 coins and $2 notes could effectively replace the existing pool of circulating $1 notes. If all existing $1 notes are replaced by equal proportions of $1 coins and $2 notes, then the government could still save $35 million annually in printing and handling expenses for $1 notes.

Early in the consideration of a new smaller dollar coin, the Federal Reserve realized that the full benefit of such a coin could be realized only if the public were convinced to change longstanding habits in the use of currency and coin. As a result, the Federal Reserve commissioned a University of Michigan study in June 1978 to analyze the market acceptance of the new coin. The Michigan study supports our conclusion that $1 notes must be withdrawn from circulation for the new coin to achieve its full potential. The results of this study were not available, however, until December 1978, and by that time the congressional decision to issue the Susan B. Anthony coin had already been made.

In February 1979, the Board sponsored a joint meeting of Treasury officials and Federal Reserve Bank presidents to discuss the Treasury's circulation program for the Anthony dollar. At this meeting a number of the Reserve Bank presidents expressed strong reservations about the coin's eventual success, given the continued unlimited availability of $1 notes. Nevertheless, the Federal Reserve agreed to support fully the Treasury Department's $1 coin circulation program with the understanding that serious consideration would be given to the elimination of the $1 note.

The Treasury specifically requested the participation of the Federal Reserve Board in engaging a media consultant to organize an educational campaign for the new coin. Since the release of the coin on July 2, the Federal Reserve has made a concerted effort to assist the Treasury Department in informing the public and promoting the new $1 coin. Press conferences, television interviews, and other media events have been held in Federal Reserve Bank cities both before and after the coin was issued on July 2. Further, the Reserve Banks have been printing and distributing Susan B. Anthony information kits to the press, retailers, and commercial banks. Additionally, DWJ Associates, the media consultant under contract with the Federal Reserve, chosen through a competitive process, has arranged media meetings for key Treasury and Federal Reserve representatives. These appearances, which began on August 1, are designed to increase awareness of the coin and thus improve its acceptance. DWJ Associates has also prepared a videotape describing the merits of the new $1 coin. To date, this videotape has been seen on 51 local television stations and is expected to be aired on an additional 100 stations.

The Susan B. Anthony $1 coin has been in circulation for nearly three months now, and more than 275 million of the coins have been shipped to commercial banks. The Federal Reserve Banks are currently holding 176 million coins in their inventories, and since the coin's release 4.6 million have been returned to the Federal Reserve by commercial banks. It would be safe to say that the new coin has already benefited the American taxpayer based on its production cost compared with the Eisenhower dollar coin. Had the Eisenhower dollar continued to be produced, it would have cost the government $4 million more to satisfy annual demand for $1 coins than it will cost to satisfy demand with the Susan B. Anthony dollar coin.

Cost benefits of the Anthony dollar

Item	Amount (dollars unless noted otherwise)
COMPARISON WITH $1 NOTE	
Production cost	
Anthony dollar	.03
Average life (years)	15
Average annual cost ($.03 ÷ 15 years)	.002
$1 note	.02
Average life (years)	1.5
Average annual cost ($.02 ÷ 1.5 years)	.013
$1 notes in circulation	3.1 billion
Annual cost of maintaining $1 notes in circulation	40.3 million
Annual cost of maintaining $1 coins in circulation	6.2 million
Production cost savings ($40.3 million − $6.2 million)	34.1 million
Processing cost	
Currency processing cost per 1,000 notes	3.849
Coin processing cost per 1,000 pieces	.381
Annual cost of processing $1 notes	17.7 million
Annual cost of processing equivalent number of $1 coins	1.7 million
Processing cost savings ($17.7 million − $1.7 million)	16 million
Total cost per year	
Currency	58.0 million
Less: coin	7.9 million
Total savings	50.1 million
COMPARISON WITH EISENHOWER DOLLAR	
Annual demand for Eisenhower dollars	80 million coins
Production cost of Eisenhower dollar	.08
Production cost of Anthony dollar	.03
Net savings per coin ($.08 − $.03)	.05
Annual savings (80 million × $.05)	4 million

The initial demand for the coin has been about what we forecasted. We have therefore been disappointed by the instant analysis that has led many in the media to assume that the coin will not be successful. This negativeness makes our job more difficult. Neither the Treasury nor the Federal Reserve expected that the coin handling habits of the American public would instantly change to adapt to a new coin. We have recognized from the start that the success or failure of this effort will be based on the usefulness of the coin itself to the American people. Clearly, it will take more than these two and one-half months for that judgment to be made.

At the same time, we must do all we can to assure the success of the new coin. Considering the recent experience with the $2 bill and the widely held concern that market acceptance of the $1 coin may not materialize, one available option that a joint Treasury-Federal Reserve task force has recently recommended would be to develop a plan to systematically replace $1 notes with $1 coins and $2 bills. Whatever future steps are decided upon, the Federal Reserve believes that the potential significant cost savings associated with substitution of a durable coin for paper money—such as that contemplated by issuance of the Susan B. Anthony dollar—should not be ignored. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, September 26, 1979.

I am pleased to testify on several bills designed to assure the capacity of the Federal Reserve to conduct effective monetary policy over the years ahead. Each of these bills aims to achieve that objective in a manner consistent with fair and equitable ground rules for financial institutions competing in providing depositary services to the public.

The issues involved are old ones. There have been many proposals to deal with the so-called Federal Reserve membership problem and to restructure federal reserve requirements through the years, going back in my personal experience on the Commission on Money and Credit 20 years ago. The matter has been under active, and sometimes contentious, consideration in the

Congress for more than three years, as the need has become more evident. Financial innovations, shifting competitive patterns, strong inflationary pressures, and related high interest rates have all exacerbated existing competitive inequities, have led to declines in membership in the Federal Reserve, and ultimately will threaten our ability to conduct effective monetary policy.

Now, it is time to act. Moreover, it is possible to act with a minimum of controversy and maximum effectiveness.

I reach that conclusion in large part because of the substantial progress that has been made in the past year, through hearings and debate in the Congress and through discussions among interested parties, in achieving a consensus on the essential elements of a solution. As I will discuss later, that solution can be reached within acceptable limits of cost to the Treasury; indeed, failure to act would also cost revenues and in cumulating amounts as attrition of Federal Reserve membership continues. Those issues that remain are being addressed by virtually all parties in a constructive atmosphere, with awareness of the central need to maintain a strong Federal Reserve, equipped with adequate tools to do its job.

It is my judgment, and that of many others, that only expeditious handling of this legislation can forestall a new wave of withdrawals from Federal Reserve membership. Many banks understandably have been willing to carry the burden of voluntary membership only so long as they felt that legislation providing more equitable competitive conditions could be foreseen. Failure to act now will not make the issue go away; we would only be forced to return to it in still more urgent, and potentially more contentious and divisive, circumstances.

All the legislative proposals need to be judged first of all against the central objective: We need to strengthen our ability to implement monetary policy in a variety of possible circumstances—not just in the immediate future, but for decades ahead. This legislation would provide the most important structural change in the Federal Reserve since its foundation; once passed, it will not be lightly amended. As we look ahead in that long perspective, effective monetary control will significantly benefit from broad coverage of competing depositary institutions and from a reserve base sufficient to support and transmit the effects of Federal Reserve monetary actions through the financial system.

At the same time, we need to work toward evenhanded treatment of all depositary institutions insofar as they compete directly and bear a reserve burden. It is not only a matter of fairness. Evenhanded treatment, including broader access to System services, rationally priced, can bring about greater efficiency and more effective competition in financial markets. We should also assure that institutions bearing the implicit cost of reserves do not gradually lose, for that reason, business to others, thus narrowing the scope of Federal Reserve control.

The manner in which reserves are applied is the source of our present problem. Members of the Federal Reserve System are currently subject to a special burden—from their point of view, the equivalent of a special tax—because they must maintain substantial levels of reserves in non-interest-bearing balances at Federal Reserve Banks. Nonmember commercial banks or other depositary institutions—even when their business overlaps—have no comparable requirement. Member banks receive some offset to this burden because of their access to System services, but all studies indicate that the value of these services is, for the bulk of members, not sufficient to compensate for the earnings foregone on required sterile balances. In these circumstances, members leave the System, narrowing our base of control.

The specific bills before you, which have originated with members of this committee, have different points of departure in dealing with these issues. S. 85, proposed by Chairman Proxmire, would place mandatory reserve requirements on all depositary institutions, at the same time opening access to Federal Reserve services to all depositary institutions. S. 353, proposed by Senator Tower, would instead preserve a fully voluntary system, but would attempt to remove the burden of membership by mandating that all balances held with the Federal Reserve to meet such requirements earn interest at nearly a market rate; access to System services would remain restricted to members and other depositary institutions voluntarily maintaining reserves. The legislation passed by the House, H.R. 7, is a hybrid, initiating a mandatory reserve structure and open access to services if a revised voluntary structure fails to stem membership attrition.

This threshold question—mandatory against voluntary—has been at the center of much past debate. The voluntary approach has always had a certain appeal to me and others—it is the way the Federal Reserve has operated, and I suspect it has helped encourage professionalism and efficiency within the System.

I would not want to see those attributes lost. But a purely voluntary approach toward reserve requirements does not seem to be practicable or possible at this time. The cost of eliminating the burden of reserves, as would be necessary in a voluntary system, would be relatively high—apparently higher than the administration or the Congress would find tolerable. Full pricing and open access to our services—a key consideration to many in the Congress and elsewhere—would not be feasible. Consequently, I believe it is more fruitful to concentrate on the mandatory approaches to reserves: S. 85 and the basic provisions of H.R. 7. That approach is consistent with the position preferred by the Federal Reserve Board for a long time.

These two bills have consistent common elements. Those elements, with one important exception, provide an appropriate framework for speedy resolution of the remaining issues.

1. To the extent reserves are required, both bills would apply them on a consistent basis against comparable deposits or other accounts in competing depositary institutions.

2. The reserve structure would focus mainly on transaction balances, the central element in the money supply and in monetary control.

3. Access to Federal Reserve services would be open to all depositary institutions, and the Federal Reserve would be expected to recover the full cost of those services through pricing.

4. Voluntary membership in the Federal Reserve System, which would continue to have implications for certain supervisory and regulatory matters and for election of Federal Reserve Bank directors, would remain.

My own understanding is that these basic, common approaches have wide support among affected institutions. What remains to be done is to reconcile remaining differences and to provide assurance that the Federal Reserve will in fact have an adequate base of reserves in all foreseeable circumstances for the effective conduct of monetary policy.

Treatment of Transaction Balances

Both bills would extend reserve coverage of transaction balances to all established depositary institutions. The change is clearly consistent with the emergence of transaction accounts at thrift institutions, the growth of which can be expected to accelerate as the powers of those institutions to operate such accounts are enlarged. Such coverage assures, first, that larger and larger portions of the basic money supply of the nation will not escape direct Federal Reserve influence; second, that future competition in markets for transaction deposits will be conducted without one institution or another enjoying an unfair competitive advantage. I would note in that connection that financial technology does not stand still, and the definition of a transaction balance—in principle, an account from which payments to third parties can be made—is critical. For instance, we can now observe burgeoning growth of money market mutal funds, many of which now offer facilities for transfer by draft, raising the question of whether such funds do not perform the economic function of a transaction account.

Providing the Federal Reserve has authority to define transaction balances, I believe it appropriate to concentrate the focus of reserve requirements on those accounts, which are, together with currency, the most active element in the nation's money supply. However, we need to remember that non-interest-bearing reserves do have the characteristic of a tax on those deposits; a high tax will discourage use of transaction accounts over time relative to other outlets for liquid funds, lead to innovations in payment mechanisms outside the perimeter of the definition of defined transaction accounts, and promote the growth of money substitutes entirely outside the traditional domestic banking system, gradually impairing the base upon which the Federal Reserve operates. For that reason we should be wary of setting the requirement too high. The 12-percent ratio initially set in S. 85 is slightly higher than the 11 percent of H.R. 7. Even if the initial ratio were to be set as high as that provided in S. 85 in the interests of preserving Treasury revenue, I believe that ratio should also be the top of the permissible range, as already specified in the House bill.

An important difference in the two bills lies in exemption levels. In S. 85, the reserve requirement would apply to all transaction deposits regardless of the aggregate size of the balances in an institution, although the reserve ratio is set at only 3 percent for the first $5 million of such deposits. In H. R. 7 the first $35 million of transaction deposits in an institution are exempt from reserve requirements, and that exemption would be ratcheted upward as deposits grow. The universal, virtually uniform ratio of S. 85 seems to us in the Federal Reserve more congenial to the basic thrust of both bills, which is to place competing institutions on an equal footing. In practice, monetary control would not be significantly impaired by exemption of a very small amount of transaction balances for each institution. However, at some point, an exemption does have adverse implications for the reserve base and effective monetary control.

This committee and the Congress will need to resolve this practical and philosophical question about the exemption level: a requirement graduated downward for small balances is one obvious possibility. I would emphasize that most institutions holding relatively small amounts of transaction balances—for commercial banks up to $10 million or $15 million—will in practice be able to use cash held in their vaults to satisfy the requirements of S. 85 without cost; a more smoothly graduated reserve ratio would in practice exempt even more.

Treatment of Time and Savings Deposits

Both bills would exempt all savings and personal time accounts from reserve requirements. Because of the strong competition from other savings outlets outside the banking system, that exemption is strongly and understandably urged by both banking and thrift institutions and is acceptable to the Federal Reserve. Both bills also provide authority to apply such reserves against nonpersonal time deposits, but there are important differences.

S. 85 seems to envisage a more or less permanent requirement on nonpersonal time deposits, starting at the substantial initial level of 6 percent. Such a permanent requirement poses an important substantive problem. Competition for funds flowing into nonpersonal time deposits is intense and growing. The competitive handicap for covered institutions would be significant, as it is today, when the commercial paper market, the Eurodollar market, and money market funds are growing rapidly. A substantial permanent reserve requirement would also place new burdens on thrift institutions.

For these reasons, the more practicable and desirable approach would be to maintain limited authority for the use of reserve requirements on short-term nonpersonal time deposits on a standby basis as seemed to be contemplated by H.R. 7. The circumstances for use should be exceptional, but not so extreme as stated by a colloquy on the House floor, which would confine such use only to circumstances in which other countries agreed with the United States to impose parallel requirements on Eurodollars. For instance, there may be occasions when such authority would be extremely useful to restrain excessively rapid growth of near-money and of bank credit, particularly by large institutions. Moreover, the borderline between a transaction balance and a very short time deposit may become so fuzzy as to suggest more equal reserve treatment.

The Question of Monetary Control and the Reserve Base

The key problem I have with the reserve structure specified in H.R. 7 or in S. 85 (assuming, in the latter case, no initial requirement on time deposits) concerns the volume and distribution of reserve balances that would be held in Federal Reserve Banks. These balances, and only these balances, provide the "fulcrum" for the efficient conduct of monetary policy.

A few numbers will give you a sense of the potential problem. Today, some 5,600 banks hold about $30 billion of reserves at the Federal Reserve Banks, and those banks account for some 70 percent of all commercial bank deposits. Under H. R. 7, only 450 banks would keep any required reserves with the Federal Reserve; reserve balances would total only about $7½ billion; and those 450 banks, while the largest in the country, would account for only 54 percent of total commercial bank deposits.

While S. 85 would provide much higher coverage, it would achieve that result in large part by extending substantial reserves to time deposits. That arrangement, as I have just noted, would create other serious problems if contemplated as permanent.

Viewed in another light, the ratio of reserve balances at the Federal Reserve Banks to the total of deposits at all commercial banks would drop to well below 1 percent under H.R. 7, and to about 1½ percent under S. 85 (without time deposit reserves). These percentages are uncomfortably low, even on operational grounds, considering the enormous volume of clearings that go through the Federal Reserve Banks every day. Large and erratic day-to-day fluctuations in such operational factors as currency in circulation or "float" arising from check clearings could, with a relatively low reserve base, have magnified effects on the money supply and weakened monetary control.

I know that the committee has already heard theoretical debates about whether reserve requirements are essential at all to the conduct of monetary policy—indeed I have engaged in such theorizing myself. But we in the Federal Reserve have the practical responsibility of operating monetary policy, and you will properly hold us accountable. We are not interested in committing ourselves to the conduct of monetary policy on the basis of untested and controversial theorizing.

In that connection, foreign experience has often been cited, including the fact that some industrial countries do not impose legal reserve requirements. A few of those countries approach monetary control either by keeping their banks continuously in debt to the central banks and maintaining close control over the level of indebtedness as a method of control, or by relying heavily on direct, quantitative controls on bank liabilities on assets. Both methods are foreign to our experience and traditions. Other leading countries, whether by statute, convention, or tradition, de facto maintain a significantly higher proportion of total commercial bank deposits in central bank balances than would be provided by the transaction account requirements of either H.R. 7 or S. 85.

We cannot be certain precisely how large reserve balances need to be to assure effective monetary control and a well functioning banking system. I feel quite sure we can do with a smaller reserve base than we now have. It is conceivable that the reserve requirements implicit in a modified S. 85 or in H.R. 7 may be sufficient, but I have grave doubts. Under H.R. 7, 97 percent of the nation's banks would either be exempt entirely or hold more than enough reserves in the form of vault cash to meet their requirements. Some technically covered banks would voluntarily wish to hold more reserves than required, and that uncertain "excess," differing from bank to bank and varying over time, would loosen the relationship between reserves and deposits. As a consequence, the ability of the Federal Reserve to control deposits by adjusting the reserve base could deteriorate, perhaps severely.

I have discussed both with members of this committee and with representative industry leaders a practical approach for dealing with this problem. This approach would provide the Federal Reserve with the assurance we need that reserve balances will be adequate for monetary control and to support the nation's depositary system, while not significantly adding to costs of banks and other depositary institutions, disturbing competitive relationships among them, or draining revenue from the Treasury.

More specifically, I propose adding a provision to the legislation for *standby* authority to the Board to call for "supplementary deposits" to be held at Reserve Banks by all depositary institutions up to a specified maximum. The Federal Reserve would be required to provide banks with a market yield on those deposits, the formula for which should be fixed in law to be comparable to the yields on U.S. government securities. One simple way of providing such a return would be to provide that the supplementary deposits be invested in earnings participation certificates in the Federal Reserve's own portfolio of U.S. government and agency securities.

I would not expect this authority to be used unless the Federal Reserve found that, in practice, monetary policy could not be effectively implemented with the reserve balances required under the other provisions of the legislation. Consequently, the authority should be viewed as an "insurance policy" or "safety net," to be used only in the event experience demonstrates the need for a larger reserve base than would be produced by other provisions of the bill. Thus, the percentage of deposits to be held as supplementary deposits probably would change infrequently, if at all, over time, if the authority were used.

As further assurance that the supplementary deposits would not be introduced lightly, I suggest that (1) the Board not be permitted to call for such deposits unless five members of the Board vote affirmatively, (2) a report is issued to this committee, and (3) the determination by the Board is renewed at, say, two-year intervals.

Arrangements would be made for nonmember banks and thrift institutions to respond to a call for supplementary deposits by dealing through established banking correspondents. The law should, for instance, specify that such supplemental deposits be held with the Federal Home Loan Banks, in the case of their member institutions, or with the Central Liquidity Facility of the credit unions. The thrift institutions could, in turn, be permitted to count these deposits toward meeting their existing liquidity requirements, but the deposits would be "passed through" to the Federal Reserve Banks so the funds could become part of the reserve base. Possible arrangements of this kind have been reviewed with, and in principle are supported by, the Federal Home Loan Bank Board and the National Credit Union Administration Board.

It would make relatively little difference from the standpoint of monetary control whether these supplementary deposits are determined as a percentage of transaction balances or of all deposits held at institutions. The maximum percentage requirement would, of course, have to be judged against the base of deposits to which it applied. For instance, a limit as low as 2 percent would be adequate if the base were to be total deposits, both transaction and time. If transaction balances alone are covered—only about 20 percent of the whole—the upper limits would need to be proportionately higher, depending on exemptions and the level of requirements determined elsewhere in the legislation, to assure an equivalent reserve base. We would be glad to work with the committee in developing precise legislative language to meet the need in the way best suited to all interests.

I would emphasize that the receipt of earnings on the supplementary deposits at a market rate will, over time, mean that institutions should suffer very little, if any, loss in earnings from any call for such balances. If earnings are determined by the return in the Federal Reserve portfolio, those earnings will reflect a mix of long- and short-term securities. Yield fluctuations would be less volatile than the yield on shorter-term securities alone because the portfolio yield varies less over time than does, say, the 3-month bill rate. In years of relatively high short-term rates, banks would be able to earn more by investing in the market short-term, but the reverse is likely to be true in years of relatively low short-term rates.

I must also emphasize that a call for supplementary deposits would have no effect on Treasury revenues. In effect, the Federal Reserve would simply add to existing security holdings to match the increased liabilities to banks and other depositary institutions incurred from supplementary deposits held at Reserve Banks. These new security purchases would provide the income to be transferred to the banks. And the banks would pay taxes to the Treasury in about the same amount as if there had been no supplementary deposits.

Provision and Charge for Services

Both S. 85 and H.R. 7 provide broadened access to System services, including the discount window, and a mandate to charge for those services at prices adequate to cover costs, including imputed capital costs and taxes. In principle, these provisions are acceptable to the Federal Reserve. Intelligently implemented, we believe this approach can contribute to the efficiency, competition, and safety of the financial system. I would emphasize, however, that open access and pricing are practicable only after reserve requirements are restructured and applied to all depositary institutions if we are to avoid exacerbating the cost burdens now placed on member banks.

Substantial progress has been made within the Federal Reserve toward developing pricing policies and schedules for Reserve Bank services. Those efforts will be pursued with vigor. I should note that in this process a number of difficult technical and policy problems—problems familiar to those engaged in the pricing of other public services when there is an obligation not only to cover costs but also to maintain a minimum level of service—are apparent. For that reason, I would urge that the legislative language not unduly limit our flexibility in pricing particular services, while retaining the goal of full-cost coverage.

Open access and pricing of System services likely will induce major changes in existing banking relationships. It may have differential effects on large and small, or city and rural, institutions. Moving too precipitously to put this new system into place could cause disruptions in banking markets. Consequently, I would urge that the pricing provision allow some flexibility in timing and implementation. Moreover, it should be clear that the Federal Reserve need not precisely match costs and revenues for every service. Indeed, the Board questions whether a charge for the receipt and disbursement of currency is appropriate at all. The government might normally be expected to provide that service, and in any event, the Treasury already earns some $7 billion per year from the provision of currency through securities held by the Federal Reserve as collateral.

Collateral for Federal Reserve Notes

A technical problem regarding collateral against Federal Reserve notes does arise in the bill. Under existing law, currency issued by the Federal Reserve must be secured by certain assets of the Federal Reserve specified in the Federal Reserve Act. If no changes were to be made in this requirement, the reserve reductions implied by the bills that are before you could be technically unworkable because these reductions might result in insufficient amounts of government securities and other eligible financial assets to meet the collateral requirements against the notes. In mid-1979, for instance, collateral in excess of currency was only $13 billion. In terms of deposits outstanding at that time, balances at Federal Reserve Banks would be reduced about $24 billion under H.R. 7 and roughly $14 billion under S. 85 without the reserve requirement on time deposits. The reduction in government security holdings in the Fed portfolio that would have to accompany the decline in reserve requirements would leave the System with too few eligible securities to meet the legal collateral requirements.

S. 85 would meet this collateral problem by permitting all financial assets held by Federal Reserve Banks to stand behind the Federal Reserve's currency liability and by eliminating the requirement to collateralize notes remaining in the vaults of Federal Reserve Banks. This approach, while clearly meeting the need, was rejected by the House apparently on the grounds that it might open the way to the Federal Reserve acquiring a broader range of assets. To meet that objection, assets eligible for collateralizing currency might be confined to certain enumerated market-type assets that may already be held by the Federal Reserve.

I would suggest adding to the present list only assets acquired abroad arising from time to time out of our foreign currency operations—a relatively small but fluctuating amount—while removing the requirement for collateral against notes held by the Federal Reserve itself. In that connection, the Federal Reserve Act already permits us to hold foreign bank deposits and bills of exchange; it would be helpful to us operationally if short-term foreign government securities could be added to our authorized holdings—an omission at the time of the original Federal Reserve Act when such securities were not widely available.

The Phase-in

S. 85 and H.R. 7 differ substantially in phase-in time for the application of reserves to transaction balances of nonmember institutions: four years for the former, ten years for the latter. The Board feels the S. 85 approach, which itself provides considerable time, is more in keeping with the purposes of the legislation, particularly for institutions newly entering or rapidly expanding transaction account business. At the same time, we are aware that this committee and the Congress may be in a better position to appraise the equities of particular situations and to develop an appropriate compromise.

Effect on Treasury Revenue

There is understandable sensitivity to the implication for Treasury revenue from alternative monetary improvement plans, particularly in these inflationary times when the budget is under pressure. An attachment to this statement [available on request] shows the revenue input from H.R. 7 and S. 85. As can be seen, the bill acceptable to the House has a cost of around $300 million, based on 1977 data. S. 85 would not cost the Treasury any revenue, but at the cost of increasing the reserve burden of many depositary institutions. Without a reserve requirement on time deposits, as I have suggested, the revenue loss would be significantly smaller than in the House bill.

I would emphasize that these calculations are artificial because, contrary to all expectations, they assume no revenue loss from rapid attrition of Federal Reserve membership, if no bill is passed. The net drain on Treasury revenues from H.R. 7 or S. 85 as modified would be quite moderate, if there were any drain at all, after account is taken of the losses that would be incurred by the Treasury due to that attrition. Indeed, the modification I have proposed to S. 85 would probably still leave the Treasury with a net gain in revenue over a reasonable period of time. Moreover, I would also note that the Federal Reserve has indicated its willingness to transfer to the Treasury part of its $1 billion surplus to cover revenue losses during the transition period.

Conclusion

This committee has before it, in S. 85 and H.R. 7, nearly all of the essential elements of constructive legislation. I hope you will agree that the major new provision I have proposed today—standby authority for supplementary deposits—is a useful and possibly essential insurance policy for monetary policy. I do not believe it should be controversial. Consequently, the way seems to me clear for promptly enacting legislation with the following main features:

1. Reserve requirements should be placed on transaction balances at all depositary institutions. Both S. 85 and H.R. 7 adopt this principle; what remains is only satisfactory resolution of exemption levels and the price level of the requirement.

2. To assure an adequate reserve base for monetary control and to support the nation's depositary system, legislation should provide an insurance policy in the form of standby authority for supplementary deposits at Federal Reserve Banks, with those deposits earning a market rate of return.

3. Initial reserve ratios on nonpersonal time deposits should be set at zero, as in H.R. 7, but with the understanding that the Federal Reserve would have some flexibility to apply reserves to short-term nonpersonal time deposits if needed to "protect" the dividing line between transaction and time accounts or for cyclical purposes. There should be no reserves on personal or long-term time deposits.

4. There should be full pricing and open access to Federal Reserve services, with adequate flexibility, in timing and application, to minimize the risk of disruptions in banking markets and to protect the availability of a basic level of payment services to all institutions.

In passing through the lobby of the Federal Reserve building recently, I read again a quotation from Woodrow Wilson referring to the original Federal Reserve Act:

> We shall deal with our economic system as it is and as it may be modified, not as it might be if we had a clean sheet of paper to write upon, and step-by-step we shall make it what it should be.

A constructive blending of S. 85 and H.R. 7, combined with the safety valve I have requested, can take a big step toward developing a reserve structure as it should be. The basic issue is preserving a strong and effective central bank able to discharge its responsibilities for monetary policy. The questions have been long debated, and I sense a convergence of views. Now, this committee has the chance to bring the long process to the edge of conclusion. I urge you to seize that chance. □

Announcements

Monetary Policy Actions

The Federal Reserve on October 6, 1979, announced a series of complementary actions that should assure better control over the expansion of money and bank credit, help curb speculative excesses in financial, foreign exchange, and commodity markets, and thereby serve to dampen inflationary forces.

Actions taken are as follows:

1. A 1 percent increase in the discount rate, approved unanimously by the Board, from 11 percent to 12 percent.

2. Establishment of an 8 percent marginal reserve requirement on increases in "managed liabilities"—liabilities that have been actively used to finance rapid expansion in bank credit. This action was also approved unanimously by the Board.

3. A change in the method used to conduct monetary policy to support the objective of containing growth in the monetary aggregates over the remainder of this year within the ranges previously adopted by the Federal Reserve. These ranges are consistent with moderate growth in the aggregates over the months ahead. This action involves placing greater emphasis in day-to-day operations on the supply of bank reserves and less emphasis on confining short-term fluctuations in the federal funds rate. It was approved unanimously by the Federal Open Market Committee, which comprises all members of the Board of Governors and five of the twelve Presidents of the Federal Reserve Banks.

In announcing these changes, the Board issued the following statement:

> Inflation has continued at an exceptionally high rate over recent months. In part, the inflation rate reflects sharply rising energy prices, and those pressures should be subsiding in the months to come. However, appropriate restraint on the supply of money and credit is an essential part of any program to achieve the needed reduction in inflationary momentum and in inflationary expectations. Such restraint should help to avoid new uncertainties about the outlook for prices and distortions in markets that could aggravate the process of economic adjustment that is under way. It will help to restore a stable base for financial, foreign exchange, and commodity pricing.
>
> Under the provisions of the Humphrey-Hawkins Act, the Federal Reserve sets yearly targets for the monetary aggregates and bank credit, and reports these targets to the Congress. At midyear, the targets for 1979, encompassing the period from the fourth quarter of 1978 to the fourth quarter of 1979, were reviewed and reaffirmed at 1½ to 4½ percent for M-1, 5 to 8 percent for M-2, and 6 to 9 percent for M-3.[1] These targets, after allowance for the smaller shift of demand deposits to ATS and NOW accounts, still seem broadly appropriate.
>
> However, growth over recent months in these aggregates and in bank credit has been more rapid than is consistent with those targets, and if unrestrained, would clearly be excessive in terms of our basic economic objectives. Recent Federal Reserve actions, taking account of inevitable lags, should work to contain money and credit growth in the months immediately ahead, consistent with the targeted objectives. The actions announced today are designed to provide further assurance that those objectives will be reached.

The Board also stressed that banks should avoid loan activity that supports speculative activity in gold, commodity, and foreign exchange markets.

Discount Rate

In announcing the change in the discount rate, the Board acted on requests from directors of

1. The M-1 target had assumed a shift of about 3 percent of demand deposits to automatic transfer service (ATS) and negotiable order of withdrawal (NOW) accounts; that shift now appears to be about 1½ percent so the equivalent adjusted target is 3 to 6 percent for M-1.

the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Minneapolis, and San Francisco. The discount rate is the rate that member banks are charged when they borrow from their district Federal Reserve Bank. The change was effective on October 8.

[Subsequently, on October 9, 1979, the Federal Reserve Board announced its approval of actions by the directors of the Federal Reserve Banks of Boston, Atlanta, Chicago, St. Louis, Kansas City, and Dallas, increasing the discount rates at those banks from 11 percent to 12 percent. The St. Louis action was effective October 8; the Atlanta, Chicago, Kansas City, and Dallas actions are effective October 9, and the Boston action is effective October 10.]

The Board indicated that, within the general framework of existing policies regarding the administration of the discount window, the discount rate would be managed flexibly to discourage excessive member bank borrowing.

Marginal Reserve Requirement

The marginal reserve requirement adopted by the Board will apply to all increases in managed liabilities of member banks, Edge corporations, and U.S. agencies and branches of foreign banks.

This means that these institutions will be required to put up an additional 8 percent reserve against their deposits to the extent that they increase the aggregate level of their managed liabilities above a base amount. These liabilities include large time deposits ($100,000 and over with maturities of less than a year), Eurodollar borrowings, repurchase agreements against U.S. government and federal agency securities, and federal funds borrowings from a nonmember institution. (Federal funds borrowings from member banks, Edge corporations, and U.S. agencies or branches of foreign banks are exempt in order to avoid a double counting of reserve requirements.)

The marginal reserves will be in addition to any reserve requirement already in place for member banks and Edge corporations. Large time deposits, for example, are already subject to a supplemental reserve requirement of 2 percent that was put in place last November, plus a basic reserve ranging from 1 percent to 6 percent depending on maturity.

The current reserve requirement on Eurodollar borrowings is zero while federal funds transactions and repurchase agreements against U.S. government and federal agency securities are currently exempt from reserve requirements. The marginal reserve will also apply to loans made by foreign offices of member banks to U.S. residents and to assets sold by member banks, Edge corporations, and U.S. branches and agencies to related foreign offices.

The base for the marginal reserve will be $100 million or the average amount of managed liabilities held by a member bank, Edge corporation, or family of U.S. branches or agencies of a foreign bank, as of the two statement weeks ending September 26, whichever is larger. Any increase in managed liabilities above that point will be subject to the 8 percent marginal reserve.

Since the marginal reserve will apply to the total aggregate level of managed liabilities for each bank, an increase in one component --large CDs for example --may be offset by a decrease in another without any overall increase in reserve requirements.

This action is directed toward sources of funds that have been actively used by banks in recent months to finance the expansion of bank credit. Member banks are presently estimated to hold over $240 billion in such managed liabilities. They have increased by about $17 billion over the last three months. About half of the increase in bank credit over that period has been financed by such managed liabilities.

The marginal reserve requirement will also apply to marginal increases in all repurchase agreements on U.S. government and agency securities entered into by member banks, Edge corporations, and U.S. branches and agencies except those entered into with other member banks, Edge corporations, and U.S. branches and agencies. A deduction, however, will be permitted for U.S. government and agency securities held in an institution's trading account--securities held for the purpose of resale. The Board expects that affected institutions will not reclassify securities held in their investment accounts to their trading accounts for the purpose of avoiding the marginal reserve requirement.

The marginal reserve requirement is effective on the increase in managed liabilities in the statement week beginning October 11 and maintained in the seven-day period beginning October 25. Because U.S. agencies and branches of foreign banks will be maintaining reserves with the Federal Reserve for the first time, they will begin maintaining reserves the week beginning November 8.

FOMC Action

Under the new procedures adopted by the FOMC for the conduct of open market operations—the major tool used by the Federal Reserve in its operations—wider day-to-day or week-to-week fluctuations in the federal funds rate may occur. The federal funds rate is the rate that commercial banks pay to borrow short-term funds generally on an overnight basis.

Over recent years, the FOMC has fixed a relatively narrow range for the federal funds rate. To help achieve better control over the reserve base, it will now be necessary—within broad limits—to permit wider fluctuations of that rate if so determined by market forces.

In its open market operations, the Federal Reserve, through its trading desk at the Federal Reserve Bank of New York, buys or sells government securities in the open market. In simple terms, a purchase of securities increases the level of bank reserves while a sale of securities decreases bank reserves.

Change in Discount Rate

The Board of Governors has approved actions by the directors of the Federal Reserve Banks of Boston, New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco, increasing the discount rates of those banks from $10\frac{1}{2}$ percent to 11 percent, effective September 19.

Action was taken against the background of recent increases in other short-term interest rates, to bring the discount rate into closer alignment with short-term rates generally, and to discourage excessive borrowing by member banks at the discount window.

The discount rate is the interest rate that member banks are charged when they borrow from their district Federal Reserve Banks.

The Board later approved actions by the directors of the Federal Reserve Banks of Philadelphia and Kansas City, increasing the discount rates at those banks to 11 percent, effective September 21.

Regulation S: Adoption

The Federal Reserve Board on September 27, 1979, announced adoption of rules under the Right to Financial Privacy Act for reimbursing financial institutions that provide their customers' financial records as requested or required by the federal government.

The act and the Board's implementing Regulation S became effective October 1, 1979. The Board adopted Regulation S (Reimbursement to Financial Institutions for Assembling or Providing Financial Records) following consideration of comment received after publication of proposed rules in August. The act (Title XI of the Financial Institutions Regulatory and Interest Rate Control Act of 1978) places restrictions on federal government access to the financial records of individuals maintained by financial institutions by requiring that, with certain exceptions, federal authorities seeking such information must follow prescribed procedures.

The act also authorizes, with a number of exceptions, reimbursement to financial institutions for costs associated with providing such records and directs the Federal Reserve Board to establish regulatory rules for this reimbursement.

Regulation S has the following provisions:

1. Financial institutions are entitled to payment for the reasonably necessary costs directly incurred in assembling or providing required, requested, or authorized customer financial records. The federal financial supervisory agencies are exempt from the act's restrictions in the exercise of their supervisory, regulatory, or monetary functions.

2. Only financial institutions are entitled to such reimbursement. This includes credit-card issuers. Corporations and partnerships comprised of more than five individuals are not affected.

3. The rate of reimbursement for personnel time is $10 an hour, or $2.50 per quarter-hour. Reimbursement is limited to the total amount of personnel time spent in locating, retrieving, reproducing, packaging, and preparing documents or information for shipment at the request or requirement of the federal government.

4. The rate of reimbursement for reproduction costs is 15 cents a page.

5. Reimbursement for transportation costs is limited to actual costs.

The August proposal had suggested that reimbursement for personnel costs be at a rate of $5 an hour or fraction thereof and that reproduction costs be reimbursed at 10 cents a page.

Regulation Z: Revocation of Amendment

The Federal Reserve Board announced that it will revoke on March 31, 1980, an amendment to its Regulation Z (Truth in Lending) that allowed an exception to the "cooling off" period for consumers who pledge their homes as security in open-end credit arrangements.

Truth in Lending requires that when a home is used as collateral for a consumer loan the lender must give notice that the borrower has a three-day "cooling off" period in which to cancel the deal.

The Board's amendment announced in July 1978 exempted individual advances under open-end credit arrangements (such as use of a credit card) from the requirement of such notice when the creditor and the seller are not the same or related persons. The amendment required that the right-of-rescission notice must be given in the case of such open-end credit transactions secured by a home mortgage when the credit plan is first opened; when the credit limit is increased; when the terms of the account are changed; and when a security interest in a home is added to an existing open-end credit plan. In addition, creditors were required to remind customers annually that their homes had been pledged as security for the account.

Following adoption of the amendment, the Board was urged to reconsider on grounds that interested parties may not have been aware of the proposed action. Consequently, in February 1979 the Board requested comment as to whether the amendment should be repealed, and, after considering some 160 comments received in answer to its request, it revoked the amendment and also rescinded related interpretations.

Regulation E: Additions

The Federal Reserve Board on October 9, 1979, adopted a number of additional provisions of its Regulation E (Electronic Fund Transfers) implementing the Electronic Fund Transfer Act.

The additions deal with the following: (1) requirements for disclosures to consumers who use EFT services; (2) exemptions for transfers made to buy or sell securities and for transfers of funds within an institution; (3) record retention; (4) the relation of the Federal Electronic Fund Transfer Act to state law on this subject; and (5) requirements for compliance with certain provisions of the act by those offering EFT services.

The exemptions (item 2) become effective November 15. The remainder of the new rules will become effective upon the effective date of the sections of the act upon which the rules are based: May 10, 1980.

Meeting of Consumer Advisory Council

The Federal Reserve Board announced a meeting of its Consumer Advisory Council on October 22 and 23, 1979.

The Council discussed proposals under the Electronic Fund Transfer Act issued by the Board for public comment and considered what contribution the Council might make to Board analyses of the economic impact of its regulations.

Assets and Liabilities of Overseas Branches of Member Banks

Combined assets of the overseas branches of member banks increased $29.7 billion, or 13.0 percent, during 1978, to a total of $257.6 billion, the Federal Reserve Board reported on September 17, 1979.

Excluding claims on other foreign branches of the same bank, combined assets were $232.0 billion at the end of December, a 13.2 percent increase from year-end 1977. Branches located in the financial centers of the United Kingdom and the Caribbean accounted for 64 percent of total foreign branch assets and represented 60 percent of the increase during 1978. During the past two years, the greatest relative increase has occurred in the Near East and Africa, reflecting mostly the growth of Bahrain as an international financial center.

At year-end 1978, member banks operated 761 branches in foreign countries and overseas territories, a net increase of 31 branches during the year. A distribution of branches by geographic areas is shown in the accompanying table.

These data are derived from reports of condition filed at the end of the year with the Comptroller of the Currency and the Federal Reserve System, and differ in certain respects from other statistical reports covering aspects of overseas branch operations. The table reflects changes to the report form that were implemented at year-end 1978. Among other changes, the new format provides greater information on transactions with affiliates and on the source of branch deposits. The demand–time deposit distinction, which has special meaning for offices within the United States, has been discontinued. The report reflects all assets and liabilities of overseas branches whether denominated in U.S. dollars or in other currencies. Nondollar amounts have been translated into dollars at the relevant exchange rate.

Revised OTC Stock List

The Federal Reserve Board has published a revised list of over-the-counter (OTC) stocks

Assets and liabilities of overseas branches of member banks, end of year, 1977 and 1978[1]

Millions of dollars, unless otherwise indicated

Item	United Kingdom and Ireland		Continental Europe		Bahamas and Caymans		Latin America		Far East		Near East and Africa		U.S. overseas areas and trust territories		Total	
	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978
ASSETS																
Cash	37,422	38,886	14,400	11,935	19,172	21,993	1,452	1,192	4,918	4,710	2,187	3,212	331	603	79,882	82,531
Loans, net	24,812	28,205	12,125	14,968	40,529	40,472	6,232	8,386	19,255	21,132	3,598	5,664	2,584	2,687	109,135	121,513
Due from other non-U.S. branches of own bank	13,983	15,625	3,464	3,458	2,640	3,254	127	489	1,906	2,092	742	594	51	98	22,913	25,611
Due from head office and U.S. branches	3,508	3,583	69	181	274	1,354	148	224	316	384	46	127	67	135	4,431	5,988
Due from consolidated subsidiaries[2]	...	3,502		862		2,218	...	129	...	991	...	94	...	27	...	7,823
Other assets	3,001	4,01	2,418	3,564	1,934	1,874	745	898	2,731	2,854	257	342	423	572	11,508	14,115
Total	**82,726**	**93,812**	**32,475**	**34,969**	**64,549**	**71,165**	**8,705**	**11,316**	**29,126**	**32,163**	**6,831**	**10,032**	**3,457**	**4,122**	**227,868**	**257,580**
LIABILITIES																
Total deposits	76,534	87,541	27,342	27,376	41,371	48,095	5,450	5,828	13,517	14,073	5,242	7,012	2,845	3,399	172,301	194,225
Deposits of other banks[3]	...	45,006	...	18,574		27,078	...	2,761	...	6,243	...	4,389	...	450	...	104,501
Other deposits[3]		42,535	...	8,802	...	21,017	...	3,967	...	7,830	...	2,623	...	2,949	...	89,724
Due to other non-U.S. branches of own bank	2,386	644	2,286	2,623	4,889	7,449	2,072	3,077	10,716	10,473	1,264	2,137	26	94	23,639	26,497
Due to head office and U.S. branches	1,508	1,357	720	1,214	17,207	13,737	336	493	486	1,626	163	610	269	74	20,690	19,111
Due to consolidated subsidiaries[2]	...	19	...	956		415	...	129	...	524	...	5	...	476	...	2,524
Other liabilities	2,298	4,250	2,126	2,800	1,083	1,469	845	890	4,407	5,467	161	269	316	80	11,238	15,225
Total	**82,726**	**93,812**	**32,475**	**34,969**	**64,549**	**71,165**	**8,705**	**11,316**	**29,126**	**32,163**	**6,831**	**10,032**	**3,457**	**4,122**	**227,868**	**257,580**
Number of branches	6.	62	110	113	132	142	199	199	138	146	42	48	48	51	730	761

[1] Data are from Board of Governors of the Federal Reserve System. Details may not add to totals due to rounding.
[2] Before 1978, transactions with consolidated subsidiaries were not segregated but were treated as if they were with nonaffiliated organizations.
[3] This detail was not provided before 1978.

that are subject to its margin regulations, effective September 28, 1979. The list supersedes the revised List of OTC Margin Stocks that was issued on April 2, 1979.

Changes that have been made in the list, which now includes 1,229 OTC stocks, are as follows: 78 stocks have been included for the first time; 12 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing; and 57 stocks have been removed for listing on a national securities exchange or because the companies were acquired by another firm.

The list is available on request from Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Changes in Board Staff

The Federal Reserve Board has announced the following promotions, effective September 23.

James R. Kudlinski as Director of a reorganized Division of Federal Reserve Bank Operations that consolidates the Divisions of Federal Reserve Bank Operations and Federal Reserve Bank Examinations and Budgets.

Clyde H. Farnsworth, Jr., Associate Director of the Division of Federal Reserve Bank Examinations and Budgets, has been appointed Deputy Director.

Supplement to Federal Reserve Compliance Handbook

The first supplement to the *Federal Reserve Compliance Handbook*, which affects 12 pages of the Examiner Checklist, is now available.

Requests for copies may be sent to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Statistical Releases on Commercial Bank Assets and Liabilities

In order to provide for prompt publication of new measures of commercial bank assets and liabilities, the Board of Governors has revised its monthly G.7 statistical release on commercial bank credit and its weekly H.8 release on commercial bank assets and liabilities and inaugurated a new monthly G.10 release on commercial bank nondeposit funds. The new statistical series to be published in these releases were described in an article in the September 1979 BULLETIN, "New Measures of Commercial Bank Credit and Bank Nondeposit Funds."

The monthly G.7 release has been expanded to provide separate information on bank credit for domestically chartered banks and for foreign-related institutions including U.S. branches, agencies, and New York investment company subsidiaries of foreign banks and Edge Act corporations engaged in banking. The expanded series also provides considerably more loan detail than was available previously. In addition, the new bank credit series are estimated on a monthly average basis, replacing the former end-of-month series, and coverage now includes lease financing receivables for the first time.

Formerly, the H.8 release provided estimates of bank assets and liabilities including U.S. branches of foreign banks as well as domestically chartered banks, but these estimates were subject to very large revision and the release was discontinued after December 1979. Revised data sources and estimation procedures now make it possible to resume publication of the H.8 with coverage of the weekly estimates limited to domestically chartered banks. In addition, a monthly supplementary table will be included in the H.8 release to provide month-end estimates of assets and liabilities for all commercial banks including the foreign-related institutions. The revised H.8 release contains data for a somewhat different list of assets and liabilities than previously provided.

The new G.10 provides monthly estimates of commercial bank nondeposit funds, which, together with deposit flows, constitute the banks' most important sources of funding of credit operations. In recent years, commercial banks have increased their borrowings in the form of federal funds, security repurchase agreements (RPs), and other borrowings from nonbank lenders, including borrowings in the Eurodollar market that are channeled through directly related institutions abroad. The new release provides estimates of the amount of funds raised from these sources by both the domestically chartered and the foreign-related banking institutions that are covered in the revised commercial bank series on credit and on assets and liabilities. In addition, the G.10 release provides monthly estimates of several series for which movements are closely related to those of the nondeposit funds series. These series include RP borrowings from nonbanks, U.S. Treasury demand balances at commercial banks, and large-denomination time deposits as well as some component series underlying the net Eurodollar component of the nondeposit funds series.

Back data are available for the new bank credit, nondeposit funds, and commercial bank assets and liabilities series for the period 1973 to date. They may be obtained from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C., 20551.

System Management Committee

The Federal Reserve on October 9, 1979, announced the creation of a special committee of senior System management to draw up standards for services to member banks and other institutions that will apply in all 12 Federal Reserve Districts.

The role of the committee will be to achieve greater consistency of services among Federal Reserve Districts in such areas as check collection, cash, and fiscal agency operations.

Members of the steering committee will be Robert P. Black, President of the Federal Reserve Bank of Richmond; Robert H. Boykin, First Vice President of the Federal Reserve Bank of Dallas; and William H. Wallace, Staff Director for Federal Reserve Bank Activities at the Board of Governors in Washington.

Special task forces will be established under the steering committee, which will have responsibility for setting standards for Reserve Bank services. Services to be reviewed include fiscal agency operations (Treasury and government agency issues and coupons, food coupons, federal taxes, and Treasury tax and loan accounts, government checks, and securities safekeeping and transfers), currency and coin, check and noncash collection, wire transfers of funds, automated clearinghouse operations, and member bank loans.

The American Bankers Association is expected to establish similar groups to work with the Federal Reserve on these programs.

Frederick H. Schultz, Vice Chairman of the Board, said work in establishing service-level standards will begin within the next several weeks, and a final report is expected early next year.

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON AUGUST 14, 1979

1. Domestic Policy Directive

The information reviewed at this meeting suggested that real output of goods and services was continuing to decline in the current quarter; according to preliminary estimates of the Commerce Department, real output had fallen at an annual rate of 3.3 percent in the second quarter. Average prices, as measured by the fixed-weight price index for gross domestic business product, appeared to be rising at an annual rate close to the 10½ percent that had been estimated for the second quarter.

Staff projections suggested some further contraction in economic activity and then an upturn beginning in 1980. Over the year ahead the rise in average prices was projected to moderate a little. The rate of unemployment was expected to increase substantially.

The dollar value of retail sales edged up in July, but in real terms such sales were estimated to be about 5½ percent below their December 1978 peak. A sizable decline in sales of new automobiles contributed substantially to the recent weakness in retail sales. At the end of July, dealers' stocks of unsold cars, particularly of the less fuel-efficient models, were exceptionally large.

Growth in nonfarm payroll employment slowed considerably further in July after having expanded at a much reduced pace during the second quarter. In manufacturing, employment declined for the fourth month in a row and the average workweek remained at the reduced level of May and June. However, the unemployment rate, at 5.7 percent, stayed within the narrow range that has prevailed since the beginning of the year.

The index of industrial production declined 0.3 percent in June, and available data suggested a further small decline in July to a level close to that of December 1978. The weakness in June and July was dominated by reduced output of consumer durable goods, especially motor vehicles.

Manufacturers' new orders for nondefense capital goods rose moderately in June but remained below their March peak. Contract awards for commercial and industrial buildings—measured in terms of floor space—declined for the fourth consecutive month.

Housing starts rose further in June but, at an annual rate of about 1.9 million, were still moderately lower than in 1977 and 1978. Sales of both new and existing single-family homes fell substantially in June.

Producer prices of finished goods and of materials rose sharply further in July, after a much more rapid rate of increase over the first half of 1979 than during 1978. In July the increases continued to be especially pronounced in energy-related items. Prices of consumer finished foods were unchanged, after having declined in the previous three months. However, producer prices of crude foods and animal feeds, which had also declined during the second quarter, rose substantially.

In June consumer prices continued to increase rapidly. The rise in energy prices accelerated further and increases in homeownership costs remained large. The rise in food prices moderated further, however, following especially sharp increases during the early months of the year. Over the first half of 1979, consumer prices rose at an annual rate of about 13¼ percent, compared with 9 percent in 1978.

In July the rise in the index of average hourly earnings of private nonfarm production workers picked up to an annual rate of about 8½ percent, following a marked slowing in the advance during May and June. Over the first seven months of the year the rise was at an annual rate of 7½ percent compared with 8½ percent during 1978. In the nonfarm business sector, the advance in total compensation per manhour moderated in the second quarter from the very rapid pace in the first quarter, which had been affected by increases in social security taxes at the beginning of the year. The rise in unit labor costs was as rapid as in the first quarter, however, as output per manhour declined significantly further.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies declined somewhat further in the second half of July, and central banks made additional net purchases of dollars. The dollar recovered subsequently, but it was still about 3½ percent below its level in early June. The U.S. trade deficit widened between the first and second quarters. A sizable increase in the value of oil and other imports exceeded the rise in nonagricultural exports.

Expansion of total credit outstanding at U.S. commercial banks, which had picked up in June, moderated in July to about the April–May pace. Growth in loans also moderated in July after an acceleration in June. Banks continued to add sizable amounts to their holdings of securities, especially U.S. government obligations. Growth in commercial paper issued by nonfinancial firms exceeded the strong second-quarter pace, owing in part to large sales by foreign issuers.

The monetary aggregates—M-1, M-2, and M-3—continued to expand rapidly in July. Growth in M-1, at an annual rate of about 10 percent, was moderately lower than in June but close to the average pace during the second quarter. Inflows to commercial banks of interest-bearing deposits included in M-2 increased slightly in July. Net inflows of funds to nonbank thrift institutions moderated somewhat, despite a pickup in net issuance of money market certificates by these institutions.

At its meeting on July 11, the Committee had decided on ranges of tolerance for the annual rates of growth in M-1 and M-2 during the July–August period of 2½ to 6½ percent and 6½ to 10½ percent respectively. The Committee had agreed that early in the intermeeting period the Manager of the System Open Market Account should continue to direct operations toward maintaining the weekly average federal funds rate at around 10¼ percent. Subsequently, if the two-month growth rates of M-1 and M-2, given approximately equal weight, appeared to be close to or beyond the upper or lower limits of the indicated ranges, the objective for the funds rate was to be raised or lowered in an orderly fashion within a range of 9¾ to 10½ percent.

About a week after the meeting, on July 19, projections suggested that over the July–August period growth in M-1 would be above the upper limit of the range specified by the Committee and that growth in M-2 would about equal the upper limit of its range. In those circumstances, the Manager began to aim for a weekly average federal funds rate at about the 10½ percent upper limit of its range. On July 20 the Board of Governors announced an increase in Federal Reserve Bank discount rates from 9½ to 10 percent.

On July 27, with projections suggesting that over the two-month period growth of both M-1 and M-2 would exceed the upper limits of their ranges and with the objective for the federal funds rate at the upper limit of its range, the Committee voted to raise the upper limit of the range for the funds rate to 10¾ percent and instructed the Manager to aim for a rate within a range of 10½ to 10¾ percent.

Over the remainder of the intermeeting period the funds rate averaged just under $10\frac{3}{4}$ percent.

Short-term market rates in general rose during the intermeeting period. In late July most banks raised their loan rate to prime business borrowers from $11\frac{1}{2}$ to $11\frac{3}{4}$ percent. In long-term debt markets, however, interest rates changed little during the period, reflecting a relatively light schedule of new corporate and municipal bond offerings and also reactions to further evidence of a weakening economy. In home mortgage markets, yields on new mortgage commitments declined slightly.

In the Committee's discussion of the economic situation and outlook, none of the members expressed disagreement with the staff appraisal that real gross national product was continuing to decline in the current quarter. However, members expressed considerable uncertainty about the duration and extent of the decline in activity.

On the one hand, it was suggested that a substantial decline in consumer spending—generated by high consumer debt and low consumer confidence as well as by energy problems and inflation—could have a major effect on business spending for plant and equipment. Concurrent weakness in those two sectors could quickly produce an unwanted accumulation of business inventories, a cumulative curtailment in output, and a sharp rise in unemployment.

On the other hand, it was observed, certain elements in the current situation suggested that the curtailment in output could be limited to modest proportions. For example, prices of common stocks on the average had been rising, in contrast with the more usual decline associated with the onset of recession, and various measures of risk premiums in markets for debt instruments had remained low by historical standards. Moreover, growth of the monetary aggregates had strengthened in recent months after a period of weakness, whereas generally in recession growth had weakened and then remained weak.

Members continued to express great concern about inflation. It was observed that for a long period elements in the economic situation had seemed to justify expectations of a reduction in the rise in prices. Such expectations had been disappointed. Moreover, little reduction could be expected in the short run because recent increases in energy prices had not yet fully worked through the price structure. It was noted that the decline in the rate of inflation projected for the quarters immediately ahead was small, and much smaller than that associated with the previous recession. Thus, inflation might still be at a high rate when economic activity turned up again. Inflationary expectations appeared to have worsened in the sense that, more than ever before, consumers and businessmen seemed to take the inflationary environment into account in making spending and investing decisions.

In considering policy for the period immediately ahead, Committee members focused on the problems posed by emerging recession and its potential for substantial increases in unemployment, concurrent with strong monetary growth, high actual and expected rates of inflation, and an exposed position of the dollar in foreign exchange markets pending anticipated improvement in the U.S. foreign trade and current accounts. Any policy course in these circumstances necessarily involved unusual risks: prompt pursuit of a policy aimed at moderating the effects of the curtailment in output could be perceived as exacerbating inflation and thus could have perverse effects on economic activity and employment; a policy directed toward moderating inflation and lending support to the dollar in the foreign exchange markets could risk intensifying the recession.

There was little disagreement with the proposition that for the near term modest measures should be taken to direct policy toward slowing growth of the monetary aggregates. Control of monetary growth was regarded as essential to restore expectations of a decline in the rate of inflation over a period of time. It was suggested that public confidence in the determination to direct monetary policy toward reducing inflation would have a constructive influence on the course of long-term interest rates and on sentiment in foreign exchange markets, and it might also be an element in wage and price determinations. Should developments over the months ahead suggest the desirability of policy measures aimed at reversing the decline in output, moreover, such measures would be more effective in an environment of confidence in the government's adherence to the fundamental objective of reducing inflation.

In support of modest measures directed toward restraint, it was suggested that monetary policy recently had not been so restrictive as it might have appeared. Monetary growth since the beginning of the year had been considerably greater than that indicated by M-1, owing to rapid expansion in close substitutes for demand deposits and currency. In addition, the increase in interest rates had been less than that in expected rates of inflation.

On the other hand, it was noted that interest rates were close to historic highs. Some doubt was expressed, moreover, that further restraint could have a significant effect on inflation, particularly in view of the role of energy in the rapid rate of increase in prices recently. In the face of clear evidence of weakening in economic activity, it was observed, the need to balance the objective of containing the recession with the goal of moderating inflation called for a steady policy for the time being.

In considering policy specifications for the period immediately ahead, the Committee took note of a staff analysis suggesting that the current growth rate of nominal GNP and other influences, including possibly a temporary accumulation of precautionary balances by the public in response to unusual uncertainties, were tending to support the demand for money. On the assumption of continuance of prevailing money market conditions, therefore, growth of both M-1 and M-2 over the August–September period most likely would be high relative to the Committee's longer-run ranges, although growth could be expected to slow substantially from the rapid rates of recent months.

At the conclusion of its discussion of policy, the Committee decided to instruct the Manager for Domestic Operations to direct open market operations initially toward an increase in the weekly average federal funds rate to about 11 percent. Subsequently, the objective for the funds rate was to be raised or lowered in an orderly fashion within a range of $10\frac{3}{4}$ to $11\frac{1}{4}$ percent, if M-1 and M-2 appeared to be growing over the August–September period at rates close to or beyond the upper or lower limits of the ranges specified for those monetary aggregates. The members decided that the two-month ranges of tolerance for the annual rates of growth in M-1 and M-2 should be 4 to 8 percent and 7 to 11 percent respectively. They also agreed that in assessing the behavior of the aggregates, the Manager should give approximately equal weight to M-1 and M-2.

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

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

The information reviewed at this meeting suggests that real output of goods and services is continuing to decline in the current quarter, while prices on the average are continuing to rise rapidly. In July the dollar value of retail sales edged up; in real terms, sales were still substantially below those of last December. Growth in nonfarm payroll employment slowed considerably further, but the unemployment rate, at 5.7 percent, remained within the narrow range prevailing since the beginning of the year. Industrial production declined in June, and it apparently slackened further in July to about the level of last December. So far this year, broad measures of prices have increased at a much faster pace than during 1978, although producer prices of foods have declined since March. The rise in the index of average hourly earnings, which had slowed in May and June, picked up in July.

The trade-weighted value of the dollar against major foreign currencies declined somewhat further in the second half of July, and although it subsequently recovered, it remained below its level of early June. The U.S. trade deficit in the second quarter was larger than in the previous quarter, reflecting largely the significant rise in the price and value of oil imports.

Growth of M-1, M-2, and M-3 remained rapid in July. Inflows of interest-bearing deposits included in M-2 were slightly stronger than in June. At nonbank thrift institutions, inflows of deposits declined somewhat. Short-term market interest rates have risen over recent weeks, while long-term rates have changed little on balance. An increase in Federal Reserve discount rates from 9½ to 10 percent was announced on July 20.

Taking account of past and prospective developments in employment, unemployment, production, investment, real income, productivity, international trade and payments, and prices, the Federal Open Market Committee seeks to foster monetary and financial conditions that will resist inflationary pressures while encouraging moderate economic expansion and contributing to a sustainable pattern of international transactions. At its meeting on July 11, 1979, the Committee agreed that these objectives would be furthered by growth of M-1, M-2, and M-3 from the fourth quarter of 1978 to the fourth quarter of 1979 within ranges of 1½ to 4½ percent, 5 to 8 percent, and 6 to 9 percent respectively, the same ranges that had been established in February. Having established the range for M-1 in February on the assumption that expansion of ATS and NOW accounts would dampen growth by about 3 percentage points over the year, the Committee also agreed that actual growth in M-1 might vary in relation to its range to the extent of any deviation from that estimate. The associated range for bank credit is 7½ to 10½ percent. The Committee anticipates that for the period from the fourth quarter of 1979 to the fourth quarter of 1980, growth may be within the same ranges, depending upon emerging economic conditions and appropriate adjustments that may be required by legislation or judicial developments affecting interest bearing transactions accounts. These ranges will be reconsidered at any time as conditions warrant.

In the short run, the Committee seeks to achieve bank reserve and money market conditions that are broadly consistent with the longer-run ranges for monetary aggregates cited above, while giving due regard to developing conditions in foreign exchange and domestic financial markets. Early in the period before the next regular meeting, System open market operations are to be directed at attaining a weekly average federal funds rate slightly above the current level. Subsequently, operations shall be directed at maintaining the weekly average federal funds rate within the range of 10¾ to 11¼ percent. In deciding on the specific objective for the federal funds rate the Manager for Domestic Operations shall be guided mainly by the relationship between the latest estimates of annual rates of growth in the August–September period of M-1 and M-2 and the following ranges of tolerance: 4 to 8 percent for M-1 and 7 to 11 percent for M-2. If rates of growth of M-1 and M-2, given approximately equal weight, appear to be close to or beyond the upper or lower limits of the indicated ranges, the objective for the funds rate is to be raised or lowered in an orderly fashion within its range.

If the rates of growth in the aggregates appear to be beyond the upper or lower limits of the indicated ranges at a time when the objective for the funds rate has already been moved to the corresponding limit of its range, the Manager shall promptly notify the Chairman, who will then decide whether the situation calls for supplementary instructions from the Committee.

Votes for this action: Messrs. Volcker, Balles, Coldwell, Kimbrel, Mayo, Partee, Schultz, Mrs. Teeters, Messrs. Wallich, and Timlen. Votes against this action: Messrs. Black and Rice. (Mr. Timlen voted as an alternate member.)

Mr. Black dissented from this action because, in view of the rapid monetary growth in recent months, he preferred to specify lower ranges for growth of M-1 and M-2 over the August–September period in order to increase the probability of holding growth within the Committee's longer-run ranges. While he agreed that open market operations should be directed toward attaining a slight increase in the federal funds rate initially in the coming intermeeting period, he believed that the directive adopted by the Committee allowed for too rapid monetary growth before a further increase in the funds rate would be triggered.

Mr. Rice dissented from this action because he believed that an additional firming in money market conditions at this time, to restrict growth of money and credit, in the face of the evidence of weakening in economic activity would risk deepening the recession. In his view, the effort to balance the goal of reducing the rate of inflation with the objective of minimizing the impact of the recession called for a policy directed toward the maintenance of prevailing money market conditions unless growth of the monetary aggregates over the August–September period appeared to be substantially faster or slower than the rates currently expected.

Subsequent to the meeting, in late August, incoming data indicated that M-1 and M-2 were growing at rapid rates in August. On August 30, projections for the August–September period suggested that growth of M-1 would be at an annual rate well above the upper limit of the range that had been specified by the Committee and that growth of M-2 would be at about the upper limit of its range. Over the preceding week, the Manager for Domestic Operations had been aiming for a weekly average federal funds rate approaching the 11¼ percent upper limit of its specified range, and in the statement week ending August 29, the rate averaged 11.16 percent. In these circumstances, Chairman Volcker recommended that the upper limit of the range for the funds rate be raised to 11½ percent, but with the understanding that not all of the additional leeway would be used immediately; use of the leeway would depend on subsequent behavior of the monetary aggregates and on developments in foreign exchange markets. The Committee voted to amend the domestic policy directive in accordance with the Chairman's recommendation.

On August 30, 1979, the Committee modified the domestic policy directive adopted at its meeting on August 14 by raising the upper limit of the intermeeting range for the federal funds rate to 11½ percent and by instructing the Manager for Domestic Operations not to raise the objective for the weekly average funds rate to the new upper limit immediately but to be guided by the subsequent behavior of the monetary aggregates and by developments in foreign exchange markets.

> Votes for this action: Messrs. Volcker, Balles, Black, Coldwell, Kimbrel, Mayo, Partee, Schultz, Mrs. Teeters, Messrs. Wallich, and Timlen. Vote against this action: Mr. Rice. (Mr. Timlen voted as an alternate member.)

2. Authorization for Foreign Currency Operations

The Committee approved an increase from $360 million to $700 million in the System's swap arrangement with the Bank of Mexico and the corresponding amendment to paragraph 2 of the authorization for foreign currency operations, effective August 17, 1979. With this change paragraph 2 read as follows:

The Federal Open Market Committee directs the Federal Reserve Bank of New York to maintain reciprocal currency arrangements ("swap" arrangements) for the System Open Market Account for periods up to a maximum of 12 months with the following foreign banks, which are among those designated by the Board of Governors of the Federal Reserve System under Section 214.5 of Regulation N, Relations with Foreign Banks and Bankers, and with the approval of the Committee to renew such arrangements on maturity:

Foreign bank	Amount of arrangement (millions of dollars equivalent)
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
German Federal Bank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	700
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
Bank for International Settlements:	
Dollars against Swiss francs	600
Dollars against authorized European currencies other than Swiss francs	1,250

Votes for this action: Messrs. Volcker, Balles, Black, Coldwell, Kimbrel, Mayo, Partee, Rice, Schultz, Mrs. Teeters, Messrs. Wallich, and Timlen. Votes against this action: None. (Mr. Timlen voted as an alternate member.)

This action was taken in light of the increase in recent years in the scale of economic and financial transactions between the United States and Mexico.

3. Authorization for Domestic Open Market Operations

At this meeting the Committee amended paragraph 2 of the authorization for domestic open market operations, effective immediately, to take account of amendments to the Federal Reserve Act enacted in June 1979. The amendments extended for two years the authority for lending to the Treasury through direct purchases of securities, under more restrictive conditions than formerly, and for the first time provided for an alternative means of assisting the Treasury in meeting short-term cash needs in more routine circumstances.

Specifically, the legislation provided authority for the System to purchase securities directly from the Treasury in unusual and exigent circumstances, for renewable periods not to exceed thirty days, when authorized by the Board of Governors pursuant to an affirmative vote of not less than five members. The legislation also provided authority for the System, subject to the approval and rules and regulations of the Federal Open Market Committee, to lend securities to the Treasury for sale in the open market. The Treasury would be required to repurchase the securities and return them to the System not later than six months after the date of sale. The total amount of securities loaned to and purchased directly from the Treasury at any one time may not exceed $5 billion.

As amended, paragraph 2 read as follows:

The Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York (or, under special circumstances, such as when the New York Reserve Bank is closed, any other Federal Reserve Bank) (a) to lend to the Treasury such amounts of securities held in the System Open Market Account as may be necessary from time to time for the temporary accommodation of the Treasury, under such conditions as the Committee may specify; and (b) to purchase directly from the Treasury for renewable periods not to exceed thirty days, when authorized by the Board of Governors of the Federal Reserve System pursuant to an affirmative vote of not less than five members, for its own account (with discretion, in cases where it seems desirable, to issue participations to one or more Federal Reserve Banks) such amounts of special short-term certificates of indebtedness as may be necessary from time to time for the temporary accommodation of the Treasury, provided that the rate charged on such certificates shall be a rate of 1/4 of 1 percent below the discount rate of the Federal Reserve Bank of New York at the time of such purchases and provided that the total amount of such certificates held at any one time by the Federal Reserve Banks shall not exceed $2 billion.

Votes for this action: Messrs. Volcker, Balles, Black, Coldwell, Kimbrel, Mayo, Partee, Rice, Schultz, Mrs. Teeters, Messrs. Wallich, and Timlen. Votes against this action: None. (Mr. Timlen voted as an alternate member.)

* * * * *

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 subsequently published in the BULLETIN.

Law Department

Statutes, regulations, interpretations, and decisions

Adoption of New Regulation S

The Board of Governors of the Federal Reserve System has adopted a new regulation required by section 1115 of the Right to Financial Privacy Act (12 U.S.C. § 3415) that provides rates and conditions for reimbursement of reasonably necessary costs, directly incurred by financial institutions in assembling or providing customer financial records to a federal government authority.

Effective October 1, 1979, the Board amends Title 12 of the Code of Federal Regulations by adding a new Part 219 (to be known as Regulation S) to read as follows:

Regulation S

Part 219—Reimbursement to Financial Institutions for Assembling or Providing Financial Records

Section

219.1 Authority, Purpose and Scope
219.2 Definitions
219.3 Cost Reimbursement
219.4 Exceptions
219.5 Conditions for Payment
219.6 Payment Procedures
219.7 Effective Date

Section 219.1
Authority, Purpose, and Scope

This Part is issued by the Board of Governors of the Federal Reserve System under section 1115 of the Right to Financial Privacy Act of 1978 (the "Act") (12 U.S.C. § 3415). It establishes the rates and conditions for reimbursement of reasonably necessary costs directly incurred by financial institutions in assembling or providing customer financial records to a government authority.

Section 219.2—Definitions

For the purposes of this Part, the following definitions shall apply:

(a) "Financial institution" means any office of a bank, savings bank, card issuer as defined in section 103 of the Consumers Credit Protection Act (15 U.S.C. 1602(n)), industrial loan company, trust company, savings and loan, building and loan, or homestead association (including cooperative banks), credit union, or consumer finance institution, located in any state or territory of the United States, the District of Columbia, Puerto Rico, Guam, American Samoa, or the Virgin Islands.

(b) "Financial record" means an original of, a copy of, or information known to have been derived from, any record held by a financial institution pertaining to a customer's relationship with the financial institution.

(c) "Government authority" means any agency or department of the United States, or any officer, employee or agent thereof.

(d) "Person" means an individual or a partnership of five or fewer individuals.

(e) "Customer" means any person or authorized representative of that person who utilized or is utilizing any service of a financial institution, or for whom a financial institution is acting or has acted as a fiduciary, in relation to an account maintained in the person's name. "Customer" does not include corporations or partnerships comprised of more than five persons.

(f) "Directly incurred costs" means costs incurred solely and necessarily as a consequence of searching for, reproducing or transporting books, papers, records, or other data, in order to comply with legal process or a formal written request or a customer's authorization to produce a customer's financial records. The term does not include any allocation of fixed costs (overhead, equipment, depreciation, etc.). If a financial institution has financial records that are stored at an independent storage facility that charges a fee to search for reproduce, or transport particular records requested, these costs are considered to be directly incurred by the financial institution.

Section 219.3—Cost Reimbursement

Except as hereinafter provided, a government authority requiring or requesting access to financial records pertaining to a customer shall pay to the financial institution that assembles or provides the financial records a fee for reimbursement of reasonably necessary costs which have been directly incurred according to the following schedule:

(a) *Search and processing costs.* (1) Reimbursement of search and processing costs shall be the total amount of personnel direct time incurred in locating and retrieving, reproducing, packaging, and preparing financial records for shipment. (2) The rate for search and processing costs is $10 per hour per person, computed on the basis of $2.50 per quarter hour or fraction thereof, and is limited to the total amount of personnel time spent in locating and retrieving documents or information or reproducing or packaging and preparing documents for shipment where required or requested by a government authority. Specific salaries of such persons shall not be included in search costs. In addition, search and processing costs do not include salaries, fees, or similar costs for analysis of material or for managerial or legal advice, expertise, research, or time spent for any of these activities. If itemized separately, search and processing costs may include the actual cost of extracting information stored by computer in the format in which it is normally produced, based on computer time and necessary supplies; however, personnel time for computer search may be paid for only at the rate specified in this paragraph.

(b) *Reproduction costs.* (1) Reimbursement for reproduction costs shall be for costs incurred in making copies of documents required or requested. (2) The rate for reproduction costs for making copies of required or requested documents is 15 cents for each page, including copies produced by reader/printer reproduction processes. Photographs, films, and other materials are reimbursed at actual cost.

(c) *Transportation costs.* Reimbursement for transportation costs shall be for (1) necessary costs, directly incurred, to transport personnel to locate and retrieve the information required or requested; and (2) necessary costs, directly incurred solely by the need to convey the required or requested material to the place of examination.

Section 219.4—Exemptions

A financial institution is not entitled to reimbursement under the Act for costs incurred in assembling or providing the following financial records or information:

(a) *Security interests, bankruptcy claims, debt collection.* Any financial records provided as an incident to perfecting a security interest, proving a claim in bankruptcy, or otherwise collecting on a debt owing either to the financial institution itself or in its role as a fiduciary.

(b) *Government loan programs.* Financial records provided in connection with a government authority's consideration or administration of assistance to a customer in the form of a government loan, loan guaranty, or loan insurance program; or as an incident to processing an application for assistance to a customer in the form of a government loan, loan guaranty, or loan insurance agreement; or as an incident to processing a default on, or administering, a government-guaranteed or insured loan, as necessary to permit a responsible government authority to carry out its responsibilities under the loan, loan guaranty, or loan insurance agreement.

(c) *Nonidentifiable information.* Financial records that are not identified with or identifiable as being derived from the financial records of a particular customer.

(d) *Financial supervisory agencies.* Financial records disclosed to a financial supervisory agency in the exercise of its supervisory, regulatory, or monetary functions with respect to a financial institution.

(e) *Internal Revenue summons.* Financial records disclosed in accordance with procedures authorized by the Internal Revenue Code.

(f) *Federally required reports.* Financial records required to be reported in accordance with any federal statute or rule promulgated thereunder (such as the Bank Secrecy Act).

(g) *Government civil or criminal litigation.* Financial records sought by a government authority under the Federal Rules of Civil or Criminal Procedure or comparable rules of other courts in connection with litigation to which the government authority and the customer are parties.

(h) *Administrative agency subpoenas.* Financial records sought by a government authority pursuant to an administrative subpoena issued by an administrative law judge in an adjudicatory proceeding subject to section 554 of Title 5, United States Code, and to which the government authority and the customer are parties.

(i) *Identity of accounts in limited circumstances.* Financial information sought by a government authority, in accordance with the Right to Financial Privacy Act procedures and for a legitimate law enforcement inquiry, and limited only to the name, address, account number, and type of account of any customer or ascertainable group of customers associated (1) with a financial transaction or class of financial transactions, or (2) with a foreign country or subdivision thereof in the case of a government authority exercising financial controls over foreign accounts in the United States under section 5(b) of the Trading With the Enemy Act (50 U.S.C. App. 5(b)); the International Emergency Economic Powers Act (Title II, Public Law 95-223); or section 5 of the United Nations Participation Act (22 U.S.C. 287(c)).

(j) *Investigation of a financial institution or its noncustomers.* Financial records sought by a government authority in connection with a lawful proceeding, investigation, examination, or inspection directed at the financial institution in possession of such records or at a legal entity which is not a customer.

(k) *General Accounting Office requests.* Financial records sought by the General Accounting Office pursuant to an authorized proceeding, investigation, examination or audit directed at a government authority.

(l) *Securities and Exchange Commission requests.* Until November 10, 1980, financial records sought by the Securities and Exchange Commission.

Section 219.5—Conditions for Payment

(a) *Limitations.* Payment for reasonably necessary, directly incurred costs to financial institutions shall be limited to material required or requested.

(b) *Separate consideration of component costs.* Payment shall be made only for costs that are both directly incurred and reasonably necessary. In determining whether costs are reasonably necessary, search and processing, reproduction, and transportation costs shall be considered separately.

(c) *Compliance with legal process, request, or authorization.* No payment shall be made until the financial institution satisfactorily complies with the legal process or formal written request, or customer authorization, except that in the case where the legal process or formal written request is withdrawn, or the customer authorization is revoked, or where the customer successfully challenges access by or disclosure to a government authority, the financial institution shall be reimbursed for reasonably necessary costs directly incurred in assembling financial records required or requested to be produced prior to the time that the government authority notifies the institution that the legal process or request is withdrawn or defeated, or that the customer has revoked his or her authorization.

(d) *Itemized bill or invoice.* No payment shall be made unless the financial institution submits an itemized bill or invoice showing specific details concerning the search and processing, reproduction, and transportation costs.

Section 219.6—Payment Procedures

(a) *Notice to submit invoice.* Promptly following a government authority's service of legal process or request, the government authority shall notify the financial institution that an itemized bill or invoice must be submitted for payment and shall furnish an office address for this purpose.

(b) *Special notice.* If a government authority withdraws the legal process or formal written request, or if the customer revokes his or her authorization, or if the legal process or request has been successfully challenged by the customer, the government authority shall promptly notify the financial institution of these facts, and shall also notify the financial institution that the itemized bill or invoice must be submitted for payment of costs incurred prior to the time that the financial institution receives this notice.

Section 219.7—Effective Date

This regulation shall become effective October 1, 1979.

AMENDMENT TO REGULATION Z

Effective March 31, 1980, the Board amends § 226.9(g) of Regulation Z (12 CFR Part 226) by deleting § 226.9(g)(6). It also revokes Board Interpretation § 226.904 and Official Staff Interpretation FC-0159.

AMENDMENTS TO RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors has amended its Rules Regarding Delegation of Authority to expand the scope of authority previously delegated for bank holding company formations, bank share acquisitions by existing bank holding companies, mergers of bank holding companies, acquisitions and retentions of companies engaged in nonbanking activities by bank holding companies, bank holding companies engaging *de novo* in activities determined by the Board to be permissible for bank holding companies and bank mergers.

Effective September 21, 1979, Rules Regarding Delegation of Authority is amended as follows:

1. Section 265.2(a) is amended by deleting subparagraphs (3), (4), (5), (6), and (7), renumbering subparagraphs (8), (9), (10), (11), (12), (13), (14), (15), (16), (17), and (18) as subparagraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively, and amending subparagraph (2) to provide as follows:

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

(a) The Secretary of the Board (or, in the Secretary's absence, the Acting Secretary) is authorized:

* * * * *

(2) Under the provisions of §§ 18(c) and 18(c)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c) and 1828(c)(4)), §§ 3(a) and 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1842(a) and 1843(c)(8)) and §§ 225.3(b) and (c), and §§ 225.4(a) and (b) of Regulation Y (12 CFR 225.3(b) and (c), and 225.4(a) and (b)), to furnish reports on competitive factors involved in a bank merger to the Comptroller of the Currency and the Federal Deposit Insurance Corporation, and to approve applications the Reserve Bank could approve under subparagraph (2) of paragraph (f) of this section, except for the fact that condition (ii) of that subparagraph has not been met because a director or senior officer of any holding company, bank, or company to be acquired or retained, involved in the transaction, is a director of a Federal Reserve Bank or branch.

2. In order to accomplish this delegation, § 265.2(c) is amended by deleting subparagraph (16) and renumbering subparagraphs (17), (18), (19), (20), (21), (22), (23), (24), and (25), as subparagraphs (16), (17), (18), (19), (20), (21), (22), (23), and (24). Section 265.2(f) is amended by deleting subparagraphs (23), (24), (28), (29), (30), (31), (32), (33), and (52), and footnotes (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), and (12) and renumbering subparagraphs (25), (26), (27), (34), (35), (36), (37), (38), (39), (40), (41), (42), (43), (44), (45), (46), (47), (48), (49), (50), (51), (53), (54), (55), and (56) as subparagraphs (23), (24), (25), (26), (27), (28), (29), (30), (31), (32), (33), (34), (35), (36), (37), (38), (39), (40), (41), (42), (43), (44), (45), (46), and (47), respectively, and amending subparagraph (22) to provide as follows:

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

* * * * *

(f) Each Federal Reserve Bank is authorized as to member banks or other indicated organizations headquartered in its district:

* * * * *

(22) Under the provisions of § 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)), §§ 3(a) and 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1842(a) and 1843(c)(8)) and §§ 225.3(b) and (c), and §§ 225.4(a) and (b) of Regulation Y (12 CFR 225.3(b) and (c), and 225.4(a) and (b)), to approve applications requiring prior approval of the Board, and under the provisions of § 18(c)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(4)), to furnish to the Comptroller of the Currency and the Federal Deposit Insurance Corporation reports on competitive factors involved in a bank merger required to be approved by one of those agencies, unless one or more of the following conditions is present:

(i) a member of the Board has indicated an objection prior to the Reserve Bank's action; or

(ii) the Board has indicated that such delegated authority shall not be exercised by the Reserve Bank in whole or in part; or

(iii) a written substantive objection to the application has been properly made; or

(iv) the application raises a significant policy issue or legal question on which the Board has not established its position; or

in formations, bank acquisitions or mergers:

(v) the proposed transaction involves two or more banking organizations:

(a) that rank among a State's ten largest banking organizations in terms of total domestic banking assets; or

(b) each of which has more than $100 million of total deposits in banking offices in the same local banking market that, after consummation of the proposal, would control over 5 per cent of total deposits in banking offices in that local market, or in nonbank acquisitions:

(vi) the nonbanking activities involved do not clearly fall within activities that the Board has designated as permissible for bank holding companies under § 225.4(a) of Regulation Y; or

(vii) the proposal would involve the acquisition by a banking organization that has total domestic banking assets of $1 billion or more of a nonbanking organization that appears to have a significant presence in a permissible nonbanking activity."[2]

Effective date: This amendment is effective on all applications pending on September 21 and on all future applications.

Revision of Rules of Practice for Hearings

The Board of Governors of the Federal Reserve System has amended its formerly entitled "Rules of Practice for Formal Hearings," to incorporate certain changes in the Board's hearing procedures.

Effective September 24, 1979: (1) the title of the Board's Rules of Practice for Formal Hearings (12 C.F.R. Part 263) is revised to read "Part 263—Rules of Practice for Hearings", and (2) Part 263 is revised as follows:

Part 263—Rules of Practice for Hearings

Subpart A—Rules of Practice for Formal Hearings

Sec. 263.1 Authority, purpose, and scope
(a) Authority
(b) Purpose and scope
Sec. 263.2 Definitions
Sec. 263.3 Appearance and practice before the Board

* * *

(b) Conduct during hearings

* * *

Sec. 263.6 Conduct of hearings

* * *

(h) Ex parte communications

* * *

Subpart B—Rules and Procedures for Assessment and Collection of Civil Penalties

Sec. 263.22 Purpose and scope
Sec. 263.23 Notice of assessment of civil penalty
Sec. 263.24 Opportunity for informal proceeding
Sec. 263.25 Relevant considerations for assessment of civil penalty
Sec. 263.26 Request for formal hearing on assessment
Sec. 263.27 Hearing order on assessment
Sec. 263.28 Assessment order
Sec. 263.29 Payment of civil penalty

Subpart C—Rules and Procedures Applicable to Suspension or Removal of a Bank Official Where a Felony is Charged or Proven

Sec. 263.30 Purpose and scope
Sec. 263.31 Notice or order of suspension, removal or prohibition
(a) Grounds
(b) Contents
(c) Service
Sec. 263.32 Request for informal hearing
Sec. 263.33 Order for informal hearing
(a) Issuance of hearing order
(b) Waiver of oral hearing
(c) Hearing procedures
(d) Authority of presiding officer
(e) Recommendation of presiding officer
Sec. 263.34 Decision of the Board

Subpart A—Rules of Practice for Formal Hearings

Section 263.1—Authority, Purpose, and Scope

(a) *Authority.* This Part is issued under sections 11(i), 19, and 29 of the Federal Reserve Act, as amended (12 U.S.C. 248(i), 504, and 505); sections 5(b) and 8(b) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1844(b) and 1847(b)); section 106(b)(2)(F) of the Bank Holding Company Act Amendments of 1970, as amended (12 U.S.C. 1972(2)(F)); sections 7(j) and 8 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1817(j) and 1818), section 13 of the International Banking Act of 1978 (12 U.S.C. 3108); and section 15B(c)(5) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78o-4).

(b) *Purpose and scope.* This subpart prescribes rules of practice and procedure governing adjudi

2. While other situations may involve the issue of significant presence, the Board regards, as a general guideline, any company that ranks among the 20 largest independent firms in any industry as having a significant presence.

cations as to which a formal hearing is required by law or is for other reason ordered by the Board. These adjudications include:

(1) suspension of a member bank from the use of credit facilities of the Federal Reserve System under section 4 of the Federal Reserve Act (12 U.S.C. 301);

(2) termination of a bank's membership in the Federal Reserve System under section 9 of the Federal Reserve Act (12 U.S.C. 327);

(3) issuance of a cease-and-desist order under section 11 of the Clayton Act (15 U.S.C. 21);

(4) issuance of a cease-and-desist order or a removal or suspension order under section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818);

(5) adjudications under sections 2, 3, or 4 of the Bank Holding Company Act (12 U.S.C. 1841, 1842, or 1843);

(6) issuance of a divestiture order against a bank holding company under section 5(e) of the Bank Holding Company Act (12 U.S.C. 1844(e));

(7) disapproval of a proposed acquisition of control of a State member bank or a bank holding company under section 7(j) of the Federal Deposit Insurance Act (12 U.S.C. 1817(j));

(8) imposition of sanctions upon any municipal securities dealer for which the Board is the appropriate regulatory agency, or upon any person associated or seeking to become associated with such a municipal securities dealer, under section 15B(c)(5) of the Securities Exchange Act of 1934 (15 U.S.C. 78o-4);

(9) formal adjudications on bank merger applications under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)); and

(10) assessment of a civil money penalty for a violation of any provision of: the Bank Holding Company Act of 1956, as amended, or any order or regulation issued thereunder (12 U.S.C. 1847(b)); sections 19, 22, or 23A of the Federal Reserve Act, or any order or regulation issued thereunder (12 U.S.C. 504, 505); the terms of a final cease-and-desist order issued under the Federal Deposit Insurance Act (12 U.S.C. 1818(i)(2)); or the provisions of 106(b)(2) of the Bank Holding Company Act Amendments of 1970, as amended (12 U.S.C. 1972(2)(F)).

Section 263.2—Definitions

As used in this Part:

(a) "Member bank" means any bank that is a member of the Federal Reserve System.

(b) "Party" means a person or agency named or admitted as a party, or any person or agency who has filed a written request and is entitled as of right to be admitted as a party. A person or agency may be admitted for a limited purpose without being regarded as a party.

(c) "Secretary" means the Secretary of the Board of Governors of the Federal Reserve System.

Section 263.3—Appearance and practice before the Board

* * * * *

(b) *Conduct during hearings.* All participants in a hearing, or a conference held in connection therewith, shall conduct themselves with dignity and in an orderly and ethical manner. The attorney or other representative of a party shall make every effort to restrain a client from improper conduct in connection with a proceeding. Improper language or conduct, refusal to comply with directions, continued use of dilatory tactics, or refusal to adhere to reasonable standards of orderly and ethical conduct constitute grounds for immediate exclusion from the proceeding at the direction of the presiding officer.

* * * * *

Section 263.6—Conduct of hearings

(a) *Designation of presiding officer.*

(1) When evidence is to be taken in a hearing, the Board or, when duly designated by the Board for that purpose, one or more of its members, an administrative law judge, or other hearing officer(s) lawfully appointed by the Board may preside at the hearing. Unless otherwise provided in the notice of hearing, all hearings for the taking of evidence shall be conducted as hereinafter provided.

(2) Except as authorized by law, the presiding officer shall not be responsible to, or subject to the supervision or direction of, any officer, employee, or agent of the Board engaged in the performance of investigative or prosecuting functions.

(3) A designated presiding officer who deems himself disqualified may at any time withdraw. Upon receipt of a timely and sufficient affidavit of personal bias or disqualification of such presiding officer, the Board will rule on the matter as a part of the record and decision in the case.

* * * * *

(h) *Ex parte communications.* For the purposes of this section, "ex parte communication" means an oral or written communication that is not on the public record and for which reasonable prior notice to all parties has not been given, but does not include requests for status reports. The following prohibitions against any ex parte communication apply from the time of issuance of a notice for a formal hearing in the proceeding or from the time the person responsible for the communication has knowledge that a notice for a hearing will be issued.

(1) No member of the Board nor the presiding officer nor any other person who is, or may reasonably be expected to be, involved in the decisional process in a proceeding conducted under this subpart shall make, or knowingly cause to be made, an ex parte communication relevant to the merits of the proceeding to any interested person outside the Federal Reserve System. Any member of the Board, the presiding officer, or other person who receives, makes, or knowingly causes to be made any ex parte communication prohibited by this paragraph shall place on the public record of the proceeding:

(i) all such written communications;

(ii) memoranda stating the substance of all such oral communications; and

(iii) all written responses, and memoranda stating the substance of all oral responses, to the materials described in clauses (i) and (ii) of this sentence.

(2) No interested person outside the Federal Reserve System shall make, or knowingly cause to be made, an ex parte communication relevant to the merits of a proceeding conducted under this subpart to any member of the Board, to the presiding officer or to anyone who is, or may reasonably be expected to be, involved in the decisional process in the proceeding. Upon receipt of a communication in violation of this paragraph, the Board or the presiding officer may require the party responsible for the ex parte communication to show cause why that party's claim or interest in the proceeding should not be dismissed, denied, disregarded, or otherwise adversely affected on account of the violation. To the extent consistent with the interests of justice and the policy of the statute under which the hearing is being held, a knowing violation of this paragraph may constitute sufficient grounds for a decision adverse to the responsible party.

(3) Except as authorized by law, the presiding officer shall not consult any person or party on any fact in issue unless notice and opportunity is given for all parties to participate.

Section 263.7 Subpenas

* * * * *

(c) *Service of subpena.*

(1) Service of a subpena may be made by personal service or, except as otherwise required by law, by registered mail addressed to the last known address of the person named in the subpena and by tendering the fees for one day's attendance and mileage as specified in paragraph (d) of this section. In making personal service of a subpena, the original shall be exhibited to, and a copy thereof left with, the person named in the subpena. Service of the subpena and tender of fees to a natural person may also be made by leaving a copy of the subpena and fees at the person's dwelling place or usual place of abode with someone of suitable age or discretion. When the person to be served is not a natural person, delivery of a copy of the subpena and tender of the fees may be effected by handing them to a registered agent for service or to an officer, director, or agent in charge of any office of the person, or by mailing them by registered mail to such representative at that person's last known address.

(2) Service made by a United States marshal or his deputy shall be evidenced by that person's return on the original subpena. If made by any other person, that person shall make affidavit thereto, describing the manner in which service was made, and return the affidavit on or with the original subpena. In case of failure to make service, the reasons for the failure shall be stated on the original subpena. The original subpena, bearing or accompanied by the required return, affidavit, or statement, shall be returned without delay to the Secretary or, if so directed on the subpena, to the presiding officer before whom the person named in the subpoena is required to appear.

(d) *Attendance of witnesses.*

(1) The attendance of witnesses and the production of documents pursuant to a subpena issued in connection with a hearing under this subpart may be required from any State or territory or any other place subject to the jurisdiction of the United States at any designated place where the hearing is being conducted. Any person who is compelled to appear and testify, or who appears and testifies by request or permission, may be accompanied, represented, or advised by counsel.

(2) Subpenaed witnesses shall be paid the same fees and mileage that are paid witnesses in the

district courts of the United States. When a subpena is issued upon the Board's own motion or at the request of Board counsel, fees and mileage need not be tendered at the time of service of the subpena. Fees required by this paragraph shall be paid by the person upon whose application the subpena is issued.

Section 263.8 Depositions

* * * * *

(c) *Procedure on deposition; objections.*

(1) Each witness testifying upon oral deposition shall be duly sworn or shall affirm, and Board counsel and any adverse party shall have the right to cross-examine the witness. Objections to questions or documents shall be in short form, stating the grounds of objection relied upon. The person recording the deposition shall not have any authority to rule upon questions of competency, materiality, or relevancy of evidence. Evidence objected to shall be taken subject to the objection. Failure to object to questions or evidence shall not be deemed a waiver unless the ground of the objection is one which might have been obviated or removed if presented at the time of the question or submission of evidence.

(2) All questions, answers, and objections (but not including argument or debate) shall be recorded by, or under the direction of, the officer before whom the deposition is taken. The deposition shall be subscribed to by the witness, unless the parties by stipulation waive the signing or unless the witness is physically unable to sign, cannot be found, or refuses to sign. The person recording the deposition shall certify the transcript of the deposition as true and complete. If the deposition is not subscribed to by the witness, the person recording the testimony shall state this fact and the reason therefor on the record.

(3) The officer before whom the deposition is taken shall promptly deliver, or send by registered mail, the original of the deposition, together with the original of all exhibits, to the Secretary of the Board unless otherwise directed in the order authorizing the taking of the deposition or in the notice of its issuance. Interested parties shall make their own arrangements with the person recording the testimony for copies of the deposition and exhibits.

* * * * *

Subpart B—Rules and Procedures for Assessment and Collection of Civil Penalties

Section 263.22 Purpose and scope

The rules and procedures specified in this subpart and in Subpart A are applicable to proceedings by the Board to assess and collect civil money penalties for a violation of: (a) the terms of a final cease-and-desist order issued under the Federal Deposit Insurance Act (12 U.S.C. 1818(i)(2)); (b) the provisions of sections 19, 22, or 23A of the Federal Reserve Act, or any regulation or order issued thereunder, (12 U.S.C. 504 and 505); (c) any provision of the Bank Holding Company Act of 1956, as amended, or any regulation or order issued thereunder, (12 U.S.C. 1847(b); or (d) the provisions of section 106(b)(2) of the Bank Holding Company Act Amendments of 1970, as amended (12 U.S.C. 1972(2)(F)). The rules and procedures of this subpart do not apply to the assessment of a civil penalty for a violation of the Change in Bank Control Act, 12 U.S.C. 1817(j). A civil money penalty for a violation of that statute may be assessed in accordance with the procedures set forth in 12 U.S.C. 1817(j)(15).

Section 263.23 Notice of assessment of civil penalty

Civil penalty proceedings commence with the issuance by the Board of a notice of assessment of civil penalty. The notice of assessment shall state: (a) the legal authority for the assessment; (b) the amount of the civil penalty being assessed; (c) the date by which the civil penalty shall be paid; (d) the matters of fact or law constituting the grounds for assessment of the civil penalty; (e) the right of the person being assessed to a formal hearing to challenge the assessment; and (f) the time limit to request such a formal hearing. The notice of assessment may be served upon the person being assessed by personal service, by registered or certified mail to the person's last known address, or by other appropriate means. Such service constitutes issuance of the notice.

Section 263.24—Opportunity for informal proceeding

In the sole discretion of the Board's General Counsel, the General Counsel may, prior to the issuance by the Board of a notice of assessment of civil penalty, advise the affected person that the issuance of a notice of assessment of civil penalty is being considered and the reasons and authority for the proposed assessment. The General Counsel may provide the person an opportunity to present written materials or request a conference with members of the Board's staff to show that the penalty should not be assessed or, if assessed, should be reduced in amount.

Section 263.25 Relevant considerations for assessment of civil penalty

In determining the amount of the penalty to be assessed, the Board will take into account the appropriateness of the penalty with respect to the financial resources and good faith of the person charged, the gravity of the violation, the history of previous violations, the economic benefit derived by the person from the violation, and such other matters as justice may require.

Section 263.26
Request for formal hearing on assessment

A person being assessed may request a formal hearing to challenge the assessment of a civil penalty. The request must be made within ten business days after issuance of the notice of assessment, and any such request must be filed in writing with the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. If a request for a formal hearing is not filed within this ten-day period, the person being assessed shall be deemed to have waived the right to a formal hearing, and the notice of assessment shall constitute a final and unappealable assessment order.

Section 262.37 -Hearing order on assessment

After the receipt of a timely request for a hearing with respect to the assessment of a civil penalty, the Secretary will promptly issue an order directing a hearing to commence within 30 days from the date of the hearing order at such place as the Secretary may designate with due regard for the interests of all parties. The hearing order may require the person requesting the hearing to file an answer as prescribed in section 263.5 of Subpart A. The procedures of the Administrative Procedure Act (5 U.S.C. §§ 554-557) and Subpart A of these Rules shall apply to the hearing.

Section 263.28 - Assessment order

(a) In the event of consent of the parties concerned to an assessment, or if, upon the record made at a hearing ordered under this subpart, the Board finds that the grounds for having assessed the penalty have been established, the Board may issue an order of assessment of civil penalty. In its order, the Board may reduce the amount of the penalty specified in the notice of assessment. Any party afforded a hearing under this subpart who does not appear at the hearing (personally or by a duly authorized representative) shall be considered to have waived the right to a formal hearing and to have consented to the assessment of the civil penalty specified in the notice of assessment.

(b) An assessment order is effective immediately upon issuance, or upon such other date as may be specified therein, and shall remain effective and enforceable until it is stayed, modified, terminated, or set aside by action of the Board or a reviewing court.

(c) An assessment order may be served by personal service, by registered or certified mail to the last known address of the person being assessed, or by other appropriate means.

Section 263.29 - Payment of civil penalty

(a) The date designated in the notice of assessment for payment of the civil penalty will normally be 60 days from the issuance of the notice. If, however, the Board finds, in a specific case, that the purposes of the authorizing statute would be better served if the 60 day period is changed, the Board may shorten or lengthen the period or make the civil penalty payable immediately upon receipt of the notice of assessment. If a timely request for a formal hearing to challenge an assessment of civil penalty is filed, payment of the penalty shall not be required unless and until the Board issues a final order of assessment following the hearing. If an assessment order is issued, it will specify the date by which the civil penalty should be paid or collected.

(b) Checks in payment of civil penalties should be made payable to the "Board of Governors of the Federal Reserve System." Upon collection, the Board shall forward the amount of the penalty to the Treasury of the United States.

Subpart C -Rules and Procedures Applicable to Suspension or Removal of a Bank Official Where a Felony is Charged or Proven

Section 263.30- Purpose and scope

The rules and procedures set forth in this subpart apply to informal hearings afforded to any officer, director, or other person participating in the conduct of the affairs of a State member bank ("bank official"), who has been suspended or removed from office or prohibited from further participation in any manner in the conduct of the bank's affairs by a notice or order issued by the Board upon the grounds set forth in section 8(g) of the Federal Deposit Insurance Act (12 U.S.C. 1818(g)).

Section 263.31—Notice or order of suspension, removal, or prohibition

(a) *Grounds.* The Board may suspend a bank official from office or prohibit a bank official from further participation in any manner in the conduct of a bank's affairs when the person is charged in any information, indictment, or complaint authorized by a United States attorney with the commission of, or participation in, a crime involving dishonesty or breach of trust that is punishable by imprisonment for a term exceeding one year under State or Federal law. The Board may remove a bank official from office or prohibit a bank official from further participation in any manner in the conduct of a bank's affairs when the person is convicted of such an offense and the conviction is not subject to further direct appellate review. The Board may suspend or remove a bank official or prohibit a bank official from participation in a bank's affairs in these circumstances if the Board finds that continued service to the bank or participation in its affairs by the bank official may pose a threat to the interests of the bank's depositors or may threaten to impair public confidence in the bank.

(b) *Contents.* The Board commences a suspension, removal, or prohibition action with the issuance, and service upon a bank official, of a notice of suspension from office, or order of removal from office, or notice or order of prohibition from participation in the bank's affairs. Such a notice or order shall indicate the basis for the suspension, removal, or prohibition and shall inform the bank official of the right to request in writing, within 30 days of service of the notice or order, an opportunity to show at an informal hearing that continued service to, or participation in the conduct of the affairs of, the bank does not and is not likely to pose a threat to the interests of the bank's depositors or threaten to impair public confidence in the bank. A notice of suspension or prohibition shall remain in effect until the criminal charge upon which the notice is based is finally disposed of or until the notice is terminated by the Board.

(c) *Service.* The notice or order shall be served upon the bank concerned, whereupon the bank official shall immediately cease service to the bank or further participation in any manner in the conduct of the affairs of the bank. A notice or order of suspension, removal, or prohibition may be served by personal service, by registered or certified mail to the last known address of the person being served, or by other appropriate means.

Section 263.32—Request for informal hearing

A bank official who is suspended or removed from office or prohibited from participation in the bank's affairs may request an informal hearing. The request shall be filed in writing with the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The request shall state with particularity the relief desired and the grounds therefor and shall include, when available, supporting evidence. If the bank official desires to present oral testimony or witnesses at the hearing, the bank official must include a request to do so with the request for informal hearing. The request to present oral testimony or witnesses should specify the names of the witnesses and the general nature of their expected testimony.

Section 263.33—Order for informal hearing

(a) *Issuance of hearing order.* Upon receipt of a timely request for an informal hearing, the Secretary will promptly issue an order directing an informal hearing to commence within 30 days of the receipt of the request. At the request of the bank official, the Secretary may order the hearing to commence at a time more than 30 days after the receipt of the request for hearing. The hearing shall be held in Washington, D.C., or at such other place as may be designated by the Secretary, before presiding officers designated by the Secretary to conduct the hearing. The presiding officers normally will include representatives from the Board's Legal Division and Banking Supervision and Regulation Division and from the appropriate Federal Reserve Bank.

(b) *Waiver of oral hearing.* A bank official may waive in writing the official's right to an oral hearing and instead elect to have the matter determined by the Board solely on the basis of written submissions.

(c) *Hearing procedures.*

(i) The bank official may appear at the hearing personally, through counsel, or personally with counsel. The bank official shall have the right to introduce relevant written materials and to present an oral argument. The bank official may introduce oral testimony and present witnesses only if expressly authorized by the Board or the Secretary. Neither the formal rules of evidence nor the adjudicative procedures of the Administrative Procedure Act (5 U.S.C. §§ 554-557) or Subpart A of these Rules shall apply to the informal hearing ordered under this subpart unless the Board orders that they apply.

(ii) The proceedings shall be recorded and a transcript shall be furnished to the bank official upon request and after the payment of the cost thereof. Witnesses need not be sworn, unless specifically requested by a party or the presiding officers. The presiding officers may ask questions of any witness.

(iii) The presiding officers may order the record to be kept open for a reasonable period following the hearing (normally 5 business days), during which time additional submissions to the record may be made. Thereafter, the record shall be closed.

(d) *Authority of presiding officers.* In the course of or in connection with any proceeding under this subpart, the Board or the presiding officers are authorized to administer oaths and affirmations, to take or cause to be taken depositions, to issue, revoke, quash, or modify subpenas and subpenas duces tecum, and, for the enforcement thereof, to apply to an appropriate United States district court. All action relating to depositions and subpenas shall be in accordance with the rules provided in sections 263.7 and 263.8 of Subpart A of these Rules.

(e) *Recommendation of presiding officers.* The presiding officers shall make a recommendation to the Board concerning the notice or order of suspension, removal, or prohibition within 20 calendar days following the close of the record on the hearing.

Section 263.34– –Decision of the Board

(a) Within 60 calendar days following the close of the record on the hearing, or receipt of written submissions where a hearing has been waived, the Board shall notify the bank official whether the notice of suspension or prohibition will be continued, terminated, or otherwise modified, or whether the order of removal or prohibition will be rescinded or otherwise modified. The notification shall contain a statement of the basis for any adverse decision by the Board. In the case of a decision favorable to the bank official, the Board shall take prompt action to rescind or otherwise modify the order of suspension, removal or prohibition.

(b) In deciding the question of suspension, removal, or prohibition under this subpart, the Board will not rule on the question of the guilt or innocence of the individual with respect to the crime with which the individual has been charged.

Federal Open Market Committee Amendment to Rules of Procedure

The Federal Open Market Committee of the Federal Reserve System has amended its Rules of Procedure to delete references to Deputy Managers.

Effective August 14, 1979, section 272.3 of Rules of Procedure is amended to read as follows:

Section 272.3 - Meetings

* * * * *

(d) *Attendance at meetings.* Attendance at Committee meetings is restricted to members and alternate members of the Committee, the Presidents of Federal Reserve Banks who are not at the time members or alternates, staff officers of the Committee, the Managers, and such other advisers as the Committee may invite from time to time.

(e) *Meeting agendas.* The Secretary, in consultation with the Chairman, prepares an agenda of matters to be discussed at each meeting and the Secretary transmits the agenda to the members of the Committee within a reasonable time in advance of such meeting. In general, the agendas include approval of minutes of actions; reports by the Managers on open market operations since the previous meeting, and ratification by the Committee of such operations; reports by economists on, and Committee discussion of, the economic and financial situation and outlook; Committee discussion of monetary policy and action with respect thereto; and such other matters as may be considered necessary.

This action is pursuant to and in accordance with the provisions of section 552 of Title 5 of the United States Code.

The provisions of section 553 of Title 5, United States Code, relating to notice and public participation and to deferred effective dates, are not followed in connection with the adoption of this action because the rules involved are procedural in nature and accordingly do not constitute substantive rules subject to the requirements of such section.

INTERPRETATION OF REGULATION B

Section 202.1104 State laws prohibiting marital status inquiries generally are not inconsistent with the Equal Credit Opportunity Act.

The Board has been asked to determine whether a New Jersey statute that prohibits marital status inquiries in connection with a credit application is inconsistent with the Equal Credit Opportunity Act (15 U.S.C. 1691-1691(f)), as implemented by Regulation B (12 CFR Part 202), and therefore preempted. The issue is whether an absolute ban on marital status inquiries is inconsistent with that portion of § 202.5(d)(1) of Regulation B that permits marital status inquiries.

The New Jersey statute* generally bars marital status inquiries in connection with all credit applications. On the other hand, § 202.5(d)(1) of Regulation B provides that a creditor may request an applicant's marital status when the applicant applies for credit with another person or relies on another person's income or assets or when the applicant seeks credit secured by collateral. For the reasons set forth below, the Board has determined that the New Jersey statute is not inconsistent with the ECOA.

A preemption determination requires a two step analysis. First, the Board must determine whether the state law is inconsistent and, second, whether the state law is more protective of an applicant. If the Board determines that a state law is not inconsistent, however, then consideration of the "more protective" issue is not required.

In resolving the inconsistency issue, the first and key question is whether the New Jersey statute requires or permits a practice prohibited by the ECOA. If it does, then clearly it is inconsistent. But it does not. Indeed, the New Jersey statute does just the opposite; it prohibits a practice permitted by the ECOA.

Regulation B permits a creditor to ask about an applicant's marital status when the applicant applies for other than individual, unsecured credit. This regulatory provision implements a statutory determination that a marital status inquiry made for the purpose of ascertaining a creditor's rights and remedies does not represent marital status discrimination under the ECOA. Furthermore, the act and regulation permit creditors to consider state property laws affecting creditworthiness even if those laws make distinctions based upon marital status.

The New Jersey statute under review clearly prevents a creditor from taking advantage of the ECOA and Regulation B provisions noted in the preceding paragraph. In that sense, it might be considered "inconsistent" with federal law. The purpose of the provisions in the ECOA and Regulation B that permit marital status inquiries in certain circumstances, however, is to accommodate state laws that may affect creditworthiness. Thus, in this case, if the New Jersey statute banning marital status inquiries precludes consideration of factors under other New Jersey laws that affect creditworthiness, the inconsistency, in the Board's opinion, is between the differing New Jersey laws, not between state and federal law.

The New Jersey legislature obviously has made a policy judgment that collection of information regarding an applicant's marital status for the purpose of determining a creditor's rights and remedies is not necessary. The ECOA leaves that judgment to state law. Therefore, the appropriateness of the New Jersey legislature's decision is not an issue in this matter. Since a New Jersey creditor can comply with the New Jersey statute without violating the ECOA, the Board believes that the laws are not inconsistent on the basic point of marital status discrimination.

Two remaining questions relevant to deciding whether the New Jersey statute is inconsistent are:

(1) Does the state law prevent a creditor from seeking information required for monitoring purposes under § 202.13 of Regulation B or under

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* New Jersey Stat. Annot. 10:15-12(i)(2) provides (emphasis added):

It shall be . . . an unlawful discrimination:

i. For any person, bank, banking organization, mortgage company, insurance company or other financial institution, lender or credit institution to whom application is made for any loan or extension of credit including but not limited to an application for financial assistance for the purchase, acquisition, construction, rehabilitation, repair or maintenance of any real property or part or portion thereof or any agent or employee thereof:

* * *

(2) *to use any form of application* for such loan, extension of credit or financial assistance *or to make any record or inquiry* in connection with applications for any such loan, extension of credit or financial assistance *which expresses*, directly or indirectly, *any limitation, specification or discrimination as to* race, creed, color, national origin, ancestry, *marital status*, sex or nationality or any intent to make any such limitation, specification or discrimination; *unless otherwise required by law or regulation to retain or use such information.*

substitute monitoring programs imposed by the other federal enforcement agencies listed in § 704 of the ECOA?

(2) Does the state law prevent a creditor from making inquiries concerning information required for the establishment of special purpose credit programs under § 202.8 of Regulation B?

The answer to these two questions also is that it does not. The Board interprets the language in the last sentence of the New Jersey statute- "unless otherwise required by law or regulation to retain or use such information" —to provide specifically for compliance with these provisions of Regulation B.

Based on this analysis, the Board has determined that the New Jersey statute, along with other substantially similar state laws prohibiting marital status inquiries in connection with a credit application, are not inconsistent with the ECOA and Regulation B and therefore are not preempted if those laws permit marital status inquiries in accordance with §§ 202.8 and 202.13 of Regulation B.

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

Orders Under Section 3 of Bank Holding Company Act

First Busey Corporation,
Urbana, Illinois

Order Approving Formation of a Bank Holding Company

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

Notice of the application, affording opportunity for interested persons to submit 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 application and all comments received have been considered in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is a non-operating corporation with no subsidiaries, organized for the purpose of becoming a bank holding company through the acquisition of Bank. Upon acquisition of Bank, with deposits of $102.3 million,[1] Applicant would control the 84th largest bank in Illinois, and hold 0.14 percent of total deposits in commercial banks in the state.

Bank is the second largest of 25 banks in the relevant banking market,[2] controlling 14.8 percent of commercial bank deposits in the market. While the proposal involves the transfer of ownership of Bank from individuals to a corporation controlled by the same individuals, the Board notes that Applicant's principals are also associated with other banks located in the relevant banking market.[3] The largest of these banks, American National Bank of Champaign, Champaign, Illinois ("American National"), holds $40.1 million in deposits, representing 5.8 percent of commercial bank deposits in the market.[4] The aggregated deposits held by Bank and the three associated banks in the relevant banking market total $158.8 million, representing 23.0 percent of total market deposits.

In considering applications under section 3 of the Act, where the bank to be acquired is already part of a chain of banking organizations, the Board has considered whether, in the formation of the chain, the acquisition of one or more of those organizations substantially lessened competition in a banking market or was anticompetitive at its

1. Banking data are as of June 30, 1978.

2. The relevant banking market is approximated by the Champaign-Urbana SMSA, which is coterminous with Champaign County, Illinois.

3. The Board notes that certain directors and officers of Applicant and Bank are also serving in similar positions with other banking organizations in the Champaign Urbana SMSA. However, Applicant has committed that prior to consummation of the proposal, it will terminate all such interlocking management relationships that would otherwise become prohibited under the provisions of the Depository Institutions Management Interlocks Act and the Board's Regulation L, as a result of Applicant's acquisition of Bank.

4. In addition to American National, Applicant's principals are associated with a smaller bank in the market, The State Bank of St. Joseph, St. Joseph, Illinois ($7.0 million in deposits), and one principal has received approval from the Comptroller of the Currency pursuant to the Change in Bank Control Act of 1978 (12 U.S.C. § 1817(j)) to acquire shares of National Bank of Urbana, Urbana, Illinois ($9.5 million in deposits).

inception.[5] In this connection, the Board notes that American National was organized by principals of Bank in 1964, and that in 1971, Applicant's principals purchased the shares of Bank together with those of American National. Thus, it appears that the nature of the relationship between Bank and American National is such that little, if any, meaningful competition has ever developed between the two banks, and viewed in light of this relationship, the Board does not regard the effects of the proposed acquisition on competition within the relevant banking market as significant. Finally, while principals of Applicant are also associated with 17 other banking organizations, none of these competes in the relevant banking market, and there does not appear to be any competition between Bank and any of these banking organizations. Based on the foregoing, the Board concludes that the overall effects of the proposal on competition would not be significantly adverse.

Where principals of an applicant are engaged in operating a chain of banking organizations, the Board, in addition to analyzing the one-bank holding company proposal before it, also considers the total chain and analyzes the financial and managerial resources and future prospects of the chain within the context of the Board's multibank holding company standards. Based upon such analysis in this case, the financial and managerial resources and future prospects of Applicant, Bank, and the associated banking organizations are consistent with approval of the application. While consummation of the proposal will not result in any immediate changes in Bank's services, considerations relating to the convenience and needs of the community to be served are regarded as consistent with approval of the application.

After considering the competitive effects associated with the application, the financial and managerial resources and future prospects of Applicant and Bank, and the convenience and needs of the community to be served, the Board finds that consummation of the proposal would be consistent with the public interest. On the basis of the record and for the reasons summarized above, the application is approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago pursuant to delegated authority.

5. *Citizens Bancorp, Inc.*, (63 FEDERAL RESERVE BULLETIN 1083, 1084 (1977)).

By order of the Board of Governors, effective September 17, 1979.

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

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

First City Bancorporation of Texas, Inc., Houston, Texas

Order Approving Acquisition of Banks and Nonbanking Companies

First City Bancorporation of Texas, Inc., Houston, Texas, a bank holding company within the meaning of the Bank Holding Company Act (the "Act"), has applied for the Board's approval under § 3(a)(5) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(5)) to merge with New First Security National Corporation, Houston, Texas ("New FSN"), the successor in interest to First Security National Corporation, Beaumont, Texas ("FSN"). New FSN has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring the assets and assuming the liabilities of FSN. Since New FSN has no significance except as a means to facilitate the acquisition of FSN by Applicant, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of FSN directly by Applicant. Applicant has also applied for the Board's approval under § 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) to acquire 62.5 percent of the voting shares of Gateway National Bank of Beaumont, Beaumont, Texas ("Gateway Bank"). FSN currently controls 37.5 percent of Gateway Bank's outstanding shares.

Applicant has also applied, pursuant to section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to acquire all of the assets of FSN that provide bookkeeping and data processing services necessary for its internal operations and the operations of its subsidiaries, and other functions permissible under section 225.4(a)(8) of the Board's Regulation Y; and to acquire FSN Life Insurance Company, Beaumont, Texas, a subsidiary of FSN, and thereby engage in the writing of credit accident, health, and life insurance directly related to extensions of credit. Such activities have been specified by the Board in section 225.4(a)(9) of Regulation Y as permissible for bank holding companies, subject to Board approval of individual proposals in accordance with the procedures of section 225.4(b).[1]

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act (44 *Federal Register* 36474 (1979)). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act and the considerations specified in section 4(c)(8) of the Act (12 U.S.C. §§ 1842(c) and 1843(c)(8)).

Applicant, the second largest banking organization in Texas,[2] controls 32 banks with aggregate deposits of approximately \$5.6 billion, representing 8.2 percent of total commercial bank deposits in the state. FSN, the 17th largest banking organization in Texas, controls 10 banks with aggregate deposits of approximately \$413 million, representing 0.6 percent of total commercial bank deposits in the state. Gateway Bank is the 4th largest bank in the FSN system with \$25.4 million in deposits and is the 291st largest bank in the state. Upon consummation of the proposal, Applicant's share of commercial bank deposits in Texas would increase to 8.8 percent, and it would become the largest banking organization in the state.

The competitive effects associated with the subject proposal, in addition to the general effect upon the structure of banking in Texas, must be considered within three separate banking markets—the Dallas banking market, the Fort Worth banking market, and the Beaumont banking market. Applicant is the fourth largest of 104 banking organizations located in the Dallas banking market (approximated by the Dallas Ranally Metropolitan Area ("RMA")) controlling six subsidiary banks with aggregate deposits of \$722.9 million, representing 5.4 percent of total commercial banking market deposits. FSN is the market's 13th largest banking organization, with four subsidiary banks holding aggregate deposits of \$107.9 million, representing 0.8 percent of market deposits. The three largest banking organizations in the Dallas market account for approximately 62 percent of market deposits, with Applicant a distant fourth. In addition, each of Applicant's subsidiary banks is at least five miles from an FSN subsidiary bank. In light of such considerations, it appears that the proposal would have only a slightly adverse effect upon existing competition in the Dallas banking market.

FSN controls the 43rd largest of 49 banking organizations in the Fort Worth banking market (approximated by the Fort Worth RMA), holding \$6.7 million in commercial bank deposits, representing 0.2 percent of market deposits. Applicant's acquisition of FSN's subsidiary bank would give Applicant only a foothold entry into this market since Applicant is not currently represented in the Fort Worth market. Therefore, no existing, and little if any, probable future competition would be eliminated upon consummation of the proposal.

Applicant is not currently represented in the Beaumont banking market but has previously sought to enter the market.[3] FSN, headquartered in Beaumont, is the largest of 21 banking organizations in the market, controlling four wholly-owned subsidiary banks, including the market's largest bank. FSN also controls 37.5 percent of Gateway Bank, the 12th largest bank in the Beaumont market holding 2.0 percent of market deposits.[4] Accordingly, FSN's five banking subsidiaries in the Beaumont market hold aggregate deposits of approximately \$298.6 million, representing 24.1 percent of market deposits. Applicant's banking subsidiary closest to any FSN subsidiary bank in the Beaumont market is located more than 25 miles from the nearest FSN bank and in an adjacent and separate banking market. In light of the facts of record, it appears that no existing competition would be eliminated upon consummation of the proposal.

Notwithstanding the absence of any significantly adverse effects of the proposal upon existing

1. FSN also has a wholly-owned mortgage subsidiary that has ceased making loans. FSN will dispose of the contracts the subsidiary currently holds and dissolve it prior to consummation of the subject proposal.

2. All banking data are as of December 31, 1978, and reflect bank holding company formations and acquisitions approved as of June 30, 1979.

3. The Beaumont banking market, previously determined to be approximated by the Beaumont Standard Metropolitan Statistical Area ("SMSA"), has been redefined to include Jefferson and Hardin Counties and the cities of Vidor and Bridge City in Orange County. Based upon data furnished by Applicant, a field investigation conducted by the Dallas Reserve Bank, and other evidence of record, including commuting and advertising data, the Board concluded that the Beaumont Port Arthur-Orange SMSA (Jefferson, Hardin, and Orange Counties) should be divided into two markets—the Beaumont banking market described above and the Orange County banking market consisting of Orange County excluding the cities of Vidor and Bridge City.

4. Since Applicant proposes to acquire the remaining 62.5 percent interest in Gateway Bank, market rankings and banking data have been adjusted as though Gateway Bank were wholly-owned by FSN.

competition, the Board is concerned with the adverse effect the proposal would have upon probable future competition within the Beaumont banking market, particularly in view of the sizeable presence of FSN in the Beaumont market. This application represents Applicant's third overture to enter the Beaumont banking market; its two earlier attempts were abrogated during their preliminary stages. It is evident that Applicant possesses the ability to expand into Beaumont de novo or through a foothold entry, and based upon its expansion history, Applicant has to be viewed as a likely potential entrant into the Beaumont market. Finally, de novo entry is a possibility since the market can be characterized as moderately attractive to such form of entry. Such factors would indicate some adverse impact on probable future competition.

The above considerations, however, are mitigated by other facts of record. While the market's deposit concentration is moderate (four-firm ratio of 64.7 percent), concentration has declined somewhat over time and may continue to decline in light of the market's attractiveness to de novo entry. Moreover, following consummation, five out of the state's ten largest banking organizations would still remain unrepresented in the Beaumont market, and these organizations may be appropriately regarded as potential entrants. Also, already represented in the market are subsidiaries of the state's first, third, sixth, and eighth largest banking organizations. In such an environment, FSN has not been able to increase to any significant extent its market presence and cannot be viewed as the dominant organization in the market. In light of the above, the Board is unable to conclude that consummation of the proposal would have such adverse competitive effects as to clearly warrant denial of the applications.

As part of the subject proposal, Applicant has also applied for the Board's permission to acquire FSN's nonbanking subsidiary, FSN Life Insurance Company, which offers credit-related insurance through FSN's banking subsidiaries, and to acquire FSN's data processing subsidiary, First Security Financial Systems, which provides bookkeeping and data processing services for FSN, its subsidiaries, and for other financial concerns. Applicant has subsidiaries offering identical services to Applicant's customers and, in the case of data processing, to other financial concerns as well. Since the credit-related insurance is offered only to customers of lending subsidiaries of the parent, there would be no adverse competitive effects associated with these insurance activities. With respect to offering data processing services to nonaffiliated financial concerns, based upon the facts of record, it appears that consummation of the proposal would have some slight adverse competitive effects in the Dallas and Houston areas. The Board, however, does not find that consummation would result in undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects.

In past denials of applications submitted by some of the larger banking organizations in Texas to acquire leading banks in the state's secondary banking markets, the Board expressed its concern that approval of such proposals would likely result in a rapid increase in the share of deposits held by the state's largest organizations as well as a rapid increase in size disparity between those organizations and the state's smaller bank holding companies.[5] Subsequent to taking those actions the Board had occasion to review the banking structure in Texas at large and within several regional Texas banking markets. While continuing to be of the view that the effect of a proposal upon statewide concentration was a matter that deserved studied attention, the Board approved several proposals submitted by large Texas banking organizations after finding that consummation of each of those proposals would not have such an adverse effect upon concentration and probable future competition as to require denial.[6]

The Board continues to monitor statewide banking structures in general and, more specifically, the size disparity between the large banking organizations operating statewide and the smaller regional banking organizations. The Board is concerned with the possibility that continued approval by the Board of acquisition or merger proposals involving large statewide and relatively sizeable

5. See the Board's Orders denying the applications of First International Bancshares, Inc., Dallas, Texas, to acquire Citizens First National Bank of Tyler, Tyler, Texas (60 FEDERAL RESERVE BULLETIN 43 (1974)), and The First National Bank of Waco, Waco, Texas (60 FEDERAL RESERVE BULLETIN 290 (1974)); the application of First City Bancorporation of Texas, Inc., Houston, Texas, to acquire The Lufkin National Bank, Lufkin, Texas (60 FEDERAL RESERVE BULLETIN 450 (1974)); and the applications of Texas Commerce Bancshares, Inc., Houston, Texas, to acquire The Austin National Bank, Austin, Texas, and Oak Hill National Bank, Oak Hill, Texas (61 FEDERAL RESERVE BULLETIN 109 (1975)).

6. See the Board's Orders approving the applications of First City Bancorporation of Texas, Inc., Houston, Texas, to acquire Lufkin National Bank, Lufkin, Texas (64 FEDERAL RESERVE BULLETIN 969 (1978)), and of Texas Commerce Bancshares, Inc., Houston, Texas, to acquire BanCapital Financial Corporation, Austin, Texas (63 FEDERAL RESERVE BULLETIN 500 (1977)).

banking organizations may perpetuate this size disparity and increase concentration ratios. Under section 3(c) of the Act, the Board is not required to tolerate increases in banking concentration since the underlying purpose of the Clayton Act as incorporated in the Bank Holding Company Act is to break the force of a trend toward undue concentration before it gathers momentum (see *Brown Shoe Co.* v. *United States*, 370 U.S. 294, 317-18). In acting upon the subject proposal the Board was mindful of these considerations and concerns.

After considering the overall impact of consummation of this proposal, the Board has concluded that approval of the subject applications would generally be in the public interest. The Board recognizes that consummation of the proposal would have some adverse competitive effect upon probable future competition within the Beaumont banking market, as well as an adverse effect upon the banking structure in Texas by further enlarging the disparities between major statewide and regional bank holding companies. However, the Board believes that approval of this proposal would not have such an effect on the concentration of banking resources within the "first tier" of Texas bank holding companies and probable future competition within the Beaumont market as to require denial of the proposal. Therefore, the Board has determined that the section 3 applications should be approved.

It should be noted that it is not the Board's intention to suggest by this Order that it will generally approve the acquisition of leading local market competitors by major statewide organizations. To the contrary, this case approaches the limits in terms of the size of the banking organization being acquired and the effects on competition and concentration of what the Board will regard as approvable in light of present structural and legal considerations.

The financial and managerial resources and future prospects of Applicant and its subsidiaries are regarded as generally satisfactory. The financial and managerial resources and future prospects of FSN and its subsidiaries are also regarded as generally satisfactory. Overall convenience and needs considerations are viewed as lending such weight as to warrant approval of the proposal. In part this will result from the greater expertise and specialization of services that FSN can offer its customers through affiliation with Applicant, lower rates on credit insurance that will be offered to customers of FSN subsidiaries, and an expansion of the data processing services offered.

On the basis of the foregoing and other facts in the record, and in light of the factors set forth in section 3(c) of the Act and the considerations specified in section 4(c)(8) of the Act, it is the Board's judgment that approval of the proposal would generally be in the public interest. Accordingly, the applications to acquire FSN's banking subsidiaries and to acquire the outstanding shares of Gateway Bank, to merge FSN and New FSN, and to acquire FSN's credit insurance and data processing nonbank subsidiaries are approved for the reasons summarized above. The acquisition of the banking organizations shall not be made before the thirtieth calendar day following the effective date of this Order; and the acquisition of neither the banking subsidiaries nor the credit-related insurance and data processing subsidiaries shall be made later than three months after the effective date of this Order, unless such periods are extended for good cause by the Board or by the Federal Reserve Bank of Dallas pursuant to delegated authority. The determination as to Applicant's proposed insurance and data processing activities is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require reports by, and make examinations of, holding companies and their subsidiaries and to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective September 10, 1979.

Voting for this action: Chairman Volcker and Governors Schultz, Coldwell, and Partee. Voting against this action: Governors Wallich, Teeters, and Rice. Governors Schultz and Wallich abstained from voting on the section 4(c)(8) application to acquire FSN Life.

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

Dissenting Statement of Governors Wallich, Teeters, and Rice

We would deny the applications of First City Bancorporation of Texas to acquire First Security National Corporation, a multi bank holding company, for the reasons set forth in Dissenting Statements to past actions by the Board approving applications by major bank holding companies seeking to acquire a banking organization with a significant presence in one or more markets where the applicant was not present.[1] It is our opinion that consummation of this proposal would have an adverse effect upon potential competition which is not outweighed by convenience and needs considerations.

Proposals by statewide organizations to acquire leading regional organizations are not peculiar to Texas. We believe that the majority is correct in concerning itself with undue concentration as it has developed in Texas, but we believe that the force of this trend should be broken by denying this case. Our belief is supported by the fact that it appears at least two proposals involving large statewide organizations in Texas to acquire strong regional multi-bank holding companies may be presented to the Board in the near future, and we feel that an increasing number of similar proposals from major multi-bank holding companies in other states can be expected to be forwarded to the Board for action.

In the case before us, First City Bancorporation of Texas, the second largest banking organization in Texas, is seeking to acquire First Security National Corporation, the largest banking organization in the Beaumont banking market. The proposal merely perpetuates a pattern of acquisition whereby the largest banking organizations in Texas acquire the leading banking institutions in the state's secondary metropolitan areas. It is our feeling that continuation of this trend would increase the size disparity between the largest banking organizations in Texas and all other banking organizations in the state. In addition, we are quite concerned that the majority's decision may continue to encourage Texas bank holding companies to eschew de novo or foothold entry into concentrated secondary markets in Texas and other holding companies within other states in the belief that the Board will approve less procompetitive means of entry. Finally, we feel that acquisition of First Security National Corporation by First City Bancorporation will eliminate a banking organization that has exhibited a willingness to compete in major Texas banking markets outside of its "home" market. Accordingly, consummation of this proposal would, in our view, have an adverse effect upon potential competition without offering any offsetting procompetitive benefits or outweighing convenience and needs considerations.

In light of the above, we would deny these applications.

September 10, 1979

1. See Dissenting Statements accompanying Board Orders approving the applications of Texas Commerce Bancshares, Inc., Houston, Texas, to merge with The Bancapital Financial Corporation, Austin, Texas (63 FEDERAL RESERVE BULLETIN 500 (1977)); First City Bancorporation of Texas, Inc., Houston, Texas, to acquire City National Bank of Austin, Austin, Texas (63 FEDERAL RESERVE BULLETIN 674 (1977)); DETROITBANK Corporation, Detroit, Michigan, to acquire Lake Shore Financial Corporation, Muskegon, Michigan (63 FEDERAL RESERVE BULLETIN 926 (1977)); Northwest Bancorporation, Minneapolis, Minnesota, to acquire First National Bank, Fort Dodge, Iowa, in Fort Dodge, Iowa (63 FEDERAL RESERVE BULLETIN 1096 (1977)); and First City Bancorporation of Texas, Inc., Houston, Texas, to acquire The Lufkin National Bank, Texas (64 FEDERAL RESERVE BULLETIN 969 (1978)).

Guaranty Bancshares, Inc., Mount Pleasant, Texas

Order Approving Formation of Bank Holding Company

Guaranty Bancshares, Inc., Mount Pleasant, Texas, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring 80 percent or more of the voting shares of Guaranty Bond State Bank, Mount Pleasant, Texas ("Guaranty Bank"), and 80 percent or more of the voting shares of The Talco State Bank, Talco, Texas ("Talco Bank").[1]

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

Applicant is a nonoperating corporation formed for the purpose of becoming a bank holding company through the acquisition of Guaranty Bank with $40.9 million in deposits and Talco Bank with $5.3 million in deposits.[2] Upon acquisition of the two banks, Applicant would become the 173rd largest banking organization in Texas, controlling 0.07 percent of the total deposits in commercial banks in Texas.

1. As part of this transaction, Applicant will also acquire shares of Guaranty Leasing, Inc., a company formed by Applicant to provide data processing services to its subsidiary banks. Inasmuch as section 4(c)(1)(C) of the Act permits a bank holding company to acquire a subsidiary solely engaged in performing services for subsidiary banks without obtaining the Board's approval it appears that it is not necessary for Applicant to seek the Board's approval to engage in the specified activities.

2. All banking data are as of December 31, 1978, and reflect bank holding company formations and acquisitions approved as of June 30, 1979.

Both Guaranty Bank and Talco Bank are located in the Titus banking market,[3] and rank, respectively, as the second and third largest of three banking organizations in the market, holding 37.4 and 4.8 percent, respectively, of commercial bank deposits in the market.[4] Applicant's proposal represents the transfer of the ownership of Guaranty Bank and Talco Bank from individuals to a corporation owned by the same individuals. Inasmuch as both banks operate in the same market, consummation of the proposed transaction would appear to eliminate some existing competition. However, the Board notes that Talco Bank was established by shareholders of Guaranty Bank in 1913, and that the two Banks have been closely affiliated by common ownership or management for over 65 years. Moreover, principals of Applicant have controlled both banks since 1969, and they now own 61 percent of Guaranty Bank and 62 percent of Talco Bank. It appears that the nature of the relationship between the two banks is such that little, if any, meaningful competition presently exists between them. But for the history of the long-established relationship between Guaranty Bank and Talco Bank, the effects on existing competition would be viewed as more serious, but when considered in light of that relationship the effects are only slight. Moreover, while the Titus banking market is concentrated, in view of the nature of the market, the Board does not regard the effects of the proposal on concentration of market deposits as being significant. Accordingly, based on the record in this application, the Board concludes that the overall effects of the proposal on competition would not be significantly adverse.

The financial and managerial resources and future prospects of Applicant, Guaranty Bank, and Talco Bank are regarded as generally satisfactory, and the future prospects of each appear favorable. While Applicant will incur some debt in connection with the proposed acquisition, it appears that Applicant will have sufficient financial flexibility to meet its debt-servicing requirements while maintaining an adequate capital position for its subsidiary banks. Accordingly, considerations relating to banking factors are consistent with approval of the application. While acquisition of Banks by Applicant will result in no immediate changes in the services offered by Banks, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Based upon the foregoing and other considerations reflected in the record, the Board concludes that consummation of the proposal would be consistent with the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction 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 that period is extended for good cause by the Board, or by the Federal Reserve Bank of Dallas pursuant to delegated authority.

By order of the Board of Governors, effective September 24, 1979.

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

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

Independent Bank Corporation,
Ionia, Michigan

Order Denying Acquisition of Bank

Independent Bank Corporation, Ionia, Michigan, a bank holding company, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)), to acquire all the voting shares of the successor by consolidation to The Old State Bank of Fremont ("Bank"), Fremont, Michigan. The bank to be created by consolidation and the entity with which Bank is to be consolidated have no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed transaction is treated in this Order as a proposed acquisition of the shares of Bank.

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

Applicant, the 36th largest banking organization in Michigan, controls four banks with aggregate deposits of approximately $115.2 million repre-

3. The Titus banking market, a primarily rural area, is approximated by Titus County, Texas.
4. In addition, the Board notes that state and Federal authorities have recently approved the establishment of a new independent bank in the Titus banking market.

senting 0.3 percent of the total deposits in commercial banks in the state.[1] Bank is the 215th largest bank in Michigan, holding approximately 0.06 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed acquisition, Applicant would become the 30th largest banking organization in the state with 0.37 percent of total statewide commercial bank deposits.

The Board has previously concluded that Fremont banks compete within the Fremont-Newaygo banking market, approximated by the southern two-thirds of Newaygo County.[2] Bank is the largest of six banking organizations in that market, controlling 27.6 percent of market deposits. Approval of this acquisition would eliminate existing competition between Bank and Applicant's banking subsidiaries operating in the market. Two of Applicant's existing subsidiary banks operate in the Fremont-Newaygo banking market: The First State Bank of Newaygo ("Newaygo Bank"), Newaygo, Michigan (deposits of $12.9 million), and Western State Bank ("Western Bank"), Howard City, Michigan, which has a branch at Croton Dam (deposits of $1.6 million). On the basis of the deposits of Newaygo Bank and Western Bank, which represent 16.8 percent of total commercial bank deposits in the Fremont-Newaygo banking market, Applicant is the third largest banking organization in the market. Consummation of the proposal would increase Applicant's share of total market deposits to 44.4 percent. Applicant would become the largest banking organization in the market, and the number of banking organizations operating within the market would be reduced to five.

Applicant has urged the Board, however, to revise its view of the relevant geographic market. It contends that Bank operates in a banking market approximated by ten Michigan counties.[3] Within this ten-county area, Applicant focuses its analysis on a "four-county banking region" composed of Kent, Muskegon, Newaygo, and Ottawa Counties. However, the Board does not consider that these suggestions realistically reflect the area within which the effects of the proposed transaction will be direct and immediate, or that they adequately take into account the local nature of the demand for most banking services. It is true that residents of Newaygo County are employed outside the county and there is some other economic interaction among the four counties. But with regard to the provision of banking services, the Board is persuaded that the Fremont-Newaygo banking market is a better approximation of the relevant geographic market for assessing competitive influences.[4]

Fremont and Newaygo are only 13 miles from each other and the distance between Fremont and Muskegon and Newaygo and Grand Rapids, respectively, is considerably greater than the distance between Fremont and Newaygo. In addition, Fremont is the economic and trade center of the county. The county's largest employer, Gerber Products Company ("Gerber"), is located in Fremont, and residents from other parts of southern Newaygo County commute to Fremont. The Board also notes that banks outside Newaygo County typically do not advertise in the Fremont or Newaygo newspapers. Furthermore, a survey of bankers within the county indicates that they look to one another as competitors while they do not consider banks outside the county their competitors.[5]

Applicant also argues that the competition for banking services between Fremont and Newaygo, where Applicant's existing subsidiary is located, is minimized because of the orientation of these two towns towards Muskegon and Grand Rapids, respectively. It does appear that, to the extent residents of Newaygo County commute to work outside the county, those residing near Fremont tend to commute to Muskegon and those residing near Newaygo tend to commute to Grand Rapids. In addition, the overlap of the primary service areas of Bank and Newaygo Bank, as defined by Applicant, is relatively small. However, the areas between Fremont and Grand Rapids and Newaygo and Muskegon, respectively, are largely undeveloped and sparsely populated. Fremont and Newaygo are only 13 miles apart and there is convenient access between the two towns, so that a bank in one town is a practical alternative to customers located in the other.[6] On balance the Board is persuaded that competition between

1. All banking data are as of June 30, 1978.

2. *Independent Bank Corporation*, (63 FEDERAL RESERVE BULLETIN 153 (1977)).

3. Allegan, Barry, Ionia, Kent, Mecosta, Montcalm, Muskegon, Newaygo, Oceana, and Ottawa Counties.

4. This conclusion is also compatible with the "market area" definition Applicant used in support of its earlier application to acquire Newaygo Bank.

5. In this regard, Applicant itself has conceded, in its application to acquire Western Bank, that "[t]o the extent that Newaygo Bank responds to competition, it does so almost exclusively in response to the marketing practices of the banks located west of Newaygo and the M-37 corridor in the city of Fremont."

6. It is also noted that Michigan law permits Bank and Newaygo Bank to branch into the primary service areas of one another.

banks in Fremont and Newaygo is significant and direct and that the influence of Muskegon and Grand Rapids is not sufficient to alter the integrity of the relevant market as previously defined.

Based upon the foregoing, the Board believes that the appropriate geographic area for assessing competitive effects of this proposal is the Fremont-Newaygo banking market as previously defined, and the Board finds on the basis of the facts of record that the effect of this proposal on competition in that market would be substantially adverse.

The financial and managerial resources of Applicant and its subsidiary banks are regarded as satisfactory. Those of Bank are also regarded as satisfactory. Accordingly, considerations relating to banking factors are consistent with but lend no weight toward approval of the application. While Applicant proposes to assist Bank in offering additional services such as extending Bank's Saturday hours, there is no indication that the needs of Bank's customers are not currently being met. Accordingly, the Board finds that considerations relating to convenience and needs of the community to be served do not outweigh the substantially adverse competitive effects that would result from Applicant's acquisition of Bank.

On the basis of the foregoing and other considerations reflected in the record, it is the Board's judgment that consummation of the proposed transaction would not be in the public interest, and the application is denied.

By Order of the Board of Governors, effective September 21, 1979.

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

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

Dissenting Statement of Governor Wallich

This case illustrates the limitations of rigid market analysis. There are, of course, legal considerations that encourage such an approach, and a traditional market analysis is undoubtedly useful for most cases the Board reviews. However, I believe there are some cases, including this proposal, where this approach may tend more to obscure or distort, rather than illuminate, competitive relationships among banking organizations.

In this case an array of alternative market delineations has been presented for the Board's consideration. Each of them, with the exception of Applicant's ten-county market, has some merit, reflecting recognized economic and competitive relationships, but no one of them is entirely satisfactory. To view this proposal, for example, as the acquisition of a relatively small bank in a four-county market would be to ignore the elements of economic autonomy that tend to insulate Newaygo County banks from the effects of competitive changes outside Newaygo County. On the other hand, the Board's view of this proposal as an acquisition of the largest bank in a small rural market has the effect of ignoring what interaction there is between Newaygo County and nearby urban areas. The possible intermediate or compromise views are no more attractive.

This difficulty in delineating the geographic market reflects measurement difficulties presented by rural areas that are linked to metropolitan areas. The southern two-thirds of Newaygo County may be a convenient point to begin an analysis of this proposal, but giving weight to the unusual characteristics of this case, I conclude the competitive effects of this acquisition would be only slightly adverse.

First, this area of Michigan is one example where a proper analysis of competitive effects should take particular account of influences excluded by the geographic market definition. In this case, there is substantial and increasing commuting from southern Newaygo County into the other areas of the large four-county region delineated by Applicant. In addition, the development of large regional retail shopping centers outside Newaygo County has increased the commercial integration of this area. Advertising from Grand Rapids and Muskegon also broadly covers Newaygo County. The only television stations and daily newspapers and most radio stations serving Newaygo County are located in Grand Rapids or Muskegon and the major Grand Rapids financial institutions advertise heavily through these media.

Finally, focusing particularly on actual competition between Bank and Newaygo Bank, it is relevant that despite their proximity there is very little overlap in their primary service areas. To a certain extent this may reflect the similarity of their services, so that customer choice may now be dictated almost exclusively by convenience, but it also reflects the polarization of Newaygo County, Fremont being oriented toward Muskegon and Newaygo toward Grand Rapids, that Applicant points out. These geographic considerations mitigate the competitive effects of the proposed acquisition, and allowances should be made for them.

Allowances should also be made for influences excluded by the product market definition. I have expressed my opinion earlier that thrift institutions should be included in a competitive analysis to a much greater extent than is the practice.[1] Although these institutions are restricted from offering some services offered by commercial banks and although credit unions in particular are restricted to a confined set of customers, their competitive influence should not be overlooked. The products and services of thrifts are offered in direct competition with those of commercial banks, and the area of functional overlap between the two types of institutions, which in recent years has been expanding, has historically included nonbusiness products and services for which the market is particularly localized geographically. In this case, I believe that the presence of a savings and loan association and three credit unions in southern Newaygo County, which hold $16.9 million in savings deposits and which include the credit union in Fremont for employees of the county's principal employer, further diminishes the anticompetitive character of this acquisition.

In addition to acknowledging the influence of thrift institutions in a market, more recognition should be given to organizational characteristics, particularly the disproportionate competitive power of a state's larger banking organizations operating in a market. In this case, one Statewide banking organization has achieved a significant position in the four-county region that includes Newaygo County, and as a result the competitive power of its bank in Newaygo County, which with deposits of $22.6 million is only slightly smaller than Bank, is likely to be somewhat greater than its market share would suggest.[2]

These three factors, geographic, functional, and organizational, bear directly on the competitive effects of this proposal and lead me to discount the conclusions that would be reached by a simple comparison of market shares among commercial banking institutions in the southern two-thirds of Newaygo County. On balance, I believe the competitive effect of the proposal would be only slightly adverse and that the new services Applicant proposes to introduce at Bank outweigh that slightly anticompetitive effect. Accordingly, I would approve this application.

September 21, 1979

1. *United Bank Corporation of New York*, (64 Federal Reserve Bulletin 894, 896 (1978))

2. When Old Kent Financial Corporation ("Old Kent"), Grand Rapids, Michigan, acquired Fremont Bank and Trust Company, ("Fremont Bank"), Fremont, Michigan, in 1973, Bank's market share of deposits in commercial banks was 5.7 percent greater than that of Fremont Bank. Since that time the difference in market share controlled by the two organizations has narrowed to 1.4 percent. Since its acqusition by Old Kent, Fremont Bank has experienced a 56.9 percent growth rate in deposits, while for the same time period, Bank's growth rate in deposits has been only 40.0 percent.

M.S.B. Agency, Inc.,
St. Paul, Minnesota

Order Approving
Formation of Bank Holding Company

M.S.B. Agency, Inc., St. Paul, Minnesota, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of bank holding company through acquisition of 85.1 percent of the voting shares of Minnesota State Bank of St. Paul, St. Paul, Minnesota ("Bank").

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

By Order dated December 22, 1978, the Board denied the application of M.S.B. to become a bank holding company through the acquisition of Bank. Thereafter, M.S.B. requested reconsideration of that Order pursuant to section 262.3(i) of the Board's Rules of Procedure (12 C.F.R. § 262.3(i)), and on January 15, 1979, the Board's General Counsel, acting pursuant to delegated authority (12 C.F.R. § 265.2(b)(7)), granted M.S.B.'s request for reconsideration.

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company through acquisition of Bank, the 67th largest banking organization in Minnesota, which holds deposits of approximately $25.3 million.[1] Upon acquisition of Bank, Applicant would control about 0.1 percent of total deposits in commercial banks in the state.

Bank is the 33rd largest of 113 banking organizations in the relevant banking market,[2] and con-

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

2. The relevant banking market is approximated by the Minneapolis-St. Paul RMA, adjusted to include all of Carver County.

trols 0.3 percent of total market deposits. While Applicant's principal is also a principal in several other banking organizations, none of these banking organizations competes in the relevant banking market. Therefore, it appears that no competition would be eliminated as a result of consummation of this proposal. Moreover, inasmuch as the proposed transaction involves the transfer of ownership of Bank from an individual and several corporations controlled by that individual to a single corporation owned by the individual, it appears that consummation of this proposal would have no adverse effects upon existing or potential competition, nor would it increase the concentration of banking resources in the relevant market. Accordingly, the Board concludes that competitive considerations of the proposal are consistent with approval of the application.

In its earlier Order denying the application, the Board expressed the view that Applicant lacked the necessary financial flexibility and resources to meet its annual debt-servicing requirements while maintaining adequate capital at Bank to meet any unforeseen problems that might arise at Bank. The Board also noted the highly leveraged condition of the other holding companies with which Applicant's principal is associated.

In connection with its Request for Reconsideration and as part of the record in this matter, Applicant now will be assuming a considerably lesser amount of acquisition debt than in the earlier proposal denied by the Board. Based upon the above and other facts reflected in the record, the Board is now of the view that Applicant will have sufficient financial flexibility to meet its debt-servicing requirements while maintaining adequate capital at Bank. Although Bank's growth has been high in recent years, recent data indicate that management has effected a program to moderate such growth. Therefore, it appears that at the end of the 12-year debt-servicing period Bank's gross capital to total assets ratio will be at an acceptable level. In light of the above facts, the financial and managerial resources of Applicant and Bank are regarded as generally satisfactory and the future prospects for each appear favorable. Applicant's principal has also taken actions, including providing and making plans to provide additional capital, to improve the financial conditions of the subsidiary banks of the affiliated holding companies. The financial and managerial resources and future prospects of each of these affiliated organizations and their subsidiary banks are considered generally satisfactory. Accordingly, banking factors are consistent with approval of the application.

Although Applicant proposes no immediate changes in Bank's services, convenience and needs considerations are also consistent with approval. Therefore, it is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

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

By Order of the Board of Governors, effective September 17, 1979.

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

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

Missouri Country Banschares, Inc.,
Liberal, Missouri

Order Approving Acquisition of Bank

Missouri Country Bancshares, Inc., Liberal, Missouri, a bank holding company, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) to acquire 56.77 percent of the voting shares of Bank of Raymondville ("Bank"), Raymondville, Missouri.

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

Applicant, is the 418th largest banking organization in Missouri, controlling the 611th largest bank in Missouri, which holds deposits of $5.0 million, or 0.02 percent of the total commercial bank deposits in the state.[1] Acquisition of Bank ($7.1 million in deposits) would increase Applicant's share of state deposits by only 0.03 percent

1. All banking data are as of June 30, 1978.

and would not result in a significant increase in the concentration of banking resources in Missouri. Bank is the fourth largest of six banking organizations operating in the Texas County banking market, controlling 12.4 percent of commercial bank deposits in that market.[2] Applicant's existing subsidiary bank is located approximately 150 miles west of Bank in a separate banking market, and no existing competition would be eliminated between Bank and Applicant's subsidiary bank by this proposal. The Board concludes that consummation of the proposal would not have an adverse effect upon competition.

The financial and managerial resources and future prospects of Applicant, its subsidiary bank, and Bank are generally satisfactory, particularly in light of commitments made by Applicant and Applicant's principal in connection with this application regarding maintenance of Bank's capital. Thus, banking factors lend weight toward approval of this application.

In reaching this conclusion, the Board has considered comments concerning this application received from Bank's minority shareholders and from members of Bank's community. In particular, one shareholder, on behalf of owners of 40.4 percent of Bank's shares ("Protestants"), has voiced various objections to this proposal, principally relating to purchase in 1978 of a controlling interest in Bank by Applicant's principal and his failure to extend an equal offer to purchase minority shares. In this connection, Protestants allege violations of Missouri law and other improprieties by Bank's selling shareholders, and other actions adversely affecting minority shareholders.

Under the Bank Holding Company Act, there are some limits to the Board's ability to entertain complaints by minority shareholders. A Federal Circuit Court has ruled that the Board may not deny applications under the Act solely because of an applicant's failure to extend substantially equal purchase offers to minority shareholders. *Western Bancshares, Inc.* v. *Board of Governors*, 480 F.2d 749 (10th Cir., 1973). However, if the company deals with minority shareholders unfairly or dishonestly, that fact will reflect adversely upon the integrity of a bank holding company's management. See, *Benson Bancshares, Inc.*, (63 FEDERAL RESERVE BULLETIN 1009 (1977)).

After consideration of the record in this case, it is the Board's view that evidence sufficiently establishing a violation of law or other conduct on the part of Applicant's or Bank's present management, or participation by management of Applicant or Bank in conduct by others, relevant to the factors specified in section 3(c) of the Act, that would support an adverse finding with respect to these factors, including the managerial resources of Applicant, or warrant further postponement of consideration of this application has not been presented. It does not appear that the purchase price paid for Bank's shares was unreasonable,[3] and Applicant's principal exercised some care in consulting competent state authorities regarding the propriety of his acquisition. Moreover, other banking factors, including an increase in Bank's capital to which Protestants object, lend weight toward approval of the application. Finally, the Board believes the record contains sufficient information on the financial resources and future prospects of Applicant and Bank for the Board to reach a conclusion on those aspects of the transaction even though, as Protestants point out, Applicant has only a brief operating history.

While consummation of the proposal would result in no immediate changes in the services offered by Bank, considerations relating to the convenience and needs of the communities to be served are consistent with approval of this application. Based upon the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective September 21, 1979.

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

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

2. The relevant banking market is approximated by Texas County, Missouri.

3. The price paid for Bank's shares was 1.5 times their book value on September 30, 1978, and the premium paid by Applicant's principal for the controlling shares approximated 4.5 percent of Bank's deposits as of that date.

Order Under Section 4
of Bank Holding Company Act

Equimark Corporation
Pittsburgh, Pennsylvania

Order Approving Retention of
Nottingham Corporation, Beaver County
Insurance Agency, Inc., and
Community Service Life Insurance Company

Equimark Corporation, Pittsburgh, Pennsylvania, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to retain Nottingham Corporation ("Nottingham"), and its wholly owned subsidiaries, Beaver County Insurance Agency, Inc., ("BCIA"), and Community Service Life Insurance Company ("CSLIC"), all of Pittsburgh, Pennsylvania. BCIA engages in the activity of acting as agent for the sale of credit-related insurance and insurance for Applicant's bank, Equibank, N.A. ("Bank"), Pittsburgh, Pennsylvania, and CSLIC underwrites credit life and disability insurance directly related to Bank's extensions of credit. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(9) and (10)).

Notice of the applications, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (44 *Federal Register* 41,963 (1979)). 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 public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant is the seventh largest banking organization in Pennsylvania with total deposits of $1.9 billion, representing 3.6 percent of the total deposits in commercial banks in the state.[1] Applicant proposes to retain Nottingham, a shell corporation that exists primarily to hold the stock of BCIA and CSLIC and engages in no other activities.[2] BCIA engages in the activities of selling proprietary insurance written for the benefit of Bank, Applicant and its nonbank subsidiaries,[3] and insurance directly related to extensions of credit by Bank, specifically, mortgage life coverage on Bank's residential mortgage loans. CSLIC engages in the reinsurance of credit life and credit accident and health insurance directly related to extensions of credit by Bank. Credit life insurance and credit accident and health insurance are generally made available by banks and other lenders and are designed to assure repayment of a loan in the event of death or disability of a borrower.

Applicant's direct acquisition of Nottingham, a de novo subsidiary of Bank, and its indirect acquisition of CSLIC, a de novo subsidiary of Nottingham, did not eliminate existing competition in any relevant market. In addition, prior to its acquisition by Nottingham, BCIA was a subsidiary of a bank that in 1964 was merged into Bank, pursuant to the approval of the Comptroller of the Currency. Therefore, it can be concluded that the transaction did not have any adverse effects on competition at that time. Furthermore, BCIA currently competes with more than 50 insurance agencies in the Pittsburgh market,[4] and BCIA, CSLIC and Nottingham conduct their insurance agency and underwriting activities either for the benefit of, or solely in connection with extensions of credit by, Bank. Therefore, it is unlikely that Applicant's retention of these subsidiaries would have any significantly adverse effects on competition.

Applicant's retention of Nottingham and BCIA will ensure the continued availability of credit life and credit accident and health insurance to customers of Bank. In addition, in connection with the underwriting activities of CSLIC, Applicant is aware that the Board has stated:

> To assure that engaging in the underwriting of credit life and credit accident and health insurance can reasonably be expected to be in the public interest, the Board will only

1. All banking data are as of June 30, 1978.

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

3. Applicant has committed that upon approval of this application, BCIA will immediately cease acting as agent for proprietary insurance written for the benefit of Applicant and its nonbank subsidiaries, in accordance with the decision in *Alabama Association of Insurance Agents v. Board of Governors of the Federal Reserve System*, 533 F.2d 224 (5th Cir. 1976), modified on rehearing, 558 F.2d 729 (1977), *cert. denied*, 435 U.S. 904 (1978).

4. The Pittsburgh banking market is approximated by all of Allegheny County, the western third of Westmoreland County, the northern half of Washington County, the southern three quarters of Beaver County and the southern fringe of Butler County, all in Pennsylvania.

> approve applications in which an applicant demonstrates that approval will benefit the consumer or result in other public benefits. Normally such a showing would be made by a projected reduction in rates or increase in policy benefits due to bank holding company performance of this service. (12 C.F.R. § 225.4(a)(10), n.7).

In this regard, Applicant has commited to reduce rates on credit life insurance by 2 percent and on credit accident and health insurance by 5 percent upon receiving Board approval to retain its reinsurance activities in Pennsylvania. The Board is of the view that the availability of this service at reduced premiums is in the public interest. Furthermore, there is no evidence in the record indicating that retention of these companies would result in any undue concentration of resources, adverse effects on competition, conflicts of interests, or other effects that would be adverse to the public interest.

Based upon the foregoing and other considerations reflected in the record, including Applicant's commitment to maintain on a continuing basis the public benefits that the Board has found to be normally expected to result from this proposal and upon which the approval of this proposal is based, the Board has determined that the balance of the public interest factors the Board is required to consider under § 4(c)(8) is favorable. Accordingly, the applications are hereby approved. This determination is subject to the conditions set forth in § 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 regulation and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective September 28, 1979.

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

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

[SEAL]

Order Approved Under Bank Merger Act

Walker Bank and Trust Company,
Salt Lake City, Utah

Milford State Bank,
Milford, Utah

Order Approving Application for Merger of Banks

Walker Bank and Trust Company, Salt Lake City, Utah ("Applicant"), a state member bank of the Federal Reserve System, has applied for the Board's approval, pursuant to the Bank Merger Act (12 U.S.C. § 1828(c)), of the merger of Applicant with Milford State Bank, Milford, Utah ("Milford Bank"), under the charter and title of Applicant. As an incident to the proposed merger, the existing offices of Milford Bank would become branch offices of the resulting bank.

As required by the Bank Merger Act, notice of the proposed transaction was published in a form approved by the Board, and reports on competitive effects were requested from the United States Attorney General, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. The Board has considered the application and all comments and reports received in light of the factors set forth in the Bank Merger Act.

Applicant is the sole banking subsidiary of Western Bancorporation, Los Angeles, California ("Western"), in the State of Utah. Applicant, the third largest bank in Utah, controls deposits of \$566 million, representing 12.1 percent of total deposits in commercial banks in the state.[1] Milford Bank is the 25th largest bank in the state, with deposits of \$16 million, representing 0.4 percent of statewide commercial bank deposits, and its acquisition by Applicant would not alter Applicant's statewide rank or significantly increase its share of deposits in the state. Accordingly, consummation of the proposal would not have an appreciable effect on the concentration of banking resources in Utah.

Milford Bank is the only bank in the relevant banking market, which is approximated by Beaver County, Utah. No significant competition exists between Applicant and Milford Bank, since none of Applicant's banking offices is located in the Beaver County market, and no office of Applicant is closer than 48 miles from any office of Milford Bank. It also appears unlikely that any significant competition would develop between Applicant and

1. All banking data are as of September 30, 1978.

Bank in the future. Applicant is prevented by Utah's home office protection laws from establishing a branch in Beaver County, and Western is prohibited by section 3(d) of the Bank Holding Company Act (12 U.S.C. § 1842(d)) from establishing another subsidiary bank in Utah. Thus, consummation of the transaction would have no significant adverse effects on competition.

After examining information of record concerning the financial and managerial resources of Applicant, Milford Bank, and Western, the Board concludes that the financial and managerial resources and future prospects of the institutions involved are satisfactory. The financial and managerial resources and future prospects of the resulting institution would also be satisfactory. Affiliation with Applicant would afford Milford Bank access to Applicant's financial and managerial resources, and provide its customers with access to an expanded line of banking services. Therefore, considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application. Based upon the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

On the basis of the record and for the reasons summarized above, the application to merge and, incident thereto, to establish branches, is approved. 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 date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco pursuant to delegated authority.

By order of the Board of Governors, effective September 14, 1979.

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

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

Order Under Section 2 of Banking Holding Company Act

Commerce Southwest, Inc.,
Dallas, Texas

Order Granting Determination Under the Bank Holding Company Act

Commerce Southwest, Inc. ("Commerce Southwest"), Dallas, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has requested a determination under section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)), that Commerce Southwest is not in fact capable directly or indirectly of controlling Mr. Clint W. Murchison, Jr. ("Murchison"), an individual residing in Dallas, Texas, notwithstanding the fact that Murchison is indebted to Bank. This request has been made in connection with a sale to Murchison by Applicant's subsidiary, National Bank of Commerce ("Bank"), Dallas, Texas, of 91.6 percent of the outstanding voting shares of Dallas/Forth Worth Airport National Bank ("Airport Bank"), Dallas, Texas.

Under section 2(g)(3) of the Act, shares transferred after January 1, 1966, by any bank holding company to a transferee that is indebted to the transferor are deemed to be owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee. Although the shares of Airport Bank sold to Murchison were owned and transferred by Bank, a determination respecting Commerce Southwest is necessary because, under section 2(g)(1) of the Act, it is deemed to own indirectly shares owned by its subsidiary bank.[1] Commerce Southwest has not requested a hearing, but it has submitted to the Board evidence to support its contention that it is not in fact capable of controlling Murchison, either directly or through Bank.

On the basis of the following facts of record, it is hereby determined that Commerce Southwest is not in fact capable of controlling Murchison. Commerce Southwest acquired indirect ownership of shares of Airport Bank when it became a bank holding company by acquiring Bank. Bank has acquired the shares of Airport Bank in satisfaction of a debt previously contracted in good faith. The record reflects that the sale of Airport Bank to Murchison was negotiated at arms length; that Murchison is not an officer, director, or shareholder of Applicant or any of its subsidiaries; and that there are no officer or director interlocks between Applicant or Bank and Airport Bank. It appears that Murchison purchased the shares of Airport Bank as an investment for his own account and not as a nominee or representative of any other party. The terms governing the debt relationship between Murchison and Bank are generally limited

1. This request was made by Applicant pursuant to its commitment in connection with its application to become a bank holding company. *Commerce Southwest, Inc.* (65 FEDERAL RESERVE BULLETIN 664 (1979)).

to those reasonably required, in accordance with sound and accepted banking practices, to secure Bank's extension of credit. Bank's board of directors has adopted a resolution that it does not, and will not attempt to, exercise control over Airport Bank or any of its officers, directors, or shareholders. In addition, Murchison has filed an affidavit to the effect that he is not, and will not be, controlled by Applicant or Bank, and will not represent their interests in his management of Airport Bank.

Furthermore, although Murchison is indebted to Bank for a substantial portion of the purchasing price, it appears that he has sufficient personal resources to resist an attempt to control him or influence his management of Airport Bank, and to minimize the possibility that it may become necessary for Applicant to reacquire shares of Airport Bank as a result of default.

Accordingly, it is ordered that the request of Commerce Southwest for a determination pursuant to section 2(g)(3) is granted. This determination is based on representations made to the Board by Commerce Southwest and Murchison. In the event that the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that Commerce Southwest or Murchison has failed to disclose to the Board other material facts, this determination may be revoked, and any change in the facts and circumstances relied upon in making 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 September 4, 1979.

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

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During October 1979 the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
Arapahoe County Funding Company, Englewood, California	Arapahoe Bank and Trust, Englewood, California	September 14, 1979
Basalt Bancorp, Inc., Basalt, Colorado	Bank of Basalt, Basalt, Colorado	September 24, 1979
Cabool Banshares, Inc., Chesterfield, Missouri	Cabool State Bank, Cabool, Missouri	September 17, 1979
Continental Banksystem, Inc., St. Paul, Minnesota	St. Anthony Park State Bank, St. Paul, Minnesota	September 20, 1979
First Osmond Corporation, Osmond, Nebraska	Osmond State Bank, Osmond, Nebraska	September 12, 1979
Kilgore Baneshares, Inc., Kilgore, Nebraska	Farmers State Bank, Kilgore, Nebraska	September 10, 1979
Marion Bank Holding Company, Marion, North Dakota	State Bank of Marion, Marion, North Dakota	September 25, 1979
Meno Baneshares, Inc., Meno, Oklahoma	Meno Guaranty Bank, Meno, Oklahoma	September 20, 1979

Section 3

Applicant	Bank(s)	Board action (effective date)
National City Corporation, Cleveland, Ohio	The Citizens National Bank, Bryon, Ohio	September 28, 1979
SCB Financial Corporation, Smith Center, Kansas	The Smith County State Bank and Trust Company, Smith Center, Kansas	September 12, 1979
Seneca Bancshares, Inc., Wichita, Kansas	Seneca State Bank of Wichita, Wichita, Kansas	September 26, 1979
Southwest Florida Banks, Inc., Fort Meyers, Florida	The Palmetto Bank and Trust Company, Palmetto, Florida	September 7, 1979
Victoria Bankshares, Inc., Victoria, Texas	The First State Bank of Taft, Taft, Texas	September 25, 1979

Section 4

Applicant	Nonbanking company (or activity)	Effective date
R & B Management Corporation Washington, Illinois	Sale of insurance	September 26, 1979

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
Bank of Virginia Company, Richmond, Virginia	Community Bank and Trust of August County, Verona, Virginia	Richmond	September 26, 1979
First Banc Group of Ohio, Inc., Columbus, Ohio	Hardin National Bank, Kenton, Ohio	Cleveland	September 4, 1979
Sun Banks of Florida, Orlando, Florida	Cape Coral Bank and Trust, Cape Coral, Florida	Atlanta	September 25, 1979

ORDERS APPROVED UNDER BANK MERGER ACT

Applicant	Bank(s)	Reserve Bank	Effective date
Central Fidelity Bank, Baileys Crossroads, Fairfax County, Virginia	Central Fidelity Bank NA, Herndon, Fairfax County, Virginia	Richmond	September 7, 1979
United Virginia Bank/Commonwealth, Richmond, Virginia	United Virginia Bank, Richmond, Virginia	Richmond	September 27, 1979

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

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

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

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

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

U.S. Labor Party v. Board of Governors, filed April 1979, U.S.C.A. for the Second Circuit.

U.S. Labor Party v. Board of Governors, filed April 1979, U.S.C.A. for the Second Circuit.

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

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

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

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

Consumers Union of the United States, v. G. William Miller, et al., filed December 1978, U.S.D.C. for the District of Columbia.

Manchester-Tower Grove Community Organization/ACORN v. Board of Governors, filed September 1978, U.S.C.A. for the District of Columbia.

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

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

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

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

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

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

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

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 R. Merrill, et al., v. Federal Open Market Committee of the Federal Reserve System, filed May 1975, U.S.D.C. for the District of Columbia.

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INTEREST AND EXCHANGE RATES

1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1978 Q3	1978 Q4	1979 Q1	1979 Q2	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[13]								
Member bank reserves									
1 Total	8.6	2.3	2.9	4.9	4.9	4.9	-1.8	12.0	7.2
2 Required	8.6	2.1	2.8	4.8	5.5	3.9	4.1	12.3	7.0
3 Nonborrowed	6.6	4.6	3.3	-8.8	2.9	30.6	8.9	20.0	10.0
4 Monetary base[1]	9.3	8.4	5.7	4.0	4.9	3.1	6.1	r11.0	12.1
Concepts of money[2]									
5 M-1	7.9	4.1	2.1	7.6	17.7	.7	14.8	10.1	7.1
6 M-1+	6.1	2.7	-5.0	r3.7	11.4	-2.1	r12.3	r10.2	6.5
7 M-2	9.8	7.6	1.8	8.6	14.1	5.4	14.2	r12.9	11.0
8 M-3	10.3	9.3	4.7	7.9	10.5	4.9	11.9	r11.4	9.9
Time and savings deposits									
Commercial banks									
9 Total	11.3	12.3	8.4	1.2	2.1	1.4	.8	12.2	14.6
10 Savings	2.9	.2	9.6	3.1	0	7.2	7.8	9.4	6.6
11 Other time	17.9	18.2	15.6	18.5	19.8	19.9	17.6	18.1	19.4
12 Thrift institutions[3]	11.1	11.6	8.8	6.8	5.6	4.1	8.8	9.3	8.3
13 Total loans and investments at commercial banks[4]	13.3	12.7	13.2	11.9	r13.9	r8.8	r12.5	r13.3	11.6

Item	1978 Q4	1979 Q1	1979 Q2	1979 Q3	1979 May	1979 June	1979 July	1979 Aug.	1979 Sept.
	Interest rates (levels, percent per annum)								
Short-term rates									
14 Federal funds[5]	9.58	10.07	10.18	10.94	10.24	10.29	10.47	10.94	11.43
15 Federal Reserve discount[6]	9.09	9.50	9.50	10.21	9.50	9.50	9.69	10.24	10.70
16 Treasury bills (3-month market yield)[7]	8.57	9.38	9.38	9.67	9.61	9.06	9.24	9.52	10.26
17 Commercial paper (90- to 119-day)[7,8]	9.83	10.04	9.85	10.64	9.95	9.76	9.87	10.43	11.63
Long-term rates									
Bonds									
18 U.S. government[9]	8.78	9.03	9.08	9.03	9.21	8.91	8.92	8.97	9.21
19 State and local government[10]	6.28	6.37	6.22	n.a.	6.25	6.13	6.13	6.20	n.a.
20 Aaa utility (new issue)[11]	9.23	9.58	9.66	n.a.	9.83	9.50	9.58	9.48	n.a.
21 Conventional mortgages[12]	10.12	10.33	10.35	n.a.	10.80	10.90	10.95	11.10	n.a.

1. 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.

2. M-1 equals currency plus private demand deposits adjusted.

M-1+ equals M-1 plus savings deposits at commercial banks, NOW accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

M-2 equals M-1 plus bank time and savings deposits other than large negotiable certificates of deposit (CDs).

M-3 equals M-2 plus deposits at mutual savings banks, savings and loan associations, and credit union shares.

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

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

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

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

7. Quoted on a bank-discount basis.

8. Beginning Nov. 1977, unweighted average of offering rates quoted by at least five dealers. Previously, most representative rate quoted by these dealers.

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

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

11. 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.

12. 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.

13. 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.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending—						
	1979			1979						
	July	Aug.	Sept.p	Aug. 15	Aug. 22	Aug. 29	Sept. 5	Sept. 12	Sept. 19p	Sept. 26p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**131,585**	**131,441**	**133,598**	**131,144**	**132,427**	**131,884**	**132,989**	**131,834**	**133,949**	**134,188**
2 U.S. government securities[1]	109,921	111,639	112,967	110,829	112,394	112,887	113,147	110,041	112,599	114,746
3 Bought outright	108,673	111,044	112,421	110,362	111,446	111,967	112,666	110,041	112,388	113,478
4 Held under repurchase agreements	1,248	595	546	467	948	920	481	0	211	1,268
5 Federal agency securities	8,377	8,519	8,524	8,366	8,729	8,757	8,381	8,234	8,373	8,626
6 Bought outright	7,854	8,243	8,229	8,243	8,243	8,243	8,242	8,234	8,224	8,224
7 Held under repurchase agreements	523	276	295	123	486	514	139	0	149	402
8 Acceptances	717	388	316	411	572	429	434	0	102	382
9 Loans	1,179	1,097	1,345	1,023	1,386	1,117	1,340	1,230	1,763	1,161
10 Float	5,758	4,884	5,906	5,241	4,818	4,218	5,072	7,423	6,648	5,163
11 Other Federal Reserve assets	5,633	4,915	4,540	5,274	4,527	4,475	4,614	4,905	4,464	4,110
12 Gold stock	11,299	11,266	11,239	11,259	11,259	11,259	11,259	11,255	11,228	11,228
13 Special drawing rights certificate account	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
14 Treasury currency outstanding	12,446	12,533	12,627	12,501	12,551	12,564	12,672	12,610	12,631	12,645
ABSORBING RESERVE FUNDS										
15 Currency in circulation	117,701	118,248	119,092	118,512	118,362	118,051	119,057	119,683	119,236	118,642
16 Treasury cash holdings	335	265	288	267	266	265	269	268	289	307
Deposits, other than member bank reserves, with Federal Reserve Banks										
17 Treasury	3,303	3,021	4,073	2,957	3,183	2,986	3,359	3,348	3,469	4,553
18 Foreign	288	294	319	294	293	277	335	354	321	262
19 Other	761	634	716	608	562	607	722	616	876	622
20 Other Federal Reserve liabilities and capital	4,551	4,572	4,697	4,387	4,718	4,856	4,837	4,327	4,612	4,848
21 Member bank reserves with Federal Reserve Banks	30,191	30,006	30,079	29,680	30,653	30,467	30,141	28,902	30,805	30,628
	End-of-month figures			Wednesday figures						
	1979			1979						
	July	Aug.	Sept.p	Aug. 15	Aug. 22	Aug. 29	Sept. 5	Sept. 12	Sept. 19p	Sept. 26p
SUPPLYING RESERVE FUNDS										
22 **Reserve bank credit outstanding**	**131,474**	**132,299**	**135,389**	**131,667**	**132,129**	**135,907**	**131,694**	**127,731**	**129,718**	**135,433**
23 U.S. government securities[1]	111,445	113,027	115,458	109,801	111,222	115,135	111,168	105,786	109,812	115,005
24 Bought outright	109,366	112,635	114,596	109,801	111,222	113,028	111,168	105,786	109,812	113,852
25 Held under repurchase agreements	2,079	392	862	0	0	2,107	0	0	0	1,153
26 Federal agency securities	8,881	8,395	9,323	8,243	8,243	8,999	8,242	8,224	8,224	8,532
27 Bought outright	8,243	8,242	8,224	8,243	8,243	8,242	8,242	8,224	8,224	8,224
28 Held under repurchase agreements	638	153	1,099	0	0	757	0	0	0	308
29 Acceptances	1,159	475	1,053	0	0	699	0	0	0	684
30 Loans	852	1,572	1,157	2,707	1,509	919	1,060	2,532	964	1,820
31 Float	3,896	4,209	3,049	6,456	6,681	5,575	6,197	6,453	6,112	5,200
32 Other Federal Reserve assets	5,241	4,621	5,349	4,460	4,474	4,580	5,027	4,736	4,606	4,192
33 Gold stock	11,290	11,259	11,228	11,259	11,259	11,259	11,259	11,229	11,228	11,228
34 Special drawing rights certificate account	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
35 Treasury currency outstanding	12,599	12,724	12,645	12,521	12,560	12,589	12,608	12,615	12,634	12,645
ABSORBING RESERVE FUNDS										
36 Currency in circulation	117,896	118,914	118,550	118,834	118,427	118,708	119,779	119,891	119,164	118,954
37 Treasury cash holdings	262	268	324	268	264	272	268	277	306	306
Deposits, other than member bank reserves, with Federal Reserve Banks										
38 Treasury	2,765	3,542	6,489	3,805	2,851	3,176	2,853	3,126	2,786	5,483
39 Foreign	373	325	348	312	262	308	312	317	259	275
40 Other	636	663	780	674	534	541	680	568	686	571
41 Other Federal Reserve liabilities and capital	4,951	4,876	5,086	4,510	4,717	4,993	4,378	4,493	4,597	4,855
42 Member bank reserves with Federal Reserve Banks	30,279	29,493	29,485	28,844	30,693	33,558	29,092	24,702	27,581	30,662

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.

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									
		1978	1979								
		Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.ᵖ
	All member banks										
	Reserves										
1	At Federal Reserve Banks	31,158	31,935	30,485	30,399	30,675	30,208	29,822	30,191	30,006	30,079
2	Currency and coin	10,330	11,093	10,074	9,776	9,737	10,044	10,154	10,552	10,523	10,727
3	Total held[1]	41,572	43,167	40,703	40,316	40,546	40,382	40,105	40,900	40,687	40,958
4	Required	41,447	42,865	40,494	40,059	40,548	40,095	39,884	40,710	40,494	40,860
5	Excess[1]	125	302	209	257	-2	287	221	190	193	98
	Borrowings at Federal Reserve Banks[2]										
6	Total	874	994	973	999	897	1,777	1,396	1,179	1,097	1,345
7	Seasonal	134	112	114	121	134	173	188	168	177	178
	Large banks in New York City										
8	Reserves held	7,120	7,808	6,995	6,892	6,804	6,658	6,346	6,605	6,408	6,359
9	Required	7,243	7,690	6,976	6,845	6,837	6,544	6,415	6,586	6,427	6,378
10	Excess	123	118	19	47	-33	114	-69	19	-19	19
11	Borrowings[2]	99	117	0	45	61	150	78	97	79	87
	Large banks in Chicago										
12	Reserves held	1,907	2,011	1,824	1,822	1,801	1,730	1,726	1,709	1,694	1,697
13	Required	1,900	2,010	1,823	1,809	1,824	1,712	1,697	1,713	1,706	1,760
14	Excess	7	1	1	13	-23	18	29	4	12	-63
15	Borrowings[2]	10	23	10	26	18	60	64	45	6	80
	Other large banks										
16	Reserves held	16,446	16,942	16,055	15,844	15,948	15,926	15,989	16,374	16,370	15,900
17	Required	16,342	16,923	16,018	15,802	16,014	15,893	15,877	16,339	16,321	16,487
18	Excess	104	19	37	42	-66	33	112	35	49	587
19	Borrowings[2]	276	269	275	215	271	721	586	517	484	603
	All other banks										
20	Reserves held	16,099	16,406	15,829	15,758	15,993	16,068	16,044	16,212	16,215	16,302
21	Required	15,962	16,242	15,677	15,603	15,873	15,946	15,895	16,072	16,040	16,235
22	Excess	137	164	152	155	120	122	149	140	175	67
23	Borrowings[2]	489	585	688	713	547	846	668	520	528	575

	Reserve classification	Weekly averages of daily figures for weeks ending									
		1979									
		July 25	Aug. 1	Aug. 8	Aug. 15	Aug. 22	Aug. 29	Sept. 5	Sept. 12	Sept. 19ᵖ	Sept. 26ᵖ
	All member banks										
	Reserves										
24	At Federal Reserve Banks	30,616	30,185	29,286	29,680	30,653	30,467	30,141	28,902	30,805	30,628
25	Currency and coin	10,427	10,804	10,813	10,888	9,846	10,484	10,596	11,134	10,169	10,838
26	Total held[1]	41,200	41,146	40,256	40,727	40,657	41,108	40,894	40,193	41,124	41,615
27	Required	41,214	40,856	40,115	40,428	40,643	40,738	40,489	40,095	40,711	41,522
28	Excess[1]	-14	290	141	299	14	370	405	98	413	93
	Borrowings at Federal Reserve Banks[2]										
29	Total	1,292	946	762	1,023	1,386	1,117	1,340	1,230	1,763	1,161
30	Seasonal	167	173	176	169	174	186	172	153	207	180
	Large banks in New York City										
31	Reserves held	6,573	6,608	6,349	6,482	6,475	6,472	6,603	6,236	6,114	6,279
32	Required	6,624	6,544	6,323	6,489	6,447	6,419	6,470	6,292	6,155	6,395
33	Excess	-51	64	26	-7	28	53	133	-56	-41	116
34	Borrowings[2]	7	0	24	209	14	50	214	139	0	29
	Large banks in Chicago										
35	Reserves held	1,735	1,691	1,694	1,761	1,685	1,693	1,734	1,678	1,607	1,719
36	Required	1,743	1,663	1,691	1,749	1,696	1,687	1,733	1,679	1,764	1,803
37	Excess	-8	28	3	12	-11	6	1	-1	-157	84
38	Borrowings[2]	7	64	0	0	0	29	0	0	343	0
	Other large banks										
39	Reserves held	16,479	16,478	16,170	16,388	16,304	16,537	16,280	16,160	16,276	15,945
40	Required	16,524	16,438	16,181	16,297	16,377	16,438	16,231	16,188	16,613	16,730
41	Excess	-45	40	-11	91	-73	99	49	-28	-337	-785
42	Borrowings[2]	694	308	256	360	846	427	505	512	860	587
	All other banks										
43	Reserves held	16,413	16,369	16,043	16,096	16,193	16,406	16,277	16,119	16,177	16,656
44	Required	16,323	16,211	15,920	15,893	16,123	16,194	16,055	15,936	16,179	16,594
45	Excess	90	158	123	203	70	212	222	183	2	62
46	Borrowings[2]	584	574	482	454	526	611	621	579	560	545

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

2. Based on closing figures.

1.13 FEDERAL FUNDS TRANSACTIONS Money Market Banks

Millions of dollars, except as noted

Type	Aug. 1	Aug. 8	Aug. 15	Aug. 22	Aug. 29	Sept. 5	Sept. 12	Sept. 19	Sept. 26
	1979, week ending Wednesday								
	Total, 46 banks								
Basic reserve position									
1 Excess reserves[1]	58	69	82	39	173	226	57	62	4
LESS:									
2 Borrowings at Federal Reserve Banks	173	64	238	318	174	296	300	692	269
3 Net interbank federal funds transactions	18,066	22,235	21,508	20,972	17,549	20,563	25,011	21,822	19,838
EQUALS: Net surplus, or deficit (–)									
4 Amount	-18,181	-22,231	-21,663	-21,251	17,549	-20,634	-25,368	22,453	-20,102
5 Percent of average required reserves	106.2	132.3	126.4	124.6	102.8	121.0	150.8	131.8	115.4
Interbank federal funds transactions									
Gross transactions									
6 Purchases	26,167	29,858	30,034	28,941	26,823	30,397	33,098	30,764	28,475
7 Sales	8,101	7,623	8,527	7,969	9,275	9,833	8,087	8,941	8,637
8 Two-way transactions[2]	6,312	6,386	6,075	5,846	6,460	7,573	6,813	6,280	6,338
Net transactions									
9 Purchases of net buying banks	19,854	23,473	23,959	23,095	20,346	22,823	26,286	24,484	22,136
10 Sales of net selling banks	1,789	1,237	2,452	2,123	2,815	2,260	1,274	2,661	2,300
Related transactions with U.S. government securities dealers									
11 Loans to dealers[3]	2,529	3,959	2,730	3,246	2,646	3,519	4,780	3,581	2,865
12 Borrowings from dealers[4]	2,146	1,814	1,883	2,240	1,980	1,970	2,069	2,418	1,917
13 Net loans	383	2,144	847	1,007	666	1,549	2,712	1,163	948
	8 banks in New York City								
Basic reserve position									
14 Excess reserves[1]	7	47	17	39	85	189	6	16	6
LESS:									
15 Borrowings at Federal Reserve Banks	0	0	205	14	0	114	125	0	29
16 Net interbank federal funds transactions	5,412	6,539	5,505	5,378	3,675	5,831	7,094	5,791	5,602
EQUALS: Net surplus, or deficit (–)									
17 Amount	-5,405	-6,492	-5,693	5,353	-3,591	5,757	7,225	5,774	5,625
18 Percent of average required reserves	92.0	114.0	97.5	92.0	62.0	98.4	126.8	104.2	97.1
Interbank federal funds transactions									
Gross transactions									
19 Purchases	6,359	7,453	6,509	6,225	5,174	7,512	8,316	7,745	6,700
20 Sales	946	914	1,004	847	1,499	1,681	1,222	1,955	1,098
21 Two-way transactions[2]	947	914	1,005	847	1,336	1,681	1,222	1,208	1,082
Net transactions									
22 Purchases of net buying banks	5,412	6,539	5,505	5,377	3,838	5,831	7,094	6,538	5,617
23 Sales of net selling banks	0	0	0	0	163	0	0	747	16
Related transactions with U.S. government securities dealers									
24 Loans to dealers[3]	1,613	2,735	1,732	2,199	1,615	2,258	3,401	2,408	1,842
25 Borrowings from dealers[4]	727	783	823	667	789	855	821	1,339	811
26 Net loans	886	1,952	909	1,532	826	1,403	2,580	1,068	1,031
	38 banks outside New York City								
Basic reserve position									
27 Excess reserves[1]	50	22	66	0	89	37	-51	45	-2
LESS:									
28 Borrowings at Federal Reserve Banks	173	64	33	304	174	182	175	692	240
29 Net interbank federal funds transactions	12,654	15,696	16,003	15,595	13,874	14,732	17,197	16,032	14,236
EQUALS: Net surplus, or deficit (–)									
30 Amount	-12,777	-15,739	-15,970	-15,898	-13,958	-14,877	18,143	16,678	-14,478
31 Percent of average required reserves	113.7	141.6	141.4	141.4	123.7	132.8	162.6	145.1	124.6
Interbank federal funds transactions									
Gross transactions									
32 Purchases	19,808	22,405	23,525	22,716	21,649	22,885	24,782	23,018	21,775
33 Sales	7,154	6,709	7,522	7,121	7,776	8,152	6,865	6,978	7,540
34 Two-way transactions[2]	5,366	5,472	5,070	4,998	5,124	5,892	5,591	5,072	5,256
Net transactions									
35 Purchases of net buying banks	14,442	16,934	18,455	17,718	16,525	16,993	19,191	17,946	16,519
36 Sales of net selling banks	1,789	1,237	2,452	2,123	2,652	2,260	1,274	1,914	2,284
Related transactions with U.S. government securities dealers									
37 Loans to dealers[3]	916	1,224	998	1,048	1,031	1,261	1,380	1,173	1,023
38 Borrowings from dealers[4]	1,419	1,031	1,060	1,572	1,190	1,115	1,248	1,078	1,106
39 Net loans	-502	192	-63	-525	-160	146	132	95	-83

For notes see end of table.

1.13 Continued

Type	Aug. 1	Aug. 8	Aug. 15	Aug. 22	Aug. 29	Sept. 5	Sept 12	Sept. 19	Sept. 26
	1979, week ending Wednesday								
	5 banks in City of Chicago								
Basic reserve position									
40 Excess reserves[1]	34	17	17	0	18	3	1	14	1
LESS:									
41 Borrowings at Federal Reserve Banks	62	0	0	0	29	0	0	343	0
42 Net interbank federal funds transactions	5,968	6,729	8,076	8,130	7,961	8,228	8,120	6,922	7,104
EQUALS: Net surplus, or deficit (–)									
43 Amount	5,996	6,713	8,059	8,130	7,972	8,225	8,122	7,278	7,105
44 Percent of average required reserves	388.0	426.0	493.7	514.4	507.9	509.0	520.2	442.5	421.7
Interbank federal funds transactions									
Gross transactions									
45 Purchases	7,377	8,308	9,314	9,535	9,073	9,530	9,407	8,403	8,406
46 Sales	1,409	1,579	1,238	1,405	1,112	1,302	1,287	1,481	1,302
47 Two-way transactions[2]	1,409	1,579	1,238	1,405	1,112	1,302	1,287	1,481	1,302
Net transactions									
48 Purchases of net buying banks	5,968	6,729	8,076	8,130	7,961	8,228	8,120	6,922	7,104
49 Sales of net selling banks	0	0	0	0	0	0	0	0	0
Related transactions with U.S. government securities dealers									
50 Loans to dealers[3]	127	144	120	184	230	247	329	198	190
51 Borrowings from dealers[4]	54	6	6	42	81	15	52	12	170
52 Net loans	73	138	115	142	149	232	277	187	20
	33 other banks								
Basic reserve position									
53 Excess reserves[1]	16	5	49	0	71	34	-50	59	1
LESS:									
54 Borrowings at Federal Reserve Banks	111	64	33	304	145	182	175	349	240
55 Net interbank federal funds transactions	6,686	8,967	7,927	7,465	5,913	6,504	9,797	9,110	7,132
EQUALS: Net surplus, or deficit (–)									
56 Amount	6,781	-9,027	7,912	7,768	5,987	-6,652	10,022	9,400	7,373
57 Percent of average required reserves	69.6	94.6	81.9	80.4	61.6	69.4	104.4	95.5	74.2
Interbank federal funds transactions									
Gross transactions									
58 Purchases	12,431	14,097	14,211	13,182	12,576	13,354	15,376	14,615	13,370
59 Sales	5,746	5,130	6,284	5,717	6,664	6,850	5,579	5,506	6,238
60 Two-way transactions[2]	3,957	3,893	3,832	3,594	4,012	4,590	4,305	3,591	3,955
Net transactions									
61 Purchases of net buying banks	8,474	10,204	10,379	9,588	8,564	8,765	11,071	11,024	9,415
62 Sales of net selling banks	1,789	1,237	2,452	2,123	2,652	2,260	1,274	1,914	2,284
Related transactions with U.S. government securities dealers									
63 Loans to dealers[3]	789	1,080	878	864	800	1,014	1,051	975	834
64 Borrowings from dealers[4]	1,365	1,025	1,055	1,531	1,109	1,100	1,196	1,067	936
65 Net loans	576	55	-177	-667	309	85	145	92	103

1. Based on reserve balances, including adjustments to include waivers of penalities for reserve deficiencies in accordance with changes in policy of the Board of Governors effective Nov. 19, 1975.

2. Derived from averages for individual banks for entire week. Figure for each bank indicates extent to which the bank's average purchases and sales are offsetting.

3. Federal funds loaned, net funds supplied to each dealer by clearing banks, repurchase agreements (purchases from dealers subject to resale), or other lending arrangements.

4. Federal funds borrowed, net funds acquired from each dealer by clearing banks, reverse repurchase agreements (sales of securities to dealers subject to repurchase), resale agreements, and borrowings secured by U.S. government or other securities.

NOTE. Weekly averages of daily figures. For description of series, see August 1964 BULLETIN, pp. 944 53. Back data for 46 banks appear in the Board's *Annual Statistical Digest, 1971–1975*, table 3.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Loans to member banks									Loans to all others under sec. 13, last par.[4]		
	Under secs. 13 and 13a[1]			Under sec. 10(b)[2]								
				Regular rate			Special rate[3]					
	Rate on 9/30/79	Effective date	Previous rate	Rate on 9/30/79	Effective date	Previous rate	Rate on 9/30/79	Effective date	Previous rate	Rate on 9/30/79	Effective date	Previous rate
Boston	11	9/19/79	10½	11½	9/19/79	11	12	9/19/79	11½	14	9/19/79	13½
New York	11	9/19/79	10½	11½	9/19/79	11	12	9/19/79	11½	14	9/19/79	13½
Philadelphia	11	9/21/79	10½	11½	9/21/79	11	12	9/21/79	11½	14	9/21/79	13½
Cleveland	11	9/19/79	10½	11½	9/19/79	11	12	9/19/79	11½	14	9/19/79	13½
Richmond	11	9/19/79	10½	11½	9/19/79	11	12	9/19/79	11½	14	9/19/79	13½
Atlanta	11	9/19/79	10½	11½	9/19/79	11	12	9/19/79	11½	14	9/19/79	13½
Chicago	11	9/19/79	10½	11½	9/19/79	11	12	9/19/79	11½	14	9/19/79	13½
St. Louis	11	9/19/79	10½	11½	9/19/79	11	12	9/19/79	11½	14	9/19/79	13½
Minneapolis	11	9/19/79	10½	11½	9/19/79	11	12	9/19/79	11½	14	9/19/79	13½
Kansas City	11	9/20/79	10½	11½	9/20/79	11	12	9/20/79	11½	14	9/20/79	13½
Dallas	11	9/19/79	10½	11½	9/19/79	11	12	9/19/79	11½	14	9/19/79	13½
San Francisco	11	9/19/79	10½	11½	9/19/79	11	12	9/19/79	11½	14	9/19/79	13½

Range of rates in recent years[5]

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970	5½	5½
1971—Jan. 8	5¼-5½	5¼
15	5¼	5¼
19	5-5¼	5¼
22	5-5¼	5
29	5	5
Feb. 13	4¾-5	5
19	4¾	4¾
July 16	4¾-5	5
23	5	5
Nov. 11	4¾-5	5
19	4¾	4¾
Dec. 13	4½-4¾	4¾
17	4½-4¾	4½
24	4½	4½
1973—Jan. 15	5	5
Feb. 26	5-5½	5½
Mar. 2	5½	5½
Apr. 23	5½-5¾	5½
May 4	5¾	5¾
11	5¾-6	6
18	6	6
June 11	6-6½	6½
15	6½	6½
1973—July 2	7	7
Aug. 14	7-7½	7½
23	7½	7½
1974—Apr. 25	7½-8	8
30	8	8
Dec. 9	7¾-8	7¾
16	7¾	7¾
1975—Jan. 6	7¼-7¾	7¾
10	7¼-7¾	7¼
24	7¼	7¼
Feb. 5	6¾-7¼	6¾
7	6¾	6¾
Mar. 10	6¼-6¾	6¼
14	6¼	6¼
May 16	6-6¼	6
23	6	6
1976—Jan. 19	5½-6	5½
23	5½	5½
Nov. 22	5¼-5½	5¼
26	5¼	5¼
1977—Aug. 30	5¼-5¾	5¼
31	5¼-5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6
1978—Jan. 9	6-6½	6½
20	6½	6½
May 11	6½-7	7
12	7	7
July 3	7-7¼	7¼
10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8-8½	8½
20	8½	8½
Nov. 1	8½-9½	9½
3	9½	9½
1979 July 20	10	10
Aug. 17	10-10½	10½
20	10½	10½
Sept. 19	10½-11	11
21	11	11
In effect Sept. 30, 1979	11	11

1. Discounts of eligible paper and advances secured by such paper or by U.S. government obligations or any other obligations eligible for Federal Reserve Bank purchase.

2. Advances secured to the satisfaction of the Federal Reserve Bank. Advances secured by mortgages on 1- to 4-family residential property are made at the section 13 rate.

3. Applicable to special advances described in section 201.2(e)(2) of Regulation A.

4. Advances to individuals, partnerships, or corporations other than member banks secured by direct obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. government or any agency thereof.

5. Rates under secs. 13 and 13a (as described above). For description and earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941* and *1941–1970*; *Annual Statistical Digest, 1971–1975, 1972–1976*, and *1973–1977*.

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect September 30, 1979		Previous requirements	
	Percent	Effective date	Percent	Effective date
Net demand[2]				
0–2	7	12/30/76	7½	2/13/75
2–10	9½	12/30/76	10	2/13/75
10–100	11¾	12/30/76	12	2/13/75
100–400	12¾	12/30/76	13	2/13/75
Over 400	16¼	12/30/76	16½	2/13/75
Time and savings[2,3,4]				
Savings	3	3/16/67	3½	3/2/67
Time[5]				
0–5, by maturity				
30–179 days	3	3/16/67	3½	3/2/67
180 days to 4 years	2½	1/8/76	3	3/16/67
4 years or more	1	10/30/75	3	3/16/67
Over 5, by maturity				
30–179 days	6	12/12/74	5	10/1/70
180 days to 4 years	2½	1/8/76	3	12/12/74
4 years or more	1	10/30/75	3	12/12/74

	Legal limits	
	Minimum	Maximum
Net demand		
Reserve city banks	10	22
Other banks	7	14
Time	3	10
Borrowings from foreign banks	0	22

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

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

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

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

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

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

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

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

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

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

Percent per annum

Type and maturity of deposit	Commercial banks: In effect Sept. 30, 1979 — Percent	Commercial banks: In effect Sept. 30, 1979 — Effective date	Commercial banks: Previous maximum — Percent	Commercial banks: Previous maximum — Effective date	Savings and loan associations and mutual savings banks: In effect Sept. 30, 1979 — Percent	Savings and loan associations and mutual savings banks: In effect Sept. 30, 1979 — Effective date	Savings and loan associations and mutual savings banks: Previous maximum — Percent	Savings and loan associations and mutual savings banks: Previous maximum — Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(7)
2 Negotiable order of withdrawal accounts[1]	5	1/1/74	(8)	....	5	1/1/74	(8)	....
Time accounts[2]								
Fixed ceiling rates by maturity								
3 30–89 days	5¼	9/1/79	5	7/1/73	(8)	....	(8)	....
4 90 days to 1 year	5½	7/1/73	5	(9)	[3]5¾	(7)	5¼	1/21/70
5 1 to 2 years[3]	6	7/1/73	5½	1/21/70	6½	(7)	5¾	1/21/70
6 2 to 2½ years[3]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years[3]	6½	7/1/73	5¾	1/21/70	6¾	(7)	6	1/21/70
8 4 to 6 years[4]	7¼	11/1/73	(10)	....	7½	11/1/73	(10)	....
9 6 to 8 years[4]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more[4]	7¾	6/1/78	(8)	....	8	6/1/78	(8)	....
11 Issued to governmental units (all maturities)	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 Individual retirement accounts and Keogh (H.R. 10) plans (3 years or more)[5]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77
Special variable ceiling rates by maturity								
13 6 months (money market time deposits)[6]	(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
14 4 years or more	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)

1. 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.

2. For exceptions with respect to certain foreign time deposits see the FEDERAL RESERVE BULLETIN for October 1962 (p. 1279), August 1965 (p. 1094), and February 1968 (p. 167).

3. 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.

4. 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.

5. Accounts maturing in less than 3 years subject to regular ceilings.

6. Must have a maturity of exactly 26 weeks and a minimum denomination of $10,000, and must be nonnegotiable.

7. July 1, 1973, for mutual savings bank; July 6, 1973 for savings and loan associations.

8. No separate account category.

9. Multiple maturity: July 20, 1966; single maturity: September 26, 1966.

10. Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $1,000; however, the amount of such certificates that an institution could issue was limited to 5 percent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than $1,000, were limited to the 6½ percent ceiling on time deposits maturing in 2½ years or more.

Effective Nov. 1, 1973, ceilings were reimposed on certificates maturing in 4 years or more with minimum denominations of $1,000. There is no limitation on the amount of these certificates that banks can issue.

11. Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks is the discount rate on most recently issued 6-month U.S. Treasury bills. Until Mar. 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was ¼ percentage point higher than the rate for commercial banks. Beginning Mar. 15, 1979, the ¼ percentage point interest differential is removed when the 6-month Treasury bill rate is 9 percent or more. The full differential is in effect when the 6-month bill rate is 8¾ percent or less. Thrift institutions may pay a maximum 9 percent when the 6-month bill rate is between 8¾ and 9 percent. Also effective March 15, 1979, interest compounding was prohibited on money market time deposit at all offering institutions. For both commercial banks and thrift institutions, the maximum allowable rates in September were as follows: Sept. 6, 9.775; Sept. 13, 10.294; Sept. 20, 10.315; Sept. 27, 10.114.

12. Effective July 1, 1979, commercial banks, savings and loan associations, and mutual savings banks are authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 4 years or more. The maximum rate for commercial banks is 1¼ percentage points below the yield on 4-year U.S. Treasury securities; the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks. In September, the ceiling was 8.25 percent at commercial banks and 8.50 percent at thrift institutions.

NOTE. Maximum rates that can be paid by federally insured commercial banks, mutual savings banks, and savings and loan associations are established by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board under the provisions of 12 CFR 217, 329, and 526, respectively. The maximum rates on time deposits in denominations of $100,000 or more 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	1976	1977	1978	1979 Feb.	Mar.	Apr.	May	June	July	Aug.
U.S. Government Securities										
Outright transactions (excluding matched sale-purchase transactions)										
Treasury bills										
1 Gross purchases	14,343	13,738	16,628	0	2,012	[2] 2,361	0	518	2,252	2,351
2 Gross sales	8,462	7,241	13,725	228	475	100	251	623	0	380
3 Redemptions	[2] 5,017	2,136	2,033	400	400	[2] 1,240	200	0	0	0
Others within 1 year[1]										
4 Gross purchases	472	3,017	1,184	48	2,600	0	0	42	218	57
5 Gross sales	0	0	0	0	0	0	0	0	0	0
6 Exchange, or maturity shift	792	4,499	5,170	-30	724	439	4,660	1,152	33	1,526
7 Redemptions	0	2,500	0	0	0	[2] 3,240	0	0	0	0
1 to 5 years										
8 Gross purchases	[2] 3,202	2,833	4,188	426	0	[2] 640	0	0	237	699
9 Gross sales	177	0	0	0	0	0	0	0	0	0
10 Exchange, or maturity shift	-2,588	-6,649	-178	2,205	-724	439	-5,209	-1,152	-33	1,591
5 to 10 years										
11 Gross purchases	1,048	758	1,526	134	0	0	0	0	96	140
12 Gross sales	0	0	0	0	0	0	0	0	0	0
13 Exchange, or maturity shift	1,572	584	2,803	-2,975	0	0	350	0	0	240
Over 10 years										
14 Gross purchases	642	553	1,063	93	0	0	0	0	142	81
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Exchange, or maturity shift	225	1,565	2,545	800	0	0	200	0	0	305
All maturities[1]										
17 Gross purchases	[2] 19,707	20,898	24,591	700	4,612	[2] 3,000	0	561	2,945	3,327
18 Gross sales	8,639	7,241	13,725	228	475	100	251	623	0	380
19 Redemptions	[2] 5,017	4,636	2,033	400	400	[2] 4,480	200	0	0	0
Matched sale-purchase transactions										
20 Gross sales	196,078	425,214	511,126	56,291	61,669	62,362	54,343	52,640	40,310	35,159
21 Gross purchases	196,579	423,841	510,854	58,426	63,707	61,968	53,692	52,949	40,300	35,480
Repurchase agreements										
22 Gross purchases	232,891	178,683	151,618	6,931	11,817	5,784	2,188	15,531	18,464	10,539
23 Gross sales	230,355	180,535	152,436	6,931	10,137	6,163	3,488	12,226	19,690	12,226
24 Net change in U.S. government securities	9,087	5,798	7,743	2,207	7,454	2,352	2,403	3,552	1,708	1,582
Federal Agency Obligations										
Outright transactions										
25 Gross purchases	891	1,433	301	0	0	0	0	371	482	0
26 Gross sales	0	0	173	20	0	0	0	0	0	0
27 Redemptions	169	223	235	*	23	*	40	33	0	*
Repurchase agreements										
28 Gross purchases	10,520	13,811	40,567	1,152	2,851	1,173	1,149	4,443	7,247	4,057
29 Gross sales	10,360	13,638	40,885	1,152	2,482	1,392	1,298	3,617	7,434	4,544
30 Net change in federal agency obligations	882	1,383	-426	-20	345	219	-189	1,163	295	487
Bankers Acceptances										
31 Outright transactions, net	-545	-196	0	0	0	0	0	0	0	0
32 Repurchase agreements, net	410	159	-366	0	204	48	252	1,400	-241	-684
33 Net change in bankers acceptances	-135	-37	-366	0	204	48	252	1,400	-241	-684
34 Total net change in System Open Market Account	**9,833**	**7,143**	**6,951**	**2,187**	**8,003**	**2,524**	**-2,844**	**6,115**	**1,761**	412

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

2. In 1976, the System acquired $189 million of 2-year Treasury notes in exchange for maturing bills. In April 1979, the System acquired $640 million of 2-day cash management bills in exchange for maturing 2-year notes. New 2-year notes were later obtained in exchange for the maturing bills. Each of these transactions is treated in the table as both a purchase and a redemption.

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

	Account	Wednesday					End of month		
		1979					1979		
		Aug. 29	Sept. 5	Sept. 12	Sept. 19p	Sept. 26p	July	Aug.	Sept.p
		Consolidated condition statement							
	ASSETS								
1	Gold certificate account	11,259	11,259	11,229	11,228	11,228	11,290	11,259	11,228
2	Special drawing rights certificate account	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
3	Coin	437	436	426	436	444	397	441	454
	Loans								
4	Member bank borrowings	919	1,060	2,532	964	1,820	852	1,572	1,157
5	Other	0	0	0	0	0	0	0	0
	Acceptances								
6	Bought outright	0	0	0	0	0	0	0	0
7	Held under repurchase agreements	699	0	0	0	684	1,159	475	1,053
	Federal agency obligations								
8	Bought outright	8,242	8,242	8,224	8,224	8,224	8,243	8,242	8,224
9	Held under repurchase agreements	757	0	0	0	308	638	153	1,099
	U.S. government securities								
	Bought outright								
10	Bills	43,298	41,438	36,056	40,082	44,122	40,612	42,905	44,232
11	Certificates—Special	0	0	0	0	0	0	0	0
12	Other	0	0	0	0	0	0	0	0
13	Notes	55,645	55,645	55,645	55,645	55,645	55,055	55,645	56,179
14	Bonds	14,085	14,085	14,085	14,085	14,085	13,699	14,085	14,185
15	Total[1]	113,028	111,168	105,786	109,812	113,852	109,366	112,635	114,596
16	Held under repurchase agreements	2,107	0	0	0	1,153	2,079	392	862
17	**Total U.S. government securities**	**115,135**	**111,168**	**105,786**	**109,812**	**115,005**	**111,445**	**113,027**	**115,458**
18	**Total loans and securities**	**125,752**	**120,470**	**116,542**	**119,000**	**126,041**	**122,337**	**123,469**	**126,991**
19	Cash items in process of collection	11,704	14,459	13,578	13,646	12,262	11,712	9,938	9,381
20	Bank premises	400	400	400	400	400	399	400	400
	Other assets								
21	Denominated in foreign currencies[2]	2,229	2,146	1,989	1,761	1,480	2,182	2,213	1,536
22	All other	1,951	2,481	2,347	2,445	2,312	2,660	2,008	3,413
23	**Total assets**	**155,532**	**153,451**	**148,311**	**150,716**	**155,967**	**152,777**	**151,528**	**155,203**
	LIABILITIES								
24	Federal Reserve notes	106,827	107,874	107,980	107,273	107,059	105,957	106,900	106,683
	Deposits								
25	Member bank reserves	33,558	29,092	24,702	27,581	30,662	30,279	29,493	29,485
26	U.S. Treasury—General account	3,176	2,853	3,126	2,786	5,483	2,765	3,542	6,489
27	Foreign	308	312	317	259	275	373	325	348
28	Other	541	680	568	686	571	636	663	780
29	**Total deposits**	**37,583**	**32,937**	**28,713**	**31,312**	**36,991**	**34,053**	**34,023**	**37,102**
30	Deferred availability cash items	6,129	8,262	7,125	7,534	7,062	7,816	5,729	6,332
31	Other liabilities and accrued dividends[3]	1,979	1,969	1,916	1,826	1,897	1,884	1,813	2,078
32	**Total liabilities**	**152,518**	**151,042**	**145,734**	**147,945**	**153,009**	**149,710**	**148,465**	**152,195**
	CAPITAL ACCOUNTS								
33	Capital paid in	1,131	1,131	1,131	1,132	1,134	1,129	1,131	1,135
34	Surplus	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078
35	Other capital accounts	805	200	368	561	746	860	854	795
36	**Total liabilities and capital accounts**	**155,532**	**153,451**	**148,311**	**150,716**	**155,967**	**152,777**	**151,528**	**155,203**
37	MEMO: Marketable U.S. government securities held in custody for foreign and international account	81,902	81,935	82,566	82,288	81,981	82,405	82,132	82,703
		Federal Reserve note statement							
38	Federal Reserve notes outstanding (issued to Bank)	121,377	121,616	121,738	121,951	122,434	120,035	121,408	122,457
	Collateral held against notes outstanding								
39	Gold certificate account	11,259	11,259	11,229	11,228	11,228	11,290	11,259	11,228
40	Special Drawing Rights certificate account	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
41	Eligible paper	699	743	1,823	711	1,413	652	1,090	848
42	U.S. government and agency securities	107,649	107,814	106,886	108,212	107,993	106,293	107,259	108,581
43	**Total collateral**	**121,377**	**121,616**	**121,738**	**121,951**	**122,434**	**120,035**	**121,408**	**122,457**

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

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

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday 1979 Aug. 29	Sept. 5	Sept. 12	Sept. 19	Sept. 26	End of month 1979 July 31	Aug. 31	Sept. 30
1 Loans	917	1,060	2,532	956	1,820	851	1,572	1,157
2 Within 15 days	873	944	2,424	853	1,758	786	1,441	1,079
3 16 days to 90 days	44	116	108	103	62	65	131	78
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances	699	0	0	0	684	1,159	475	1,053
6 Within 15 days	699	0	0	0	684	1,159	475	1,053
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	115,135	111,168	105,786	109,812	115,005	111,445	113,027	115,458
10 Within 15 days[1]	6,187	3,090	4,565	4,086	6,051	5,851	2,821	3,481
11 16 days to 90 days	22,632	21,866	16,317	19,651	23,011	19,553	23,419	25,171
12 91 days to 1 year	35,008	34,902	33,594	34,765	34,633	34,125	35,477	34,983
13 Over 1 year to 5 years	26,791	26,793	26,793	26,793	26,793	27,685	26,793	27,146
14 Over 5 years to 10 years	12,221	12,221	12,221	12,221	12,221	12,321	12,221	12,294
15 Over 10 years	12,296	12,296	12,296	12,296	12,296	11,910	12,296	12,383
16 Federal agency obligations	8,999	8,242	8,224	8,224	8,532	8,881	8,395	9,323
17 Within 15 days[1]	885	69	0	54	395	678	281	1,186
18 16 days to 90 days	185	254	310	256	223	377	185	223
19 91 days to 1 year	1,242	1,233	1,369	1,369	1,369	1,185	1,242	1,369
20 Over 1 year to 5 years	4,452	4,452	4,376	4,376	4,376	4,340	4,452	4,376
21 Over 5 years to 10 years	1,439	1,492	1,427	1,427	1,427	1,505	1,439	1,427
22 Over 10 years	796	742	742	742	742	796	796	742

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

1.20 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1976	1977	1978	1979 Apr.	May	June	July	Aug.
				Debits to demand deposits[2] (seasonally adjusted)				
1 All commercial banks	29,180.4	34,322.8	40,300.3	46,612.2	47,545.4	50,388.3	52,102.7	52,402.5
2 Major New York City banks	11,467.2	13,860.6	15,008.7	16,898.7	16,960.3	19,747.4	20,480.5	20,357.2
3 Other banks	17,713.2	20,462.2	25,291.6	29,713.5	30,585.2	30,641.0	31,622.2	32,045.3
				Debits to savings deposits[3] (not seasonally adjusted)				
4 All customers	....	174.0	418.1	698.0	764.4	658.8	732.8	735.8
5 Business[1]	....	21.7	56.7	71.7	69.4	72.6	74.1	78.2
6 Others	....	152.3	361.4	626.4	695.0	586.2	658.8	657.6
				Demand deposit turnover[2] (seasonally adjusted)				
7 All commercial banks	116.8	129.2	139.4	156.8	160.3	167.3	171.9	173.1
8 Major New York City banks	411.6	503.0	541.9	618.4	619.1	685.4	717.7	709.1
9 Other banks	79.8	85.9	96.7	110.1	113.6	112.5	115.2	116.9
				Savings deposit turnover[3] (not seasonally adjusted)				
10 All customers	....	1.6	1.9	3.2	3.6	3.1	3.4	3.4
11 Business[1]	....	4.1	5.1	7.0	6.8	7.2	7.2	7.4
12 Others	....	1.5	1.7	3.0	3.4	2.9	3.2	3.2

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

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

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1975 Dec.	1976 Dec.	1977 Dec.	1978 Dec.	1979 Mar.	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.
	Seasonally adjusted									
MEASURES[1]										
1 M-1	295.4	313.8	338.7	361.2	359.0	364.3	364.5	369.0	372.1	374.3
2 M-1+	456.8	517.2	560.6	587.2	579.6	585.1	r584.1	r590.1	r595.1	598.3
3 M-2	664.8	740.6	809.4	875.8	879.5	889.8	893.8	904.4	r914.1	922.5
4 M-3	1,092.4	1,235.6	1,374.3	1,500.1	1,517.5	1,530.8	1,537.0	1,552.3	r1,567.0	1,579.9
5 M-4	745.8	803.0	883.1	972.4	978.5	984.8	984.4	989.3	998.7	1,008.4
6 M-5	1,173.5	1,298.0	1,448.0	1,596.7	1,616.5	1,625.9	1,627.6	1,637.2	r1,651.7	1,665.8
COMPONENTS										
7 Currency	73.8	80.8	88.6	97.5	99.4	100.2	100.7	101.5	r102.4	103.6
Commercial bank deposits										
8 Demand	221.7	233.0	250.1	263.7	259.5	264.1	263.8	267.5	269.8	270.7
9 Time and savings	450.3	489.2	544.4	611.2	619.5	620.6	619.9	620.3	626.6	634.2
10 Savings	160.7	202.1	219.7	223.0	217.7	217.7	216.4	217.8	219.5	220.7
11 Negotiable CDs[2]	81.0	62.4	73.7	96.6	99.0	95.0	90.6	84.9	84.7	85.9
12 Other time	208.6	224.7	251.0	291.5	302.9	307.9	313.0	317.6	322.4	327.6
13 Nonbank thrift institutions[3]	427.7	495.0	564.9	624.4	638.0	641.0	643.2	647.9	652.9	657.4
	Not seasonally adjusted									
MEASURES[1]										
14 M-1	303.9	322.6	348.2	371.3	353.7	367.4	359.1	368.2	374.0	371.6
15 M-1+	463.6	524.2	568.0	595.2	575.6	590.7	r580.6	r591.0	r598.8	595.6
16 M-2	670.0	745.8	814.9	881.5	878.2	896.8	892.1	906.0	917.0	919.3
17 M-3	1,095.0	1,238.3	1,377.2	1,502.8	1,517.4	1,540.8	1,536.4	1,556.3	r1,573.0	1,576.7
18 M-4	753.5	810.0	890.8	981.0	975.7	989.5	981.1	990.4	1,001.0	1,005.7
19 M-5	1,178.4	1,302.6	1,453.2	1,602.4	1,614.9	1,633.5	1,625.4	1,640.7	r1,657.0	1,663.1
COMPONENTS										
20 Currency	75.1	82.1	90.1	99.1	98.6	99.9	100.6	101.8	103.2	103.9
Commercial bank deposits										
21 Demand	228.8	240.5	258.1	272.2	255.1	267.5	258.5	266.4	r270.9	267.7
22 Member	162.8	169.4	177.5	183.0	170.4	178.5	171.8	177.1	180.5	178.5
23 Domestic nonmember	62.6	67.5	76.2	85.2	80.6	85.1	82.6	84.8	86.1	85.3
24 Time and savings	449.6	487.4	542.6	609.7	622.0	622.1	622.0	622.2	627.0	634.1
25 Savings	159.1	200.2	217.7	220.9	218.9	220.1	218.2	219.4	221.4	220.7
26 Negotiable CDs[2]	83.5	64.3	75.9	99.5	97.5	92.6	88.9	84.4	84.0	86.4
27 Other time	207.1	222.9	249.0	289.2	305.5	309.3	314.9	318.3	321.6	327.1
28 Other checkable deposits[4]	.7	1.4	2.1	3.0	3.0	3.2	r3.3	r3.3	r3.4	3.4
29 Nonbank thrift institutions[3]	424.9	492.5	562.3	621.4	639.2	644.0	644.3	650.3	r656.0	657.4
30 U.S. government deposits (all commercial banks)	4.1	4.4	5.1	10.2	6.5	5.3	8.4	10.8	13.2	9.8

1. Composition of the money stock measures is as follows:
M-1: Averages of daily figures for (1) demand deposits at commercial banks other than domestic interbank and U.S. government, less cash items in process of collection and Federal Reserve float; (2) foreign demand balances at Federal Reserve Banks; and (3) currency outside the Treasury, Federal Reserve Banks, and vaults of commercial banks.
M-1+: M-1 plus savings deposits at commercial banks, NOW accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.
M-2: M-1 plus savings deposits, time deposits open account, and time certificates of deposit (CDs) other than negotiable CDs of $100,000 or more at large weekly reporting banks.
M-3: M-2 plus the average of the beginning- and end-of-month deposits of mutual savings banks, savings and loan shares, and credit union shares (nonbank thrift).
M-4: M-2 plus large negotiable CDs.
M-5: M-3 plus large negotiable CDs.
2. Negotiable time CDs issued in denominations of $100,000 or more by large weekly reporting commercial banks.
3. Average of the beginning- and end-of-month figures for deposits of mutual savings banks, for savings capital at savings and loan associations, and for credit union shares.
4. Includes NOW accounts at thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

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.

NOTES TO TABLE 1.23:

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. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
4. United States includes the 50 states and the District of Columbia.
5. As of Dec. 31, 1977, as the result of loan reclassifications, business loans were reduced by $0.2 billion and nonbank financial loans by $0.1 billion; real estate loans were increased by $0.3 billion.
6. As of Dec. 31, 1978, total loans and investments 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."
7. As of Dec. 31, 1978, commercial and industrial loans were reduced $0.1 billion as a result of reclassifications.
8. 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.
9. As of Dec. 31, 1978, nonbank financial loans were reduced $0.1 billion as the result of reclassifications.
10. As of Jan. 3, 1979, as the result of reclassifications, total loans and investments 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.

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.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1976 Dec.	1977 Dec.	1978 Dec.	1979 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	Seasonally adjusted										
1 **Reserves**[1]	**34.89**	**36.10**	**41.27**	**41.48**	**40.75**	**40.81**	**40.65**	**40.48**	**40.42**	**40.82**	**41.07**
2 Nonborrowed	34.84	35.53	40.40	40.48	39.78	39.82	39.73	38.72	39.00	39.65	39.98
3 Required	34.61	35.91	41.04	41.26	40.54	40.66	40.47	40.34	40.20	40.61	40.85
4 Monetary base[2]	118.4	127.8	142.3	143.4	143.3	143.9	144.5	144.9	145.6	146.9	148.4
5 **Deposits subject to reserve requirements**[3]	**528.6**	**568.6**	**616.7**	**621.1**	**619.7**	**616.4**	**618.6**	**613.9**	**613.1**	**618.7**	**623.7**
6 Time and savings	354.1	386.7	429.4	433.5	436.1	434.1	432.0	428.7	425.9	429.4	434.4
Demand											
7 Private	171.5	178.5	185.1	185.6	181.9	180.5	184.7	183.5	184.8	187.5	187.1
8 U.S. government	3.0	3.5	2.3	1.9	1.8	1.8	1.8	1.7	2.4	1.8	2.2
	Not seasonally adjusted										
9 Monetary base[2]	120.3	129.8	144.6	144.4	141.9	142.3	144.2	144.4	145.6	147.9	148.4
10 **Deposits subject to reserve requirements**[3]	**534.8**	**575.3**	**624.0**	**627.1**	**614.3**	**614.3**	**621.1**	**610.9**	**613.9**	**619.2**	**620.4**
11 Time and savings	353.6	386.4	429.6	433.8	434.2	434.9	432.3	429.8	427.2	429.8	434.1
Demand											
12 Private	177.9	185.1	191.9	191.5	178.2	177.5	186.8	179.2	183.9	187.8	184.5
13 U.S. government	3.3	3.8	2.5	1.9	1.8	1.9	2.0	1.8	2.8	1.6	1.7

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

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

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

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

1.23 LOANS AND INVESTMENTS All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1977 Dec.	1978 Dec.	1979 June[p]	July[p]	Aug.[p]	1977 Dec.	1978 Dec.	1979 June[p]	July[p]	Aug.[p]
	Seasonally adjusted					Not seasonally adjusted				
1 **Total loans and securities**[2]	**891.1**	**[6]1,014.3**	**[10]1,079.8**	**1,091.8**	**1,102.4**	**899.1**	**[6]1,023.8**	**[10]1,083.3**	**1,093.3**	**1,102.4**
2 U.S. Treasury securities	99.5	93.4	94.8	95.3	94.1	100.7	94.6	95.1	93.6	92.2
3 Other securities	159.6	[6]173.1	182.1	183.4	185.3	160.2	[6]173.9	182.7	183.3	185.0
4 Total loans and leases[2]	632.1	[6]747.8	[10]802.9	813.1	823.0	638.3	[6]755.4	[10]805.4	816.5	825.2
5 Commercial and industrial loans	[5]211.2	[7]246.5	[10]270.6	275.8	280.4	[5]212.6	[7]248.2	[10]272.1	277.2	280.2
6 Real estate loans	[5]175.2	210.5	[10]225.8	228.7	232.3	[5]175.5	210.9	[10]225.5	228.9	232.0
7 Loans to individuals	138.2	164.9	176.9	177.8	178.8	139.0	165.9	176.4	178.2	182.5
8 Security loans	20.6	19.4	23.1	23.7	23.0	22.0	20.7	23.2	20.1	23.0
9 Loans to nonbank financial institutions	[5]25.8	[9]27.1	[10]27.9	29.2	29.4	[5]26.3	[9]27.6	[10]28.1	29.5	29.8
10 Agricultural loans	25.8	28.2	29.1	29.1	29.2	25.7	28.1	29.2	29.5	29.8
11 Lease financing receivables	5.8	7.4	8.1	8.3	8.6	5.8	7.4	8.1	8.3	8.6
12 All other loans	29.5	[6]43.6	41.4	40.5	42.3	31.5	[6]46.6	42.8	44.7	39.4
MEMO:										
13 **Total loans and investments plus loans sold**[2,3]	**895.9**	**[6]1,018.1**	**[10]1,083.5**	**1,095.5**	**1,106.1**	**903.9**	**[6]1,027.6**	**[10]1,087.0**	**1,097.0**	**1,106.1**
14 Total loans plus loans sold[2,3]	636.9	[6]751.6	[10]806.7	816.8	826.7	643.0	[6]759.2	[10]809.2	820.2	828.9
15 Total loans sold to affiliates[3]	4.8	3.8	3.8	3.7	3.7	4.8	3.8	3.8	3.7	3.7
16 Commercial and industrial loans plus loans sold[3]	[5]213.9	[8]248.5	[10]273.4	278.6	283.1	[5]215.3	[8]250.1	[10]275.0	280.0	282.9
17 Commercial and industrial loans sold[3]	2.7	[8]1.9	2.8	2.8	2.8	2.7	[8]1.9	2.8	2.8	2.8
18 Acceptances held	7.5	6.8	7.5	8.1	8.0	8.6	7.5	7.5	7.9	7.5
19 Other commercial and industrial loans	[5]203.7	239.7	263.0	267.6	272.4	[5]203.9	240.9	264.6	269.3	272.7
20 To U.S. addressees[4]	[5]193.8	226.6	246.3	250.5	254.3	[5]193.7	226.5	248.0	252.3	254.7
21 To non-U.S. addressees	[5]9.9	13.1	16.7	17.7	18.1	[5]10.3	14.4	16.6	17.0	18.0
22 Loans to foreign banks	13.5	21.2	20.8	20.7	20.6	14.6	23.0	21.6	21.6	20.4
23 Loans to commercial banks in the United States	54.1	57.3	67.0	68.9	70.9	56.9	60.3	66.1	65.6	66.4

For notes see bottom of opposite page.

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

Billions of dollars except for number of banks

Account	1978		1979								
	Nov.	Dec.	Jan.^{p}	Feb.^{p}	Mar.^{p}	Apr.^{p}	May^p	June^p	July^p	Aug.^{p}	Sept.^{p}
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and investments	1,005.5	1,030.4	1,018.9	1,025.2	1,031.4	1,048.3	1,059.4	1,071.3	1,081.8	1,094.3	1,112.1
2 Loans, gross	741.2	761.6	750.4	755.6	759.8	773.9	785.3	797.9	807.6	819.4	833.8
3 Interbank	41.5	45.3	41.3	42.1	42.3	44.4	45.9	46.3	48.1	50.3	53.6
4 Commercial and industrial	218.0	221.6	221.9	225.3	227.8	233.2	236.8	241.1	242.6	244.7	250.1
5 Other	481.6	494.7	487.2	488.2	489.6	496.3	502.6	510.6	516.8	524.4	530.2
6 U.S. Treasury securities	93.3	93.1	92.1	93.1	93.6	94.2	93.2	91.6	92.1	90.6	91.9
7 Other securities	171.0	175.7	176.4	176.5	178.0	180.2	181.0	181.7	182.1	184.3	186.4
8 Cash assets, total	140.9	177.3	139.8	147.1	135.8	139.9	158.8	146.3	140.2	145.7	148.5
9 Currency and coin	16.6	15.5	15.2	15.0	15.2	15.6	16.0	16.3	16.1	16.8	16.7
10 Reserves with Federal Reserve Banks	32.6	34.4	29.8	29.7	30.0	33.9	32.8	32.6	29.6	33.7	31.6
11 Balances with depositary institutions	38.3	52.3	40.2	42.5	36.8	39.0	44.6	40.8	41.2	41.1	40.7
12 Cash items in process of collection	53.5	75.1	54.6	59.9	53.7	51.4	65.4	56.5	53.4	54.1	59.5
13 Other assets	62.5	60.9	64.0	62.4	58.9	55.8	52.7	55.1	53.9	53.8	57.5
14 Total assets/total liabilities and capital	**1,208.8**	**1,268.6**	**1,222.7**	**1,234.8**	**1,226.1**	**1,244.0**	**1,270.9**	**1,272.7**	**1,275.9**	**1,293.8**	**1,318.2**
15 Deposits	948.5	1,011.3	961.3	969.2	954.9	964.4	975.5	971.3	975.2	982.9	996.6
16 Demand	345.7	399.2	347.5	352.1	335.0	348.0	357.8	352.4	352.6	352.4	358.7
17 Time and savings	602.8	612.1	613.8	617.1	619.8	616.4	617.8	618.9	622.6	630.5	637.9
18 Savings	n.a.	219.7	215.2	215.2	216.8	215.9	215.5	216.4	218.3	216.6	213.4
19 Time	n.a.	392.4	398.6	401.9	403.0	400.5	402.3	402.5	404.2	413.8	424.5
20 Borrowings	117.4	114.6	110.8	111.9	115.2	123.5	132.0	137.1	137.2	140.1	147.0
21 Other liabilities	54.7	49.1	56.6	59.0	60.9	60.8	65.4	65.5	64.9	69.7	71.2
22 Residual (assets less liabilities)	88.2	93.6	94.0	94.7	95.1	95.3	98.1	98.9	98.7	101.1	103.3
MEMO:											
23 U.S. Treasury note balances included in borrowing	7.5	12.4	12.0	4.0	4.8	5.9	4.9	12.9	11.9	8.6	17.8
24 Number of banks	14.618	14,602	14,586	14,593	14,597	14,610	14,616	14,620	14,584	14,607	14,616
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
25 Loans and investments	1,067.2	1,097.0	1.080.6	1.087.7	1,101.4	1,114.8	1,131.0	1,146.7	1,152.8	1,169.5	
26 Loans, gross	800.2	825.5	809.7	815.6	827.2	837.7	854.0	870.5	875.9	891.8	
27 Interbank	55.2	57.6	52.1	53.5	56.1	57.3	61.8	60.4	60.7	63.8	
28 Commercial and industrial	246.5	251.2	251.8	255.6	259.8	264.9	269.2	275.2	277.5	280.9	
29 Other	498.5	516.8	505.9	506.5	511.3	515.4	523.0	534.9	537.7	547.0	
30 U.S. Treasury securities	94.6	94.5	93.3	94.3	94.9	95.6	94.6	93.1	93.5	91.9	
31 Other securities	172.3	177.0	177.6	177.8	179.4	181.5	182.3	183.1	183.5	185.7	
32 Cash assets, total	157.1	196.8	158.2	166.8	157.0	156.4	176.4	168.0	160.8	166.4	
33 Currency and coin	16.6	15.5	15.2	15.1	15.2	15.6	16.1	16.3	16.1	16.8	
34 Reserves with Federal Reserve Banks	33.0	35.0	30.2	30.3	30.7	34.5	33.4	33.4	30.4	34.5	
35 Balances with depositary institutions	52.5	69.9	56.8	60.3	56.0	53.7	60.1	60.5	59.7	59.9	
36 Cash items in process of collection	55.0	76.4	56.0	61.3	55.1	52.5	66.8	57.7	54.6	55.2	
37 Other assets	76.3	75.9	78.3	76.8	74.0	70.5	67.3	71.3	69.4	70.5	
38 Total assets/total liabilities and capital	**1,300.6**	**1,369.7**	**1,317.1**	**1,331.4**	**1,332.4**	**1,341.6**	**1,374.6**	**1,386.0**	**1,383.0**	**1,406.5**	n.a.
39 Deposits	979.9	1,049.0	994.3	1,002.5	994.0	997.0	1,012.5	1,015.6	1,012.1	1,020.6	
40 Demand	359.5	418.9	363.2	368.1	355.7	361.7	375.1	376.4	369.6	368.8	
41 Time and savings	620.4	630.0	631.2	634.4	638.3	635.3	637.4	639.2	642.5	651.8	
42 Savings	n.a.	220.3	215.9	215.9	218.0	216.9	216.7	217.2	219.1	217.6	
43 Time	n.a.	409.7	415.2	418.4	420.3	418.5	420.6	422.0	423.5	434.2	
44 Borrowings	142.6	144.0	138.0	138.0	141.7	150.4	159.4	165.4	165.8	169.6	
45 Other liabilities	88.0	81.2	88.8	94.4	99.7	97.0	102.8	104.0	104.3	113.1	
46 Residual (assets less liabilities)	90.0	95.5	96.0	96.6	97.1	97.1	100.0	100.9	100.8	103.2	
MEMO:											
47 U.S. Treasury note balances included in borrowing	7.5	12.4	12.0	4.0	4.8	5.9	4.9	12.9	11.9	8.6	
48 Number of banks	14,932	14,923	14.913	14,926	14,930	14.946	14,954	14,968	14,933	14.960	

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks; included are member and nonmember banks, stock savings banks, and nondeposit trust companies.
2. Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York state foreign investment corporations.

NOTE. Figures are partly estimated except on call dates. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars, except for number of banks

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

1. Includes items not shown separately.

For Note see table 1.24.

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

Millions of dollars, except for number of banks

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

For notes see opposite page.

1.26 Continued

Liability or capital account	Insured commercial banks	Member banks[1] Total	Member banks[1] Large banks New York City	Member banks[1] Large banks City of Chicago	Member banks[1] Large banks Other large	Member banks[1] All other	Nonmember banks[1]
75 Demand deposits	369,030	282,450	66,035	10,690	100,737	104,988	86,591
76 Mutual savings banks	1,282	1,089	527	1	256	305	194
77 Other individuals, partnerships, and corporations	279,651	205,591	31,422	7,864	79,429	86,876	74,061
78 U.S. government	7,942	5,720	569	188	1,987	2,977	2,222
79 States and political subdivisions	17,122	11,577	764	252	3,446	7,116	5,545
80 Foreign governments, central banks, etc.	1,805	1,728	1,436	19	211	62	77
81 Commercial banks in United States	39,596	38,213	21,414	1,807	10,803	4,189	1,393
82 Banks in foreign countries	7,379	7,217	5,461	207	1,251	298	162
83 Certified and officers' checks, etc.	14,253	11,315	4,443	352	3,354	3,166	2,937
84 Time deposits	368,562	266,496	38,086	15,954	98,525	113,931	102,066
85 Accumulated for personal loan payments	79	66	0	0	1	65	13
86 Mutual savings banks	399	392	177	40	148	27	7
87 *Other individuals, partnerships, and corporations*	292,120	210,439	29,209	12,074	76,333	92,824	81,680
88 U.S. government	864	689	61	40	356	232	175
89 States and political subdivisions	59,087	40,010	1,952	1,554	16,483	20,020	19,077
90 Foreign governments, central banks, etc.	6,672	6,450	3,780	1,145	1,401	124	222
91 Commercial banks in United States	7,961	7,289	2,077	999	3,585	629	672
92 Banks in foreign countries	1,381	1,161	829	103	219	9	220
93 Savings deposits	223,326	152,249	10,632	2,604	54,825	84,188	71,077
94 Individuals and nonprofit organizations	207,701	141,803	9,878	2,448	51,161	78,316	65,897
95 Corporations and other profit organizations	11,216	7,672	519	148	3,195	3,809	3,544
96 U.S. government	82	65	2	3	24	35	17
97 States and political subdivisions	4,298	2,682	215	4	437	2,025	1,616
98 All other	30	27	18	*	8	2	3
99 **Total deposits**	**960,918**	**701,195**	**114,753**	**29,248**	**254,087**	**303,107**	**259,733**
100 Federal funds purchased and securities sold under agreements to repurchase	91,981	85,582	21,149	8,777	41,799	13,857	6,398
101 Commercial banks	42,174	39,607	6,991	5,235	21,609	5,773	2,566
102 Brokers and dealers	12,787	11,849	2,130	1,616	6,381	1,722	939
103 Others	37,020	34,126	12,028	1,926	13,809	6,362	2,894
104 Other liabilities for borrowed money	8,738	8,352	3,631	306	3,191	1,225	386
105 Mortgage indebtedness	1,767	1,455	234	27	701	491	316
106 Bank acceptances outstanding	16,661	16,140	8,398	1,260	6,070	412	521
107 Other liabilities	27,124	23,883	8,860	1,525	9,020	4,477	3,494
108 **Total liabilities**	**1,107,188**	**836,607**	**157,026**	**41,144**	**314,868**	**323,569**	**270,849**
109 Subordinated notes and debentures	5,767	4,401	1,001	79	2,033	1,287	1,366
110 Equity capital	**85,540**	**63,174**	**12,871**	**2,947**	**21,177**	**26,178**	**22,380**
111 Preferred stock	88	36	0	0	5	31	52
112 Common stock	17,875	12,816	2,645	570	4,007	5,594	5,064
113 Surplus	32,341	23,127	4,541	1,404	8,148	9,034	9,217
114 Undivided profits	33,517	26,013	5,554	921	8,680	10,858	7,509
115 Other capital reserves	1,719	1,182	132	52	337	661	538
116 **Total liabilities and equity capital**	**1,198,495**	**904,182**	**170,899**	**44,170**	**338,079**	**351,034**	**294,595**
MEMO:							
117 Demand deposits adjusted[2]	252,337	171,864	18,537	5,576	60,978	86,774	80,472
Average for last 15 or 30 days							
118 Cash and due from bank	146,283	124,916	36,862	6,030	45,731	36,293	21,379
119 Federal funds sold and securities purchased under agreements to resell	43,873	33,682	4,272	1,887	16,007	11,517	10,307
120 Total loans	651,874	483,316	76,750	25,722	184,790	196,054	168,558
121 Time deposits of $100,000 or more	183,614	150,160	32,196	13,216	65,776	38,972	33,454
122 Total deposits	944,593	687,543	107,028	28,922	250,804	300,789	257,062
123 Federal funds purchased and securities sold under agreements to repurchase	92,685	86,635	22,896	9,473	40,541	13,725	6,053
124 Other liabilities for borrowed money	8,716	8,326	3,679	370	3,211	1,067	390
125 Standby letters of credit outstanding	18,820	17,658	10,063	1,477	4,820	1,297	1,162
126 Time deposits of $100,000 or more	186,837	152,553	32,654	13,486	66,684	39,728	34,284
127 Certificates of deposit	160,227	129,667	27,950	11,590	56,383	33,743	30,560
128 Other time deposits	26,610	22,886	4,704	1,896	10,301	5,985	3,724
129 Number of banks	14,390	5,593	12	9	153	5,419	8,810

1. Member banks exclude and nonmember banks include 13 noninsured trust companies that are members of the Federal Reserve System.

2. Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. government, less cash items reported as in process of collection.

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

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

Millions of dollars, Wednesday figures

Account	1979 Aug. 1	Aug. 8	Aug. 15	Aug. 22	Aug. 29	Sept. 5[p]	Sept. 12[p]	Sept. 19[p]	Sept. 26[p]
1 Cash items in process of collection	50,230	41,630	47,118	43,733	44,092	55,652	52,000	52,399	49,020
2 Demand deposits due from banks in the United States	15,178	13,492	14,111	13,487	14,633	16,658	15,413	16,988	14,540
3 All other cash and due from depositary *institutions*	28,968	26,241	28,868	30,248	34,722	31,650	26,589	29,154	31,963
4 Total loans and securities	**486,737**	**489,030**	**490,377**	**489,230**	**489,835**	**503,699**	**501,250**	**506,460**	**501,760**
Securities									
5 U.S. Treasury securities	35,178	34,651	35,064	35,037	34,676	36,756	37,014	35,976	35,717
6 Trading account	4,770	4,291	4,449	4,570	4,681	5,335	5,557	4,928	4,939
7 Investment account, by maturity	30,408	30,360	30,615	30,467	29,995	31,421	31,457	31,048	30,778
8 One year or less	8,380	8,505	8,337	8,282	8,092	8,669	8,671	8,213	7,915
9 Over one through five years	17,861	17,685	17,878	17,814	17,517	18,414	18,530	18,571	18,587
10 Over five years	4,166	4,170	4,400	4,372	4,386	4,338	4,257	4,264	4,275
11 Other securities	68,384	68,962	69,079	69,200	69,787	70,790	70,542	70,745	70,774
12 Trading account	4,020	4,287	4,155	4,109	4,211	5,162	4,867	4,572	4,446
13 Investment account	64,363	64,675	64,924	65,091	65,575	65,629	65,675	66,173	66,328
14 U.S. government agencies	14,024	14,006	14,234	14,274	14,598	14,550	14,567	14,960	15,013
15 States and political subdivision, by maturity	47,589	47,940	47,962	48,122	48,272	48,366	48,391	48,521	48,641
16 One year or less	6,150	6,279	6,294	6,366	6,361	6,373	6,359	6,314	6,327
17 Over one year	41,439	41,662	41,668	41,756	41,910	41,993	42,032	42,207	42,313
18 Other bonds, corporate stocks and securities	2,750	2,728	2,729	2,695	2,705	2,713	2,716	2,691	2,675
Loans									
19 Federal funds sold[1]	25,764	28,291	27,522	25,922	25,708	31,249	29,337	31,304	28,746
20 To commercial banks	18,135	18,136	19,694	18,070	17,730	20,692	18,014	21,023	20,011
21 To nonbank brokers and dealers in securities	5,942	7,171	5,897	5,851	5,906	8,018	8,540	7,574	6,263
22 To others	1,688	2,984	1,931	2,000	2,072	2,539	2,782	2,707	2,472
23 Other loans, gross	368,756	368,590	370,218	370,650	371,283	376,524	365,054	380,204	378,282
24 Commercial and industrial	147,453	147,431	147,240	147,676	147,618	149,882	150,293	151,994	152,459
25 Bankers' acceptances and commercial paper	4,236	3,876	3,497	3,654	3,625	4,014	3,924	3,844	4,155
26 All other	143,218	143,555	143,744	144,022	143,993	145,868	146,369	148,151	148,304
27 U.S. addresses	136,913	137,243	137,396	137,672	137,511	139,235	139,772	141,542	141,642
28 Non-U.S. addressees	6,304	6,312	6,347	6,350	6,481	6,632	6,597	6,609	6,661
29 Real estate	90,467	90,796	91,260	91,581	92,045	92,443	92,942	93,504	93,727
30 To individuals for personal expenditures	66,052	66,455	66,738	67,082	67,526	67,785	67,964	68,223	68,291
To financial institutions									
31 Commercial banks in the United States	3,351	2,853	3,048	3,164	3,182	3,272	3,268	3,050	3,027
32 Banks in foreign countries	6,658	6,453	6,411	6,412	6,777	6,927	7,068	7,150	7,033
33 Sales finance, personal finance companies, etc.	10,076	10,130	9,862	9,770	9,734	10,288	10,100	9,999	9,108
34 Other financial institutions	15,488	15,668	15,747	15,711	15,933	16,316	16,554	16,540	16,134
35 To nonbank brokers and dealers in securities	9,504	9,324	10,128	9,873	9,070	9,734	8,449	9,807	8,036
36 To others for purchasing and carrying securities[2]	2,512	2,540	2,560	2,570	2,581	2,556	2,550	2,552	2,545
37 To finance agricultural production	4,950	4,989	4,947	4,931	4,924	4,940	4,953	4,998	5,020
38 All other	12,245	11,949	12,277	11,879	11,892	12,381	11,912	12,384	12,904
39 LESS: Unearned income	6,453	6,515	6,566	6,629	6,652	6,614	6,673	6,733	6,746
40 Loan loss reserve	4,891	4,949	4,941	4,950	4,967	5,007	5,024	5,036	5,012
41 Other loans, net	357,412	357,125	358,712	359,071	359,664	364,903	364,357	368,435	366,524
42 Lease financing receivables	6,940	7,023	7,042	7,050	7,081	7,109	7,185	7,215	7,231
43 All other assets	57,083	56,662	58,292	56,143	56,268	57,073	58,563	58,371	57,919
44 Total assets	**645,136**	**634,078**	**645,808**	**639,891**	**646,632**	**671,841**	**661,000**	**670,587**	**662,433**
Deposits									
45 Demand deposits	187,144	174,430	184,184	174,395	177,448	198,104	189,187	191,696	181,665
46 Mutual savings banks	783	680	770	602	662	824	722	608	634
47 Individuals, partnerships, and corporations	130,254	124,471	131,350	124,909	124,252	138,917	134,580	130,093	126,297
48 States and political subdivisions	5,438	4,246	4,904	4,485	4,331	4,831	4,362	4,342	4,766
49 U.S. government	750	559	1,237	565	580	1,013	1,638	3,010	1,893
50 Commercial banks in the United States	32,021	28,215	29,023	28,129	30,740	35,583	31,155	35,465	30,927
51 Banks in foreign countries	7,502	7,456	7,336	6,932	7,192	7,308	7,562	7,356	7,790
52 Foreign governments and official institutions	1,407	1,273	1,606	1,376	1,664	1,470	1,272	1,562	1,394
53 Certified and officers' checks	8,989	7,529	7,957	7,397	8,026	8,157	7,897	9,258	7,964
54 Time and savings deposits	249,006	249,833	250,118	251,541	252,134	252,344	254,414	255,559	256,737
55 Savings	77,638	77,770	77,615	77,450	77,129	77,451	77,248	76,701	76,076
56 Individuals and nonprofit organizations	72,613	72,694	72,533	72,387	72,002	72,349	72,132	71,721	71,122
57 Partnerships and corporations operated for profit	4,227	4,279	4,257	4,291	4,339	4,325	4,301	4,178	4,164
58 Domestic governmental units	774	775	801	747	757	756	792	780	764
59 All other	24	22	23	25	30	22	23	22	26
60 Time	171,367	172,063	172,503	174,090	175,005	174,893	177,167	178,858	180,661
61 Individuals, partnerships, and corporations	139,707	140,388	140,853	142,372	143,119	143,293	145,055	146,607	148,175
62 States and political subdivisions	21,172	21,279	21,187	21,422	21,662	21,522	21,677	21,666	21,789
63 U.S. government	441	481	481	476	507	496	501	498	495
64 Commercial banks in the United States	4,570	4,608	4,592	4,514	4,419	4,348	4,674	4,879	4,991
65 Foreign governments, official institutions, and banks	5,477	5,307	5,390	5,306	5,298	5,235	5,260	5,207	5,210
66 Federal funds purchased[3]	90,146	94,892	93,479	92,304	95,275	101,817	95,763	94,791	92,534
Other liabilities for borrowed money									
67 Borrowings from Federal Reserve Banks	810	380	2,100	877	256	642	2,013	434	1,071
68 Treasury tax-and-loan notes	5,971	3,092	2,232	5,262	4,922	1,158	2,418	9,075	11,596
69 *All other liabilities for borrowed money*	15,290	15,190	15,888	16,912	15,910	16,452	15,980	16,295	16,634
70 Other liabilities and subordinated note and debentures	52,974	52,367	53,937	54,760	56,703	57,123	56,885	58,504	57,979
71 Total liabilities	**601,341**	**590,186**	**601,938**	**596,051**	**602,648**	**627,641**	**616,662**	**626,354**	**618,217**
72 Residual (total assets minus total liabilities)[4]	43,795	43,892	43,869	43,840	43,984	44,200	44,338	44,232	44,216

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes securities sold under agreements to repurchase.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

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

Millions of dollars, Wednesday figures

Account	1979								
	Aug. 1	Aug. 8	Aug. 15	Aug. 22	Aug. 29	Sept. 5p	Sept. 12p	Sept. 19p	Sept. 26p
1 Cash items in process of collection	47,918	39,707	44,766	41,637	42,144	52,628	49,593	49,884	46,585
2 Demand deposits due from banks in the United States	14,426	12,800	13,351	12,799	13,875	15,600	14,787	16,218	13,833
3 All other cash and due from depositary institutions	27,403	24,708	27,309	28,552	32,901	30,216	25,106	27,331	30,180
4 **Total loans and securities**	**455,518**	**457,699**	**459,109**	**457,779**	**458,454**	**471,950**	**469,123**	**474,625**	**469,765**
Securities									
5 U.S. Treasury securities	32,817	32,295	32,694	32,690	32,321	34,390	34,650	33,609	33,352
6 Trading account	4,725	4,256	4,400	4,528	4,634	5,286	5,508	4,887	4,896
7 Investment account, by maturity	28,092	28,039	28,294	28,162	27,687	29,104	29,142	28,722	28,456
8 One year or less	7,828	7,950	7,803	7,758	7,565	8,149	8,137	7,671	7,374
9 Over one through five years	16,402	16,222	16,396	16,336	16,039	16,897	17,028	17,070	17,088
10 Over five years	3,861	3,866	4,095	4,068	4,083	4,058	3,976	3,981	3,995
11 Other securities	63,120	63,679	63,817	63,942	64,495	65,543	65,296	65,486	65,510
12 Trading account	3,938	4,205	4,080	4,030	4,104	5,071	4,772	4,492	4,368
13 Investment account	59,182	59,474	59,737	59,912	60,391	60,472	60,524	60,993	61,142
14 U.S. government agencies	13,005	12,988	13,203	13,246	13,570	13,535	13,555	13,946	13,994
15 States and political subdivision, by maturity	43,603	43,935	43,982	44,148	44,293	44,396	44,417	44,522	44,638
16 One year or less	5,574	5,699	5,730	5,791	5,782	5,793	5,774	5,739	5,759
17 Over one year	38,029	38,236	38,252	38,356	38,511	38,603	38,643	38,783	38,879
18 Other bonds, corporate stocks and securities	2,574	2,551	2,552	2,518	2,528	2,541	2,551	2,525	2,511
Loans									
19 Federal funds sold[1]	23,760	26,179	25,587	23,851	23,809	29,072	26,778	29,125	26,515
20 To commercial banks	16,471	16,437	18,162	16,362	16,264	18,872	16,041	19,226	18,181
21 To nonbank brokers and dealers in securities	5,638	6,819	5,562	5,553	5,544	7,724	8,082	7,250	5,926
22 To others	1,652	2,923	1,863	1,936	2,002	2,477	2,655	2,649	2,408
23 Other loans, gross	346,350	346,162	347,694	348,048	348,620	353,741	353,266	357,337	355,307
24 Commercial and industrial	140,038	139,986	139,784	140,198	140,138	142,349	142,770	144,483	144,903
25 Bankers' acceptances and commercial paper	4,170	3,806	3,421	3,567	3,535	3,917	3,834	3,741	4,050
26 All other	135,868	136,180	136,363	136,631	136,603	138,432	138,936	140,742	140,854
27 U.S. addresses	129,614	129,918	130,069	130,330	130,170	131,854	132,392	134,179	134,238
28 Non-U.S. addressees	6,254	6,262	6,293	6,302	6,433	6,578	6,543	6,563	6,615
29 Real estate	84,966	85,296	85,731	86,053	86,504	86,889	87,372	87,895	88,107
30 To individuals for personal expenditures	58,458	58,824	59,055	59,356	59,766	60,001	60,167	60,378	60,425
To financial institutions									
31 Commercial banks in the United States	3,281	2,782	2,981	3,083	3,107	3,184	3,184	2,979	2,954
32 Banks in foreign countries	6,601	6,408	6,366	6,366	6,724	6,880	7,008	7,089	6,964
33 Sales finance, personal finance companies, etc.	9,897	9,938	9,669	9,579	9,543	10,097	9,915	9,808	8,911
34 Other financial institutions	15,026	15,216	15,304	15,264	15,479	15,851	16,077	16,066	15,647
35 To nonbank brokers and dealers in securities	9,377	9,197	9,998	9,736	8,941	9,591	8,325	9,707	7,936
36 To others for purchasing and carrying securities[2]	2,294	2,320	2,338	2,347	2,356	2,356	2,350	2,345	2,332
37 To finance agricultural production	4,778	4,817	4,772	4,755	4,748	4,762	4,776	4,822	4,843
38 All other	11,634	11,377	11,696	11,312	11,315	11,780	11,322	11,765	12,284
39 LESS: Unearned income	5,910	5,967	6,014	6,074	6,097	6,061	6,115	6,170	6,180
40 Loan loss reserve	4,620	4,679	4,669	4,679	4,694	4,735	4,751	4,762	4,740
41 Other loans, net	335,820	335,516	337,011	337,295	337,828	342,945	342,400	346,404	344,387
42 Lease financing receivables	6,751	6,835	6,854	6,862	6,893	6,919	6,995	7,023	7,039
43 All other assets	55,533	55,165	56,820	54,653	54,682	55,506	57,046	56,877	56,397
44 **Total assets**	**607,550**	**596,884**	**608,209**	**602,283**	**608,948**	**632,819**	**622,649**	**631,959**	**623,799**
Deposits									
45 Demand deposits	175,922	163,830	173,091	163,842	166,790	186,259	177,935	180,454	170,699
46 Mutual savings banks	742	650	742	574	627	781	690	585	609
47 Individuals, partnerships, and corporations	121,634	116,131	122,644	116,503	115,882	129,760	125,691	121,357	117,837
48 States and political subdivisions	4,831	3,710	4,360	3,926	3,765	4,332	3,829	3,779	4,016
49 U.S. government	673	503	1,138	507	528	902	1,475	2,728	1,680
50 Commercial banks in the United States	30,618	26,946	27,677	26,918	29,460	33,928	29,864	34,171	29,730
51 Banks in foreign countries	7,421	7,389	7,269	6,878	7,117	7,244	7,497	7,296	7,726
52 Foreign governments and official institutions	1,401	1,248	1,574	1,375	1,662	1,469	1,267	1,562	1,380
53 Certified and officers' checks	8,601	7,252	7,688	7,162	7,750	7,843	7,621	8,976	7,720
54 Time and savings deposits	232,028	232,774	232,972	234,323	234,787	234,920	236,973	238,182	239,300
55 Savings	72,063	72,176	72,030	71,892	71,599	71,894	71,693	71,224	70,638
56 Individuals and nonprofit organizations	67,431	67,514	67,370	67,227	66,873	67,191	66,991	66,626	66,069
57 Partnerships and corporations operated for profit	3,906	3,958	3,936	3,965	4,010	4,002	3,983	3,867	3,848
58 Domestic governmental units	704	684	701	676	686	681	698	710	697
59 All other	23	21	22	24	29	20	21	20	24
60 Time	159,964	160,598	160,942	162,431	163,188	163,025	165,281	166,958	168,662
61 Individuals, partnerships, and corporations	130,452	131,102	131,507	132,943	133,557	133,643	135,404	136,951	138,428
62 States and political subdivisions	19,257	19,330	19,204	19,420	19,634	19,527	19,670	19,656	19,786
63 U.S. government	435	474	474	469	500	489	494	492	488
64 Commercial banks in the United States	4,355	4,395	4,377	4,303	4,207	4,140	4,462	4,660	4,757
65 Foreign governments, official institutions, and banks	5,466	5,296	5,379	5,296	5,289	5,226	5,251	5,198	5,203
66 Federal funds purchased[3]	85,648	89,956	88,682	87,245	90,319	96,556	90,724	89,708	87,483
Other liabilities for borrowed money									
67 Borrowings from Federal Reserve Banks	778	358	2,023	790	208	631	1,908	429	1,038
68 Treasury tax-and-loan notes	5,517	2,873	2,068	4,898	4,606	1,058	2,237	8,447	10,770
69 All other liabilities for borrowed money	14,809	14,776	15,481	16,539	15,485	16,051	15,615	15,923	16,246
70 Other liabilities and subordinated note and debentures	51,808	51,180	52,772	53,568	55,546	55,911	55,708	57,364	56,786
71 **Total liabilities**	**566,510**	**555,747**	**567,090**	**561,205**	**567,741**	**591,386**	**581,101**	**590,506**	**582,321**
72 Residual (total assets minus total liabilities)[4]	41,040	41,136	41,120	41,078	41,207	41,433	41,548	41,453	41,478

1. Includes securities purchased under agreements to resell.
2. Other than financial institutions and brokers and dealers.
3. Includes securities sold under agreements to repurchases.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

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

Millions of dollars, Wednesday figures

Account	1979 Aug. 1	Aug. 8	Aug. 15	Aug. 22	Aug. 29	Sept. 5p	Sept. 12p	Sept. 19p	Sept. 26p
1 Cash items in process of collection	18,006	14,769	15,759	14,821	16,424	16,952	17,346	19,311	17,624
2 Demand deposits due from banks in the United States	10,152	8,978	9,167	8,837	9,685	10,129	10,503	11,588	9,335
3 All other cash and due from depositary institutions	5,845	6,257	6,262	7,081	8,917	7,471	5,522	4,868	7,060
4 **Total loans and securities**[1]	**105,387**	**104,959**	**105,683**	**104,973**	**105,198**	**109,217**	**107,588**	**112,263**	**107,559**
Securities									
5 U.S. Treasury securities[2]	....	....	....	....	....	....	....	....	....
6 Trading account[2]	....	....	....	....	....	....	....	....	....
7 Investment account, by maturity	6,265	6,170	6,149	6,087	5,818	6,522	6,644	6,590	6,157
8 One year or less	1,154	1,237	1,221	1,209	1,128	1,320	1,450	1,384	1,049
9 Over one through five years	4,498	4,340	4,334	4,285	4,115	4,644	4,636	4,647	4,550
10 Over five years	613	594	594	593	574	558	558	558	558
11 Other securities[2]	....	....	....	....	....	....	....	....	....
12 Trading account[2]	....	....	....	....	....	....	....	....	....
13 Investment account	11,033	11,073	11,164	11,156	11,269	11,359	11,421	11,648	11,662
14 U.S. government agencies	1,746	1,727	1,834	1,814	1,892	1,912	1,920	2,145	2,145
15 States and political subdivision, by maturity	8,683	8,762	8,745	8,785	8,819	8,900	8,958	8,963	8,981
16 One year or less	1,242	1,334	1,339	1,334	1,348	1,361	1,374	1,339	1,352
17 Over one year	7,441	7,428	7,406	7,450	7,471	7,539	7,584	7,623	7,629
18 Other bonds, corporate stocks and securities	604	584	585	557	558	548	544	541	535
Loans									
19 Federal funds sold[3]	6,945	7,140	6,676	6,342	7,292	8,015	6,858	9,758	7,282
20 To commercial banks	4,439	3,696	3,958	3,757	4,606	3,698	3,054	6,427	4,463
21 To nonbank brokers and dealers in securities	2,032	2,434	2,095	1,963	2,053	3,452	2,959	2,662	2,091
22 To others	473	1,010	622	622	632	865	845	669	727
23 Other loans, gross	83,515	82,984	84,105	83,814	83,265	85,784	85,149	86,758	84,959
24 Commercial and industrial	42,519	42,540	42,533	42,714	42,712	44,013	44,186	45,119	45,338
25 Bankers' acceptances and commercial paper	1,112	1,007	862	942	1,000	1,182	1,158	1,190	1,567
26 All other	41,407	41,533	41,671	41,772	41,712	42,831	43,028	43,929	43,771
27 U.S. addressees	39,205	39,350	39,456	39,555	39,485	40,594	40,910	41,773	41,602
28 Non-U.S. addressees	2,202	2,184	2,214	2,216	2,227	2,236	2,118	2,156	2,169
29 Real estate	11,435	11,510	11,556	11,583	11,613	11,649	11,696	11,774	11,805
30 To individuals for personal expenditures	7,826	7,859	7,917	7,971	8,012	8,040	8,084	8,140	7,970
To financial institutions									
31 Commercial banks in the United States	1,104	861	1,053	1,067	968	1,031	1,236	983	965
32 Banks in foreign countries	3,069	3,041	2,990	2,911	3,248	3,226	3,326	3,317	3,157
33 Sales finance, personal finance companies, etc.	3,814	3,919	3,683	3,531	3,506	3,940	3,821	3,762	3,154
34 Other financial institutions	4,450	4,493	4,618	4,756	4,775	4,796	4,834	4,814	4,753
35 To nonbank brokers and dealers in securities	5,916	5,588	6,244	6,028	4,901	5,656	4,559	5,586	4,105
36 To others for purchasing and carrying securities[4]	455	452	450	456	456	476	479	464	466
37 To finance agricultural production	205	203	203	203	206	226	236	253	250
38 All other	2,724	2,518	2,857	2,595	2,866	2,720	2,691	2,544	2,997
39 LESS: Unearned income	858	867	870	879	890	892	903	912	938
40 Loan loss reserve	1,513	1,542	1,541	1,547	1,555	1,571	1,581	1,579	1,563
41 Other loans, net	81,144	80,575	81,694	81,388	80,819	83,321	82,665	84,266	82,459
42 Lease financing receivables	1,308	1,348	1,354	1,354	1,364	1,381	1,385	1,400	1,397
43 All other assets[5]	27,765	27,818	28,714	26,936	26,424	27,533	29,081	27,746	26,794
44 **Total assets**	**168,462**	**164,130**	**166,941**	**164,002**	**168,013**	**172,683**	**171,426**	**177,176**	**169,770**
Deposits									
45 Demand deposits	59,892	54,499	58,027	53,661	56,736	60,875	58,509	63,735	57,383
46 Mutual savings banks	410	345	410	297	275	405	365	306	327
47 Individuals, partnerships, and corporations	30,073	27,826	30,669	27,984	27,462	31,854	29,494	29,064	27,727
48 States and political subdivisions	586	398	538	424	386	658	385	375	406
49 U.S. government	83	58	208	74	65	118	348	793	356
50 Commercial banks in the United States	17,885	15,900	15,750	15,267	17,706	17,768	17,595	21,405	17,635
51 Banks in foreign countries	5,423	5,605	5,451	5,118	5,328	5,391	5,721	5,466	5,923
52 Foreign governments and official institutions	987	874	1,242	1,018	1,353	1,114	925	1,269	1,075
53 Certified and officers' checks	4,444	3,492	3,758	3,479	4,161	3,566	3,676	5,057	3,934
54 Time and savings deposits	40,723	40,939	40,959	41,132	41,066	40,552	41,146	41,490	41,800
55 Savings	10,004	9,984	9,962	9,936	9,891	9,930	9,924	9,858	9,765
56 Individuals and nonprofit organizations	9,420	9,412	9,393	9,361	9,306	9,361	9,364	9,299	9,201
57 Partnerships and corporations operated for profit	400	406	399	406	401	407	400	392	390
58 Domestic governmental units	169	155	157	153	165	151	149	156	160
59 All other	14	10	12	15	19	11	11	10	14
60 Time	30,719	30,955	30,997	31,196	31,175	30,622	31,222	31,632	32,035
61 Individuals, partnerships, and corporations	24,926	25,164	25,172	25,451	25,521	25,048	25,495	25,875	26,171
62 States and political subdivisions	1,383	1,430	1,472	1,515	1,511	1,510	1,564	1,554	1,599
63 U.S. government	56	60	65	69	83	70	69	60	59
64 Commercial banks in the United States	1,301	1,314	1,309	1,290	1,189	1,170	1,244	1,315	1,384
65 Foreign governments, official institutions, and banks	3,054	2,988	2,979	2,871	2,870	2,824	2,849	2,827	2,822
66 Federal funds purchased[6]	25,986	27,931	24,776	25,746	26,480	29,369	28,555	27,288	26,640
Other liabilities for borrowed money									
67 Borrowings from Federal Reserve Banks	....	100	1,435	100	....	....	930	....	200
68 Treasury tax-and-loan notes	1,132	616	433	1,083	1,043	138	516	1,764	1,867
69 All other liabilities for borrowed money	7,089	7,183	7,184	7,922	7,777	7,827	7,694	7,993	8,134
70 Other liabilities and subordinated note and debentures	20,132	19,349	20,575	20,854	21,412	20,327	20,428	21,279	20,246
71 **Total liabilities**	**154,955**	**150,616**	**153,391**	**150,499**	**154,515**	**159,088**	**157,779**	**163,551**	**156,272**
72 Residual (total assets minus total liabilities)[7]	13,507	13,513	13,550	13,503	13,498	13,595	13,647	13,625	13,498

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

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Category	1979								
	Aug. 1	Aug. 8	Aug. 15	Aug. 22	Aug. 29	Sept. 5p	Sept. 12p	Sept. 19p	Sept. 26p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and investments adjusted[1]	476,595	479,505	479,141	479,575	480,542	491,356	491,665	494,156	490,481
2 Total loans (gross) adjusted[1]	373,034	375,892	374,998	375,338	376,078	383,809	384,109	387,434	383,990
3 Demand deposits adjusted[2]	104,144	104,026	106,806	101,968	102,035	105,855	104,395	100,821	99,825
4 Time deposits in accounts of $100,000 or more	115,606	116,209	116,390	117,576	118,349	118,028	119,996	121,194	122,441
5 Negotiable CDs	81,446	81,995	82,297	83,525	84,261	83,836	85,708	86,707	87,803
6 Other time deposits	34,160	34,214	34,093	34,051	34,088	34,192	34,288	34,486	34,638
7 Loans sold outright to affiliates[3]	3,783	3,753	3,626	3,680	3,716	3,757	3,747	3,704	3,724
8 Commercial and industrial	2,866	2,813	2,706	2,723	2,769	2,770	2,742	2,751	2,772
9 Other	916	940	920	957	946	987	1,006	953	952
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and investments adjusted[1]	446,295	449,095	448,650	449,088	449,875	460,690	460,764	463,353	459,549
11 Total loans (gross) adjusted[1]	350,358	353,122	352,139	352,455	353,059	360,757	360,818	364,257	360,687
12 Demand deposits adjusted[2]	96,714	96,674	99,510	94,780	94,658	98,801	97,002	93,670	92,703
13 Time deposits in accounts of $100,000 or more	108,312	108,820	108,932	110,044	110,679	110,312	112,274	113,518	114,685
14 Negotiable CDs	76,513	76,881	76,928	77,926	78,522	78,063	79,948	80,982	81,983
15 Other time deposits	31,800	31,939	32,004	32,118	32,157	32,250	32,325	32,537	32,702
16 Loans sold outright to affiliates[3]	3,740	3,709	3,581	3,626	3,669	3,705	3,694	3,653	3,672
17 Commercial and industrial	2,847	2,793	2,686	2,702	2,750	2,751	2,722	2,730	2,750
18 Other	892	916	894	924	919	954	972	923	923
BANKS IN NEW YORK CITY									
19 Total loans (gross) and investments adjusted[1,4]	102,215	102,810	103,083	102,575	102,069	106,952	105,782	107,345	104,632
20 Total loans (gross) adjusted[1]	84,917	85,566	85,770	85,332	84,982	89,070	87,717	89,106	86,813
21 Demand deposits adjusted[2]	23,918	23,771	26,309	23,499	22,541	26,036	23,219	22,226	21,768
22 Time deposits in accounts of $100,000 or more	24,660	24,934	24,912	25,019	25,023	24,481	25,006	25,295	25,683
23 Negotiable CDs	17,304	17,416	17,304	17,466	17,650	17,022	17,467	17,741	18,108
24 Other time deposits	7,356	7,518	7,608	7,553	7,372	7,459	7,539	7,554	7,575

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

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

Millions of dollars

Industry classification	Outstanding 1979					Net change during 1979		1979		
	May 30	June 27	July 25r	Aug. 29	Sept. 26p	Q2	Q3p	July	Aug.	Sept.p
1 Durable goods manufacturing	20,648	20,905	21,521	21,703	23,594	1,324	2,689	616	182	1,891
2 Nondurable goods manufacturing	17,303	17,403	17,612	18,441	18,907	86	1,504	209	829	466
3 Food, liquor, and tobacco	4,365	4,371	4,348	4,598	4,906	-440	535	23	250	308
4 Textiles, apparel, and leather	4,547	4,701	4,860	5,090	5,029	495	328	158	231	62
5 Petroleum refining	2,067	1,967	1,929	1,841	1,972	310	6	-37	-88	131
6 Chemicals and rubber	3,496	3,448	3,437	3,641	3,627	-62	179	11	204	14
7 Other nondurable goods	2,827	2,916	3,038	3,270	3,372	230	456	122	232	102
8 Mining (including crude petroleum and natural gas)	10,888	11,008	11,221	11,442	11,681	858	673	213	221	240
9 Trade	23,574	23,976	25,532	24,898	25,164	1,496	1,188	1,556	-634	266
10 Commodity dealers	1,957	1,917	2,100	1,675	1,859	25	-58	182	424	184
11 Other wholesale	11,401	11,741	12,075	12,038	11,940	778	199	334	37	-98
12 Retail	10,216	10,318	11,357	11,185	11,365	693	1,046	1,039	-172	180
13 Transportation, communication, and other public utilities	14,610	15,324	15,396	15,788	16,761	1,262	1,436	71	393	972
14 Transportation	6,405	6,451	6,495	6,691	6,834	185	382	44	195	143
15 Communication	1,886	2,050	2,106	2,139	2,325	199	274	56	33	186
16 Other public utilities	6,319	6,823	6,794	6,959	7,602	877	779	28	164	643
17 Construction	5,744	5,583	5,861	5,805	5,891	210	308	278	-56	86
18 Services	16,868	17,250	17,822	18,082	18,359	1,180	1,109	572	260	277
19 All other[1]	14,847	15,444	13,737	14,010	13,881	1,481	-1,563	1,707	273	129
20 **Total domestic loans**	**124,483**	**126,894**	**128,703**	**130,170**	**134,238**	**7,724**	**7,344**	**1,808**	**1,467**	**4,068**
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans	63,328	64,474	63,572	65,275	67,375	3,960	2,901	902	1,702	2,100

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

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

1.311 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1979							
	1976	1977	1978	Jan.p	Feb.p	Mar.p	Apr.p	Mayp	Junep	Julyp	Aug.p
Total nondeposit funds											
1 Seasonally adjusted[2]	55.4	62.7	84.9	83.1	95.8	100.7	104.8	111.2	115.7	119.4	129.5
2 Not seasonally adjusted	54.2	61.3	83.9	82.2	93.7	98.4	102.5	113.3	115.5	118.2	131.1
Federal funds, RPs, and other borrowings from nonbanks											
3 Seasonally adjusted[3]	47.1	58.4	74.8	73.2	80.2	80.9	82.3	84.3	84.4	86.5	92.1
4 Not seasonally adjusted	45.8	57.0	73.8	72.3	78.1	78.6	80.0	86.4	84.2	85.4	93.7
5 Net Eurodollar borrowings, not seasonally adjusted	4.5	-0.5	6.3	6.3	12.0	16.3	18.9	23.2	27.5	29.1	33.8
6 Loans sold to affiliates, not seasonally adjusted[4]	3.8	4.8	3.8	3.6	3.6	3.5	3.6	3.7	3.8	3.7	3.7
MEMO											
7 Security RP borrowings, seasonally adjusted[5]	27.9	36.3	43.8	43.8	42.9	42.7	43.0	42.2	45.0	42.8	40.9
8 Not seasonally adjusted	27.0	35.1	42.4	40.8	41.4	42.2	42.5	44.8	44.5	42.5	42.5
9 U.S. Treasury demand balances, not seasonally adjusted[6]	4.4	5.1	10.2	11.9	8.3	6.5	5.3	8.4	10.8	13.2	9.8
10 Domestic chartered banks net positions with own foreign branches, not seasonally adjusted[7]	-6.0	-12.5	10.7	-10.1	-6.3	4.5	-1.9	2.6	5.8	6.3	8.9
11 Gross due from balances	12.8	21.1	25.5	24.6	23.3	22.5	21.6	19.7	20.0	20.1	19.2
12 Gross due to balances	6.8	8.6	14.8	14.5	17.0	18.0	19.7	22.3	25.8	26.4	28.1
13 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[8]	9.7	11.1	17.0	16.4	18.3	20.8	20.8	20.6	21.7	22.8	24.9
14 Gross due from balances	8.3	10.3	14.2	15.4	15.0	15.3	15.7	15.9	17.6	17.6	16.2
15 Gross due to balances	18.1	21.4	31.2	31.7	33.3	36.0	36.5	36.5	39.3	40.4	41.0

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. Based on daily average data reported by 46 large banks.

6. Includes U.S. Treasury demand deposits and Treasury tax and loan notes at commercial banks. Averages of daily data.

7. Includes averages of daily figures for member banks and quarterly call report figures for nonmember banks.

8. Includes averages of current and previous month-end data.

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

Billions of dollars, estimated daily-average balances

Type of holder	Commercial banks									
	1974 Dec.	1975 Dec.	1976 Dec.	1977 Dec.	1978 Mar.	1978 June	1978 Sept.	1978 Dec.	1979[2] Mar.	1979[2] June
1 All holders Individuals, partnerships, and corporations	**225.0**	**236.9**	**250.1**	**274.4**	**262.5**	**271.2**	**278.8**	**294.6**	**270.4**	**285.6**
2 Financial business	19.0	20.1	22.3	25.0	24.5	25.7	25.9	27.8	24.4	25.4
3 Nonfinancial business	118.8	125.1	130.2	142.9	131.5	137.7	142.5	152.7	135.9	145.1
4 Consumer	73.3	78.0	82.6	91.0	91.8	92.9	95.0	97.4	93.9	98.6
5 Foreign	2.3	2.4	2.7	2.5	2.4	2.4	2.5	2.7	2.7	2.8
6 Other	11.7	11.3	12.4	12.9	12.3	12.4	13.1	14.1	13.5	13.7

	Weekly reporting banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979[3] Mar.	1979[3] June
7 All holders Individuals, partnerships, and corporations	**124.4**	**128.5**	**139.1**	**137.7**	**139.7**	**141.3**	**142.7**	**147.0**	**121.9**	**128.8**
8 Financial business	15.6	17.5	18.5	19.4	18.9	19.1	19.3	19.8	16.9	18.4
9 Nonfinancial business	69.9	69.7	76.3	72.0	74.1	75.0	75.7	79.0	64.6	68.1
10 Consumer	29.9	31.7	34.6	36.8	37.1	37.5	37.7	38.2	31.1	33.0
11 Foreign	2.3	2.6	2.4	2.4	2.4	2.5	2.5	2.5	2.6	2.7
12 Other	6.6	7.1	7.4	7.1	7.3	7.2	7.5	7.5	6.7	6.6

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

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

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

1.33 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1976 Dec.	1977 Dec.	1978 Dec.	1979 Feb.	1979 Mar.	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.
	Commercial paper (seasonally adjusted)									
1 All issuers	**52,971**	**65,101**	**83,665**	**87,358**	**90,796**	**92,725**	**96,106**	**101,516**	**102,447**	**103,907**
Financial companies[1]										
Dealer-placed paper[2]										
2 Total	7,261	8,884	12,296	13,419	14,247	14,961	15,551	16,537	17,042	17,379
3 Bank-related	1,900	2,132	3,521	3,969	3,793	4,251	4,141	3,826	3,951	4,062
Directly placed paper[3]										
4 Total	32,511	40,484	51,630	54,586	55,653	55,313	57,886	61,256	60,532	60,402
5 Bank-related	5,959	7,102	12,314	12,166	12,642	12,788	13,799	15,130	14,722	15,817
6 Nonfinancial companies[4]	13,199	15,733	19,739	19,353	20,896	22,451	22,669	23,723	24,873	26,126
	Bankers dollar acceptances (not seasonally adjusted)									
7 Total	**22,523**	**25,450**	**33,700**	**34,337**	**34,617**	**34,391**	**35,286**	**36,989**	**39,040**	**42,354**
Holder										
8 Accepting banks	10,442	10,434	8,579	7,715	7,645	7,535	7,844	8,180	9,275	7,994
9 Own bills	8,769	8,915	7,653	6,708	6,535	6,685	6,895	6,956	7,499	7,138
10 Bills bought	1,673	1,519	927	1,007	1,110	849	950	1,224	1,777	856
Federal Reserve Banks										
11 Own account	991	954	1	0	204	252	0	1,400	1,159	475
12 Foreign correspondents	375	362	664	750	793	861	940	971	952	957
13 Others	10,715	13,904	24,456	25,872	25,975	25,744	26,501	27,837	27,654	32,928
Basis										
14 Imports into United States	4,992	6,378	8,574	9,114	9,281	8,679	9,007	9,202	9,499	9,847
15 Exports from United States	4,818	5,863	7,586	7,858	8,104	8,087	8,367	8,599	8,784	9,578
16 All other	12,713	13,209	17,540	17,365	17,232	17,625	17,912	19,189	20,756	22,929

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

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

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

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

1.34 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans

Percent per annum

Effective date	Rate	Effective date	Rate	Month	Average rate	Month	Average rate
1978– Oct. 13	10	1979 June 19	11½	1978—Jan.	7.93	1979 Jan.	11.75
27	10¼			Feb.	8.00	Feb.	11.75
		July 27	11¾	Mar.	8.00	Mar.	11.75
Nov. 1	10½			Apr.	8.00	Apr.	11.75
6	10¾	Aug. 16	12	May	8.27	May	11.75
17	11	28	12¼	June	8.63	June	11.65
24	11½			July	9.00	July	11.54
		Sept. 7	12¾	Aug.	9.01	Aug.	11.91
Dec. 26	11¾	14	13	Sept.	9.41	Sept.	12.90
		21	13¼	Oct.	9.94		
		28	13½	Nov.	10.94		
				Dec.	11.55		

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 6–11, 1979

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)	8,295,363	881,138	521,863	461,301	1,402,779	678,498	4,349,784
2 Number of loans	148,187	115,179	15,657	7,224	7,779	1,063	1,286
3 Weighted average maturity (months)	2.7	3.2	2.9	3.1	3.2	2.9	2.3
4 Weighted average interest rate (percent per annum)	12.31	12.23	12.44	12.53	12.42	12.61	12.21
5 Interquartile range[1]	11.75–12.82	11.02–13.65	10.60–13.69	11.75–13.52	11.75–13.25	11.99–13.03	11.75–12.40
Percentage of amount of loans							
6 With floating rate	49.0	19.6	21.4	32.3	41.6	57.8	61.0
7 Made under commitment	46.0	26.5	42.8	40.2	45.3	59.9	49.0
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS							
8 Amount of loans (thousands of dollars)	1,888,708		358,723		169,065	120,865	1,240,055
9 Number of loans	29,692		28,087		847	177	581
10 Weighted average maturity (months)	45.1		44.9		45.4	51.2	44.5
11 Weighted average interest rate (percent per annum)	12.25		12.57		12.82	12.91	12.02
12 Interquartile range[1]	11.57–12.97		11.00–14.09		12.00–13.75	12.25–13.75	11.57–12.50
Percentage of amount of loans							
13 With floating rate	48.8		32.8		58.1	68.2	50.3
14 Made under commitment	49.2		26.3		56.1	67.4	53.1
CONSTRUCTION AND LAND DEVELOPMENT LOANS							
15 Amount of loans (thousands of dollars)	895,394	139,974	88,809	66,913	186,534	413,165	
16 Number of loans	21,106	16,444	2,503	968	966	225	
17 Weighted average maturity (months)	7.4	5.4	4.0	7.2	8.8	8.7	
18 Weighted average interest rate (percent per annum)	12.52	11.49	12.49	12.79	12.95	12.64	
19 Interquartile range[1]	11.30–13.75	10.34–12.40	11.46–12.96	12.00–13.75	12.34–14.00	11.00–13.75	
Percentage of amount of loans							
20 With floating rate	60.6	14.3	24.9	57.1	68.8	80.7	
21 Secured by real estate	91.0	82.4	96.5	95.9	85.7	94.2	
22 Made under commitment	71.5	63.2	66.8	67.9	75.0	74.3	
Type of construction							
23 1- to 4-family	40.1	82.5	84.8	53.8	41.9	13.1	
24 Multifamily	9.4	1.8	5.1	13.5	13.8	10.3	
24 Nonresidential	50.5	15.6	10.1	32.7	44.3	76.6	
LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
26 Amount of loans (thousands of dollars)	817,603	150,832	126,103	116,791	150,651	184,649	88,578
27 Number of loans	59,186	42,815	8,970	3,574	2,363	1,280	184
28 Weighted average maturity (months)	6.2	6.9	6.6	8.0	5.6	4.2	4.5
29 Weighted average interest rate (percent per annum)	11.28	10.86	11.08	10.89	11.12	11.57	12.4
30 Interquartile range[1]	10.34–12.00	10.25–11.41	10.34–11.52	10.25–11.50	10.25–11.61	11.00–12.13	11.00–13.54
By purpose of loan							
31 Feeder livestock	11.18	10.61	11.12	10.39	11.36	11.05	12.58
32 Other livestock	11.08	10.81	10.58	11.49	10.58	12.29	r
33 Other current operating expenses	11.37	10.89	11.06	10.93	11.23	12.51	12.12
34 Farm machinery and equipment	10.87	10.83	10.98	11.15	r	r	(2)
35 Other	11.50	10.98	11.67	10.87	11.50	11.82	12.59

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.

2. Fewer than 10 sample loans.

NOTE. For more detail, see the Board's E. 2 (416) statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, percent per annum

Instrument	1976	1977	1978	1979 June	1979 July	1979 Aug.	1979 Sept.	1979, week ending Sept. 1	Sept. 8	Sept. 15	Sept. 22	Sept. 29
Money market rates												
1 Federal funds[1]	5.05	5.54	7.94	10.29	10.47	10.94	11.43	11.16	11.02	11.30	11.37	11.61
Prime commercial paper[2,3]												
2 90- to 119-day	5.24	5.54	7.94	9.76	9.87	10.43	11.63	10.88	11.24	11.73	11.78	11.68
3 4- to 6-month	5.35	5.60	7.99	9.71	9.82	10.39	11.60	10.87	11.24	11.70	11.74	11.64
4 Finance company paper, directly placed, 3- to 6-month[2,3]	5.22	5.49	7.78	9.44	9.39	9.82	10.59	10.07	10.30	10.58	10.64	10.78
5 Prime bankers acceptances, 90-day[3,4]	5.19	5.59	8.11	9.79	9.99	10.62	11.70	11.11	11.51	11.75	11.82	11.69
Certificates of deposit, secondary market[5]												
6 1-month	5.07	5.48	7.88	9.94	10.04	10.58	11.70	11.00	11.35	11.76	11.86	11.78
7 3-month	5.27	5.64	8.22	9.95	10.11	10.71	11.89	11.24	11.58	11.99	12.05	11.87
8 6-month	5.62	5.92	8.61	9.98	10.23	10.86	12.01	11.45	11.77	12.07	12.15	12.00
9 Eurodollar deposits, 3-month[6]	5.57	6.05	8.74	10.52	10.87	11.53	12.61	12.10	12.19	12.61	12.83	12.64
U.S. Treasury bills[3,7]												
Market yields												
10 3-month	4.98	5.27	7.19	9.06	9.24	9.52	10.26	9.74	10.20	10.45	10.26	10.14
11 6-month	5.26	5.53	7.58	9.06	9.24	9.49	10.20	9.70	10.15	10.27	10.23	10.16
12 1-year	5.52	5.71	7.74	8.81	8.87	9.16	9.89	9.41	9.84	9.96	9.90	9.87
Rates on new issue[8]												
13 3-month	4.989	5.265	7.221	9.045	9.262	9.450	10.182	9.680	9.855	10.531	10.353	9.989
14 6-month	5.266	5.510	7.572	9.062	9.190	9.450	10.125	9.645	9.775	10.294	10.315	10.114
Capital market rates												
U.S. TREASURY NOTES AND BONDS												
Constant maturities[9]												
15 1-year	5.88	6.09	8.34	9.57	9.64	9.98	10.84	10.28	10.75	10.91	10.89	10.81
16 2-year	......	6.45	8.34	9.22	9.14	9.46	10.06	9.75	10.04	10.06	10.08	10.05
17 3-year	6.77	6.69	8.29	8.95	8.94	9.14	9.69	9.40	9.68	9.66	9.72	9.71
18 5-year	7.18	6.99	8.32	8.85	8.90	9.06	9.41	9.27	9.42	9.36	9.41	9.45
19 7-year	7.42	7.23	8.36	8.86	8.92	9.05	9.38	9.23	9.38	9.34	9.37	9.41
20 10-year	7.61	7.42	8.41	8.91	8.95	9.03	9.33	9.17	9.33	9.31	9.32	9.38
21 20-year	7.86	7.67	8.48	8.91	8.92	8.97	9.21	9.04	9.18	9.19	9.19	9.26
22 30-year	......	......	8.49	8.92	8.93	8.98	9.17	9.05	9.16	9.15	9.16	9.21
Maturing in[10]												
23 3 to 5 years	6.94	6.85	8.30	8.89	8.88	9.08	9.56	9.30	9.52	9.51	9.59	9.61
24 Over 10 years (long-term)	6.78	7.06	7.89	8.32	8.35	8.42	8.68	8.51	8.64	8.66	8.68	8.73
STATE AND LOCAL NOTES AND BONDS												
Moody's series[11]												
25 Aaa	5.66	5.20	5.52	5.54	5.58	5.72	5.90	5.85	5.85	5.90	5.90	5.95
26 Baa	7.49	6.12	6.27	6.19	6.11	6.36	6.75	6.50	6.70	6.80	6.75	6.75
27 *Bond Buyer* series[12]	6.64	5.68	6.03	6.13	6.13	6.20	6.52	6.36	6.47	6.49	6.57	6.56
CORPORATE BONDS												
28 Seasoned issues, all industries[13]	9.01	8.43	9.07	9.81	9.69	9.74	9.93	9.79	9.83	9.89	9.95	10.02
By rating groups												
29 Aaa	8.43	8.02	8.73	9.29	9.20	9.23	9.44	9.30	9.34	9.42	9.49	9.50
30 Aa	8.75	8.24	8.92	9.66	9.49	9.53	9.70	9.57	9.62	9.65	9.72	9.80
31 A	9.09	8.49	9.12	9.89	9.75	9.85	10.03	9.91	9.97	10.00	10.03	10.08
32 Baa	9.75	8.97	9.45	10.38	10.29	10.35	10.54	10.37	10.41	10.48	10.57	10.68
Aaa utility bonds[14]												
33 New issue	8.48	8.19	8.96	9.50	9.58	9.48	9.83	9.62	......	9.84	9.97	9.98
34 Recently offered issues	8.49	8.19	8.97	9.50	9.53	9.49	9.87	9.54	9.70	9.87	9.92	9.97
MEMO: Dividend/price ratio[15]												
35 Preferred stocks	7.97	7.60	8.25	8.87	8.93	9.02	9.16	9.09	9.19	9.13	9.13	9.13
36 Common stocks	3.77	4.56	5.28	5.53	5.50	5.30	5.31	5.22	5.37	5.30	5.32	5.24

1. Weekly figures are 7-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.
2. Beginning 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.
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 (3-month series was previously a 7-day average).
6. Averages of daily quotations for the week ending Wednesday.
7. Except for new bill issues, 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. 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.
11. General obligations only, based on figures for Thursday, from Moody's Investors Service.
12. Twenty issues of mixed quality.
13. Averages of daily figures from Moody's Investors Service.
14. 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.
15. Provided by Standard and Poor's Corporation.

1.37 STOCK MARKET Selected Statistics

Indicator	1976	1977	1978	1979 Mar.	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.	1979 Sept.
	Prices and trading (averages of daily figures)									
Common stock prices										
1 **New York Stock Exchange (Dec. 31, 1965 = 50)**	**54.45**	**53.67**	**53.76**	**56.18**	**57.50**	**56.21**	**57.61**	**58.38**	**61.19**	**61.89**
2 Industrial	60.44	57.84	58.30	61.89	63.64	62.21	63.57	64.24	67.71	69.17
3 Transportation	39.57	41.07	43.25	43.22	45.92	45.60	47.53	48.85	52.48	52.21
4 Utility	36.97	40.91	39.23	38.94	38.63	37.48	38.44	38.88	39.26	38.39
5 Finance	52.94	55.23	56.74	57.65	59.50	58.80	61.87	64.43	68.40	67.21
6 **Standard & Poor's Corporation (1941–43 = 10)**[1]	**102.01**	**98.18**	**96.11**	**100.11**	**102.10**	**99.73**	**101.73**	**102.71**	**107.36**	**108.60**
7 **American Stock Exchange (Aug. 31, 1973 = 100)**	**101.63**	**116.18**	**144.56**	**171.51**	**181.14**	**180.81**	**196.08**	**197.63**	**208.29**	**223.00**
Volume of trading (thousands of shares)										
8 New York Stock Exchange	21,189	20,936	28,591	29,536	31,033	28,352	34,662	32,416	35,870	37,576
9 American Stock Exchange	2,565	2,514	3,922	4,105	4,262	3,888	5,236	3,890	4,503	5,405
	Customer financing (end-of-period balances, in millions of dollars)									
10 **Regulated margin credit at brokers/dealers**[2]	**8,166**	**9,993**	**11,035**	**11,056**	**11,416**	**11,314**	**11,763**	**12,019**	**12,236**	↑
11 Margin stock[3]	7,960	9,740	10,830	10,870	11,220	11,130	11,590	11,840	12,060	
12 Convertible bonds	204	250	205	185	194	183	172	178	176	
13 Subscription issues	2	3	1	1	2	1	1	1	*	n.a.
Free credit balances at brokers[4]										
14 Margin-account	585	640	835	830	835	840	895	885	910	
15 Cash-account	1,855	2,060	2,510	2,490	2,550	2,590	2,880	3,025	2,995	↓
	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**	↑
By equity class (in percent)[5]										
17 Under 40	12.0	18.0	33.0	21.0	23.0	22.0	21.0	19.0	14.0	
18 40–49	23.0	36.0	28.0	29.0	29.0	30.0	28.0	28.0	26.0	n.a.
19 50–59	35.0	23.0	18.0	25.0	23.0	23.0	26.0	28.0	31.0	
20 60–69	15.0	11.0	10.0	12.0	12.0	12.0	12.0	12.0	14.0	
21 70–79	8.7	6.0	6.0	7.0	7.0	7.0	7.0	7.0	8.0	
22 80 or more	6.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	7.0	↓
	Special miscellaneous-account balances at brokers (end of period)									
23 **Total balances (millions of dollars)**[6]	**8,776**	**9,910**	**13,092**	**13,147**	**13,218**	**13,099**	**13,634**	↑	↑	....
Distribution by equity status (percent)										
24 Net credit status	41.3	43.4	41.3	43.2	42.1	41.3	42.6	n.a.	n.a.	....
Debit status, equity of										
25 60 percent or more	47.8	44.9	45.1	46.8	47.6	48.6	47.3			....
26 Less than 60 percent	10.9	11.7	13.6	10.0	10.3	10.1	10.1	↓	↓	....

Margin requirements (percent of market value and effective date)[7]

Indicator	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

2. Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exchange.

In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

3. A distribution of this total by equity class is shown on lines 17–22.

4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.

7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1976	1977	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.p
						Savings and loan associations						
1 **Assets**	**391,907**	**459,241**	**520,677**	**523,649**	**529,820**	**534,168**	**539,715**	**543,459**	**549,181**	**555,571**	**561,209**	**566,692**
2 Mortgages	323,005	381,163	429,420	432,858	435,460	437,905	441,420	445,705	451,054	456,629	460,710	464,702
3 Cash and investment securities[1]	35,724	39,150	45,869	44,855	47,653	49,018	50,130	48,674	48,257	48,231	49,477	50,001
4 Other	33,178	38,928	45,388	45,936	46,707	47,245	48,165	49,080	49,870	50,711	51,022	51,989
5 **Liabilities and net worth**	**391,907**	**459,241**	**520,677**	**523,649**	**529,820**	**534,168**	**539,715**	**543,459**	**549,181**	**555,571**	**561,209**	**566,692**
6 Savings capital	335,912	386,800	425,207	431,009	435,752	438,633	446,981	445,831	447,872	454,738	456,756	457,976
7 Borrowed money	19,083	27,840	40,981	42,960	42,468	41,368	41,592	43,765	44,380	47,051	48,495	50,531
8 FHLBB	15,708	19,945	30,322	31,990	31,758	31,004	31,123	32,389	33,003	34,266	35,286	35,952
9 Other	3,375	7,895	10,659	10,970	10,610	10,364	10,469	11,376	11,377	12,785	13,209	14,579
10 Loans in process	6,840	9,911	11,015	10,737	10,445	10,287	10,346	10,706	11,136	11,278	11,328	11,065
11 Other	8,074	9,506	14,666	9,918	11,971	14,250	10,919	12,971	15,283	11,703	13,530	15,714
12 Net worth[2]	21,998	25,184	28,808	29,025	29,284	29,630	29,877	30,186	30,510	30,801	31,100	31,406
13 MEMO: Mortgage loan commitments outstanding[3]	14,826	19,875	20,738	18,911	18,053	19,038	21,085	22,923	23,569	22,777	22,366	22,114
						Mutual savings banks[9]						
14 **Assets**	**134,812**	**147,287**	**157,436**	**158,174**	**158,892**	**160,078**	**161,866**	n.a.	n.a.	n.a.	n.a.	n.a.
Loans												
15 Mortgage	81,630	88,195	94,497	95,157	95,552	95,821	96,136	n.a.	n.a.	n.a.	n.a.	n.a.
16 Other	5,183	6,210	7,921	7,195	7,744	8,455	9,421	n.a.	n.a.	n.a.	n.a.	n.a.
Securities												
17 U.S. government	5,840	5,895	5,035	4,959	4,838	4,801	4,814	n.a.	n.a.	n.a.	n.a.	n.a.
18 State and local government	2,417	2,828	3,307	3,333	3,328	3,167	3,126	n.a.	n.a.	n.a.	n.a.	n.a.
19 Corporate and other[4]	33,793	37,918	39,679	39,732	40,007	40,307	40,658	n.a.	n.a.	n.a.	n.a.	n.a.
20 Cash	2,355	2,401	3,033	3,665	3,274	3,306	3,410	n.a.	n.a.	n.a.	n.a.	n.a.
21 Other assets	3,593	3,839	3,962	4,131	4,149	4,222	4,300	n.a.	n.a.	n.a.	n.a.	n.a.
22 **Liabilities**	**134,812**	**147,287**	**157,436**	**158,174**	**158,892**	**160,078**	**161,866**	n.a.	n.a.	n.a.	n.a.	n.a.
23 Deposits	122,877	134,017	141,155	142,701	142,879	143,539	145,650	145,096	145,056	146,057	145,757	n.a.
24 Regular[5]	121,961	132,744	139,697	141,170	141,388	142,071	144,042	143,210	143,271	144,161	143,843	n.a.
25 Ordinary savings	74,535	78,005	72,398	71,816	69,244	68,817	68,829	67,758	67,577	68,104	67,537	n.a.
26 Time and other	47,426	54,739	67,299	69,354	72,145	73,254	75,213	75,452	75,694	76,057	76,306	n.a.
27 Other	916	1,272	1,458	1,531	1,491	1,468	1,608	1,886	1,784	1,896	1,914	n.a.
28 Other liabilities	2,884	3,292	5,411	4,565	5,032	5,485	5,048	5,050	5,172	4,545	5,578	n.a.
29 General reserve accounts	9,052	9,978	10,870	10,907	10,980	11,054	11,167	11,085	11,153	11,212	11,264	n.a.
30 MEMO: Mortgage loan commitments outstanding[6]	2,439	4,066	4,843	4,400	4,366	4,453	4,482	4,449	4,352	n.a.	n.a.	n.a.
						Life insurance companies						
31 **Assets**	**321,552**	**351,722**	**386,375**	**389,924**	**394,185**	**396,190**	**399,579**	**402,963**	**405,627**	**409,853**	**414,120**	n.a.
Securities												
32 Government	17,942	19,553	20,000	20,009	20,244	20,222	20,463	20,510	20,381	20,397	20,468	n.a.
33 United States[7]	5,368	5,315	4,866	4,822	5,063	5,114	5,234	5,272	5,149	5,178	5,228	n.a.
34 State and local	5,594	6,051	6,388	6,402	6,348	6,255	6,259	6,268	6,272	6,241	6,243	n.a.
35 Foreign[8]	6,980	8,187	8,746	8,785	8,833	8,853	8,970	8,970	8,960	8,978	8,997	n.a.
36 Business	157,246	175,654	198,188	198,105	201,861	202,843	204,395	206,160	207,775	209,804	212,876	n.a.
37 Bonds	122,984	141,891	163,422	162,587	166,093	167,548	168,622	169,817	171,762	173,130	175,854	n.a.
38 Stocks	34,262	33,763	34,766	35,518	35,768	35,295	36,273	36,343	36,013	36,674	37,022	n.a.
39 Mortgages	91,552	96,848	103,942	106,167	106,654	107,385	108,417	109,198	110,023	111,123	112,120	n.a.
40 Real estate	10,476	11,060	11,667	11,764	11,862	11,943	11,484	12,086	12,101	12,199	12,351	n.a.
41 Policy loans	25,834	27,556	29,779	30,146	30,469	30,778	31,160	31,512	31,832	32,131	32,390	n.a.
42 Other assets	18,502	21,051	22,799	23,733	23,095	23,019	23,160	23,497	23,515	24,199	23,915	n.a.
						Credit unions						
43 **Total assets/liabilities and capital**	**45,225**	**54,084**	**61,614**	**62,595**	**61,756**	**62,319**	**63,883**	**63,247**	**64,372**	**65,603**	**66,563**	**67,271**
44 Federal	24,396	29,574	34,215	34,681	34,165	34,419	35,289	34,653	35,268	35,986	36,733	37,045
45 State	20,829	24,510	27,399	27,914	27,591	27,900	28,594	28,594	29,104	29,617	29,830	30,226
46 Loans outstanding	34,384	42,055	51,103	51,807	51,526	51,716	52,480	52,542	53,100	53,831	54,160	55,110
47 Federal	18,311	22,717	28,031	28,583	28,340	28,427	28,918	28,849	29,109	29,525	29,674	30,179
48 State	16,073	19,338	23,072	23,224	23,186	23,289	23,562	23,693	23,991	24,306	24,486	24,931
49 Savings	39,173	46,832	52,418	53,048	51,916	52,484	54,243	53,745	54,638	r55,948	56,512	56,701
50 Federal (shares)	21,130	25,849	28,992	29,326	28,427	28,743	29,741	29,339	29,755	30,563	30,857	30,890
51 State (shares and deposits)	18,043	20,983	23,426	23,722	23,489	23,741	24,502	24,406	24,883	r25,386	25,655	25,811

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Fiscal year 1978	Calendar year 1978 H1	Calendar year 1978 H2	Calendar year 1979 H1	Calendar year 1979 June	Calendar year 1979 July	Calendar year 1979 Aug.
U.S. budget									
1 Receipts[1]	81,773	357,762	401,997	210,650	206,275	246,574	53,910	33,268	39,353
2 Outlays[1]	94,729	402,725	450,836	222,561	238,186	245,616	40,687	40,482	54,279
3 Surplus, or deficit (−)	−12,956	−44,963	−48,839	−11,912	−31,912	958	13,223	−7,214	−14,926
4 Trust funds	−1,952	9,497	12,693	4,334	11,754	4,041	1,981	−3,805	−4,673
5 Federal funds[2]	−11,004	−54,460	−61,532	−16,246	−43,666	−4,999	11,241	−3,408	−10,254
Off-budget entities surplus, or deficit (−)									
6 Federal Financing Bank outlays	−2,575	−8,415	−10,661	−5,105	−5,082	−7,712	−1,723	−809	−908
7 Other[3]	790	264	355	−790	1,843	−447	−264	143	−169
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−14,741	−53,642	−59,145	−17,806	−35,151	−7,201	11,236	−8,166	−16,003
Financed by									
9 Borrowing from the public	18,027	53,516	59,115	23,378	30,314	6,039	−1,458	4,831	3,268
10 Cash and monetary assets (decrease, or increase (−))[4]	−2,899	−2,247	−3,021	−5,098	3,381	−8,878	−13,044	4,711	6,535
11 Other[5]	−387	2,373	3,051	−474	1,456	10,040	3,266	−1,376	6,200
MEMO:									
12 Treasury operating balance (level, end of period)	17,418	19,104	22,444	17,526	16,291	17,485	17,485	13,530	6,950
13 Federal Reserve Banks	13,299	15,740	16,647	11,614	4,196	3,290	3,290	2,765	3,542
14 Tax and loan accounts	4,119	3,364	5,797	5,912	12,095	14,195	14,195	10,765	3,408

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 calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
3. Includes Pension Benefit Guaranty Corp.; 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 accured 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 1980*.

NOTES TO TABLE 1.38

1. Holdings of stock of the Federal Home Loan Banks are included in "other assets."
2. Includes net undistributed income, which is accrued by most, but not all, associations.
3. Excludes figures for loans in process, which are shown as a liability.
4. Includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. government agencies.
5. Excludes checking, club, and school accounts.
6. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the State of New York.
7. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in this table under "business" securities.
8. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.
9. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. This largely reflects: (1) changes in FDIC reporting proceedures; and (2) reclassification of certain items.

NOTE. *Savings and loan associations:* Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States. Data are reported on a gross-of-valuation-reserves basis.

Life insurance companies: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

Credit unions: Estimates by the National Credit Union Administration for a group of federal and state-chartered credit unions that account for about 30 percent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Fiscal year 1978	Calendar year					
				1978[r]		1979	1979		
				H1	H2	H1	June	July	Aug.
Receipts									
1 **All sources**[1]	**81,773**	**357,762**	**401,997**	**210,650**	**206,275**	**246,574**	**53,910**	**33,268**	**39,353**
2 Individual income taxes, net	38,801	157,626	180,988	90,336	98,854	111,603	25,568	17,086	17,215
3 Withheld	32,949	144,820	165,215	82,784	90,148	98,683	18,080	16,714	16,952
4 Presidential Election Campaign Fund	1	37	39	36	3	32	4	0	3
5 Nonwithheld	6,809	42,062	47,804	37,584	10,777	44,116	8,424	1,241	1,041
6 Refunds[1]	958	29,293	32,070	30,068	2,075	31,228	940	869	781
Corporation income taxes									
7 Gross receipts	9,808	60,057	65,380	38,496	28,536	42,427	16,016	2,518	1,661
8 Refunds	1,348	5,164	5,428	2,782	2,757	2,889	376	499	293
9 Social insurance taxes and contributions, net	25,760	108,683	123,410	66,191	61,064	75,609	9,375	10,566	17,164
10 Payroll employment taxes and contributions[2]	21,534	88,196	99,626	51,668	51,052	59,298	8,374	8,857	13,577
11 Self-employment taxes and contributions[3]	269	4,014	4,267	3,892	369	4,616	322	0	0
12 Unemployment insurance	2,698	11,312	13,850	7,800	6,727	8,623	188	1,204	2,847
13 Other net receipts[4]	1,259	5,162	5,668	2,831	2,917	3,072	491	504	740
14 Excise taxes	4,473	17,548	18,376	8,835	9,879	8,984	1,464	1,659	1,498
15 Customs deposits	1,212	5,150	6,573	3,320	3,748	3,682	637	647	689
16 Estate and gift taxes	1,455	7,327	5,285	2,587	2,691	2,657	414	463	534
17 Miscellaneous receipts[5]	1,612	6,536	7,413	3,667	4,260	4,501	811	828	886
Outlays									
18 **All types**[1]	**94,729**	**402,725**	**450,836**	**222,561**	**238,186**	**245,616**	**40,687**	**40,482**	**54,279**
19 National defense	22,307	97,501	105,186	52,535	55,124	57,643	9,973	10,397	10,657
20 International affairs	2,197	4,813	5,922	3,347	2,060	3,538	482	427	944
21 General science, space, and technology	1,161	4,677	4,742	2,395	2,383	2,461	461	433	503
22 Energy	794	4,172	5,861	2,721	4,279	4,417	789	713	789
23 Natural resources and environment	2,532	10,000	10,925	4,690	6,020	5,672	900	1,154	1,394
24 Agriculture	581	5,532	7,731	2,435	4,967	3,020	525	369	215
25 Commerce and housing credit	1,392	44	3,325	443	3,292	60	95	173	59
26 Transportation	3,304	14,636	15,444	7,215	8,740	7,688	1,340	1,552	1,702
27 Community and regional development	1,340	6,286	11,000	5,500	5,844	4,499	912	702	933
28 Education, training, employment, and social services	5,162	20,985	26,463	13,218	14,247	14,467	2,193	2,472	2,645
29 Health	8,721	38,785	43,676	21,147	23,830	24,860	4,268	4,108	4,632
30 Income security[1]	32,797	137,915	146,212	75,370	73,127	81,173	13,595	13,669	23,659
31 Veterans benefits and services	3,962	18,038	18,974	9,625	9,532	10,127	2,497	667	2,559
32 Administration of justice	859	3,600	3,802	1,945	1,989	2,096	323	336	397
33 General government	883	3,374	3,777	1,845	2,304	2,291	405	365	432
34 General-purpose fiscal assistance	2,092	9,499	9,601	4,678	4,610	3,890	76	1,800	53
35 Interest[6]	7,216	38,009	43,966	22,280	24,036	26,934	7,834	3,491	4,240
36 Undistributed offsetting receipts[6,7]	2,567	15,053	15,772	7,945	8,199	8,999	4,931	753	1,103

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Supplementary medical insurance premiums, federal employee retirement contributions, and Civil Service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Effective September 1976, "Interest" and "Undistributed Offsetting Receipts" reflect the accounting conversion for the interest on special issues for U.S. government accounts from an accrual basis to a cash basis.
7. Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. government contributions for employee retirement.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1980.*

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1976	1977			1978			1979	
	Dec. 31	June 30	Sept. 30	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**665.5**	**685.2**	**709.1**	**729.2**	**758.8**	**780.4**	**797.7**	**804.6**	**812.2**
2 Public debt securities	653.5	674.4	698.8	718.9	749.0	771.5	789.2	796.8	804.9
3 Held by public	506.4	523.2	543.4	564.1	587.9	603.6	619.2	630.5	626.4
4 Held by agencies	147.1	151.2	155.5	154.8	161.1	168.0	170.0	166.3	178.5
5 Agency securities	12.0	10.8	10.3	10.2	9.8	8.9	8.5	7.8	7.3
6 Held by public	10.0	9.0	8.5	8.4	8.0	7.4	7.0	6.3	5.9
7 Held by agencies	1.9	1.8	1.8	1.8	1.8	1.5	1.5	1.5	1.5
8 **Debt subject to statutory limit**	**654.7**	**675.6**	**700.0**	**720.1**	**750.2**	**772.7**	**790.3**	**797.9**	**806.0**
9 Public debt securities	652.9	673.8	698.2	718.3	748.4	770.9	788.6	796.2	804.3
10 Other debt[1]	1.7	1.7	1.7	1.7	1.8	1.8	1.7	1.7	1.7
11 MEMO: Statutory debt limit	682.0	700.0	700.0	752.0	752.0	798.0	798.0	798.0	830.0

1. Includes guaranteed debt of government agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department).

1.42 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1975	1976	1977	1978	1979				
					May	June	July	Aug.	Sept.
1 **Total gross public debt**	**576.6**	**653.5**	**718.9**	**789.2**	**804.8**	**804.9**	**807.5**	813.1	**826.5**
By type									
2 Interest-bearing debt	575.7	652.5	715.2	782.4	803.8	799.9	806.5	812.1	819.0
3 Marketable	363.2	421.3	459.9	487.5	506.9	499.3	507.0	509.2	506.7
4 Bills	157.5	164.0	161.1	161.7	163.1	159.9	159.9	160.5	161.4
5 Notes	167.1	216.7	251.8	265.8	276.1	272.1	278.3	277.6	274.2
6 Bonds	38.6	40.6	47.0	60.0	67.7	67.4	68.8	71.1	71.1
7 Nonmarketable[1]	212.5	231.2	255.3	294.8	296.9	300.5	299.5	302.9	312.3
8 Convertible bonds[2]	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2
9 State and local government series	1.2	4.5	13.9	24.3	24.0	24.1	24.2	24.6	24.6
10 Foreign issues[3]	21.6	22.3	22.2	29.6	25.2	26.8	28.0	27.7	28.1
11 Government	21.6	22.3	22.2	28.0	21.0	22.7	23.9	23.5	24.0
12 Public	0	0	0	1.6	4.2	4.2	4.2	4.2	4.2
13 Savings bonds and notes	67.9	72.3	77.0	80.9	80.8	80.8	80.9	80.9	80.0
14 Government account series[4]	119.4	129.7	139.8	157.5	164.6	166.3	163.9	167.3	176.4
15 Non-interest-bearing debt	1.0	1.1	3.7	6.8	1.0	5.1	1.0	1.0	7.5
By holder[5]									
16 U.S. government agencies and trust funds	139.1	147.1	154.8	170.0	177.1	178.6	176.3	n.a.	n.a.
17 Federal Reserve Banks	89.8	97.0	102.5	109.6	106.2	109.2	111.4	n.a.	n.a.
18 Private investors	349.4	409.5	461.3	508.6	521.5	516.6	519.8	n.a.	n.a.
19 Commercial banks	85.1	103.8	101.4	93.4	98.5	95.0	93.4	n.a.	n.a.
20 Mutual savings banks	4.5	5.9	5.9	5.2	5.2	5.0	4.7	n.a.	n.a.
21 Insurance companies	9.5	12.7	15.1	15.0	14.7	14.5	14.5	n.a.	n.a.
22 Other corporations	20.2	27.7	22.7	20.6	26.2	24.0	21.2	n.a.	n.a.
23 State and local governments	34.2	41.6	55.2	68.6	69.2	68.0	69.9	n.a.	n.a.
Individuals									
24 Savings bonds	67.3	72.0	76.7	80.7	80.6	80.6	80.7	n.a.	n.a.
25 Other securities	24.0	28.8	28.6	30.0	31.8	31.8	32.0	n.a.	n.a.
26 Foreign and international[6]	66.5	78.1	109.6	137.8	118.0	119.5	122.2	n.a.	n.a.
27 Other miscellaneous investors[7]	38.0	38.9	46.1	57.4	77.5	78.3	81.1	n.a.	n.a.

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, depositary bonds, retirement plan bonds, and individual retirement bonds.

2. These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category above.

3. Nonmarketable dollar-denominated and foreign currency denominated series held by foreigners.

4. Held almost entirely by U.S. government agencies and trust funds.

5. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

6. Consists of the investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.

7. Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies.

NOTE. Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Department); data by holder from *Treasury Bulletin*.

1.43 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity

Par value; millions of dollars, end of period

Type of holder	1977	1978	1979		1977	1978	1979	
			June	July			June	July
	All maturities				1 to 5 years			
1 **All holders**	**459,927**	**487,546**	**499,343**	**506,994**	**151,264**	**162,886**	**155,150**	**160,356**
2 U.S. government agencies and trust funds	14,420	12,695	12,452	12,448	4,788	3,310	2,503	2,464
3 Federal Reserve Banks	101,191	109,616	109,241	111,445	27,012	31,283	28,204	28,430
4 Private investors	344,315	365,235	377,650	383,102	119,464	128,293	124,443	129,462
5 Commercial banks	75,363	68,890	67,790	67,332	38,691	38,390	36,028	37,099
6 Mutual savings banks	4,379	3,499	3,287	3,275	2,112	1,918	1,765	1,767
7 Insurance companies	12,378	11,635	11,612	11,728	4,729	4,664	4,657	4,629
8 Nonfinancial corporations	9,474	8,272	8,826	7,597	3,183	3,635	3,068	2,663
9 Savings and loan associations	4,817	3,835	3,669	3,587	2,368	2,255	2,013	2,040
10 State and local governments	15,495	18,815	18,023	18,049	3,875	3,997	4,016	4,049
11 All others	222,409	250,288	264,442	271,534	64,505	73,433	72,896	77,215
	Total, within 1 year				5 to 10 years			
12 **All holders**	**230,691**	**228,516**	**243,171**	244,203	**45,328**	50,400	**47,561**	**47,556**
13 U.S. government agencies and trust funds	1,906	1,488	2,280	2,318	2,129	1,989	1,765	1,765
14 Federal Reserve Banks	56,702	52,801	56,778	58,608	10,404	14,809	12,436	12,435
15 Private investors	172,084	174,227	184,114	183,277	32,795	33,601	33,359	33,355
16 Commercial banks	29,477	20,608	21,906	20,604	6,162	7,490	7,363	7,103
17 Mutual savings banks	1,400	817	804	800	584	496	461	453
18 Insurance companies	2,398	1,838	1,860	1,924	3,204	2,899	2,750	2,805
19 Nonfinancial corporations	5,770	4,048	5,069	4,230	307	369	354	331
20 Savings and loan associations	2,236	1,414	1,499	1,395	143	89	82	75
21 State and local goveraments	7,917	8,194	6,682	6,270	1,283	1,588	1,693	1,659
22 All others	122,885	137,309	146,293	148,054	21,112	20,671	20,656	20,930
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**161,081**	**161,747**	**159,890**	**159,938**	**12,906**	**19,800**	**24,922**	**26,341**
24 U.S. government agencies and trust funds	32	2	*	*	3,102	3,876	4,524	4,520
25 Federal Reserve Banks	42,004	42,397	40,309	41,338	1,510	2,088	3,127	3,204
26 Private investors	119,035	119,348	119,580	118,600	8,295	13,836	17,271	18,617
27 Commercial banks	11,996	5,707	6,036	5,030	456	956	1,093	1,162
28 Mutual savings banks	484	150	130	126	137	143	139	139
29 Insurance companies	1,187	753	412	389	1,245	1,460	1,489	1,453
30 Nonfinancial corporations	4,329	1,792	2,602	1,632	133	86	219	231
31 Savings and loan associations	806	262	248	217	54	60	60	60
32 State and local governments	6,092	5,524	3,770	3,362	890	1,420	1,762	1,968
33 All others	94,152	105,161	106,382	107,763	5,380	9,711	12,508	13,604
	Other, within 1 year				Over 20 years			
34 **All holders**	**69,610**	**66,769**	**83,282**	**84,265**	**19,738**	**25,944**	**28,538**	**28,538**
35 U.S. government agencies and trust funds	1,874	1,487	2,280	2,318	2,495	2,031	1,380	1,380
36 Federal Reserve Banks	14,698	10,404	16,469	17,270	5,564	8,635	8,696	8,767
37 Private investors	53,039	54,879	64,534	64,677	11,679	15,278	18,461	18,391
38 Commercial banks	15,482	14,901	15,870	15,575	578	1,446	1,400	1,364
39 Mutual savings banks	916	667	674	674	146	126	117	117
40 Insurance companies	1,211	1,084	1,447	1,535	802	774	856	915
41 Nonfinancial corporations	1,441	2,256	2,467	2,598	81	135	117	142
42 Savings and loan associations	1,430	1,152	1,251	1,177	16	17	15	16
43 State and local governments	1,825	2,670	2,912	2,908	1,530	3,616	3,869	4,104
44 All others	28,733	32,149	39,911	40,290	8,526	9,164	12,088	11,732

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 July 31, 1979: (1) 5,449 commercial banks, 461 mutual savings banks, and 723 insurance companies, each about 80 percent, (2) 432 nonfinancial corporations and 485 savings and loan associations, each about 50 percent; and (3) 490 state and local governments, about 40 percent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

Item	1976	1977	1978	1979			1979, week ending Wednesday					
				June	July[r]	Aug.	June 20	June 27	July 4	July 11	July 18	July 25
1 U.S. government securities	**10,449**	**10,838**	**10,285**	**15,284**	**11,113**	**12,256**	**14,476**	**14,453**	**13,343**	**11,543**	**9,799**	**12,763**
By maturity												
2 Bills	6,676	6,746	6,173	9,286	6,738	6,787	9,546	8,365	7,716	7,096	5,761	7,843
3 Other within 1 year	210	237	392	448	398	466	415	479	467	342	323	309
4 1-5 years	2,317	2,320	1,889	2,562	1,979	2,326	2,310	2,968	2,288	2,029	1,868	2,291
5 5-10 years	1,019	1,148	965	1,472	907	1,272	1,106	1,319	1,052	998	757	1,095
6 Over 10 years	229	388	866	1,516	1,092	1,405	1,099	1,321	1,820	1,078	1,091	1,225
By type of customer												
7 U.S. government securities dealers	1,360	1,267	1,135	1,335	1,086	1,480	1,298	1,063	1,303	1,038	961	1,041
8 U.S. government securities brokers	3,407	3,709	3,838	6,112	4,491	4,693	5,645	5,892	5,091	4,962	3,943	5,298
9 Commercial banks	2,426	2,295	1,804	2,447	1,797	1,639	2,121	2,338	2,251	1,815	1,459	2,259
10 All others[1]	3,257	3,568	3,508	5,390	3,740	4,443	5,412	5,160	4,699	3,729	3,437	4,164
11 Federal agency securities	**1,548**	**1,729**	**1,894**	3,232	2,511	**2,343**	**2,477**	**3,061**	**3,189**	**2,276**	**2,384**	**2,663**

1. Includes, among others, all other dealers and brokers in commodities and securities, foreign banking agencies, and the Federal Reserve System.

NOTE. Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase, reverse repurchase (resale), or similar contracts.

1.45 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

Par value; averages of daily figures, in millions of dollars

Item	1976	1977	1978	1979			1979, week ending Wednesday					
				June	July	Aug.	May 30	June 6	June 13	June 20	June 27	July 4
						Positions[2]						
1 U.S. government securities	**7,592**	**5,172**	**2,656**	**r7,167**	**r2,979**	**1,128**	**8,115**	**7,919**	**8,382**	**6,656**	**5,950**	**6,180**
2 Bills	6,290	4,772	2,452	r7,446	3,634	1,306	7,677	7,925	8,759	7,415	6,035	5,937
3 Other within 1 year	188	99	260	101	52	-23	46	-139	12	101	286	315
4 1-5 years	515	60	-92	r 436	-513	-299	-367	-419	-551	-671	-109	-409
5 5-10 years	402	92	40	223	46	312	354	376	234	195	165	150
6 Over 10 years	198	149	4	-167	-240	-168	405	177	-73	-383	-427	115
7 Federal agency securities	**729**	**693**	**606**	**2,168**	**r1,983**	**1,975**	**2,284**	**2,424**	**2,368**	**2,005**	**1,915**	**2,262**
						Financing[3]						
8 All sources	**8,715**	**9,877**	**10,204**	**17,111**	**16,217**	**16,173**	**17,211**	**17,389**	**18,640**	**18,096**	**14,821**	**15,814**
Commercial banks												
9 New York City	1,896	1,313	599	1,638	1,266	773	1,279	1,252	1,818	2,137	1,440	1,576
10 Outside New York City	1,660	1,987	2,174	2,883	2,324	2,562	3,615	3,728	3,421	2,826	2,152	1,968
11 Corporations[1]	1,479	2,423	2,370	3,410	3,434	3,979	3,603	3,761	4,100	3,142	2,930	2,886
12 All others	3,681	4,155	5,052	9,180	9,193	8,859	8,714	r8,648	9,300	9,990	8,298	9,384

1. All business corporations except commercial banks and insurance companies.

2. New amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreements to resell.

3. 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 where the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

NOTE. Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1976	1977	1978	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.	1979 May	1979 June
1 **Federal and federally sponsored agencies[1]**	**103,848**	**112,472**	**137,063**	**138,726**	**140,999**	**143,265**	**145,556**	**146,429**	**149,612**
2 Federal agencies	22,419	22,760	23,488	23,431	23,485	23,507	23,568	23,366	24,170
3 Defense Department[2]	1,113	983	868	864	859	839	822	807	796
4 Export-Import Bank[3,4]	8,574	8,671	8,711	8,515	8,499	8,326	8,322	8,107	8,806
5 Federal Housing Administration[5]	575	581	588	582	586	580	576	568	562
6 Government National Mortgage Association participation certificates[6]	4,120	3,743	3,141	3,141	3,141	3,141	3,099	3,099	3,039
7 Postal Service[7]	2,998	2,431	2,364	2,364	2,364	2,364	2,364	2,202	2,202
8 Tennessee Valley Authority	4,935	6,015	7,460	7,620	7,690	7,900	7,985	8,155	8,335
9 United States Railway Association[7]	104	336	356	345	346	357	400	428	430
10 Federally sponsored agencies[1]	81,429	89,712	113,575	115,295	117,514	119,758	121,988	123,063	125,442
11 Federal Home Loan Banks	16,811	18,345	27,563	27,677	28,447	28,265	28,121	28,577	28,758
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,262	2,461	2,333	2,330	2,323	2,522
13 Federal National Mortgage Association	30,565	31,890	41,080	41,917	42,405	43,625	44,792	44,639	45,775
14 Federal Land Banks	17,127	19,118	20,360	19,275	19,275	19,275	18,389	18,389	18,389
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	9,978	8,958	7,890	6,994	5,958	5,122
16 Banks for Cooperatives	4,330	4,434	4,843	4,392	3,852	3,351	2,473	1,483	785
17 Farm Credit Banks[1]	....	2,548	5,081	8,877	11,134	13,987	17,838	20,597	22,949
18 Student Loan Marketing Association[8]	410	515	915	915	980	1,030	1,050	1,095	1,140
19 Other	2	2	2	2	2	2	1	2	2
MEMO:									
20 **Federal Financing Bank debt[7,9]**	**28,711**	**38,580**	**51,298**	**52,154**	**53,221**	**55,310**	**56,610**	**58,186**	**60,816**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	5,208	5,834	6,898	6,898	6,898	7,131	7,131	7,131	7,846
22 Postal Service[7]	2,748	2,181	2,114	2,114	2,114	2,114	2,114	1,952	1,952
23 Student Loan Marketing Association[8]	410	515	915	915	980	1,030	1,050	1,095	1,140
24 Tennessee Valley Authority	3,110	4,190	5,635	5,795	5,865	6,075	6,260	6,430	6,610
25 United States Railway Association[7]	104	336	356	345	346	357	400	428	430
Other lending[10]									
26 Farmers Home Administration	10,750	16,095	23,825	24,445	25,160	25,985	26,890	28,050	29,200
27 Rural Electrification Administration	1,415	2,647	4,604	4,680	4,735	4,962	5,122	5,253	5,497
28 Other	4,966	6,782	6,951	6,962	7,123	7,656	7,643	7,847	8,141

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued. Lines 1 and 10 reflect the addition of this item.

2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

3. Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

4. Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

6. Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.

7. Off-budget.

8. Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.

9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1976	1977	1978	1979 Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July
1 **All issues, new and refunding [1]**	**35,313**	**46,769**	**48,607**	**2,599**	**4,648**	**3,512**	**3,032**	**4,578**	**3,265**
Type of issue									
2 General obligation	18,040	18,042	17,854	955	1,060	1,258	1,137	1,527	793
3 Revenue	17,140	28,655	30,658	1,640	3,580	2,243	1,893	3,032	2,469
4 Housing Assistance Administration [2]	......	......	......	......	......	......	......	......	......
5 U.S. government loans	133	72	95	4	8	11	2	19	3
Type of issuer									
6 State	7,054	6,354	6,632	580	436	298	205	642	234
7 Special district and statutory authority	15,304	21,717	24,156	1,178	2,930	1,709	1,464	1,911	1,532
8 Municipalities, counties, townships, school districts	12,845	18,623	17,718	838	1,274	1,495	1,361	2,005	1,497
9 **Issues for new capital, total**	**32,108**	**36,189**	**37,629**	**2,572**	**4,635**	**3,482**	**3,023**	**4,233**	**3,087**
Use of proceeds									
10 Education	4,900	5,076	5,003	420	281	562	665	527	392
11 Transportation	2,586	2,951	3,460	223	204	134	125	278	141
12 Utilities and conservation	9,594	8,119	9,026	735	1,134	508	590	981	881
13 Social welfare	6,566	8,274	10,494	731	2,036	1,499	582	1,332	1,180
14 Industrial aid	483	4,676	3,526	197	315	182	399	321	253
15 Other purposes	7,979	7,093	6,120	266	665	597	662	794	240

1. Par amounts of long-term issues based on date of sale.
2. Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.

SOURCE. Public Securities Association.

1.48 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1976	1977	1978	1979 Jan.	Feb.	Mar.	Apr.	May[r]	June
1 **All issues [1]**	**53,488**	**53,792**	**47,230**	**3,770**	**3,170**	**4,401**	**4,311**	**4,167**	**6,044**
2 **Bonds**	**42,380**	**42,015**	**36,872**	**3,106**	**2,257**	**3,729**	**3,732**	**3,575**	**5,163**
Type of offering									
3 Public	26,453	24,072	19,815	1,282	1,336	1,904	2,984	1,999	4,146
4 Private placement	15,927	17,943	17,057	1,824	921	1,825	748	1,576	1,017
Industry group									
5 Manufacturing	13,264	12,204	9,572	893	278	739	534	1,208	1,096
6 Commercial and miscellaneous	4,372	6,234	5,246	494	279	362	26	267	561
7 Transportation	4,387	1,996	2,007	142	266	245	264	205	433
8 Public utility	8,297	8,262	7,092	460	517	721	866	638	1,054
9 Communication	2,787	3,063	3,373	259	558	517	261	102	379
10 Real estate and financial	9,274	10,258	9,586	858	359	1,145	1,779	1,154	1,640
11 **Stocks**	**11,108**	**11,777**	**10,358**	**664**	**913**	**672**	**579**	**592**	**881**
Type									
12 Preferred	2,803	3,916	2,832	171	201	231	155	174	278
13 Common	8,305	7,861	7,526	493	712	441	424	418	603
Industry group									
14 Manufacturing	2,237	1,189	1,241	41	121	24	36	85	41
15 Commercial and miscellaneous	1,183	1,834	1,816	169	93	114	210	203	363
16 Transportation	24	456	263	......	......	55	......	49	......
17 Public utility	6,121	5,865	5,140	357	669	335	257	227	248
18 Communication	776	1,379	264	......	......	65	......	7	30
19 Real estate and financial	771	1,049	1,631	96	29	79	78	21	200

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

SOURCE. Securities and Exchange Commission.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1977	1978	1979 Feb.	1979 Mar.	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.
INVESTMENT COMPANIES[1]									
1 Sales of own shares[2]	6,401	6,645	451	523	594	549	676	744	675
2 Redemptions of own shares[3]	6,027	7,231	548	646	761	715	667	706	832
3 Net sales	357	586	-97	-123	175	166	9	38	157
4 Assets[4]	**45,049**	**44,980**	**45,016**	**47,051**	**47,142**	**46,431**	**48,064**	**48,771**	50,793
5 Cash position[5]	3,274	4,507	4,851	4,746	4,862	4,869	5,012	5,052	4,924
6 Other	41,775	40,473	40,165	42,305	42,280	41,562	43,052	43,719	45,869

1. Excluding money market funds.
2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4. Market value at end of period, less current liabilities.
5. Also includes all U.S. government securities and other short-term debt securities.

NOTE. Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Account	1976	1977	1978	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 Q4	1979 Q1	1979 Q2
1 **Profits before tax**	**156.0**	**177.1**	**206.0**	**183.0**	**177.5**	**207.2**	**212.0**	**227.4**	**233.3**	**227.9**
2 Profits tax liability	63.8	72.6	84.5	75.1	70.8	84.7	87.5	95.1	91.3	88.7
3 Profits after tax	92.2	104.5	121.5	107.9	106.7	122.4	124.5	132.3	142.0	139.3
4 Dividends	37.5	42.1	47.2	43.4	45.1	46.0	47.8	49.7	51.5	52.3
5 Undistributed profits	54.7	62.4	74.3	64.5	61.6	76.4	76.8	82.6	90.5	87.0
6 Capital consumption allowances	97.1	109.3	119.8	113.1	116.5	119.1	120.6	123.1	125.5	130.4
7 Net cash flow	151.8	171.7	194.1	177.6	178.1	195.5	197.3	205.7	216.0	217.3

SOURCE. *Survey of Current Business* (U.S. Department of Commerce.)

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1975	1976	1977			1978				1979
			Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1 **Current assets**	**759.0**	**826.3**	**858.5**	**881.8**	**900.9**	**925.0**	**954.2**	**992.6**	**1,028.1**	**1,078.2**
2 Cash	82.2	87.3	83.3	83.5	94.3	88.8	91.3	91.6	103.5	102.2
3 U.S. government securities	19.0	23.6	19.9	19.3	18.7	18.6	17.3	16.1	17.8	19.1
4 Notes and accounts receivable	272.1	293.3	313.0	326.9	325.0	337.4	356.6	376.4	381.9	405.0
5 Inventories	315.9	342.9	359.9	368.3	375.5	390.5	399.3	415.5	428.3	452.6
6 Other	69.9	79.2	82.5	83.8	87.3	89.6	90.3	92.9	96.5	99.3
7 **Current liabilities**	**451.6**	**492.7**	**514.1**	**533.2**	**546.8**	**574.2**	**593.5**	**626.3**	**662.2**	**701.8**
8 Notes and accounts payable	264.2	282.0	295.9	306.1	313.7	325.2	337.9	356.2	375.1	392.6
9 Other	187.4	210.6	218.1	227.1	233.1	249.0	255.6	270.0	287.1	309.2
10 **Net working capital**	**307.4**	**333.6**	**344.5**	**348.6**	**354.1**	**350.7**	**360.7**	**366.3**	**365.9**	**376.4**
11 MEMO: Current ratio[1]	1.681	1.677	1.670	1.654	1.648	1.611	1.608	1.585	1.552	1.536

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 have been revised to reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics.

SOURCE. Federal Trade Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry	1977	1978	1978				1979			
			Q1	Q2	Q3	Q4	Q1	Q2[r]	Q3[r2]	Q4[r2]
1 **All industries**	**135.72**	**153.60**	**144.25**	**150.76**	**155.41**	**163.96**	**165.94**	**173.48**	**175.29**	**179.56**
Manufacturing										
2 Durable goods industries	27.75	31.59	28.72	31.40	32.25	33.99	34.00	36.86	38.03	40.38
3 Nondurable goods industries	32.33	35.86	32.86	35.80	35.50	39.26	37.56	39.56	40.27	41.58
Nonmanufacturing										
4 Mining	4.49	4.81	4.45	4.81	4.99	4.98	5.46	5.31	5.30	5.58
Transportation										
5 Railroad	2.82	3.33	3.35	3.09	3.38	3.49	4.02	3.66	4.13	3.92
6 Air	1.63	2.34	2.67	2.08	2.20	2.39	3.35	3.26	2.92	3.15
7 Other	2.55	2.42	2.44	2.23	2.47	2.55	2.71	2.79	3.24	3.08
Public utilities										
8 Electric	21.57	24.71	23.15	23.83	24.92	26.95	27.70	28.06	28.52	27.46
9 Gas and other	4.21	4.72	4.78	4.62	4.70	4.78	4.66	5.18	4.74	5.33
10 Communication	15.43	18.15	17.07	18.18	18.90	18.46	18.75	20.29	48.13	49.08
11 Commercial and other[1]	22.95	25.67	24.76	24.71	26.09	27.12	27.73	28.51		

1. Includes trade, service, construction, finance, and insurance.
2. Anticipated by business.

NOTE. Estimates for corporate and noncorporate business, excluding agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

SOURCE. *Survey of Current Business* (U.S. Dept. of Commerce).

1.53 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1973	1974	1975	1976	1977	1978 Q2	1978 Q3	1978 Q4	1979 Q1	1979 Q2
ASSETS										
Account receivable, gross										
1 Consumer	35.4	36.1	36.0	38.6	44.0	47.1	49.7	52.6	54.9	58.7
2 Business	32.3	37.2	39.3	44.7	55.2	59.5	58.3	63.3	66.7	70.1
3 Total	67.7	73.3	75.3	83.4	99.2	106.6	108.0	116.0	121.6	128.8
4 Less: Reserves for unearned income and losses	8.4	9.0	9.4	10.5	12.7	14.1	14.3	15.6	16.5	17.7
5 Accounts receivable, net	59.3	64.2	65.9	72.9	86.5	92.6	93.7	100.4	105.1	111.1
6 Cash and bank deposits	2.6	3.0	2.9	2.6	2.6	2.9	2.7	3.5		
7 Securities	.8	.4	1.0	1.1	.9	1.3	1.8	1.3	[1] 23.8	24.6
8 All other	10.6	12.0	11.8	12.6	14.3	16.2	17.1	17.3		
9 **Total assets**	**73.2**	**79.6**	**81.6**	**89.2**	**104.3**	**112.9**	**115.3**	**122.4**	**128.9**	**135.8**
LIABILITIES										
10 Bank loans	7.2	9.7	8.0	6.3	5.9	5.4	5.4	6.5	6.5	7.3
11 Commercial paper	19.7	20.7	22.2	23.7	29.6	31.3	29.3	34.5	38.1	41.0
Debt										
12 Short-term, n.e.c.	4.6	4.9	4.5	5.4	6.2	6.6	6.8	8.1	6.7	8.8
13 Long-term, n.e.c.	24.6	26.5	27.6	32.3	36.0	40.1	41.3	43.6	44.5	46.0
14 Other	5.6	5.5	6.8	8.1	11.5	13.6	15.2	12.6	15.1	14.4
15 Capital, surplus, and undivided profits	11.5	12.4	12.5	13.4	15.1	16.0	17.3	17.2	18.0	18.2
16 **Total liabilities and capital**	**73.2**	**79.6**	**81.6**	**89.2**	**104.3**	**112.9**	**115.3**	**122.4**	**128.9**	**135.8**

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

1.54 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding July 31, 1979[1]	Changes in accounts receivable 1979 May	June	July	Extensions 1979 May	June	July	Repayments 1979 May	June	July
1 **Total**	**70,271**	**892**	**1,361**	**1,234**	**17,432**	**16,788**	**15,453**	**16,540**	**15,427**	**14,219**
2 Retail automotive (commercial vehicles)	15,482	17	−32	−25	1,167	1,116	1,118	1,150	1,148	1,143
3 Wholesale automotive	16,567	757	655	526	6,790	5,919	5,804	6,033	5,264	5,278
4 Retail paper on business, industrial and farm equipment	16,862	−95	449	31	1,084	1,075	1,171	1,179	626	1,202
5 Loans on commercial accounts receivable[2] 6 Factored commercial accounts receivable[2]	6,313	4	135	-91	6,191	6,097	5,004	6,187	6,232	5,095
7 All other business credit	14,847	209	424	855	2,200	2,581	2,356	1,991	2,157	1,501

1. Not seasonally adjusted.

2. Beginning January 1979 the categories "Loans on commercial accounts receivable" and "Factored commercial accounts receivable" are combined.

1.55 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1976	1977	1978	1979					
				Mar.	Apr.	May	June	July	Aug.
	Terms and yields in primary and secondary markets								
PRIMARY MARKETS									
Conventional mortgages on new homes									
Terms[1]									
1 Purchase price (thousands of dollars)	48.4	54.3	62.6	68.1	75.4	72.3	73.7	74.3	80.0
2 Amount of loan (thousands of dollars)	35.9	40.5	45.9	49.9	54.9	51.4	52.5	52.7	56.9
3 Loan/price ratio (percent)	74.2	76.3	75.3	75.4	75.1	73.2	73.5	73.0	73.1
4 Maturity (years)	27.2	27.9	28.0	28.5	29.0	28.2	28.4	28.1	28.1
5 Fees and charges (percent of loan amount)[2]	1.44	1.33	1.39	1.65	1.75	1.59	1.53	1.63	1.60
6 Contract rate (percent per annum)	8.76	8.80	9.30	10.02	10.06	10.20	10.39	10.49	10.73
Yield (percent per annum)									
7 FHLBB series[3]	8.99	9.01	9.54	10.30	10.36	10.47	10.66	10.78	11.01
8 HUD series[4]	8.99	8.95	9.68	10.35	10.55	10.80	10.90	10.95	11.10
SECONDARY MARKETS									
Yield (percent per annum)									
9 FHA mortgages (HUD series)[5]	8.82	8.68	9.70	10.19	n.a.	10.61	10.49	10.46	10.58
10 GNMA securities[6]	8.17	8.04	8.98	9.70	9.79	9.89	9.78	9.77	9.91
FNMA auctions[7]									
11 Government-underwritten loans	8.99	8.73	9.77	10.42	10.59	10.84	10.77	10.66	10.66
12 Conventional loans	9.11	8.98	10.01	10.94	11.03	11.35	11.57	11.52	11.52
	Activity in secondary markets								
FEDERAL NATIONAL MORTGAGE ASSOCIATION									
Mortgage holdings (end of period)									
13 Total	32,904	34,370	43,311	46,410	47,028	47,757	48,206	48,539	48,909
14 FHA-insured	18,916	18,457	21,243	22,601	22,773	23,008	23,204	23,378	23,526
15 VA-guaranteed	9,212	9,315	10,544	10,616	10,591	10,543	10,502	10,450	10,386
16 Conventional	4,776	6,597	11,524	13,193	13,664	14,206	14,500	14,710	14,997
Mortgage transactions (during period)									
17 Purchases	3,606	4,780	12,303	1,291	883	1,023	739	602	646
18 Sales	86	67	5	0	0	0	0	0	0
Mortgage commitments[8]									
19 Contracted (during period)	6,247	9,729	18,960	565	1,075	1,400	634	354	593
20 Outstanding (end of period)	3,398	4,698	9,201	6,573	6,656	6,862	6,476	5,912	5,692
Auction of 4-month commitments to buy									
Government-underwritten loans									
21 Offered[9]	4,929.8	7,974.1	12,978	508.4	1,322.7	426.3	219.9	133.2	162.3
22 Accepted	2,787.2	4,846.2	6,747.2	284.4	638.5	185.0	99.9	69.6	82.7
Conventional loans									
23 Offered[9]	2,595.7	5,675.2	9,933.0	144.9	661.9	458.6	357.5	93.5	245.9
24 Accepted	1,879.2	3,917.8	5,110.9	113.5	363.6	214.3	195.3	69.9	184.1
FEDERAL HOME LOAN MORTGAGE CORPORATION									
Mortgage holdings (end of period)[10]									
25 Total	4,269	3,276	3,064	3,510	3,377	3,310	3,334	3,487	3,568
26 FHA/VA	1,618	1,395	1,243	1,260	1,198	1,186	1,171	1,156	1,145
27 Conventional	2,651	1,881	1,822	2,250	2,180	2,124	2,163	2,331	2,423
Mortgage transactions (during period)									
28 Purchases	1,175	3,900	6,524	350	358	560	447	518	636
29 Sales	1,396	4,131	6,211	116	364	572	382	321	554
Mortgage commitments[11]									
30 Contracted (during period)	1,477	5,546	7,451	547	540	652	528	528	655
31 Outstanding (end of period)	333	1,063	1,410	1,342	1,487	1,541	1,590	1,572	1,536

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.
7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.
8. Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
9. Mortgage amounts offered by bidders are total bids received.
10. Includes participation as well as whole loans.
11. Includes conventional and government-underwritten loans.

1.56 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

	Type of holder, and type of property	1975	1976	1977	1978	1978		1979	
						Q3	Q4	Q1 r	Q2
1	**All holders**	**801,537**	**889,327**	**1,023,505**	**1,172,502**	**1,133,699**	**1,172,502**	**1,205,290**	**1,249,743**
2	1- to 4-family	490,761	556,557	656,566	761,905	734,740	761,905	784,299	814,976
3	Multifamily	100,601	104,516	111,841	122,004	119,442	122,004	124,003	125,984
4	Commercial	159,298	171,223	189,274	212,597	205,744	212,597	217,563	224,526
5	Farm	50,877	57,031	65,824	75,996	73,773	75,996	79,425	84,257
6	Major financial institutions	581,193	647,650	745,011	847,910	822,184	847,910	866,036	894,471
7	Commercial banks[1]	136,186	151,326	178,979	213,963	205,445	213,963	220,063	229,564
8	1- to 4-family	77,018	86,234	105,115	126,966	121,911	126,966	130,585	136,223
9	Multifamily	5,915	8,082	9,215	10,912	10,478	10,912	11,223	11,708
10	Commercial	46,882	50,289	56,898	67,056	64,386	67,056	68,968	71,945
11	Farm	6,371	6,721	7,751	9,029	8,670	9,029	9,287	9,688
12	Mutual savings banks	77,249	81,639	88,104	95,157	93,403	95,157	96,136	97,155
13	1- to 4-family	50,025	53,089	57,637	62,252	61,104	62,252	62,892	63,559
14	Multifamily	13,792	14,177	15,304	16,529	16,224	16,529	16,699	16,876
15	Commercial	13,373	14,313	15,110	16,319	16,019	16,319	16,488	16,663
16	Farm	59	60	53	57	56	57	57	58
17	Savings and loan associations	278,590	323,130	381,163	432,858	420,971	432,858	441,420	456,629
18	1- to 4-family	223,903	260,895	310,686	356,156	345,617	356,156	363,774	377,587
19	Multifamily	25,547	28,436	32,513	36,057	35,362	36,057	36,682	37,078
20	Commercial	29,140	33,799	37,964	40,645	39,992	40,645	40,964	41,964
21	Life insurance companies	89,168	91,555	96,765	105,932	102,365	105,932	108,417	111,123
22	1- to 4-family	17,590	16,088	14,727	14,449	14,189	14,449	14,507	14,489
23	Multifamily	19,629	19,178	18,807	19,026	18,803	19,026	19,080	19,102
24	Commercial	45,196	48,864	54,388	62,086	59,268	62,086	63,908	66,055
25	Farm	6,753	7,425	8,843	10,371	10,105	10,371	10,922	11,477
26	Federal and related agencies	66,891	66,753	70,006	81,853	78,672	81,853	86,689	90,095
27	Government National Mortgage Assn.	7,438	4,241	3,660	3,509	3,560	3,509	3,448	3,425
28	1- to 4-family	4,728	1,970	1,548	877	897	877	821	800
29	Multifamily	2,710	2,271	2,112	2,632	2,663	2,632	2,627	2,625
30	Farmers Home Administration	1,109	1,064	1,353	926	1,384	926	956	1,200
31	1- to 4-family	208	454	626	288	460	288	302	363
32	Multifamily	215	218	275	320	240	320	180	75
33	Commercial	190	72	149	101	251	101	283	278
34	Farm	496	320	303	217	433	217	191	484
35	Federal Housing and Veterans Admin.	4,970	5,150	5,212	5,419	5,295	5,419	5,522	5,597
36	1- to 4-family	1,990	1,676	1,627	1,641	1,565	1,641	1,693	1,744
37	Multifamily	2,980	3,474	3,585	3,778	3,730	3,778	3,829	3,853
38	Federal National Mortgage Association	31,824	32,904	34,369	43,311	41,189	43,311	46,410	48,206
39	1- to 4-family	25,813	26,934	28,504	37,579	35,437	37,579	40,702	42,543
40	Multifamily	6,011	5,970	5,865	5,732	5,752	5,732	5,708	5,663
41	Federal Land Banks	16,563	19,125	22,136	25,624	24,758	25,624	26,893	28,459
42	1- to 4-family	549	601	670	927	819	927	1,042	1,198
43	Farm	16,014	18,524	21,466	24,697	23,939	24,697	25,851	27,261
44	Federal Home Loan Mortgage Corp.	4,987	4,269	3,276	3,064	2.486	3,064	3,460	3,208
45	1- to 4-family	4,588	3,889	2,738	2,407	1.994	2,407	2,685	2,489
46	Multifamily	399	380	538	657	492	657	775	719
47	Mortgage pools or trusts[2]	34,138	49,801	70,289	88,633	82.730	88,633	94,551	100,599
48	Government National Mortgage Assn.	18,257	30,572	44,896	24,347	50,844	54,347	57,955	61,340
49	1- to 4-family	17,538	29,583	43,555	52,732	49,276	52,732	56,269	59,586
50	Multifamily	719	989	1,341	1,615	1,568	1,615	1,686	1,754
51	Federal Home Loan Mortgage Corp.	1,598	2,671	6,610	11,892	10,511	11,892	12,467	13,708
52	1- to 4-family	1,349	2,282	5,621	9,657	8,616	9,657	10,088	11,096
53	Multifamily	249	389	989	2,235	1,895	2,235	2,379	2,612
54	Farmers Home Administration	14,283	16,558	18,783	22,394	21,375	22,394	24,129	25,551
55	1- to 4-family	9,194	10,219	11,379	13,400	12,851	13,400	13,883	14,329
56	Multifamily	295	532	759	1,116	1,116	1,116	1,465	1,764
57	Commercial	1,948	2,440	2,945	3,560	3,369	3,560	3,660	3,833
58	Farm	2,846	3,367	3,682	4,318	4,039	4,318	5,121	5,625
59	Individuals and others[3]	119,315	125,123	138,199	154,106	150,113	154,106	158,014	164,578
60	1- to 4-family	56,268	62,643	72,115	82,574	80,004	82,574	85,056	88,970
61	Multifamily	22,140	20,420	20,538	21,395	21,119	21,395	21,670	22,155
62	Commercial	22,569	21,446	21,820	212,830	22,459	22,830	23,292	23,789
63	Farm	18,338	20,614	23,726	27,307	26,531	27,307	27,996	29,664

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 government sources, with some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

1.57 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1976	1977	1978	1979 Feb.	Mar.	Apr.	May	June	July	Aug.
	Amounts outstanding (end of period)									
1 **Total**	**193,977**	**230,829**	**275,629**	**276,019**	**278,453**	**282,575**	**287,315**	**291,856**	**295,052**	**299,813**
By major holder										
2 Commercial banks	93,728	112,373	136,189	136,671	137,445	139,843	142,102	144,035	145,169	147,312
3 Finance companies	38,919	44,868	54,298	55,929	56,991	58,334	59,635	60,996	62,463	63,362
4 Credit unions	31,169	37,605	45,939	45,661	46,301	46,322	46,832	47,478	47,772	48,631
5 Retailers[2]	19,260	23,490	24,876	23,246	22,929	23,097	23,421	23,672	23,713	24,114
6 Savings and loans	6,246	7,354	8,394	8,488	8,671	8,833	9,066	9,290	9,425	9,760
7 Gasoline companies	2,830	2,963	3,240	3,274	3,292	3,383	3,537	3,704	3,872	4,048
8 Mutual savings banks	1,825	2,176	2,693	2,750	2,824	2,763	2,722	2,681	2,638	2,586
By major type of credit										
9 Automobile	67,707	82,911	102,468	103,780	105,426	107,186	109,211	110,930	111,952	113,351
10 Commercial banks	39,621	49,577	60,564	61,053	61,742	62,866	63,891	64,480	64,826	65,389
11 Indirect paper	22,072	27,379	33,850	34,261	34,592	35,322	35,917	36,251	36,475	36,887
12 Direct loans	17,549	22,198	26,714	26,792	27,150	27,544	27,974	28,229	28,351	28,502
13 Credit unions	15,238	18,099	21,967	21,834	22,140	22,150	22,394	22,703	22,844	23,255
14 Finance companies	12,848	15,235	19,937	20,893	21,544	22,170	22,926	23,747	24,282	24,707
15 Revolving	17,189	39,274	47,051	45,586	45,240	45,781	46,489	47,458	47,894	49,270
16 Commercial banks	14,359	18,374	24,434	24,502	24,442	24,767	25,054	25,652	25,927	26,782
17 Retailers	....	17,937	19,377	17,810	17,506	17,631	17,898	18,102	18,095	18,440
18 Gasoline companies	2,830	2,963	3,240	3,274	3,292	3,383	3,537	3,704	3,872	4,048
19 Mobile home	14,573	15,141	16,042	16,008	16,092	16,198	16,453	16,607	16,719	16,972
20 Commercial banks	8,737	9,124	9,553	9,495	9,509	9,549	9,702	9,759	9,801	9,912
21 Finance companies	3,263	3,077	3,152	3,147	3,148	3,159	3,177	3,191	3,212	3,231
22 Savings and loans	2,241	2,538	2,848	2,880	2,942	2,997	3,076	3,152	3,198	3,312
23 Credit unions	332	402	489	486	493	493	498	505	508	517
24 Other	94,508	93,503	110,068	110,645	111,695	113,410	115,162	116,861	118,487	120,220
25 Commercial banks	31,011	35,298	41,638	41,621	41,752	42,661	43,455	44,144	44,615	45,229
26 Finance companies	22,808	26,556	31,209	31,889	32,299	33,005	33,532	34,058	34,969	35,424
27 Credit unions	15,599	19,104	23,483	23,341	23,668	23,679	23,940	24,270	24,420	24,859
28 Retailers	19,260	5,553	5,499	5,436	5,423	5,466	5,523	5,570	5,618	5,674
29 Savings and loans	4,005	4,816	5,546	5,608	5,729	5,836	5,990	6,138	6,227	6,448
30 Mutual savings banks	1,825	2,176	2,693	2,750	2,824	2,763	2,722	2,681	2,638	2,586
	Net change (during period)[3]									
31 **Total**	**21,647**	**35,278**	**44,810**	**3,563**	**3,625**	**4,105**	**3,306**	**2,558**	**2,443**	**2,446**
By major holder										
32 Commercial banks	10,792	18,645	23,813	1,630	1,465	2,117	1,665	984	662	866
33 Finance companies	2,946	5,948	9,430	1,460	1,228	1,378	893	913	1,185	549
34 Credit unions	5,503	6,436	8,334	402	528	139	124	144	342	391
35 Retailers[1]	1,059	2,654	1,386	−221	143	306	283	288	180	332
36 Savings and loans	1,085	1,111	1,041	86	173	158	280	240	120	253
37 Gasoline companies	124	132	276	68	20	73	96	39	2	116
38 Mutual savings banks	138	352	530	138	68	−66	−35	50	48	−61
By major type of credit										
39 Automobile	10,465	15,204	19,557	1,565	1,486	1,387	1,225	690	616	594
40 Commercial banks	6,334	9,956	10,987	739	617	740	633	123	72	172
41 Indirect paper	2,742	5,307	6,471	530	290	482	389	87	51	188
42 Direct loans	3,592	4,649	4,516	209	327	258	244	36	21	−16
43 Credit unions	2,497	2,861	3,868	190	245	64	60	45	183	177
44 Finance companies	1,634	2,387	4,702	636	624	583	532	522	361	245
45 Revolving	2,170	6,248	7,776	317	742	918	749	796	429	787
46 Commercial banks	2,046	4,015	6,060	492	588	605	418	494	303	365
47 Retailers	....	2,101	1,440	243	134	240	235	263	124	306
48 Gasoline companies	124	132	276	68	20	73	96	39	2	116
49 Mobile home	140	565	897	56	108	82	234	102	72	182
50 Commercial banks	70	387	426	15	31	21	125	12	17	59
51 Finance companies	−182	−189	74	9	11	6	13	14	11	13
52 Savings and loans	192	297	310	28	59	56	94	74	41	106
53 Credit unions	60	70	87	4	7	1	2	2	3	4
54 Other	8,872	13,261	16,580	1,625	1,289	1,718	1,098	970	1,326	883
55 Commercial banks	2,342	4,287	6,340	384	229	751	489	355	270	270
56 Finance companies	1,494	3,750	4,654	815	593	789	348	377	813	291
57 Credit unions	2,946	3,505	4,379	208	276	76	62	97	156	210
58 Retailers	1,059	553	−54	22	9	66	48	25	56	26
59 Savings and loans	893	814	731	58	114	102	186	166	79	147
60 Mutual savings banks	138	352	530	138	68	66	35	−50	48	61

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 \$64.3 billion at the end of 1978, \$58.6 billion at the end of 1977, \$54.8 billion at the end of 1976, and \$50.9 billion at the end of 1975. Comparable data for Dec. 31, 1979, will be published in the February 1980 BULLETIN.

1.58 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars

Holder, and type of credit	1976	1977	1978	1979 Feb.	Mar.	Apr.	May	June	July	Aug.
				Extensions[2]						
1 **Total**	**211,028**	**254,071**	**298,351**	**26,452**	**26,533**	**27,009**	**27,901**	**26,139**	**26,848**	**27,583**
By major holder										
2 Commercial banks	97,397	117,896	142,720	12,430	12,412	13,111	13,400	12,278	12,292	12,700
3 Finance companies	36,129	41,989	50,505	5,072	4,958	5,239	5,186	4,641	5,353	5,133
4 Credit unions	29,259	34,028	40,023	3,238	3,250	2,753	3,124	2,986	3,282	3,361
5 Retailers[1]	29,447	39,133	41,619	3,460	3,611	3,742	3,721	3,853	3,687	3,921
6 Savings and loans	3,898	4,485	5,050	468	583	559	723	682	592	728
7 Gasoline companies	13,387	14,617	16,125	1,486	1,493	1,505	1,613	1,589	1,525	1,640
8 Mutual savings banks	1,511	1,923	2,309	298	226	100	134	110	117	100
By major type of credit										
9 Automobile	63,743	75,641	88,987	7,756	7,794	7,999	8,260	7,178	7,447	7,667
10 Commercial banks	37,886	46,363	53,028	4,430	4,424	4,707	4,680	3,952	3,936	4,085
11 Indirect paper	20,576	25,149	29,336	2,472	2,449	2,635	2,684	2,146	2,151	2,276
12 Direct loans	17,310	21,214	23,692	1,958	1,975	2,072	1,996	1,806	1,785	1,809
13 Credit unions	14,688	16,616	19,486	1,624	1,587	1,415	1,566	1,485	1,611	1,661
14 Finance companies	11,169	12,662	16,473	1,702	1,783	1,877	2,014	1,741	1,900	1,921
15 Revolving	43,934	86,756	104,587	9,357	9,714	9,722	10,039	10,136	9,856	10,371
16 Commercial banks	30,547	38,256	51,531	4,860	5,024	4,923	5,154	5,166	5,078	5,280
17 Retailers	....	33,883	36,931	3,011	3,197	3,294	3,272	3,381	3,253	3,451
18 Gasoline companies	13,387	14,617	16,125	1,486	1,493	1,505	1,613	1,589	1,525	1,640
19 Mobile home	4,859	5,425	6,067	454	518	510	668	547	519	655
20 Commercial banks	3,064	3,466	3,704	295	296	304	411	304	297	362
21 Finance companies	702	643	886	60	63	59	58	59	71	67
22 Savings and loans	929	1,120	1,239	81	139	134	182	167	133	206
23 Credit unions	164	196	238	18	20	13	17	17	18	20
24 Other	98,492	86,249	98,710	8,885	8,507	8,778	8,934	8,278	9,026	8,890
25 Commercial banks	25,900	29,811	34,457	2,845	2,668	3,177	3,155	2,856	2,981	2,973
26 Finance companies	24,258	28,684	33,146	3,310	3,112	3,303	3,114	2,841	3,382	3,145
27 Credit unions	14,407	17,216	20,299	1,596	1,643	1,325	1,541	1,484	1,653	1,680
28 Retailers	29,447	5,250	4,688	449	414	448	449	472	434	470
29 Savings and loans	2,969	3,365	3,811	387	444	425	541	515	459	522
30 Mutual savings banks	1,511	1,923	2,309	298	226	100	134	110	117	100
				Liquidations[2]						
31 **Total**	**189,381**	**218,793**	**253,541**	**22,889**	**22,908**	**22,904**	**24,595**	**23,581**	**24,405**	**25,137**
By major holder										
32 Commercial banks	86,605	99,251	118,907	10,800	10,947	10,994	11,735	11,294	11,630	11,834
33 Finance companies	33,183	36,041	41,075	3,612	3,730	3,861	4,293	3,728	4,168	4,584
34 Credit unions	23,756	27,592	31,689	2,836	2,722	2,614	3,000	2,842	2,940	2,970
35 Retailers[1]	28,388	36,479	40,233	3,681	3,468	3,436	3,438	3,565	3,507	3,589
36 Savings and loans	2,813	3,374	4,009	382	410	401	443	442	472	475
37 Gasoline companies	13,263	14,485	15,849	1,418	1,473	1,432	1,517	1,550	1,523	1,524
38 Mutual savings banks	1,373	1,571	1,779	160	158	166	169	160	165	161
By major type of credit										
39 Automobile	53,278	60,437	69,430	6,191	6,308	6,612	7,035	6,488	6,831	7,073
40 Commercial banks	31,552	36,407	42,041	3,691	3,807	3,967	4,047	3,829	3,864	3,913
41 Indirect paper	17,834	19,842	22,865	1,942	2,159	2,153	2,295	2,059	2,100	2,088
42 Direct loans	13,718	16,565	19,176	1,749	1,648	1,814	1,752	1,770	1,764	1,825
43 Credit unions	12,191	13,755	15,618	1,434	1,342	1,351	1,506	1,440	1,428	1,484
44 Finance companies	9,535	10,275	11,771	1,066	1,159	1,294	1,482	1,219	1,539	1,676
45 Revolving	41,764	80,508	96,811	9,040	8,972	8,804	9,290	9,340	9,427	9,584
46 Commercial banks	28,501	34,241	45,471	4,368	4,436	4,318	4,736	4,672	4,775	4,915
47 Retailers	....	31,782	35,491	3,254	3,063	3,054	3,037	3,118	3,129	3,145
48 Gasoline companies	13,263	14,485	15,849	1,418	1,473	1,432	1,517	1,550	1,523	1,524
49 Mobile home	4,719	4,860	5,170	398	410	428	434	445	447	473
50 Commercial banks	2,994	3,079	3,278	280	265	283	286	292	280	303
51 Finance companies	884	832	812	51	52	53	45	45	60	54
52 Savings and loans	737	823	929	53	80	78	88	93	92	100
53 Credit unions	104	126	151	14	13	14	15	15	15	16
54 Other	89,620	72,988	82,130	7,260	7,218	7,060	7,836	7,308	7,700	8,007
55 Commercial banks	23,558	25,524	28,117	2,461	2,439	2,426	2,666	2,501	2,711	2,703
56 Finance companies	22,764	24,934	28,492	2,495	2,519	2,514	2,766	2,464	2,569	2,854
57 Credit unions	11,461	13,711	15,920	1,388	1,367	1,249	1,479	1,387	1,497	1,470
58 Retailers	28,388	4,697	4,742	427	405	382	401	447	378	444
59 Savings and loans	2,076	2,551	3,080	329	330	323	355	349	380	375
60 Mutual savings banks	1,373	1,571	1,779	160	158	166	169	160	165	161

[1] Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

[2] Monthly figures are seasonally adjusted.

1.59 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Transaction category, or sector	1973	1974	1975	1976	1977	1978	1976 H1	1976 H2	1977 H1	1977 H2	1978 H1	1978 H2
					Nonfinancial sectors							
1 **Total funds raised**	**203.1**	**191.3**	**210.8**	**271.9**	**338.5**	**400.3**	**270.6**	**273.2**	**298.4**	**378.7**	**383.9**	**416.8**
2 Excluding equities	195.4	187.4	200.7	261.1	335.4	398.2	257.0	265.2	297.2	373.6	386.5	410.0
By sector and instrument												
3 **U.S. government**	**8.3**	**11.8**	**85.4**	**69.0**	**56.8**	**53.7**	**79.4**	**58.7**	**46.3**	**67.2**	**61.4**	**46.0**
4 Treasury securities	7.9	12.0	85.8	69.1	57.6	55.1	79.3	59.0	46.9	68.4	62.4	47.9
5 Agency issues and mortgages	.4	.2	-.4	.1	-.9	-1.4	.1	-.3	-.6	-1.2	-.9	-1.9
6 **All other nonfinancial sectors**	**194.9**	**179.5**	**125.4**	**202.9**	**281.8**	**346.6**	**191.2**	**214.6**	**252.0**	**311.5**	**322.5**	**370.8**
7 Corporate equities	7.7	3.8	10.1	10.8	3.1	2.1	13.6	8.1	1.2	5.1	-2.6	6.8
8 Debt instruments	187.2	175.6	115.3	192.0	278.6	344.5	177.6	206.5	250.9	306.4	325.1	364.0
9 **Private domestic nonfinancial sectors**	**188.8**	**164.1**	**112.1**	**182.0**	**267.9**	**314.4**	**170.6**	**193.5**	**241.3**	**294.4**	**301.7**	**327.0**
10 Corporate equities	7.9	4.1	9.9	10.5	2.7	2.6	13.3	7.7	.5	4.9	-1.8	7.0
11 Debt instruments	180.9	160.0	102.1	171.5	265.1	311.8	157.2	185.8	240.8	289.5	303.5	320.0
12 Debt capital instruments	105.1	98.0	98.4	123.5	175.6	196.6	119.9	127.2	159.3	192.0	187.8	205.3
13 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	20.1	11.3	22.0	25.3	27.8	28.7
14 Corporate bonds	9.2	19.7	27.2	22.8	21.0	20.1	22.3	23.4	16.6	25.4	20.5	19.8
Mortgages												
15 Home	46.4	34.8	39.5	63.7	96.4	104.5	57.7	69.7	90.5	102.3	99.8	109.2
16 Multifamily residential	10.4	6.9	*	1.8	7.4	10.2	.6	3.1	6.4	8.4	9.3	11.2
17 Commercial	18.9	15.1	11.0	13.4	18.4	23.3	14.3	12.5	14.8	21.9	21.2	25.4
18 Farm	5.5	5.0	4.6	6.1	8.8	10.2	5.0	7.3	9.0	8.7	9.3	11.1
19 Other debt instruments	75.8	62.0	3.8	48.0	89.5	115.2	37.3	58.6	81.5	97.5	115.7	114.7
20 Consumer credit	26.0	9.9	9.7	25.6	40.6	50.6	23.6	27.6	36.6	44.5	50.1	51.0
21 Bank loans n.e.c.	37.1	31.7	-12.3	4.0	27.0	37.3	-3.7	11.6	26.2	27.8	42.5	32.0
22 Open market paper	2.5	6.6	2.6	4.0	2.9	5.2	5.7	2.3	3.4	2.4	5.3	5.1
23 Other	10.3	13.7	9.0	14.4	19.0	22.2	11.7	17.1	15.3	22.8	17.8	26.6
24 By borrowing sector	188.8	164.1	112.1	182.0	267.9	314.4	170.6	193.5	241.3	294.4	301.7	327.0
25 State and local governments	13.2	15.5	13.7	15.2	20.4	23.6	18.4	12.1	15.4	25.3	21.0	26.1
26 Households	80.1	51.2	49.5	90.7	139.9	162.6	82.9	98.5	130.0	149.9	156.2	169.0
27 Farm	9.6	8.0	8.8	10.9	14.7	18.1	10.1	11.7	16.3	13.2	15.2	20.9
28 Nonfarm noncorporate	13.0	7.7	2.0	5.4	12.5	15.7	3.4	7.5	12.6	12.5	16.8	14.5
29 Corporate	73.0	81.7	38.1	59.8	80.3	94.5	55.8	63.7	67.0	93.5	92.4	96.6
30 **Foreign**	**6.1**	**15.4**	**13.3**	**20.8**	**13.9**	**32.3**	**20.7**	**21.0**	**10.7**	**17.1**	**20.8**	**43.8**
31 Corporate equities	-.2	-.2	.2	.3	.4	-.5	.3	.3	.6	.2	-.8	-.2
32 Debt instruments	6.3	15.7	13.2	20.5	13.5	32.8	20.4	20.7	10.1	16.9	21.6	44.0
33 Bonds	1.0	2.1	6.2	8.6	5.1	4.0	7.4	9.7	4.4	5.7	5.0	3.0
34 Bank loans n.e.c.	2.7	4.7	3.9	6.8	3.1	18.3	8.5	5.0	-.1	6.3	9.4	27.1
35 Open market paper	.9	7.3	.3	1.9	2.4	6.6	1.5	2.4	2.7	2.2	3.6	9.6
36 U.S. government loans	1.7	1.6	2.8	3.3	3.0	3.9	2.9	3.6	3.1	2.9	3.6	4.2
					Financial sectors							
37 **Total funds raised**	**44.8**	**39.2**	**12.7**	**24.1**	**54.0**	**81.4**	**18.2**	**29.9**	**45.9**	**62.1**	**80.7**	**82.1**
By instrument												
38 U.S. government related	19.9	23.1	13.5	18.6	26.3	41.4	16.5	20.7	22.6	29.9	38.5	44.3
39 Sponsored credit agency securities	16.3	16.6	2.3	3.3	7.0	23.1	2.4	4.3	7.1	6.8	21.9	24.3
40 Mortgage pool securities	3.6	5.8	10.3	15.7	20.5	18.3	14.2	17.2	17.9	23.1	16.6	20.1
41 Loans from U.S. government	0	.7	.9	-.4	-1.2	0	*	-.7	-2.3	0	0	0
42 Private financial sectors	24.9	16.2	-.8	5.5	27.7	40.0	1.7	9.3	23.2	32.2	42.2	37.8
43 Corporate equities	1.5	.3	.6	1.0	.9	1.7	-.2	2.3	.9	.8	2.2	1.1
44 Debt instruments	23.4	15.9	-1.4	4.4	26.9	38.3	1.9	7.0	22.3	31.4	40.0	36.7
45 Corporate bonds	3.5	2.1	2.9	5.8	10.1	7.5	6.0	5.7	9.5	10.7	8.5	6.4
46 Mortgages	1.2	-1.3	2.3	2.1	3.1	.9	1.4	2.8	3.1	3.0	2.1	-.3
47 Bank loans n.e.c.	9.0	4.6	-3.7	-3.7	-.3	2.8	-2.5	-4.9	-2.3	1.8	2.6	3.1
48 Open market paper and RPs	4.9	3.8	1.1	2.2	9.6	14.6	-1.0	5.4	9.2	10.1	13.5	15.7
49 Loans from FHLBs	7.2	6.7	-4.0	-2.0	4.3	12.5	-1.9	-2.0	2.9	5.8	13.2	11.8
By sector												
50 Sponsored credit agencies	16.3	17.3	3.2	2.9	5.8	23.1	2.3	3.5	4.7	6.8	21.9	24.3
51 Mortgage pools	3.6	5.8	10.3	15.7	20.5	18.3	14.2	17.2	17.9	23.1	16.6	20.1
52 Private financial sectors	24.9	16.2	-.8	5.5	27.7	40.0	1.7	9.3	23.2	32.2	42.2	37.8
53 Commercial banks	1.2	1.2	1.2	2.3	1.1	1.3	2.4	2.1	.8	1.5	1.5	1.1
54 Bank affiliates	2.2	3.5	.3	-.8	1.3	6.7	-1.3	-.3	1.3	1.2	5.8	7.6
55 Savings and loan associations	6.0	4.8	-2.3	.1	9.9	14.3	-.3	.4	8.2	11.7	16.4	12.2
56 Other insurance companies	.5	.9	1.0	.9	.9	1.1	.9	.9	.9	1.0	1.0	1.1
57 Finance companies	9.5	6.0	.5	6.4	17.6	18.6	4.4	8.5	15.0	20.2	18.9	18.2
58 REITs	6.5	.6	-1.4	-2.4	-2.2	-1.0	-2.1	-2.7	-2.4	-2.0	-1.0	-1.0
59 Open-end investment companies	-1.2	-.7	-.1	-1.0	-.9	-1.0	-2.4	.4	-.6	-1.3	-.5	-1.5
					All sectors							
60 **Total funds raised, by instrument**	**248.0**	**230.5**	**223.5**	**296.0**	**392.5**	**481.7**	**288.8**	**303.2**	**344.3**	**440.8**	**464.6**	**498.9**
61 Investment company shares	-1.2	-.7	-.1	-1.0	-.9	-1.0	-2.4	.4	-.6	-1.3	-.5	-1.5
62 Other corporate equities	10.4	4.8	10.8	12.9	4.9	4.7	15.8	9.9	2.6	7.2	.1	9.4
63 Debt instruments	238.8	226.4	212.8	284.1	388.5	478.0	275.4	292.8	342.2	434.9	465.0	491.0
64 U.S. government securities	28.3	34.3	98.2	88.1	84.3	95.2	96.0	80.2	71.4	97.2	100.0	90.4
65 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	20.1	11.3	22.0	25.3	27.8	28.7
66 Corporate and foreign bonds	13.6	23.9	36.4	37.2	36.1	31.6	35.7	38.7	30.6	41.7	34.0	29.2
67 Mortgages	79.9	60.5	57.2	87.1	134.0	149.0	78.8	95.3	123.7	144.2	141.6	156.4
68 Consumer credit	26.0	9.9	9.7	25.6	40.6	50.6	23.6	27.6	36.6	44.5	50.1	51.0
69 Bank loans n.e.c.	48.8	41.0	-12.2	7.0	29.8	58.4	2.3	11.7	23.7	35.8	54.5	62.2
70 Open market paper and RPs	8.3	17.7	-1.2	8.1	15.0	26.4	6.2	10.1	15.3	14.6	22.4	30.4
71 Other loans	19.1	22.7	8.7	15.3	25.2	38.6	12.6	18.0	18.9	31.4	34.6	42.6

1.60 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; quarterly data are at seasonally adjusted annual rates.

Transaction category, or sector	1973	1974	1975	1976	1977	1978	1976 H1	1976 H2	1977 H1	1977 H2	1978 H1	1978 H2
1 **Total funds advanced in credit markets to nonfinancial sectors**	**195.4**	**187.4**	**200.7**	**261.1**	**335.4**	**398.2**	**257.0**	**265.2**	**297.2**	**373.6**	**386.5**	**410.0**
By public agencies and foreign												
2 Total net advances	31.8	53.7	44.6	54.3	85.1	109.7	46.0	62.5	61.8	108.4	102.4	116.9
3 U.S. government securities	9.5	11.9	22.5	26.8	40.2	43.9	21.4	32.2	23.9	56.5	43.6	44.1
4 Residential mortgages	8.2	14.7	16.2	12.8	20.4	26.5	10.7	14.9	18.4	22.5	22.2	30.7
5 FHLB advances to S&Ls	7.2	6.7	-4.0	-2.0	4.3	12.5	-1.9	-2.0	2.9	5.8	13.2	11.8
6 Other loans and securities	6.9	20.5	9.8	16.6	20.2	26.9	15.8	17.5	16.7	23.7	23.4	30.3
Totals advanced, by sector												
7 U.S. government	2.8	9.8	15.1	8.9	11.8	20.4	5.8	12.0	5.4	18.3	19.4	21.5
8 Sponsored credit agencies	19.1	26.5	14.8	20.3	26.8	44.6	18.5	22.2	21.6	32.0	39.4	49.8
9 Monetary authorities	9.2	6.2	8.5	9.8	7.1	7.0	12.0	7.7	8.2	6.1	13.3	.6
10 Foreign	.6	11.2	6.1	15.2	39.4	37.7	9.8	20.6	26.6	52.1	30.4	45.1
11 Agency borrowing not included in line 1	19.9	23.1	13.5	18.6	26.3	41.4	16.5	20.7	22.6	29.9	38.5	44.3
Private domestic funds advanced												
12 Total net advances	183.6	156.8	169.7	225.4	276.5	330.0	227.5	223.3	258.0	295.1	322.5	337.4
13 U.S. government securities	18.8	22.4	75.7	61.3	44.1	51.3	74.6	48.0	47.6	40.7	56.4	46.3
14 State and local obligations	14.7	16.5	16.1	15.7	23.7	28.3	20.1	11.3	22.0	25.3	27.8	28.7
15 Corporate and foreign bonds	10.0	20.9	32.8	30.5	22.5	22.5	28.8	32.3	18.0	27.0	23.9	21.1
16 Residential mortgages	48.4	26.9	23.2	52.7	83.3	88.2	47.5	57.8	78.4	88.1	86.8	89.6
17 Other mortgages and loans	98.8	76.8	17.9	63.3	107.3	152.2	54.6	72.0	94.9	119.7	140.8	163.5
18 LESS: FHLB advances	7.2	6.7	-4.0	-2.0	4.3	12.5	-1.9	-2.0	2.9	5.8	13.2	11.8
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	161.3	125.5	122.5	190.3	255.9	296.9	176.9	203.8	242.4	269.3	301.0	292.8
20 Commercial banking	84.6	66.6	29.4	59.6	87.6	128.7	47.8	71.5	79.1	96.1	131.8	125.7
21 Savings institutions	35.1	24.2	53.5	70.8	82.0	75.9	72.8	68.8	82.5	81.5	75.8	75.9
22 Insurance and pension funds	23.7	29.8	40.6	49.9	67.9	73.5	51.8	47.9	65.2	70.6	76.9	70.2
23 Other finance	17.9	4.8	-1.0	10.0	18.4	18.7	4.6	15.5	15.7	21.1	16.6	20.9
24 Sources of funds	161.3	125.5	122.5	190.3	255.9	296.9	176.9	203.8	242.4	269.3	301.0	292.8
25 Private domestic deposits	97.3	67.5	92.0	124.6	141.2	142.5	118.2	131.0	141.4	141.1	138.6	146.4
26 Credit market borrowing	23.4	15.9	-1.4	4.4	26.9	38.3	1.9	7.0	22.3	31.4	40.0	36.7
27 Other sources	40.6	42.1	32.0	61.3	87.8	116.0	56.8	65.8	78.7	96.9	122.5	109.6
28 Foreign funds	3.0	10.3	-8.7	-4.6	1.2	6.3	-6.3	-2.8	1.6	.8	5.7	6.9
29 Treasury balances	-1.0	-5.1	-1.7	-.1	4.3	6.8	4.1	-4.3	1.2	7.4	2.0	11.6
30 Insurance and pension reserves	18.4	26.2	29.7	34.5	49.4	62.7	35.8	33.2	45.3	53.4	66.2	59.2
31 Other, net	20.2	10.6	12.7	31.4	32.9	40.3	23.2	39.7	30.7	35.2	48.6	32.0
Private domestic nonfinancial investors												
32 Direct lending in credit markets	45.7	47.2	45.8	39.5	47.5	71.4	52.5	26.6	37.9	57.1	61.5	81.3
33 U.S. government securities	18.8	18.9	24.1	16.1	23.0	33.2	26.7	5.6	18.3	27.8	32.4	34.1
34 State and local obligations	5.4	9.3	8.4	3.8	2.6	4.5	8.7	-1.0	-.9	6.0	7.1	2.0
35 Corporate and foreign bonds	2.0	5.1	8.4	5.8	-3.3	-1.4	4.5	7.1	-.7	5.9	-3.9	1.2
36 Commercial paper	9.8	5.8	-1.3	1.9	9.5	16.3	1.9	1.9	8.0	11.0	8.5	24.1
37 Other	9.7	8.0	6.2	11.8	15.7	18.7	10.7	13.0	13.2	18.2	17.5	20.0
38 Deposits and currency	101.2	73.8	98.1	131.9	149.5	151.8	124.3	139.5	147.2	151.8	149.0	154.6
39 Security RPs	11.0	-2.2	.2	2.3	2.2	7.5	1.5	3.2	4.3	.2	9.8	5.1
40 Money market fund shares	......	2.4	1.3	*	.2	6.9	-.5	.5	-.5	.9	6.1	7.7
41 Time and savings accounts	75.7	65.4	84.0	113.5	121.0	115.2	105.3	121.6	117.6	124.4	110.8	119.6
42 Large negotiable CDs	17.8	18.4	-14.3	-13.6	9.0	10.8	-19.3	-7.8	-4.5	22.6	10.1	11.4
43 Other at commercial banks	29.5	25.3	38.8	57.9	43.0	43.3	57.3	58.6	51.4	34.6	42.3	44.4
44 At savings institutions	28.5	21.8	59.4	69.1	69.0	61.1	67.4	70.8	70.8	67.2	58.5	63.8
45 Money	14.5	8.2	12.6	16.1	26.1	22.2	18.0	14.2	25.8	26.4	22.2	22.1
46 Demand deposits	10.6	1.9	6.4	8.8	17.8	12.9	12.0	5.7	20.0	15.7	11.8	14.0
47 Currency	3.9	6.3	6.2	7.3	8.3	9.3	6.1	8.6	5.8	10.7	10.5	8.1
48 **Total of credit market instruments, deposits and currency**	**146.9**	**121.0**	**143.9**	**171.4**	**197.0**	**223.2**	**176.8**	**166.1**	**185.2**	**208.9**	**210.5**	**235.9**
49 Public support rate (in percent)	16.3	28.7	22.2	20.8	25.4	27.5	17.9	23.6	20.8	29.0	26.5	28.5
50 Private financial intermediation (in percent)	87.9	80.0	72.2	84.4	92.5	90.0	77.8	91.2	94.0	91.3	93.3	86.8
51 Total foreign funds	3.6	21.5	-2.6	10.6	40.5	44.0	3.5	17.8	28.2	52.9	36.1	52.0
MEMO: Corporate equities not included above												
52 **Total net issues**	9.2	**4.1**	**10.7**	**11.9**	**4.0**	3.7	**13.4**	**10.3**	2.1	5.9	-.4	7.9
53 Mutual fund shares	-1.2	-.7	-.1	-1.0	-.9	-1.0	-2.4	.4	-.6	-1.3	-.5	-1.5
54 Other equities	10.4	4.8	10.8	12.9	4.9	4.7	15.8	9.9	2.6	7.2	.1	9.4
55 Acquisitions by financial institutions	13.1	5.8	9.6	12.3	7.4	7.6	12.7	11.8	6.8	8.1	.4	14.7
56 Other net purchases	-3.9	-1.7	1.1	-.4	-3.4	-3.8	.7	-1.5	-4.7	-2.2	-.8	-6.8

NOTES BY LINE NUMBER.
1. Line 2 of p. A-44.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities. Included below in lines 3, 13, and 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Sum of lines 39 and 44.
26. *Excludes equity issues and investment company shares.* Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33–37. Lines 13–17 less amounts acquired by private finance. Line 37 includes mortgages.
45. Mainly an offset to line 9.
46. Lines 32 plus 38, or line 12 less line 27 plus line 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Sum of lines 10 and 28.
50, 52. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1976	1977	1978	1979 Feb.	Mar.	Apr.	May	June r	July r	Aug. r	Sept.
1 **Industrial production**[1]	**130.5**	**138.2**	**146.1**	**152.0**	**153.0**	**150.8**	**152.4**	**152.6**	**152.8**	**151.5**	**152.3**
Market groupings											
2 Products, total	129.7	137.9	144.8	149.9	150.8	148.4	150.3	150.2	149.9	148.6	149.7
3 Final, total	127.6	135.9	142.2	146.8	148.2	145.4	147.8	147.6	147.4	145.7	147.1
4 Consumer goods	137.1	145.3	149.1	151.5	152.9	149.1	152.0	151.8	151.1	148.4	149.9
5 Equipment	114.6	123.0	132.8	140.4	141.7	140.4	141.9	141.9	142.2	142.0	143.1
6 Intermediate	137.2	145.1	154.1	161.4	160.4	159.7	159.5	159.5	159.3	159.4	159.4
7 Materials	131.7	138.6	148.3	155.2	156.3	154.5	155.7	156.5	157.2	156.0	156.2
Industry groupings											
8 Manufacturing	130.3	138.4	146.8	153.3	154.5	151.6	153.8	153.9	154.0	152.3	153.2
Capacity utilization (percent)[1,2]											
9 Manufacturing	79.5	81.9	84.4	86.7	87.1	85.3	86.3	86.2	86.0	84.8	85.1
10 Industrial materials industries	81.1	82.7	85.6	87.8	88.3	86.9	87.4	87.5	87.7	86.8	86.7
Construction contracts[3]	190.2	160.5	174.3	231.0	186.0	202.0	178.0	177.0	165.0	164.0	n.a.
12 **Nonagricultural employment, total**[4]	**120.7**	**r125.3**	**r131.4**	**r134.8**	**r135.3**	**r135.3**	**r135.9**	**136.2**	**136.3**	**136.3**	**136.5**
13 Goods-producing, total	100.2	r104.5	r109.8	r113.5	r114.2	r114.0	r114.3	114.4	114.7	114.1	114.2
14 Manufacturing, total	97.7	r101.2	r105.3	r108.1	r108.4	r108.3	r108.3	108.3	108.4	107.8	107.9
15 Manufacturing, production-worker	95.3	r98.8	r102.8	r105.7	r105.9	r105.8	r105.6	105.5	105.5	104.6	104.8
16 Service-producing	131.9	r136.7	r143.2	r146.5	r146.9	r147.0	r147.7	148.1	148.2	148.5	148.8
17 **Personal income, total**[5]	**220.5**	**244.4**	**274.1**	**295.5**	**298.8**	**300.1**	**r301.9**	**304.0**	**308.0**	**309.3**	n.a.
18 Wages and salary disbursements	208.2	230.2	258.1	278.0	281.2	282.1	r283.2	285.5	287.5	288.4	n.a.
19 Manufacturing	177.0	198.3	222.4	242.3	244.7	244.1	r244.8	245.9	247.5	246.2	n.a.
20 Disposable personal income	176.8	194.8	217.7	234.7	....	....	r239.1	....	....	n.a.	....
21 Retail sales[6]	203.5	224.4	248.0	271.8	275.3	272.7	274.8	274.4	276.5	285.1	291.4
Prices[7]											
22 Consumer	170.5	181.5	195.4	207.1	209.1	211.5	214.1	216.6	218.9	221.1	n.a.
23 Producer finished goods	170.3	180.6	194.6	207.7	209.1	211.4	212.4	213.4	215.8	217.3	n.a.

1. The industrial production and capacity utilization series have been revised. For a description of the changes see the August 1979 BULLETIN, pp. 603–07.
2. Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.
3. Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Informations Systems Company, F. W. Dodge Division.
4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.
5. Based on data in *Survey of Current Business* (U.S. Department of Commerce). Series for disposable income is quarterly.
6. Based on Bureau of Census data published in *Survey of Current Business* (U.S. Department of Commerce).
7. Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Department of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

NOTE. Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business* (U.S. Department of Commerce).
Figures for industrial production for the last two months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION▲

Seasonally adjusted

Series	Output (1967 = 100) 1978 Q4	1979 Q1	1979 Q2 r	1979 Q3	Capacity (percent of 1967 output) 1978 Q4	1979 Q1	1979 Q2	1979 Q3	Utilization rate (percent) 1978 Q4	1979 Q1	1979 Q2 r	1979 Q3
1 **Manufacturing**	**151.7**	**153.4**	**153.1**	**153.2**	**175.6**	**176.9**	**178.2**	**179.5**	**86.4**	**86.7**	**85.9**	**85.3**
2 Primary processing	162.2	162.1	161.9	163.2	181.2	182.7	184.2	185.7	89.5	88.7	87.9	87.9
3 Advanced processing	146.1	148.7	148.5	147.9	172.7	173.8	175.0	176.2	84.6	85.6	84.8	84.0
4 **Materials**	**154.6**	**155.5**	**155.6**	**156.5**	**175.4**	**176.8**	**178.1**	**179.8**	**88.2**	**88.0**	**87.3**	**87.0**
5 Durable goods	157.3	158.4	157.7	158.1	180.1	181.5	183.0	184.6	87.4	87.3	86.2	85.7
6 Metal materials	132.2	124.7	124.3	n.a.	139.6	139.8	140.3	n.a.	94.7	89.1	88.5	n.a.
7 Nondurable goods	170.3	172.2	173.4	175.4	190.2	191.9	193.7	195.7	89.6	89.7	89.5	89.6
8 Textile, paper, and chemical	177.1	179.1	181.3	183.8	197.9	199.6	201.5	203.8	89.5	89.7	89.9	90.2
9 Textile	119.5	118.2	119.6	n.a.	136.6	136.9	137.3	n.a.	87.5	86.3	87.1	n.a.
10 Paper	138.1	136.9	140.7	n.a.	147.8	148.7	149.9	n.a.	93.4	92.0	93.9	n.a.
11 Chemical	218.0	222.7	224.8	n.a.	244.6	247.4	250.6	n.a.	89.1	90.0	89.7	n.a.
12 Energy	128.9	127.9	128.1	129.2	145.7	146.7	147.5	148.3	88.5	87.2	86.9	87.1

▲ The capacity utilization series has been revised. For a description of the changes, see the August 1979 BULLETIN, pp. 606–07.

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1976	1977	1978	1979 Mar.	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.	1979 Sept.
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population**[1]	**156,048**	**158,559**	**161,058**	**162,909**	**163,008**	**163,260**	**163,469**	**163,685**	**163,891**	**164,106**
2 Labor force (including Armed Forces)[1]	96,917	99,534	102,537	104,804	104,193	104,325	104,604	105,141	105,139	105,590
3 Civilian labor force	94,773	97,401	100,420	102,714	102,111	102,247	102,528	103,059	103,049	103,498
Employment										
4 Nonagricultural industries[2]	84,188	87,302	91,031	93,499	92,987	93,134	93,494	93,949	93,578	94,113
5 Agriculture	3,297	3,244	3,342	3,343	3,186	3,184	3,260	3,262	3,322	3,400
Unemployment										
6 Number	7,288	6,855	6,047	5,871	5,937	5,929	5,774	5,848	6,149	5,985
7 Rate (percent of civilian labor force)	7.7	7.0	6.0	5.7	5.8	5.8	5.6	5.7	6.0	5.8
8 Not in labor force	59,130	59,025	58,521	58,105	58,815	58,935	59,865	58,545	58,752	58,515
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment**[3]	**79,382**	**r82,423**	**r86,446**	**r89,039**	**r89,036**	**r89,398**	**r89,626**	**r89,713**	**r89,718**	**89,853**
10 Manufacturing	18,997	r19,682	r20,476	r21,073	r21,066	r21,059	r21,063	r21,079	r20,962	20,986
11 Mining	779	r813	r851	r940	r940	r944	r949	r956	r965	974
12 Contract construction	3,576	r3,851	r4,271	r4,614	r4,559	r4,648	r4,662	r4,688	r4,668	4,655
13 Transportation and public utilities	4,582	r4,713	r4,927	r5,116	r5,024	r5,130	r5,190	r5,169	r5,190	5,169
14 Trade	17,755	r18,516	r19,499	r20,054	r20,088	r20,129	r20,116	r20,122	r20,112	20,164
15 Finance	4,271	r4,467	r4,727	r4,899	r4,915	r4,936	r4,958	r4,972	r5,005	5,018
16 Service	14,551	r15,303	r16,220	r16,833	r16,880	r16,954	r17,051	r17,092	r17,147	17,245
17 Government	14,871	r15,079	r15,476	r15,510	r15,564	r15,598	r15,637	r15,635	r15,669	15,642

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2. Includes self-employed, unpaid family, and domestic service workers.

3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value▲

Monthly data are seasonally adjusted.

Grouping	1967 proportion	1978 average	1978 July	1978 Aug.	1978 Sept.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.p	1979 Sept.e
		Index (1967 = 100)												
MAJOR MARKET														
1 Total index	100.00	146.1	147.1	148.0	148.6	151.5	152.0	153.0	150.8	152.4	152.6	152.8	151.5	152.3
2 Products	60.71	144.8	145.6	146.6	146.9	149.2	149.9	150.8	148.4	150.3	150.2	149.9	148.6	149.7
3 Final products	47.82	142.2	143.2	144.2	144.5	146.1	146.8	148.2	145.4	147.8	147.6	147.4	145.7	147.1
4 Consumer goods	27.68	149.1	149.8	150.6	150.8	150.6	151.5	152.9	149.1	152.0	151.8	151.1	148.4	149.9
5 Equipment	20.14	132.8	134.0	135.3	135.9	139.9	140.4	141.7	140.4	141.9	141.9	142.2	142.0	143.1
6 Intermediate products	12.89	154.1	154.7	155.6	155.6	160.8	161.4	160.4	159.7	159.5	159.5	159.3	159.4	159.4
7 Materials	39.29	148.3	149.3	150.2	151.2	155.0	155.2	156.3	154.5	155.7	156.5	157.2	156.0	156.2
Consumer goods														
8 Durable consumer goods	7.89	159.2	162.1	161.5	160.5	160.4	161.1	163.6	151.6	160.5	158.6	157.0	147.5	152.2
9 Automotive products	2.83	179.9	183.8	183.5	179.5	181.4	179.3	186.8	163.0	182.7	175.9	169.8	147.5	158.9
10 Autos and utility vehicles	2.03	172.5	176.7	174.9	170.0	173.2	170.3	178.8	147.4	176.3	167.4	155.6	125.6	141.3
11 Autos	1.90	148.6	152.7	150.2	144.2	145.8	144.9	153.8	128.6	153.1	148.0	141.8	118.5	128.5
12 Auto parts and allied goods	80	198.5	201.9	205.5	203.7	202.2	202.2	207.2	202.7	199.0	197.5	205.9	203.2	203.6
13 Home goods	5.06	147.7	150.0	149.2	149.9	148.6	150.9	150.6	145.2	148.1	148.8	149.8	147.5	148.4
14 Appliances, A/C, and TV	1.40	133.3	138.8	132.4	136.2	124.0	129.8	128.4	115.6	128.4	129.3	129.7	121.0	123.5
15 Appliances and TV	1.33	135.4	141.3	133.1	137.5	124.8	131.4	130.3	116.5	130.2	131.2	131.6	124.4	......
16 Carpeting and furniture	1.07	164.2	168.2	167.1	167.9	170.7	171.8	173.5	170.7	170.2	170.6	171.9	171.0	......
17 Miscellaneous home goods	2.59	148.6	148.6	150.9	149.9	152.8	153.7	153.2	150.8	149.6	150.5	151.6	152.2	152.4
18 Nondurable consumer goods	19.79	145.1	144.9	146.3	147.0	146.7	147.7	148.6	148.0	148.7	149.1	148.7	148.8	149.1
19 Clothing	4.29	131.1	130.4	133.3	135.0	130.1	130.7	130.9	127.7	128.6	130.7	126.9	......	......
20 Consumer staples	15.50	148.9	148.9	149.9	150.3	151.3	152.4	153.6	153.7	154.2	154.2	154.8	154.6	155.2
21 Consumer foods and tobacco	8.33	140.6	141.1	141.9	141.4	141.8	142.4	145.1	145.2	145.7	146.2	147.4	146.7	......
22 Nonfood staples	7.17	158.5	158.0	159.2	160.6	162.4	164.0	163.4	163.5	164.1	163.5	163.3	163.8	164.1
23 Consumer chemical products	2.63	192.7	193.3	194.1	196.1	200.3	203.1	202.8	201.6	205.2	205.9	206.1	207.0	......
24 Consumer paper products	1.92	118.4	117.8	118.4	119.8	119.2	122.7	121.4	120.9	121.3	121.1	119.9	120.7	......
25 Consumer energy products	2.62	153.6	152.3	154.0	155.0	156.0	155.2	154.7	156.4	154.3	152.0	152.2	152.2	......
26 Residential utilities	1.45	162.1	161.7	161.7	162.2	166.2	167.7	167.9	169.1	167.8	162.3	......	......	......
Equipment														
27 Business	12.63	160.3	161.7	163.4	163.8	168.1	169.0	170.8	168.7	171.4	171.5	171.4	171.0	172.4
28 Industrial	6.77	145.8	147.0	148.0	147.6	151.4	152.5	152.8	150.4	151.8	152.0	151.5	151.9	153.3
29 Building and mining	1.44	207.3	210.3	209.0	208.4	208.8	207.9	205.2	204.2	203.7	205.3	207.4	210.9	211.3
30 Manufacturing	3.85	121.2	121.4	123.2	122.8	127.4	129.1	130.3	128.0	130.1	130.1	130.3	131.0	131.4
31 Power	1.47	149.4	151.7	153.3	153.0	157.8	159.1	160.2	156.0	157.7	156.8	152.0	148.9	153.7
32 Commercial transit, farm	5.86	177.2	178.8	181.2	182.5	187.4	188.1	191.6	189.9	193.9	194.0	194.5	193.0	194.4
33 Commercial	3.26	212.0	214.4	215.3	217.6	220.8	221.2	224.4	223.0	224.9	226.4	227.0	229.0	229.9
34 Transit	1.93	133.8	134.7	139.2	139.5	146.8	146.6	150.5	148.8	156.7	155.3	155.0	147.7	151.0
35 Farm	67	132.8	132.4	136.0	135.7	142.0	146.9	150.0	147.7	150.8	148.1	150.0	148.0	......
36 Defense and space	7.51	86.5	87.5	87.9	89.0	92.4	92.4	92.9	92.9	92.5	92.3	93.3	93.4	94.0
Intermediate products														
37 Construction supplies	6.42	151.7	152.4	153.8	153.5	159.1	159.3	157.1	156.0	156.4	156.3	156.4	156.2	156.3
38 Business supplies	6.47	156.5	156.9	157.4	157.7	162.5	163.6	163.8	163.2	162.5	162.6	162.2	162.7	......
39 Commercial energy products	1.14	168.2	167.8	169.5	170.2	173.6	173.7	173.5	174.6	172.6	169.4	169.3	169.6	......
Materials														
40 Durable goods materials	20.35	149.0	150.5	151.9	153.4	158.1	158.0	159.2	155.7	157.9	159.5	159.9	157.1	157.3
41 Durable consumer parts	4.58	140.8	142.3	142.1	145.1	148.5	146.0	145.8	136.9	142.5	141.8	136.8	129.0	131.0
42 Equipment parts	5.44	166.5	169.4	168.8	170.7	182.2	184.4	186.8	187.0	188.0	191.0	192.1	190.0	190.7
43 Durable materials n.e.c.	10.34	143.3	144.2	147.3	148.0	149.7	149.4	150.6	147.7	149.0	150.8	153.2	152.2	151.4
44 Basic metal materials	5.57	121.2	122.1	126.5	127.0	124.4	124.1	126.7	123.2	122.9	126.1	129.0	127.6	......
45 Nondurable goods materials	10.47	165.6	164.5	165.3	167.8	171.0	172.4	173.1	173.0	173.8	173.4	175.2	175.2	175.9
46 Textile, paper, and chemical materials	7.62	171.8	171.3	170.7	174.6	177.5	179.6	180.1	180.7	181.5	181.7	183.4	183.6	184.4
47 Textile materials	1.85	116.9	115.5	115.6	116.8	118.3	117.4	119.0	117.0	118.8	122.9	122.4	120.7	......
48 Paper materials	1.62	137.0	134.6	130.0	137.7	133.3	137.4	139.9	140.8	140.1	141.1	145.2	143.9	......
49 Chemical materials	4.15	210.0	210.7	211.2	214.9	221.2	223.9	223.0	224.7	225.7	223.9	225.6	227.2	......
50 Containers, nondurable	1.70	159.8	154.2	162.6	160.7	167.8	165.8	167.3	162.0	163.3	159.2	163.1	162.6	......
51 Nondurable materials n.e.c.	1.14	132.7	134.2	133.7	132.5	132.5	134.1	135.6	138.2	138.4	139.0	138.2	137.9	......
52 Energy materials	8.48	125.3	127.7	127.5	125.6	127.8	127.1	128.7	128.4	127.7	128.3	128.6	129.6	129.4
53 Primary energy	4.65	112.6	116.5	115.6	111.5	111.9	110.6	114.6	113.0	111.7	112.4	112.6	114.0	......
54 Converted fuel materials	3.82	140.8	141.5	141.9	142.7	147.0	147.2	145.9	147.1	147.2	147.6	148.0	148.5	......
Supplementary groups														
55 Home goods and clothing	9.35	140.0	141.0	141.9	143.0	140.1	141.6	141.6	137.2	139.1	140.5	139.3	138.4	138.6
56 Energy, total	12.23	135.4	136.7	137.1	136.0	138.1	137.5	138.4	138.7	137.6	137.2	137.4	138.1	138.1
57 Products	3.76	158.0	157.0	158.7	159.6	161.4	160.8	160.3	161.9	159.9	157.3	157.4	157.5	......
58 Materials	8.48	125.3	127.7	127.5	125.6	127.8	127.1	128.7	128.4	127.7	128.3	128.6	129.6	129.4

For notes see opposite page.

2.13 Continued

Grouping	SIC code	1967 pro-portion	1978 aver-age[p]	1978 July	1978 Aug.	1978 Sept.	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.[p]	1979 Sept.[e]
			Index (1967 = 100)												
MAJOR INDUSTRY															
1 Mining and utilities	......	12.05	141.7	143.6	143.2	142.6	143.9	143.0	143.5	143.8	143.4	143.0	144.3	145.3	145.6
2 Mining	......	6.36	124.0	127.1	126.2	124.4	123.8	120.9	122.3	122.7	122.8	123.9	125.0	126.6	126.8
3 Utilities	......	5.69	161.4	162.0	162.2	163.0	166.2	167.7	167.1	167.4	166.5	164.2	165.8	166.1	166.7
4 Electric	......	3.88	182.2	183.2	183.3	184.5	188.4	189.9	188.8	189.0	186.4	182.4	184.0	......	......
5 Manufacturing	......	87.95	146.8	147.7	148.6	149.6	152.5	153.3	154.5	151.6	153.8	153.9	154.0	152.3	153.2
6 Nondurable	......	35.97	156.9	157.2	158.4	159.3	160.7	162.0	163.0	161.7	162.8	163.0	163.9	164.1	164.4
7 Durable	......	51.98	139.7	141.1	141.8	142.9	146.8	147.2	148.6	144.6	147.6	147.6	147.2	144.1	145.5
Mining															
8 Metal	10	.51	121.0	117.0	118.0	115.6	124.2	125.3	126.9	128.9	123.1	123.2	128.8	125.1	......
9 Coal	11, 12	.69	114.7	133.1	125.9	114.0	115.9	104.5	124.0	130.1	133.4	137.5	137.1	145.8	141.1
10 Oil and gas extraction	13	4.40	124.6	126.6	126.2	125.4	123.0	120.4	119.3	118.6	118.6	119.6	120.7	121.8	122.8
11 Stone and earth minerals	14	.75	131.2	131.4	132.1	133.7	135.9	135.7	135.6	135.3	137.8	137.3	136.4	137.9	......
Nondurable manufactures															
12 Foods	20	8.75	142.7	143.1	143.9	143.7	143.9	145.5	147.6	147.0	149.2	149.5	149.4	148.7	......
13 Tobacco products	21	.67	118.3	118.2	118.5	120.3	120.6	116.2	123.3	120.0	120.2	118.3	118.9	......	......
14 Textile mill products	22	2.68	137.5	137.0	137.1	138.6	141.6	139.9	142.3	141.2	141.5	114.6	144.3	142.7	......
15 Apparel products	23	3.31	134.2	132.7	137.7	139.6	130.3	133.5	136.5	130.8	128.2	132.0	130.7	......	......
16 Paper and products	26	3.21	144.8	142.1	142.2	144.2	144.6	144.6	149.0	148.7	147.9	148.0	153.0	152.7	152.8
17 Printing and publishing	27	4.72	131.5	131.4	131.9	132.6	135.6	138.2	137.3	135.7	136.8	136.9	135.2	137.0	137.4
18 Chemicals and products	28	7.74	197.4	198.6	199.3	201.3	206.5	208.6	107.4	207.7	209.7	207.8	209.7	212.0	......
19 Petroleum products	29	1.79	145.2	144.1	146.0	147.6	147.0	146.0	143.8	145.4	142.4	143.9	144.6	143.7	143.8
20 Rubber and plastic products	30	2.24	253.6	260.3	263.4	260.9	267.4	267.5	270.4	265.5	270.0	270.0	276.0	271.4	......
21 Leather and products	31	.86	73.8	73.2	73.3	72.9	74.8	73.4	72.9	69.6	72.3	70.1	69.7	67.7	......
Durable manufactures															
22 Ordnance, private and government	19, 91	3.64	73.7	74.1	74.0	73.8	74.9	75.8	75.1	75.1	75.3	75.1	75.5	76.3	76.5
23 Lumber and products	24	1.64	136.3	136.2	136.0	136.2	137.3	137.2	137.7	137.2	136.1	136.8	135.2	136.2	......
24 Furniture and fixtures	25	1.37	155.8	159.3	159.5	160.7	161.7	163.1	163.6	159.4	159.6	159.6	159.5	160.3	......
25 Clay, glass, stone products	32	2.74	157.2	157.0	157.6	159.8	167.4	166.9	164.9	161.2	163.8	162.7	163.3	162.5	......
26 Primary metals	33	6.57	119.9	122.5	124.9	127.4	123.4	120.4	123.7	121.7	121.0	124.3	126.8	121.0	119.7
27 Iron and steel	331, 2	4.21	113.2	116.5	118.3	121.3	113.3	110.8	116.2	115.8	114.3	118.1	119.0	111.5	......
28 Fabricated metal products	34	5.93	141.6	142.8	143.7	144.2	149.1	150.8	150.2	148.8	150.3	149.3	149.3	148.1	148.9
29 Nonelectrical machinery	35	9.15	153.6	154.7	155.5	156.4	161.2	162.9	164.0	161.8	164.3	164.5	165.5	165.6	166.2
30 Electrical machinery	36	8.05	159.4	162.5	161.5	163.3	170.9	173.2	174.2	170.6	174.7	175.1	174.4	172.1	173.7
31 Transportation equipment	37	9.27	132.5	133.4	134.2	134.9	141.2	139.9	143.7	131.6	141.9	139.4	135.5	124.0	130.4
32 Motor vehicles and parts	371	4.50	169.9	171.5	171.6	171.0	177.9	173.1	179.7	156.0	176.3	169.6	160.2	136.7	149.4
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	97.2	97.5	98.9	100.9	106.6	108.6	109.7	108.6	109.6	111.0	112.2	112.0	112.6
34 Instruments	38	2.11	167.1	167.7	170.3	170.4	175.2	176.0	177.3	176.3	174.7	175.9	174.0	173.9	173.8
35 Miscellaneous manufactures	39	1.51	151.0	150.6	151.8	151.3	152.0	154.0	154.5	152.3	150.7	152.7	153.7	155.6	154.0
			Gross value (billions of 1972 dollars, annual rates)												
MAJOR MARKET															
36 **Products, total**	......	[1]507.4	**610.2**	**610.8**	**613.9**	**617.2**	**626.8**	**627.3**	**636.1**	**620.8**	**632.3**	**628.7**	**625.3**	**612.7**	**621.2**
37 Final	......	[1]390.9	471.0	471.2	474.0	476.8	481.7	482.0	491.0	476.4	488.2	485.1	481.7	469.6	477.8
38 Consumer goods	......	[1]277.5	326.6	326.0	327.5	329.9	328.9	329.4	334.7	323.9	331.5	329.8	328.7	319.8	324.4
39 Equipment	......	[1]113.4	144.4	145.1	146.5	146.9	152.9	152.6	156.3	152.5	156.7	155.4	153.0	149.9	153.4
40 Intermediate	......	[1]116.6	139.2	139.7	139.9	140.4	145.1	145.3	145.1	144.4	144.2	143.6	143.5	143.0	143.5

1. 1972 dollars.

NOTE. Published groupings include some series and subtotals not shown separately. For description and historical data, see *Industrial Production--1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), December 1977.

▲ The industrial production series has been revised. For a description of the changes, see "Revision of Industrial Production Index" in the August 1979 BULLETIN, pp. 603–05.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1976	1977	1978	1979 Feb.	1979 Mar.	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.
	Private residential real estate activity (thousands of units)									
NEW UNITS										
1 Permits authorized	1,296	1,677	1,801	1,425	1,621	1.517	1.618	1,639	r1,528	1,614
2 1-family	894	1,126	1,182	881	1,056	1.036	1,047	1,012	r1,001	994
3 2-or-more-family	402	551	619	544	565	481	571	627	r527	620
4 Started	1,538	1,986	2,019	1,381	1,786	1,745	1,835	r1,923	r1,791	1,783
5 1-family	1,163	1,451	1,433	953	1,266	1,278	1,226	r1,288	r1.225	1,209
6 2-or-more-family	377	535	586	428	520	467	609	r635	r566	574
7 Under construction, end of period[1]	1,147	1,442	1,355	1,344	1.304	1,256	1,244	r1.246	1.239	n.a.
8 1-family	655	829	1,378	793	770	793	729	r722	716	n.a.
9 2-or-more-family	492	613	553	551	534	519	515	r524	523	n.a.
10 Completed	1,362	1,652	1,866	1,894	1.957	2.015	2,029	1,871	1,746	n.a.
11 1-family	1,026	1,254	1,368	1,376	1.412	1,438	1.347	r1,343	1.199	n.a.
12 2-or-more-family	336	398	498	518	545	577	682	r528	r547	n.a.
13 Mobile homes shipped	246	277	276	272	270	273	271	279	r282	257
Merchant builder activity in 1-family units										
14 Number sold	639	819	817	697	784	709	709	r692	r804	702
15 Number for sale, end of period[1]	433	407	423	410	424	425	430	418	r417	417
Price (thousands of dollars)[2]										
Median										
16 Units sold	44.2	48.9	55.9	61.2	60.4	62.6	63.0	r64.1	r63.2	63.6
17 Units for sale	41.6	48.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average										
18 Units sold	48.1	54.4	62.7	68.7	68.5	71.1	71.8	r74.3	r71.5	73.7
EXISTING UNITS (1-family)										
19 Number sold	3,002	3,572	3,905	3,620	3,650	3.760	3,860	3.560	3,770	3.850
Price of units sold (thous. of dollars)[2]										
20 Median	38.1	42.9	48.7	51.9	53.8	54.7	55.9	56.8	57.9	57.7
21 Average	42.2	47.9	55.1	59.5	61.8	62.5	64.2	66.1	66.7	66.3
	Value of new construction[4] (millions of dollars)									
CONSTRUCTION										
22 Total put in place	**148,778**	**172,552**	**202,219**	**r210,927**	**r216,676**	**r216,212**	**r223,205**	**r224,686**	**r232,747**	**229,246**
23 Private	110,416	134,723	157,455	r169.340	r172,672	r171,692	r174.803	r178.703	r181,711	180,347
24 Residential	60,519	80,957	93,088	r97,794	r96,460	r95,496	r94,963	r97,339	r98,814	98,722
25 Nonresidential, total	49,897	53,766	64,367	r71,546	r76,212	r76,196	r79,840	r81,364	r82,897	81,625
Buildings										
26 Industrial	7,182	7,713	10,762	13,401	15.201	14,034	14,504	14,697	15,547	14,109
27 Commercial	12,757	14,789	18,280	18.985	20.990	21,463	23.601	24,785	24,785	25,164
28 Other	6,155	6,200	6,659	6.511	7,071	7,150	7,141	7,306	7,441	7.519
29 Public utilities and other	23,803	25,064	28,666	32,640	32,967	33.325	34,101	33,958	34,135	3.591
30 Public	38,312	37,828	44,762	41.587	44.004	44,823	48,402	45,983	51,036	48.899
31 Military	1,521	1,517	1,462	1.059	1,983	1.550	1,531	1.787	1,459	1.702
32 Highway	9,439	9,280	8,627	8.863	8.882	9,875	11.674	10.250	n.a.	n.a.
33 Conservation and development	3,751	3,882	3,697	4,443	4,854	4.417	5.383	3,572	n.a.	n.a.
34 Other[3]	23,601	23,149	23,503	27.222	28,285	30,376	29.814	30.374	n.a.	n.a.

1. Not at annual rates.
2. Not seasonally adjusted.
3. Beginning January 1977 Highway imputations are included in Other.
4. Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE. Census Bureau estimates for all series except (a) mobile homes which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are 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 Aug. 1979 (1967 = 100)[3]
	1978 Aug.	1979 Aug.	1978 Sept.	1978 Dec.	1979 Mar.	1979 June	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.	
CONSUMER PRICES[1]												
1 **All items**	**7.9**	**11.8**	**8.5**	**8.5**	**13.0**	**13.4**	**1.1**	**1.1**	**1.0**	**1.0**	**1.1**	**221.1**
2 Commodities	7.4	12.1	7.3	9.6	14.5	13.3	1.2	.9	1.0	.9	.9	212.2
3 Food	10.3	9.7	4.8	10.2	17.7	7.5	1.0	.7	.2	.1	0	236.3
4 Commodities less food	6.2	13.2	8.3	9.6	12.9	15.8	1.3	1.1	1.3	1.2	1.3	199.5
5 Durable	7.1	10.1	9.1	11.3	10.0	9.1	.9	.5	.8	.7	.7	193.6
6 Nondurable	4.8	17.1	6.9	6.7	16.5	25.8	1.9	1.8	2.1	2.1	1.9	205.4
7 Services	8.7	11.3	10.3	7.2	10.6	13.8	.9	1.3	1.0	1.1	1.2	237.6
8 Rent	7.1	7.5	7.3	7.7	3.6	8.7	.5	1.0	.5	.8	.9	177.5
9 Services less rent	9.0	12.0	10.8	7.1	11.7	14.5	1.0	1.3	1.1	1.2	1.3	248.8
Other groupings												
10 All items less food	7.5	12.2	9.3	8.5	12.0	14.9	1.2	1.2	1.1	1.2	1.3	216.9
11 All items less food and energy	7.6	9.9	9.7	7.7	9.3	11.2	.9	.9	.8	.7	1.0	209.4
12 Homeownership	11.2	16.0	14.6	10.9	16.7	18.0	1.4	1.3	1.4	1.4	1.7	267.6
PRODUCER PRICES												
13 Finished goods	7.9	11.1	7.4	10.5	14.3	6.8	r.9	.4	r.4	1.1	1.2	217.3
14 Consumer	7.7	12.2	7.5	11.1	16.0	6.1	.7	r.4	r.3	1.2	1.6	217.2
15 Foods	8.4	8.4	4.9	15.3	21.0	11.1	-.4	r-1.5	r1.1	0.0	1.2	223.2
16 Excluding foods	7.3	14.2	8.8	8.8	13.4	16.8	1.3	r1.5	r1.1	1.9	1.8	212.1
17 Capital equipment	8.2	8.6	7.0	8.8	10.3	9.2	r1.2	r.6	r.4	.8	.1	217.1
18 Materials	8.6	14.5	7.5	13.0	17.9	11.3	r1.0	r.8	.9	1.7	1.0	253.9
19 Intermediate[2]	6.6	13.8	6.9	11.2	14.0	14.3	r1.6	1.0	r.8	1.6	1.4	248.6
Crude												
20 Nonfood	13.1	21.4	16.9	19.8	29.2	22.0	-.5	r2.4	r3.2	1.4	.5	353.5
21 Food	17.6	14.3	2.8	21.2	31.0	-7.1	.4	r-.2	1.2	2.1	-.2	243.6

1. Figures for consumer prices are those for all urban consumers.
2. Excludes intermediate materials for food manufacturing and manufactured animal feeds.
3. Not seasonally adjusted.

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	1976	1977	1978	1978 Q1	1978 Q2	1978 Q3	1978 Q4	1979 Q1	1979 Q2r
GROSS NATIONAL PRODUCT									
1 **Total**	**1,702.2**	**1,899.5**	**2,127.6**	**2,011.3**	**2,104.2**	**2,159.6**	**2,235.2**	**2,292.1**	**2,329.8**
By source									
2 Personal consumption expenditures	1,089.9	1,210.0	1,350.8	1,287.2	1,331.2	1,369.3	1,415.4	1,454.2	1,475.9
3 Durable goods	157.4	178.8	200.3	185.3	200.3	203.5	212.1	213.8	208.7
4 Nondurable goods	443.9	481.3	530.6	505.9	521.8	536.7	558.1	571.1	581.2
5 Services	488.5	549.8	619.8	596.0	609.1	629.1	645.1	669.3	686.0
6 Gross private domestic investment	243.0	303.3	351.5	327.0	352.3	356.2	370.5	373.8	395.4
7 Fixed investment	233.0	281.3	329.1	304.1	326.5	336.1	349.8	354.6	361.9
8 Nonresidential	164.9	189.4	221.1	203.7	218.8	225.9	236.1	243.4	249.1
9 Structures	57.3	62.6	76.5	66.9	75.2	79.7	84.4	84.9	90.5
10 Producers' durable equipment	107.6	126.8	144.6	136.8	143.6	146.3	151.8	158.5	158.6
11 Residential structures	68.1	91.9	108.0	100.5	107.7	110.2	113.7	111.2	112.9
12 Nonfarm	65.7	88.8	104.4	96.8	104.3	106.4	110.0	107.8	109.1
13 Change in business inventories	10.0	21.9	22.3	22.8	25.8	20.0	20.6	19.1	33.4
14 Nonfarm	12.1	20.7	21.3	22.0	25.3	18.5	19.3	18.8	32.6
15 Net exports of goods and services	8.0	-9.9	-10.3	-22.2	-7.6	-6.8	4.5	4.0	-8.1
16 Exports	163.3	175.9	207.2	184.4	205.7	213.8	224.9	238.5	243.7
17 Imports	155.4	185.8	217.5	206.6	213.3	220.6	229.4	234.4	251.9
18 Government purchases of goods and services	361.3	396.2	435.6	419.4	428.3	440.9	453.8	460.1	466.6
19 Federal	129.7	144.4	152.6	150.9	148.2	152.3	159.0	163.6	161.7
20 State and local	231.6	251.8	283.0	268.5	280.1	288.6	294.8	296.5	304.9
By major type of product									
21 Final sales, total	1,692.1	1,877.6	2,105.2	1,988.5	2,078.4	2,139.5	2,214.5	2,272.9	2,296.4
22 Goods	762.7	842.2	930.0	873.0	922.5	940.9	983.8	1,011.8	1,018.1
23 Durable	305.9	345.9	380.4	358.7	378.0	382.6	402.3	425.5	422.4
24 Nondurable	456.8	496.3	549.6	514.3	544.5	558.3	581.6	586.2	595.7
25 Services	776.7	866.4	969.3	934.1	956.2	981.7	1,005.3	1,041.4	1,064.2
26 Structures	162.7	190.9	228.2	204.2	225.6	237.0	246.0	238.9	247.5
27 Change in business inventories	10.0	21.9	22.3	22.8	25.8	20.0	20.6	19.1	33.4
28 Durable goods	5.3	11.9	13.9	18.6	13.1	10.3	13.4	18.4	24.3
29 Nondurable goods	4.7	10.0	8.4	4.2	12.7	9.7	7.2	.7	9.1
30 MEMO: **Total GNP in 1972 dollars**	**1,273.0**	**1,340.5**	**1,399.2**	**1,367.8**	**1,395.2**	**1,407.3**	**1,426.6**	**1,430.6**	**1,422.3**
NATIONAL INCOME									
31 **Total**	**1,359.8**	**1,525.8**	**1,724.3**	**1,621.0**	**1,703.9**	**1,752.5**	**1,820.0**	**1,869.0**	**1,897.9**
32 Compensation of employees	1,037.8	1,156.9	1,304.5	1,244.0	1,288.2	1,321.1	1,364.8	1,411.2	1,439.7
33 Wages and salaries	890.0	984.0	1,103.5	1,052.0	1,090.0	1,117.4	1,154.7	1,189.4	1,211.5
34 Government and government enterprises	188.0	201.3	218.0	212.3	215.3	219.2	225.1	228.1	231.2
35 Other	702.0	782.7	885.5	839.7	874.6	898.1	929.6	961.3	980.3
36 Supplement to wages and salaries	147.8	172.9	201.0	192.0	198.3	203.7	210.1	221.8	228.2
37 Employer contributions for social insurance	70.4	81.2	94.6	91.0	93.6	95.5	98.2	105.8	107.9
38 Other labor income	77.4	91.8	106.5	101.1	104.7	108.2	111.9	116.0	120.3
39 Proprietors' income[1]	89.3	100.2	116.8	109.1	115.0	117.4	125.7	129.0	129.3
40 Business and professional[1]	71.0	80.5	89.1	83.4	87.3	91.3	94.4	94.8	95.5
41 Farm[1]	18.3	19.6	27.7	25.7	27.7	26.1	31.3	34.2	33.7
42 Rental income of persons[2]	22.1	24.7	25.9	25.2	24.4	26.8	27.1	27.3	26.8
43 Corporate profits[1]	126.8	150.0	167.7	141.2	169.4	175.2	184.8	178.9	176.6
44 Profits before tax[3]	156.0	177.1	206.0	177.5	207.2	212.0	227.4	233.3	227.9
45 Inventory valuation adjustment	14.6	-15.2	-25.2	-23.9	-25.1	-23.0	28.8	39.9	-36.6
46 Capital consumption adjustment	-14.5	12.0	-13.1	-12.4	-12.6	-13.8	-13.8	14.5	-14.7
47 Net interest	83.8	94.0	109.5	101.5	106.8	111.9	117.6	122.6	125.6

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustments.
3. For after-tax profits, dividends, and the like, see table 1.50.

SOURCE. *Survey of Current Business* (Department of Commerce).

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.

Account	1976	1977	1978	1978				1979	
				Q1	Q2	Q3	Q4	Q1	Q2[r]
PERSONAL INCOME AND SAVING									
1 **Total personal income**	**1,381.6**	**1,531.6**	**1,717.4**	**1,634.8**	**1,689.3**	**1,742.5**	**1,803.1**	**1,852.6**	**1,892.5**
2 Wage and salary disbursements	890.0	984.0	1,103.3	1,052.0	1,090.0	1,116.8	1,154.3	1,189.3	1,212.4
3 Commodity-producing industries	307.2	343.1	387.4	363.9	383.4	393.7	408.6	423.0	431.7
4 Manufacturing	237.4	266.0	298.3	285.6	294.1	300.8	312.7	324.8	328.5
5 Distributive industries	216.3	239.1	269.4	257.6	265.9	272.5	281.6	291.1	295.8
6 Service industries	178.5	200.5	228.7	218.2	225.4	231.9	239.4	247.2	252.8
7 Government and government enterprises	188.0	201.3	217.8	212.3	215.3	218.7	224.7	228.0	232.1
8 Other labor income	77.4	91.8	106.5	101.1	104.7	108.2	111.9	116.0	120.3
9 Proprietors' income[1]	89.3	100.2	116.8	109.1	115.0	117.4	125.7	129.0	129.3
10 Business and professional[1]	71.0	80.5	89.1	83.4	87.3	91.3	94.4	94.8	95.5
11 Farm[1]	18.3	19.6	27.7	25.7	27.7	26.1	31.3	34.2	33.7
12 Rental income of persons[2]	22.1	24.7	25.9	25.2	24.4	26.8	27.1	27.3	26.8
13 Dividends	37.5	42.1	47.2	45.1	46.0	47.8	49.7	51.5	52.3
14 Personal interest income	127.0	141.7	163.3	152.2	159.4	167.2	174.3	181.0	187.6
15 Transfer payments	193.8	208.4	224.1	217.4	218.8	228.3	231.8	237.3	243.6
16 Old-age survivors, disability, and health insurance benefits	92.9	105.0	116.3	111.4	112.4	119.8	121.5	123.8	127.1
17 LESS: Personal contributions for social insurance	55.6	61.3	69.6	67.3	69.0	70.2	71.8	78.7	79.8
18 EQUALS: Personal income	1,381.6	1,531.6	1,717.4	1,634.8	1,689.3	1,742.5	1,803.1	1,852.6	1,892.5
19 LESS: Personal tax and nontax payments	197.1	226.4	259.0	239.8	252.1	266.0	278.2	280.4	290.7
20 EQUALS: Disposable personal income	1,184.5	1,305.1	1,458.4	1,395.0	1,437.3	1,476.5	1,524.8	1,572.2	1,601.7
21 LESS: Personal outlays	1,115.9	1,240.2	1,386.4	1,320.4	1,366.1	1,405.6	1,453.4	1,493.0	1,515.8
22 EQUALS: Personal saving	68.6	65.0	72.0	74.6	71.2	70.9	71.5	79.2	85.9
MEMO: Per capita (1972 dollars)									
23 Gross national product	5,916	6,181	6,402	6,277	6,392	6,433	6,506	6,514	6,459
24 Personal consumption expenditures	3,813	3,974	4,121	4,051	4,099	4,138	4,197	4,197	4,155
25 Disposable personal income	4,144	4,285	4,449	4,390	4,426	4,462	4,522	4,536	4,510
26 Saving rate (percent)	5.8	5.0	4.9	5.3	5.0	4.8	4.7	5.0	5.4
GROSS SAVING									
27 **Gross private saving**	**271.9**	**295.6**	**324.9**	**308.9**	**324.2**	**330.4**	**336.1**	**345.2**	**360.5**
28 Personal saving	68.6	65.0	72.0	74.6	71.2	70.9	71.5	79.2	85.9
29 Undistributed corporate profits[1]	25.5	35.2	36.0	25.3	38.7	40.0	40.1	36.1	35.6
30 Corporate inventory valuation adjustment	14.6	-15.2	-25.2	-23.9	-25.1	-23.0	28.8	-39.9	-36.6
Capital consumption allowances									
31 Corporate	111.6	121.3	132.9	128.9	131.7	134.3	136.8	139.9	145.1
32 Noncorporate	66.1	74.1	84.0	80.2	82.7	85.2	87.7	89.9	93.9
33 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
34 Government surplus, or deficit (-), national income and product accounts	-35.7	-19.5	.3	-19.2	5.0	2.3	10.8	15.8	12.7
35 Federal	53.6	46.3	-27.7	49.4	-24.6	-20.4	16.3	11.7	-7.0
36 State and local	17.9	26.8	27.4	30.2	29.6	22.7	27.1	27.6	19.7
37 Capital grants received by the United States, net	....	....	....	....	....	....	....	1.1	1.1
38 Investment	242.3	283.6	327.9	292.7	331.5	336.5	351.0	362.8	373.1
39 Gross private domestic	243.0	303.3	351.5	327.0	352.3	356.2	370.5	373.8	395.4
40 Net foreign	.1	19.6	-23.5	-34.2	20.8	-19.6	-19.4	-11.0	-22.3
41 Statistical discrepancy	6.1	7.5	3.3	3.0	2.3	3.9	4.1	.6	-1.3

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	1976	1977	1978	1978 Q2	1978 Q3	1978 Q4	1979 Q1	1979 Q2
1	Balance on current account	4.605	14.092	13.895	-3,426	3.227	313	415	-965
2	Not seasonally adjusted				-2,858	-5.955	722	1,731	-85
3	Merchandise trade balance[2]	-9.306	-30.873	-34.187	-7,907	-8,012	6,369	-6,115	-7,716
4	Merchandise exports	114.745	120.816	141.884	35,267	36.491	39.315	41,348	42,792
5	Merchandise imports	124.051	151.689	-176.071	-43.174	-44.503	-45.684	-47,463	-50,508
6	Military transactions, net	674	1.679	492	237	247	239	34	-92
7	Investment income, net[3]	15.975	17.989	21.645	4,854	4.952	6.599	6,864	7,398
8	Other service transactions, net	2.260	1.783	3.241	703	819	1.010	954	827
9	Memo: Balance on goods and services[3,4]	9.603	9.423	8.809	-2,113	-1.994	1.001	1,737	417
10	Remittances, pensions, and other transfers	-1,851	1,895	-1.934	-486	-463	524	-517	-485
11	U.S. government grants (excluding military)	-3.146	-2.775	-3.152	-827	-770	-790	-805	-897
12	Change in U.S. government assets, other than official reserve assets, net (increase, -)	-4.214	-3.693	4.656	-1,263	-1,390	-994	-1,094	-1,000
13	Change in U.S. official reserve assets (increase, -)	2.558	375	732	248	115	182	-3,585	343
14	Gold	0	118	65	0	0	-65	0	0
15	Special drawing rights (SDRs)	78	-121	1.249	-104	-43	1,412	-1,142	6
16	Reserve position in International Monetary Fund	2.212	294	4.231	437	1,95	3,275	-86	78
17	Foreign currencies	-268	158	-4,683	-85	-37	-4,440	-2,357	415
18	Change in U.S. private assets abroad (increase, -)[3]	44.498	31.725	-57,033	4.451	-8,774	-29.442	-2,958	-14,811
19	Bank-reported claims	-21.368	-11.427	-33.023	715	-5,488	-21,980	6.572	-7,147
20	Nonbank-reported claims	-2.296	1,940	3.853	315	-29	-1,898	-2,719	n.a.
21	U.S. purchase of foreign securities, net	-8.885	-5.460	-3.487	-1,095	-475	-918	-1,056	-639
22	U.S. direct investments abroad, net[3]	-11.949	12.898	-16.670	-4,386	-2,782	-4,646	-5,755	-7,025
23	Change in foreign official assets in the United States (increase, +)	17.573	36.656	33.758	-5,265	4,641	18.764	9,391	-9,515
24	U.S. Treasury securities	9.319	30.230	23.542	-5,813	3,029	13,422	-8,872	-12,737
25	Other U.S. government obligations	573	2.308	656	211	443	-115	-5	94
26	Other U.S. government liabilities[5]	4,507	1.240	2.754	-136	122	2,045	-164	154
27	Other U.S. liabilities reported by U.S. banks	969	773	5.411	-164	963	3,156	-563	2,829
28	Other foreign official assets[6]	2.205	2.105	1.395	637	84	256	213	145
29	Change in foreign private assets in the United States (increase, +)[3]	18.826	14.167	29.956	6.207	10.717	10.475	10.868	13,931
30	U.S. bank-reported liabilities	10.990	6.719	16.975	1,865	7,958	7,556	7,157	11,299
31	U.S. nonbank-reported liabilities	-578	473	1.640	315	1,004	-177	-651	n.a.
32	Foreign private purchases of U.S. Treasury securities, net	2.783	534	2,180	803	-1,053	1,549	2,583	-239
33	Foreign purchases of other U.S. securities, net	1.284	2.713	2.867	1,347	528	540	790	893
34	Foreign direct investments in the United States, net[3]	4.347	3.728	6.294	1,877	2,280	1,008	989	1,978
35	Allocation of SDRs	0	0	0	0	0	0	1.139	0
36	Discrepancy	10,265	937	11,139	7,950	-2,082	1,328	4,606	12,016
37	Owing to seasonal adjustments				517	-2,716	1,301	985	748
38	Statistical discrepancy in recorded data before seasonal adjustment	10.265	-937	11,139	7,433	634	27	3,621	11,268
	Memo: Changes in official assets								
39	U.S. official reserve assets (increase, −)	2.558	-375	732	248	115	182	3,585	343
40	Foreign official assets in the United States (increase, +)	13.066	35.416	31.004	-5,129	4,519	16,719	-9,227	-9,669
41	Changes in Organization of Petroleum Exporting Countries official assets in the United States (part of line 25 above)	9.581	6.351	-727	2.705	-1.794	1.803	-1,916	676
42	Transfers under military grant programs (excluded from lines 4, 6, and 11 above)	373	204	259	50	69	63	31	48

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	1976	1977	1978	1979 Feb.	Mar.r	Apr.	May	June	July	Aug.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	115,156	121,150	143,574	13,507	14,452	13,883	13,862	r15,038	15,669	15,821
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	121,009	147,685	172,026	14,806	15,273	16,036	16,342	16,937	16,777	18,177
3 Trade balance	5,853	26,535	28,452	-1,299	-821	2,153	-2,480	1,900	-1,108	-2,357

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	1976	1977	1978	1979 Mar.	Apr.	May	June	July	Aug.	Sept.
1 **Total**[1]	**18,747**	**19,312**	**18,650**	**21,658**	**21,403**	**22,230**	**21,246**	**20,023**	**20,023**	**18,534**
2 Gold stock, including Exchange Stabilization Fund[2]	11,598	11,719	11,671	11,479	11,418	11,354	11,323	11,290	11,259	11,228
3 Special drawing rights[1,3]	2,395	2,629	1,558	2,667	2,602	2,624	2,670	2,690	2,689	2,725
4 Reserve position in International Monetary Fund[1]	4,434	4,946	1,047	1,121	1,097	1,193	1,204	1,200	1,277	1,280
5 Foreign currencies[4]	320	18	4,374	6,391	6,286	7,059	6,049	4,843	4,798	3,301

1. 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.
2. 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 3.24.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; and $1,139 million on Jan. 1, 1979; plus net transactions in SDRs.
4. Beginning November 1978, valued at current market exchange rates.

3.13 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1976	1977	1978[2]	1979 Jan.	Feb.	Mar.	Apr.	May[r]	June	July[p]
						All foreign countries				
1 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**r296,604**	**r296,983**	**r307,688**	**r303,799**	**311,051**	**326,732**	**325,923**
2 Claims on United States	7,889	11,623	17,340	r16,210	r16,094	r22,894	r19,959	24,527	29,292	26,573
3 Parent bank	4,323	7,806	12,811	r11,659	r11,217	r17,300	r14,233	17,917	22,633	19,682
4 Other	3,566	3,817	4,529	4,551	4,877	5,594	5,726	6,610	6,659	6,891
5 Claims on foreigners	204,486	238,848	278,135	r268,715	r268,649	r271,828	r270,946	274,207	284,326	286,013
6 Other branches of parent bank	45,955	55,772	70,338	66,934	64,518	r65,257	64,076	65,908	69,349	69,775
7 Banks	83,765	91,883	103,111	r98,257	r99,720	r101,840	r101,772	103,242	107,564	107,767
8 Public borrowers[1]	10,613	14,634	23,737	23,768	24,586	24,895	24,828	24,690	24,834	24,543
9 Nonbank foreigners	64,153	76,560	80,949	r79,756	r79,825	r79,836	r80,270	80,367	82,579	83,928
10 Other assets	7,045	8,425	11,320	r11,679	r12,240	r12,966	r12,894	12,317	13,114	13,337
11 **Total payable in U.S. dollars**	**167,695**	**193,764**	**224,940**	**r215,625**	**r214,590**	**r224,453**	**r221,904**	**228,311**	**237,903**	**234,097**
12 Claims on United States	7,595	11,049	16,382	r15,376	r15,159	r22,029	r18,989	23,579	28,222	25,504
13 Parent bank	4,264	7,692	12,625	r11,466	r10,987	r17,108	r13,994	17,735	22,379	19,426
14 Other	3,332	3,357	3,757	3,910	4,172	4,921	4,995	5,844	5,843	6,078
15 Claims on foreigners	156,896	178,896	203,498	r194,846	r193,717	r196,496	r196,404	198,547	203,345	202,121
16 Other branches of parent bank	37,909	44,256	55,408	52,020	49,864	50,077	49,615	50,738	52,884	53,396
17 Banks	66,331	70,786	78,686	r73,930	r74,861	r77,236	r77,528	79,002	81,316	79,920
18 Public borrowers[1]	9,022	12,632	19,567	19,818	20,338	21,091	20,851	20,815	20,552	20,149
19 Nonbank foreigners	43,634	51,222	49,837	r49,078	r48,654	r48,092	r48,410	47,992	48,593	48,656
20 Other assets	3,204	3,820	5,060	r5,403	5,714	r5,928	r6,511	6,185	6,336	6,472
						United Kingdom				
21 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**100,786**	**101,179**	**102,144**	**102,876**	**104,915**	**112,881**	**115,213**
22 Claims on United States	3,354	4,341	5,370	3,960	3,912	5,019	5,268	6,303	7,517	8,409
23 Parent bank	2,376	3,518	4,448	2,930	2,689	3,544	3,679	4,410	5,495	6,182
24 Other	978	823	922	1,030	1,223	1,475	1,589	1,893	2,022	2,227
25 Claims on foreigners	75,859	84,016	98,137	93,690	94,032	93,840	94,120	95,266	101,668	103,029
26 Other branches of parent bank	19,753	22,017	27,830	25,911	24,474	24,911	24,435	25,248	29,158	28,375
27 Banks	38,089	39,899	45,013	42,531	44,032	42,964	43,308	43,657	44,800	46,286
28 Public borrowers[1]	1,274	2,206	4,522	4,549	4,548	4,608	4,547	4,579	4,872	4,492
29 Nonbank foreigners	16,743	19,895	20,772	20,699	20,978	21,357	21,830	21,782	22,838	23,876
30 Other assets	2,253	2,576	3,086	3,136	3,235	3,285	3,488	3,346	3,696	3,775
31 **Total payable in U.S. dollars**	**61,587**	**66,635**	**75,860**	**70,502**	**70,525**	**71,499**	**72,015**	**73,480**	**78,155**	**79,244**
32 Claims on United States	3,275	4,100	5,113	3,738	3,618	4,710	4,946	5,981	7,058	7,957
33 Parent bank	2,374	3,431	4,386	2,878	2,610	3,488	3,612	4,374	5,386	6,065
34 Other	902	669	727	860	1,008	1,222	1,334	1,607	1,672	1,892
35 Claims on foreigners	57,488	61,408	69,416	65,364	65,416	65,214	65,356	65,968	69,426	69,528
36 Other branches of parent bank	17,249	18,947	22,838	21,171	19,884	20,370	19,866	20,505	23,999	23,480
37 Banks	28,983	28,530	31,482	29,113	30,185	29,393	29,924	30,211	29,803	30,659
38 Public borrowers[1]	846	1,669	3,317	3,342	3,414	3,523	3,429	3,331	3,396	3,167
39 Nonbank foreigners	10,410	12,263	11,779	11,738	11,933	11,928	12,137	11,921	12,228	12,222
40 Other assets	824	1,126	1,331	1,400	1,491	1,575	1,713	1,531	1,671	1,759
						Bahamas and Caymans				
41 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**88,767**	**88,999**	**97,509**	**93,832**	**98,057**	**103,387**	**98,864**
42 Claims on United States	3,508	5,782	9,635	10,621	10,000	15,774	12,859	16,360	19,979	16,610
43 Parent bank	1,141	3,051	6,429	7,514	6,786	12,158	9,332	12,244	15,952	12,539
44 Other	2,367	2,731	3,206	3,107	3,214	3,616	3,527	4,116	4,027	4,071
45 Claims on foreigners	62,048	71,671	79,774	75,792	76,507	79,057	77,992	78,869	80,601	79,504
46 Other branches of parent bank	8,144	11,120	12,904	11,475	11,841	12,086	11,756	11,886	11,295	11,847
47 Banks	25,354	27,939	33,677	31,640	31,534	33,821	33,524	34,063	36,560	34,997
48 Public borrowers[1]	7,105	9,109	11,514	11,392	12,125	12,573	12,360	12,703	12,445	12,301
49 Nonbank foreigners	21,445	23,503	21,679	21,285	21,007	20,577	20,352	20,217	20,301	20,359
50 Other assets	1,217	1,599	2,326	2,354	2,492	2,678	2,981	2,828	2,807	2,750
51 **Total payable in U.S. dollars**	**62,705**	**73,987**	**85,417**	**82,423**	**82,616**	**91,184**	**87,875**	**91,829**	**97,028**	**92,241**

For notes see opposite page.

3.13 Continued

Liability account	1976	1977	1978[2]	1979 Jan.	1979 Feb.	1979 Mar.	1979 Apr.	1979 May	1979 June	1979 July[p]
				All foreign countries						
52 **Total, all currencies**	**219,420**	**258,897**	**306,795**	**r296,604**	**r296,983**	**r307,688**	**r303,799**	**r311,051**	**326,732**	**325,923**
53 To United States	32,719	44,154	57,948	53,349	54,731	56,447	56,039	r57,668	61,056	60,038
54 Parent bank	19,773	24,542	28,564	25,445	24,529	21,484	23,992	r23,440	19,362	20,265
55 Other banks in United States	12,946	19,613	12,338	8,200	9,196	r12,547	r9,888	r9,904	14,988	11,968
56 Nonbanks			17,046	19,704	21,006	r22,416	r22,159	r24,324	26,706	27,805
57 Foreigners	179,954	206,579	238,912	r233,253	r232,286	r240,968	r237,377	r242,186	253,784	253,228
58 Other branches of parent bank	44,370	53,244	67,496	r65,011	r62,410	r62,431	r61,982	r63,709	66,537	67,696
59 Banks	83,880	94,140	97,711	r93,013	r94,312	r102,346	r100,148	r101,779	109,180	105,400
60 Official institutions	25,829	28,110	31,936	31,137	32,028	34,275	33,006	34,107	34,377	35,364
61 Nonbank foreigners	25,877	31,085	41,769	r44,092	r43,536	r41,916	r42,241	r42,591	43,690	44,768
62 Other liabilities	6,747	8,163	9,935	r10,002	r9,966	r10,273	r10,383	r11,197	11,892	12,657
63 **Total payable in U.S. dollars**	**173,071**	**198,572**	**230,810**	**r221,355**	**r221,051**	**r229,706**	**r226,469**	**r232,240**	**243,093**	**240,097**
64 To United States	31,932	42,881	55,811	51,313	52,577	54,357	54,070	r55,536	58,516	57,398
65 Parent bank	19,559	24,213	27,493	24,462	23,523	20,452	23,048	r22,503	18,340	19,229
66 Other banks in United States	12,373	18,669	12,084	7,939	8,855	r12,302	r9,685	r9,671	14,690	11,662
67 Nonbanks			16,234	18,912	20,199	r21,603	r21,337	r23,362	25,486	26,507
68 To foreigners	137,612	151,363	169,927	r164,654	r163,029	r169,665	r166,928	r170,528	178,217	176,321
69 Other branches of parent bank	37,098	43,268	53,396	r50,975	48,411	48,134	48,371	49,420	51,007	52,004
70 Banks	60,619	64,872	63,000	58,529	59,226	r65,597	63,977	r65,250	70,848	66,090
71 Official institutions	22,878	23,972	26,404	25,567	26,413	28,524	27,108	28,310	28,117	29,498
72 Nonbank foreigners	17,017	19,251	27,127	r29,583	r28,979	r27,410	r27,472	r27,548	28,245	28,729
73 Other liabilities	3,527	4,328	5,072	r5,388	r5,445	r5,684	r5,471	r6,176	6,360	6,378
				United Kingdom						
74 **Total, all currencies**	**81,466**	**90,933**	**106,593**	**100,786**	**101,179**	**102,144**	**102,876**	**104,915**	**112,881**	**115,213**
75 To United States	5,997	7,753	9,730	8,118	9,214	10,086	10,781	11,697	12,779	13,621
76 Parent bank	1,198	1,451	1,887	1,585	1,731	1,461	1,814	2,113	1,505	1,704
77 Other banks in United States	4,798	6,302	4,232	2,693	3,216	3,677	3,541	3,380	4,265	4,840
78 Nonbanks			3,611	3,840	4,267	4,948	5,426	6,204	7,009	7,077
79 To foreigners	73,228	80,736	93,202	88,942	88,122	88,068	88,174	88,796	95,385	96,259
80 Other branches of parent bank	7,092	9,376	12,786	12,712	11,303	10,910	11,023	10,931	11,353	11,168
81 Banks	36,259	37,893	39,917	36,142	36,655	38,318	39,391	38,417	42,297	41,677
82 Official institutions	17,273	18,318	20,963	19,700	20,637	21,845	20,115	21,312	23,140	24,017
83 Nonbank foreigners	12,605	15,149	19,536	20,388	19,527	16,995	17,645	18,136	18,595	19,397
84 Other liabilities	2,241	2,445	3,661	3,726	3,843	3,990	3,921	4,422	4,717	5,333
85 **Total payable in U.S. dollars**	**63,174**	**67,573**	**77,030**	**72,048**	**72,293**	**72,639**	**72,653**	**74,127**	**79,256**	**80,426**
86 To United States	5,849	7,480	9,328	7,736	8,855	9,756	10,439	11,200	12,199	13,074
87 Parent bank	1,182	1,416	1,836	1,539	1,694	1,418	1,780	2,047	1,460	1,637
88 Other banks in United States	4,667	6,064	4,144	2,601	3,122	3,626	3,492	3,321	4,194	4,775
89 Nonbanks			3,348	3,596	4,039	4,712	5,167	5,832	6,545	6,662
90 To foreigners	56,372	58,977	66,216	62,629	61,729	61,215	60,689	60,948	65,081	65,434
91 Other branches of parent bank	5,874	7,505	9,635	9,890	8,393	7,985	7,706	7,777	7,711	7,353
92 Banks	25,527	25,608	25,287	21,642	21,911	23,017	24,002	22,684	25,436	24,270
93 Official institutions	15,423	15,482	17,091	15,834	16,868	18,030	16,197	17,486	19,093	20,288
94 Nonbank foreigners	9,547	10,382	14,203	15,263	14,557	12,183	12,784	13,001	12,841	13,523
95 Other liabilities	953	1,116	1,486	1,683	1,709	1,668	1,525	1,979	1,976	1,918
				Bahamas and Caymans						
96 **Total, all currencies**	**66,774**	**79,052**	**91,735**	**88,767**	**88,999**	**97,509**	**93,832**	**r98,057**	**103,387**	**98,864**
97 To United States	22,721	32,176	39,431	37,795	37,552	38,672	37,698	r38,764	40,063	37,888
98 Parent bank	16,161	20,956	20,456	18,336	16,732	14,877	16,627	r16,057	12,286	12,246
99 Other banks in United States	6,560	11,220	6,199	4,275	4,863	r7,044	r5,224	r5,404	8,973	5,856
100 Nonbanks			12,776	15,184	15,957	r16,751	r15,847	r17,303	18,804	19,786
101 To foreigners	42,899	45,292	50,447	49,153	49,534	56,742	54,124	r57,133	61,176	58,800
102 Other branches of parent bank	13,801	12,816	16,094	14,266	13,697	13,923	14,716	15,997	17,104	18,223
103 Banks	21,760	24,717	23,104	22,290	23,299	28,749	25,964	r28,599	31,662	28,268
104 Official institutions	3,573	3,000	4,208	4,602	4,429	5,181	5,328	4,970	4,074	4,376
105 Nonbank foreigners	3,765	4,759	7,041	7,995	8,109	8,889	8,116	r7,567	8,336	7,933
106 Other liabilities	1,154	1,584	1,857	1,819	1,913	2,095	2,010	2,160	2,148	2,176
107 **Total payable in U.S. dollars**	**63,417**	**74,463**	**87,014**	**84,020**	**84,337**	**92,673**	**88,942**	**r92,797**	**97,993**	**93,495**

1. In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

2. In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1976	1977	1978[r]	1979 Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June[r]	July[p]	Aug.[p]
BY TYPE										
1 Total[1]	**95,634**	**131,097**	**162,390**	**160,103**	**153,937**	**148,044**	**140,752**	**143,972**	**147,725**	**148,375**
2 Liabilities reported by banks in the United States[2]	17,231	18,003	23,122	23,179	22,699	24,648	25,384	25,348	25,604	25,111
3 U.S. Treasury bills and certificates[3]	37,725	47,820	67,671	65,803	59,774	51,614	43,747	46,304	49,427	50,146
U.S. Treasury bonds and notes										
4 Marketable	11,788	32,164	35,907	35,538	36,063	36,305	36,156	36,454	37,487	38,000
5 Nonmarketable[4]	20,648	20,443	20,970	20,912	20,471	20,467	20,467	20,697	19,797	19,547
6 U.S. securities other than U.S. Treasury securities[5]	8,242	12,667	14,720	14,671	14,930	15,010	14,971	15,169	15,437	15,571
BY AREA										
7 Total	**95,634**	**131,097**	**162,390**	**160,103**	**153,937**	**148,044**	**140,725**	**143,972**	**147,752**	**148,375**
8 Western Europe[1]	45,882	70,748	92,984	92,867	90,191	85,040	80,995	83,500	86,601	86,327
9 Canada	3,406	2,334	2,486	1,908	3,088	3,044	1,993	1,979	2,116	2,185
10 Latin America and Caribbean	4,926	4,649	5,026	4,402	4,201	4,773	4,802	4,590	5,347	4,477
11 Asia	37,767	50,693	58,707	57,766	53,650	51,824	49,518	50,573	50,380	51,735
12 Africa	1,893	1,742	2,443	2,371	2,135	2,529	2,604	2,614	2,618	3,237
13 Other countries[6]	1,760	931	744	789	672	834	813	716	690	414

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.15 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1976	1977	1978	1978 Sept.	Dec.	1979 Mar.	June
1 Banks' own liabilities	781	925	2,235	1,772	2,235	1,933	1,986
2 Banks' own claims[1]	1,834	2,356	3,547	2,957	3,547	2,620	2,530
3 Deposits	1,103	941	1,672	1,375	1,672	1,139	1,345
4 Other claims	731	1,415	1,875	1,582	1,875	1,481	1,185
5 Claims of banks' domestic customers[2]			367	446	367	476	521

1. Includes claims of banks' domestic customers through March 1978.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.

3.16 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars
Millions of dollars, end of period

Holder and type of liability	1976	1977	1978	1979 Feb.	1979 Mar.	1979 Apr.	1979 May	1979 June	1979 July[p]	1979 Aug.[p]
1 **All foreigners**	**110,657**	**126,168**	**r167,050**	**r163,972**	**r166,594**	**r159,801**	**158,320**	**167,855**	**168,932**	**190,818**
2 Banks' own liabilities	...	...	78,959	77,178	85,242	85,727	92,910	100,018	97,235	117,008
3 Demand deposits	16,803	18,996	19,201	17,201	16,696	18,367	18,091	19,326	19,088	18,898
4 Time deposits[1]	11,347	11,521	12,473	12,145	12,389	12,520	12,738	12,735	12,610	12,948
5 Other[2]	...	...	9,615	9,247	8,321	10,000	13,290	12,440	12,760	12,154
6 Own foreign offices[3]	...	...	37,669	38,585	47,836	44,840	48,791	55,517	52,776	73,008
7 Banks' custody liabilities[4]	...	...	r88,091	r86,794	r81,352	r7,4074	65,410	67,837	71,697	73,811
8 U.S. Treasury bills and certificates[5]	40,744	48,906	r68,202	r66,597	r60,709	r53,434	45,123	47,425	51,469	52,347
9 Other negotiable and readily transferable instruments[6]	...	...	r17,396	r18,035	r18,474	r18,491	18,083	18,115	18,013	19,178
10 Other	...	...	2,493	2,162	2,169	2,150	2,203	2,296	2,215	2,285
11 **Nonmonetary international and regional organizations[7]**	**5,714**	**3,274**	**2,617**	**2,095**	**2,364**	**2,300**	**2,757**	**2,851**	**3,437**	**3,551**
12 Banks' own liabilities	...	...	916	506	769	791	1,306	1,500	844	603
13 Demand deposits	290	231	330	272	276	270	298	264	216	154
14 Time deposits[1]	205	139	94	102	99	100	85	87	79	87
15 Other[2]	...	...	492	131	394	422	923	1,150	549	362
16 Banks' custody liabilities[4]	...	...	1,701	1,589	1,595	1,509	1,451	1,350	2,593	2,948
17 U.S. Treasury bills and certificates	2,701	706	201	193	211	212	175	199	1,345	1,531
18 Other negotiable and readily transferable instruments[6]	...	...	1,499	1,395	1,382	1,294	1,274	1,151	1,247	1,416
19 Other	...	...	1	1	2	2	1	1	1	1
20 **Official institutions[8]**	**54,956**	**65,822**	**r90,537**	**r88,825**	**r82,473**	**r76,262**	**69,131**	**71,653**	**75,031**	**75,257**
21 Banks' own liabilities	...	...	11,960	11,275	10,425	12,411	13,647	13,305	14,210	12,753
22 Demand deposits	3,394	3,528	3,390	2,759	2,864	3,583	3,170	3,196	2,850	2,406
23 Time deposits[1]	2,321	1,797	2,546	2,365	2,524	2,491	2,572	2,506	2,590	2,587
24 Other[2]	...	...	6,024	6,151	5,036	6,337	7,905	7,604	8,770	7,759
25 Banks' custody liabilities[4]	...	...	r78,577	r77,551	r72,049	r63,850	55,484	58,347	60,821	62,504
26 U.S. Treasury bills and certificates[5]	37,725	47,820	r67,415	r65,647	r59,774	r51,614	43,747	46,304	49,427	50,146
27 Other negotiable and readily transferable instruments[6]	...	...	r10,992	r11,849	r12,232	r12,197	11,667	12,003	11,343	12,306
28 Other	...	...	170	55	43	40	70	40	50	52
29 **Banks[9]**	**37,174**	**42,335**	**57,873**	**56,637**	**65,915**	**64,192**	**69,679**	**76,465**	**73,293**	**94,845**
30 Banks' own liabilities	...	...	53,088	51,929	61,005	59,225	64,511	71,434	68,342	89,826
31 Unaffiliated foreign banks	...	...	15,419	13,344	13,169	14,385	15,720	15,917	15,565	16,818
32 Demand deposits	9,104	10,933	11,239	9,426	9,349	10,202	10,265	11,138	11,361	11,731
33 Time deposits[1]	2,297	2,040	1,479	1,322	1,262	1,306	1,315	1,398	1,211	1,523
34 Other[2]	...	...	2,700	2,596	2,558	2,877	4,140	3,382	2,994	3,564
35 Own foreign offices[3]	...	...	37,669	38,585	47,836	44,840	48,791	55,517	52,776	73,008
36 Banks' custody liabilities[4]	...	...	4,785	4,708	4,910	4,967	5,168	5,031	4,951	5,019
37 U.S. Treasury bills and certificates	119	141	300	399	425	456	508	407	347	384
38 Other negotiable and readily transferable instruments[6]	...	...	2,425	2,336	2,421	2,489	2,593	2,480	2,556	2,508
39 Other	...	...	2,060	1,973	2,064	2,022	2,066	2,145	2,048	2,127
40 **Other foreigners**	**12,814**	**14,736**	**16,023**	**16,415**	**15,842**	**17,047**	**16,753**	**16,886**	**17,170**	**17,165**
41 Banks' own liabilities	...	...	12,995	13,469	13,044	13,299	13,446	13,778	13,839	13,826
42 Demand deposits	4,015	4,304	4,242	4,744	4,207	4,312	4,358	4,729	4,662	4,607
43 Time deposits[1]	6,524	7,546	8,353	8,357	8,504	8,623	8,766	8,744	8,730	8,751
44 Other[2]	...	...	399	368	333	364	322	305	447	468
45 Banks' custody liabilities[4]	...	...	3,028	2,946	2,798	3,748	3,307	3,108	3,332	3,338
46 U.S. Treasury bills and certificates	198	240	285	358	299	1,152	693	516	350	285
47 Other negotiable and readily transferable instruments[6]	...	...	2,481	2,455	2,439	2,511	2,549	2,482	2,867	2,947
48 Other	...	...	262	133	60	85	66	111	115	106
49 MEMO: Negotiable time certificates of deposit held in custody for foreigners	...	...	11,007	10,992	r11,231	r11,133	10,809	10,633	10,704	11,075

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments." Data for time deposits prior to April 1978 represent short-term only.
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

3.16 LIABILITIES TO FOREIGNERS Continued

Area and country	1976	1977	1978	1979						
				Feb.	Mar.	Apr.	May	June	July[p]	Aug.[p]
1 **Total**	**110,657**	**126,168**	**r167,050**	**r163,972**	**r166,594**	**r159,801**	**158,320**	**167,855**	**168,932**	**190,818**
2 **Foreign countries**	**104,943**	**122,893**	**r164,433**	**r161,878**	**r164,230**	**r157,501**	**155,563**	**165,004**	**165,494**	**187,267**
3 Europe	47,076	60,295	r85,502	82,050	81,899	77,241	75,187	79,513	81,502	85,762
4 Austria	346	318	513	505	524	484	475	449	467	486
5 Belgium-Luxembourg	2,187	2,531	2,552	2,192	2,443	2,359	2,282	2,419	2,470	2,668
6 Denmark	356	770	1,946	2,074	2,131	1,596	1,526	1,165	1,560	1,412
7 Finland	416	323	346	357	361	367	399	457	466	508
8 France	4,876	5,269	9,208	8,207	8,891	9,291	9,755	9,594	9,614	9,981
9 Germany	6,241	7,239	17,286	13,868	12,997	9,364	7,619	8,492	10,724	10,426
10 Greece	403	603	826	761	671	656	673	684	760	695
11 Italy	3,182	6,857	7,674	8,056	8,142	8,939	9,751	9,656	8,458	9,676
12 Netherlands	3,003	2,869	2,402	2,786	2,766	2,816	2,889	2,628	2,355	2,626
13 Norway	782	944	1,271	1,445	1,572	1,477	1,456	1,348	1,263	1,320
14 Portugal	239	273	330	246	279	231	244	353	303	411
15 Spain	559	619	870	868	763	950	897	1,211	1,107	1,042
16 Sweden	1,692	2,712	3,121	2,656	2,520	2,596	2,524	2,437	2,227	2,368
17 Switzerland	9,460	12,343	18,612	19,810	18,563	15,587	13,730	15,932	16,744	15,718
18 Turkey	166	130	157	141	132	110	127	156	193	161
19 United Kingdom	10,018	14,125	14,379	13,861	15,370	16,005	16,679	18,079	18,760	22,438
20 Yugoslavia	189	232	254	184	176	207	184	151	159	149
21 Other Western Europe[1]	2,673	1,804	3,346	3,800	3,284	3,863	3,664	3,961	3,548	3,350
22 U.S.S.R.	51	98	82	62	59	84	58	62	63	50
23 Other Eastern Europe[2]	236	236	325	171	258	258	254	277	260	277
24 Canada	4,659	4,607	6,966	6,813	8,044	8,819	7,980	6,674	7,610	8,377
25 Latin America and Caribbean	19,132	23,670	31,622	32,671	38,067	36,081	39,907	44,887	41,380	56,460
26 Argentina	1,534	1,416	1,484	1,789	1,534	1,483	1,886	1,891	1,693	1,757
27 Bahamas	2,770	3,596	6,743	7,695	13,078	10,014	11,164	16,383	13,020	24,047
28 Bermuda	218	321	428	464	375	351	345	402	339	340
29 Brazil	1,438	1,396	1,125	1,150	1,137	1,251	1,581	1,332	1,294	1,041
30 British West Indies	1,877	3,998	5,991	6,845	6,971	6,916	9,313	8,943	7,936	13,256
31 Chile	337	360	399	358	343	447	368	403	598	457
32 Colombia	1,021	1,221	1,756	1,867	1,925	2,074	2,192	2,402	2,292	2,381
33 Cuba	6	6	13	13	6	7	9	7	7	6
34 Ecuador	320	330	322	274	330	335	318	391	443	449
35 Guatemala[3]	....	....	416	386	339	360	318	319	319	320
36 Jamaica[3]	....	....	52	43	75	80	78	46	104	67
37 Mexico	2,870	2,876	3,417	3,158	3,178	3,234	3,215	3,392	3,632	3,662
38 Netherlands Antilles[4]	158	196	308	361	318	335	396	414	422	337
39 Panama	1,167	2,331	2,992	2,491	2,938	3,368	2,909	3,125	3,070	3,048
40 Peru	257	287	363	347	403	360	321	382	425	391
41 Uruguay	245	243	231	220	236	230	223	248	231	221
42 Venezuela	3,118	2,929	3,821	3,709	3,211	3,426	3,672	2,982	3,920	3,004
43 Other Latin America and Caribbean	1,797	2,167	1,760	1,501	1,669	1,809	1,601	1,825	1,636	1,675
44 Asia	29,766	30,488	r36,381	r36,403	r32,498	r31,223	28,227	29,513	30,614	32,005
China										
45 Mainland	48	53	67	105	280	45	41	46	42	41
46 Taiwan	990	1,013	502	534	600	667	605	739	769	1,027
47 Hong Kong	894	1,094	1,256	1,390	1,254	1,459	1,496	1,555	1,452	1,571
48 India	638	961	790	838	857	929	1,016	940	873	704
49 Indonesia	340	410	449	357	479	567	394	409	509	316
50 Israel	392	559	674	598	608	673	650	706	621	625
51 Japan	14,363	14,616	21,927	21,769	18,110	14,896	12,262	12,572	13,104	13,095
52 Korea	438	602	795	827	748	728	995	809	816	825
53 Philippines	628	687	644	549	642	562	609	690	640	619
54 Thailand	277	264	427	307	277	343	302	413	307	330
55 Middle East oil-exporting countries[5]	9,360	8,979	r7,437	r7,828	r1,394	r8,984	8,444	9,003	9,651	11,078
56 Other Asia	1,398	1,250	1,414	1,300	1,249	1,371	1,412	1,632	1,830	1,773
57 Africa	2,298	2,535	2,886	2,804	2,650	2,986	3,056	3,237	3,226	3,837
58 Egypt	333	404	404	278	329	359	297	306	378	302
59 Morocco	87	66	32	32	43	34	36	45	35	40
60 South Africa	141	174	168	207	242	246	206	316	196	174
61 Zaire	36	39	43	42	50	55	47	56	37	49
62 Oil-exporting countries[6]	1,116	1,155	1,525	1,549	1,256	1,554	1,523	1,566	1,699	2,461
63 Other Africa	585	698	715	697	729	738	946	948	881	810
64 Other countries	2,012	1,297	1,076	1,136	1,072	1,149	1,206	1,181	1,162	826
65 Australia	1,905	1,140	838	934	862	957	991	891	806	621
66 All other	107	158	239	202	211	192	215	290	355	205
67 Nonmonetary international and regional organizations	5,714	3,274	2,617	2,095	2,364	2,300	2,757	2,851	3,437	3,551
68 International	5,157	2,752	1,485	919	1,189	1,128	1,535	1,738	2,257	2,516
69 Latin American regional	267	278	808	865	872	872	892	829	917	793
70 Other regional[7]	290	245	324	311	303	300	330	284	263	242

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Includes Surinam through December 1975.
5. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
6. Comprises Algeria, Gabon, Libya, and Nigeria.
7. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.17 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars
Millions of dollars, end of period

Area and country	1976	1977	1978	1979						
				Feb.	Mar.	Apr.	May	June	July[p]	Aug.[p]
1 **Total**	**79,301**	**90,206**	**115,030**	**103,933**	**108,736**	**105,266**	**105,503**	**115,297**	**113,391**	**125,949**
2 **Foreign countries**	**79,261**	**90,163**	**114,974**	**103,894**	**108,690**	**105,220**	**105,457**	**115,252**	**113,344**	**125,898**
3 Europe	14,776	18,114	24,231	20,474	21,299	20,890	20,285	24,377	24,106	25,893
4 Austria	63	65	140	115	177	130	150	169	188	223
5 Belgium-Luxembourg	482	561	1,200	1,378	1,804	1,377	1,330	1,689	1,657	1,483
6 Denmark	133	173	254	170	166	204	168	140	137	141
7 Finland	199	172	305	264	297	250	184	186	226	247
8 France	1,549	2,082	3,742	2,286	2,921	2,907	2,701	3,517	3,205	3,240
9 Germany	509	644	900	717	907	806	792	843	939	888
10 Greece	279	206	164	169	192	170	155	167	130	267
11 Italy	993	1,334	1,504	1,395	1,311	1,420	1,440	1,332	1,196	1,474
12 Netherlands	315	338	680	619	581	532	531	516	797	559
13 Norway	136	162	299	252	206	242	196	200	181	227
14 Portugal	88	175	171	173	209	208	190	172	235	297
15 Spain	745	722	1,110	1,103	909	806	926	994	999	969
16 Sweden	206	218	537	388	312	300	231	247	401	482
17 Switzerland	379	564	1,283	970	1,068	878	959	1,071	1,027	714
18 Turkey	249	360	283	132	144	148	119	135	118	148
19 United Kingdom	7,033	8,964	10,156	8,886	8,575	8,684	8,546	11,272	10,697	12,487
20 Yugoslavia	234	311	363	409	448	475	492	535	541	571
21 Other Western Europe[1]	85	86	122	110	124	424	171	187	199	216
22 U.S.S.R	485	413	366	309	319	298	291	300	282	292
23 Other Eastern Europe[2]	613	566	652	628	628	633	713	704	953	969
24 Canada	3,319	3,355	5,145	5,049	5,181	4,775	4,718	4,899	5,085	5,093
25 Latin America and Caribbean	38,879	45,850	56,850	50,379	54,149	52,055	52,584	57,328	53,988	62,968
26 Argentina	1,192	1,478	2,274	2,359	2,753	3,098	3,406	3,200	3,339	3,410
27 Bahamas	15,464	19,858	21,116	18,640	19,899	18,715	18,825	19,113	16,572	19,935
28 Bermuda	150	232	189	155	150	135	198	126	192	166
29 Brazil	4,901	4,629	6,251	6,254	6,291	6,198	6,274	6,121	6,164	6,536
30 British West Indies	5,082	6,481	9,505	5,122	7,435	5,524	4,895	9,221	6,515	10,490
31 Chile	597	675	968	939	964	970	1,058	1,089	1,120	1,173
32 Colombia	675	671	1,012	1,019	1,004	945	1,017	1,089	1,196	1,220
33 Cuba	13	10	*	*	4	4	4	4	4	6
34 Ecuador	375	517	705	768	839	903	877	908	916	921
35 Guatemala[3]	....	....	94	110	89	95	101	95	98	100
36 Jamaica[3]	....	....	40	48	61	63	64	40	47	30
37 Mexico	4,822	4,909	5,417	5,398	5,562	5,778	6,024	6,424	7,168	7,649
38 Netherlands Antilles[4]	140	224	273	217	282	213	234	280	392	394
39 Panama	1,372	1,410	3,074	3,493	2,900	3,504	3,728	3,600	4,186	4,375
40 Peru	933	962	918	846	834	839	744	720	727	730
41 Uruguay	42	80	52	44	46	48	61	58	56	66
42 Venezuela	1,828	2,318	3,474	3,481	3,527	3,555	3,601	3,793	3,814	4,043
43 Other Latin America and Caribbean	1,293	1,394	1,487	1,487	1,512	1,468	1,472	1,447	1,483	1,724
44 Asia	19,204	19,236	25,538	25,088	25,131	24,641	24,947	25,535	27,108	29,046
China										
45 Mainland	3	10	4	13	16	20	22	9	20	14
46 Taiwan	1,344	1,719	1,499	1,767	1,841	1,823	1,812	1,882	1,889	1,990
47 Hong Kong	316	543	1,573	1,960	2,036	1,717	1,993	2,105	1,965	1,652
48 India	69	53	54	60	52	73	56	82	43	75
49 Indonesia	218	232	143	123	124	135	138	138	131	156
50 Israel	755	584	872	896	909	781	824	842	865	857
51 Japan	11,040	9,839	12,739	12,196	12,811	12,121	12,342	12,523	13,928	15,190
52 Korea	1,978	2,336	2,277	2,478	2,546	2,712	2,966	3,366	3,465	3,612
53 Philippines	719	594	680	692	660	710	705	678	743	797
54 Thailand	442	633	758	832	778	760	836	895	910	919
55 Middle East oil-exporting countries[5]	1,459	1,746	3,135	2,487	1,939	2,437	1,723	1,586	1,783	1,763
56 Other Asia	863	947	1,804	1,585	1,419	1,352	1,531	1,429	1,367	2,022
57 Africa	2,311	2,518	2,221	2,092	1,968	1,977	1,967	2,128	2,043	1,969
58 Egypt	126	119	107	83	73	104	121	178	115	126
59 Morocco	27	43	82	88	66	64	46	37	34	31
60 South Africa	957	1,066	860	760	701	680	719	745	745	730
61 Zaire	112	98	164	155	155	151	151	151	189	151
62 Oil-exporting countries[6]	524	510	452	456	455	462	460	478	452	398
63 Other	565	682	556	550	518	516	471	539	508	533
64 Other countries	772	1,090	988	813	961	882	956	984	1,013	929
65 Australia	597	905	877	704	830	755	789	779	765	756
66 All other	175	186	111	108	131	127	167	205	248	173
67 Nonmonetary international and regional organizations[7]	40	43	56	39	46	46	46	45	47	51

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, Czechoslavkia, German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Includes Surinam through December 1975.
5. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
6. Comprises Algeria, Gabon, Libya, and Nigeria.
7. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

3.18 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars
Millions of dollars, end of period

Type of claim	1976	1977	1978	1979						
				Feb.	Mar.	Apr.	May	June	July	Aug.p
1 **Total**	**79,301**	**90,206**	**126,139**	....	**120,384**	....	....	**r128,845**	....	....
2 Banks' own claims on foreigners	....	....	115,030	103,933	108,736	105,266	105,503	r115,297	113,391	125,949
3 Foreign public borrowers	....	....	10,095	10,509	10,774	11,000	10,534	r11,268	11,616	12,366
4 Own foreign offices[1]	....	....	41,217	35,583	36,931	36,206	34,701	r37,347	36,218	40,349
5 Unaffiliated foreign banks	....	....	40,381	34,759	37,388	34,509	35,530	r41,512	38,862	45,176
6 Deposits	....	....	5,664	5,397	6,340	5,698	5,566	r7,384	6,988	7,946
7 Other	....	....	34,716	29,362	31,048	28,811	29,964	r34,128	31,874	37,230
8 All other foreigners	....	....	23,338	23,081	23,643	23,552	24,738	r25,169	26,695	28,058
9 Claims of banks' domestic customers[2]	....	....	11,109	....	r11,648	....	....	13,548	....	....
10 Deposits	....	....	994	....	1,143	....	....	1,438	....	....
11 Negotiable and readily transferable instruments[3]	....	....	4,762	....	4,863	....	....	6,230	....	....
12 Outstanding collections and other claims[4]	5,756	6,176	5,353	....	5,641	....	....	5,879	....	....
13 MEMO: Customer liability on acceptances	....	....	14,917	....	15,098	....	....	16,838	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]		....	11,674	15,563	15,749	16,472	17,340	14,976	n.a.	n.a.

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Data for March 1978 and for period prior to that are outstanding collections only.
5. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' domestic customers are available on a quarterly basis only.

3.19 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars
Millions of dollars, end of period

Maturity; by borrower and area	1978			1979		
	June	Sept.	Dec.	Mar.	June	Sept.
1 Total	**55,470**	**59,948**	**73,557**	**71,539**	**77,339**	....
By borrower						
2 Maturity of 1 year or less[1]	44,138	47,097	58,277	55,356	59,763	....
3 Foreign public borrowers	3,067	3,702	4,558	4,627	4,551	....
4 All other foreigners	41,071	43,395	53,719	50,729	55,212	....
5 Maturity of over 1 year[1]	11,333	12,850	15,280	16,183	17,575	....
6 Foreign public borrowers	3,226	4,230	5,328	5,937	6,372	....
7 All other foreigners	8,107	8,620	9,952	10,246	11,204	....
By area						
Maturity of 1 year or less[1]						
8 Europe	9,631	10,463	15,116	12,373	13,998	....
9 Canada	1,598	1,948	2,670	2,512	2,678	....
10 Latin American and Caribbean	17,221	18,775	20,850	21,647	22,937	....
11 Asia	13,707	13,786	17,575	16,993	18,166	....
12 Africa	1,457	1,535	1,496	1,290	1,423	....
13 All other[2]	523	591	569	541	563	....
Maturity of over 1 year[1]						
14 Europe	2,920	3,102	3,152	3,108	3,484	....
15 Canada	344	794	1,426	1,456	1,212	....
16 Latin America and Caribbean	5,889	6,859	8,452	9,336	10,214	....
17 Asia	1,298	1,305	1,401	1,473	1,871	....
18 Africa	631	580	636	629	613	....
19 All other[2]	252	211	214	180	182	....

1. Remaining time to maturity.
2. Includes nonmonetary international and regional organizations.

NOTE. The first available data are for June 1978.

3.20 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or Country	1975	1976	1977 June	1977 Sept.	1977 Dec.	1978 Mar.	1978 June[7]	1978 Sept.	1978 Dec.	1979 Mar.	1979 June
1 **Total**	**167.0**	**207.7**	**217.8**	**226.7**	**239.4**	**247.2**	**245.7**	**246.7**	**265.3**	**263.4**	**273.6**
2 G-10 countries and Switzerland	88.0	100.1	104.1	108.8	115.3	116.6	112.8	113.7	124.9	118.8	124.5
3 Belgium-Luxembourg	5.3	6.1	6.3	7.1	8.4	8.3	8.3	8.4	9.0	9.4	9.2
4 France	8.5	10.0	10.6	10.5	11.0	11.4	11.4	11.7	12.2	11.7	12.8
5 Germany	7.8	8.7	8.2	8.6	9.6	9.0	9.1	9.7	11.4	10.5	10.8
6 Italy	5.2	5.8	6.4	6.0	6.5	6.0	6.4	6.0	6.6	5.7	6.1
7 Netherlands	2.8	2.8	3.1	3.0	3.5	3.4	3.4	3.5	4.4	3.8	4.0
8 Sweden	1.0	1.2	1.7	1.9	1.9	2.0	2.1	2.2	2.1	2.0	2.0
9 Switzerland	2.4	3.0	3.0	3.3	3.3	4.0	4.1	4.3	5.4	4.5	4.8
10 United Kingdom	36.3	41.5	41.4	44.1	46.5	46.8	45.0	44.4	47.2	46.4	50.2
11 Canada	3.8	5.1	6.4	6.6	5.8	6.9	5.1	4.9	5.9	5.8	5.5
12 Japan	14.9	15.9	17.0	17.6	18.8	19.1	17.9	18.6	20.7	19.0	19.1
13 Other developed countries	10.7	15.1	16.9	18.1	18.6	20.5	19.3	18.7	19.2	18.3	18.8
14 Austria	.7	1.2	1.2	1.3	1.3	1.5	1.5	1.5	1.7	1.7	2.2
15 Denmark	.6	1.0	1.4	1.5	1.6	1.6	1.7	1.9	2.0	2.0	2.0
16 Finland	.9	1.1	1.1	1.2	1.2	1.2	1.1	1.0	1.2	1.1	1.1
17 Greece	1.4	1.7	1.8	2.0	2.2	2.7	2.3	2.2	2.3	2.3	2.2
18 Norway	1.4	1.5	1.7	1.8	1.9	1.9	2.1	2.1	2.1	2.1	2.1
19 Portugal	.3	.4	.5	.6	.6	.7	.6	.5	.6	.6	.5
20 Spain	1.9	2.8	3.2	3.5	3.6	3.6	3.6	3.5	3.4	3.0	3.0
21 Turkey	.6	1.3	1.4	1.4	1.5	1.5	1.4	1.5	1.5	1.4	1.4
22 Other Western Europe	.6	.7	.8	1.2	.9	1.4	1.2	1.0	1.0	1.1	1.2
23 South Africa	1.2	2.2	2.3	2.3	2.4	2.5	2.4	2.2	2.0	1.7	1.8
24 Australia	1.3	1.2	1.5	1.5	1.4	1.9	1.4	1.3	1.4	1.3	1.3
25 Oil-exporting countries[2]	6.9	12.6	15.0	16.5	17.6	19.2	19.1	20.4	22.8	22.9	22.6
26 Ecuador	.4	.7	.9	1.1	1.1	1.3	1.4	1.6	1.6	1.5	1.6
27 Venezuela	2.3	4.1	4.6	5.1	5.5	5.8	5.6	6.2	7.2	7.2	7.5
28 Indonesia	1.6	2.2	2.2	2.2	2.2	2.1	1.9	1.9	2.0	1.9	1.9
29 Middle East countries	1.6	4.2	5.5	6.3	6.9	8.3	8.3	8.7	9.5	9.7	9.0
30 African countries	1.0	1.4	1.8	1.9	1.9	2.0	1.9	2.0	2.5	2.6	2.6
31 Non-oil developing countries	34.2	43.1	45.8	47.6	50.0	49.9	48.9	49.5	52.4	53.1	56.1
Latin America											
32 Argentina	1.7	1.9	2.1	2.4	2.9	3.0	3.0	2.9	3.0	2.9	3.5
33 Brazil	8.0	11.1	11.8	11.8	12.7	13.0	13.3	14.0	14.9	14.6	15.0
34 Chile	.5	.8	.7	.8	.9	1.1	1.3	1.3	1.6	1.7	1.8
35 Colombia	1.2	1.3	1.2	1.2	1.3	1.3	1.3	1.3	1.4	1.5	1.5
36 Mexico	9.0	11.7	12.2	12.6	11.9	11.2	11.0	10.7	10.8	10.9	11.0
37 Peru	1.4	1.8	2.0	1.9	1.9	1.7	1.8	1.8	1.7	1.6	1.4
38 Other Latin America	2.6	2.7	2.4	2.5	2.7	3.5	3.3	3.4	3.6	3.5	3.3
Asia											
China											
39 Mainland	*	*	*	*	*	*	*	*	*	.1	.1
40 Taiwan	1.7	2.3	2.7	2.9	3.1	2.5	2.4	2.4	2.9	3.1	3.3
41 India	.2	.2	.2	.3	.3	.3	.2	.3	.2	.2	.2
42 Israel	.9	1.0	.8	.7	.9	.8	.7	.7	1.0	1.0	.9
43 Korea (South)	2.4	3.1	3.4	3.6	3.9	3.7	3.6	3.5	3.9	4.2	5.0
44 Malaysia[3]	.3	.5	.7	.7	.7	.6	.6	.6	.6	.6	.7
45 Philippines	1.7	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.8	3.2	3.7
46 Thailand	.7	.7	.8	.9	1.7	1.1	1.1	1.1	1.2	1.2	1.4
47 Other Asia	.4	.4	.3	.4	.3	.4	.3	.3	.2	.3	.4
Africa											
48 Egypt	.4	.4	.4	.4	.3	.3	.3	.4	.4	.4	.7
49 Morocco	.1	.2	.3	.4	.5	.4	.5	.5	.6	.6	.5
50 Zaire	.3	.2	.3	.3	.3	.3	.2	.2	.2	.2	.2
51 Other Africa[4]	.5	.6	1.0	1.2	1.2	1.4	1.2	1.3	1.4	1.4	1.5
52 Eastern Europe	3.7	5.2	5.5	5.5	6.5	6.3	6.4	6.6	6.9	6.7	6.7
53 U.S.S.R.	1.0	1.5	1.5	1.5	1.6	1.4	1.4	1.4	1.3	1.1	.9
54 Yugoslavia	.6	.8	.9	1.0	1.1	1.2	1.3	1.3	1.5	1.6	1.7
55 Other	2.1	2.8	3.1	3.0	3.8	3.7	3.7	3.9	4.1	4.0	4.1
56 Offshore banking centers	19.4	26.2	25.4	25.3	26.1	29.0	31.1	29.2	30.0	34.1	35.0
57 Bahamas	7.3	11.8	9.5	9.9	9.8	11.3	11.8	11.1	9.9	12.8	13.2
58 Bermuda	.5	.5	.5	.5	.6	.6	.7	.7	.7	.6	.7
59 Cayman Islands and other British West Indies	2.5	3.8	4.8	4.3	3.8	4.5	6.3	6.2	6.9	7.3	7.1
60 Netherlands Antilles	.6	.6	.5	.6	.7	.7	.6	.6	.8	.7	.8
61 Panama	2.6	2.7	2.9	2.8	3.1	3.2	3.2	3.1	2.9	3.3	3.4
62 Lebanon	.2	.1	.2	.1	.2	.2	.1	.1	.1	.1	.1
63 Hong Kong	1.6	2.3	2.8	3.1	3.7	4.0	4.1	4.0	4.3	4.7	5.1
64 Singapore	3.8	4.4	4.2	3.9	3.7	4.0	3.8	2.9	3.9	4.1	4.2
65 Others[5]	.1	*	*	.1	.5	.5	.5	.5	.5	.5	.4
66 Miscellaneous and unallocated[6]	4.1	5.4	5.1	5.0	5.3	5.7	8.1	8.6	9.1	9.5	9.9

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. Includes Algeria, Bahrain, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, and United Arab Emirates in addition to countries shown individually.

3. Foreign branch claims only through December 1976.

4. Excludes Liberia.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

7. 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).

3.21 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1977	1978	1979 Jan.–Aug.p	1979 Feb.	Mar.	Apr.	May	June	July p	Aug.
	Holdings (end of period)[4]									
1 **Estimated total**[1]	**38,640**	**44,938**	....	**45,667**	**47,529**	**48,131**	**47,218**	**47,494**	**48,991**	**49,571**
2 **Foreign countries**[1]	**33,894**	**39,817**	....	**40,963**	**42,932**	**43,177**	**43,055**	**43,454**	**44,544**	**44,975**
3 Europe[1]	13,936	17,072	....	18,502	20,172	20,593	20,667	21,047	22,213	22,557
4 Belgium-Luxembourg	19	19	....	19	19	19	20	24	24	24
5 Germany[1]	3,168	8,705	....	8,860	10,216	10,812	10,828	10,751	10,781	10,951
6 Netherlands	911	1,358	....	1,517	1,587	1,637	1,672	1,695	1,655	1,577
7 Sweden	100	285	....	355	360	415	479	484	481	525
8 Switzerland	497	977	....	1,508	1,537	1,510	1,458	1,582	1,843	2,048
9 United Kingdom	8,888	5,373	....	5,823	5,991	5,735	5,697	6,016	6,938	6,895
10 Other Western Europe	349	354	....	420	461	464	513	496	491	538
11 Eastern Europe	4	....	....	....	....	....	....	....	....	....
12 Canada	288	152	....	146	166	226	216	227	232	233
13 Latin America and Caribbean	551	416	....	417	418	397	387	387	537	539
14 Venezuela	199	144	....	183	183	183	183	183	183	183
15 Other Latin American and Caribbean	183	110	....	72	72	52	42	42	192	192
16 Netherlands Antilles	170	162	....	162	162	162	162	162	162	165
17 Asia	18,745	21,488	....	21,210	21,488	21,273	21,097	21,103	20,874	20,957
18 Japan	6,860	11,528	....	12,422	12,729	12,982	13,014	13,040	13,090	12,818
19 Africa	362	691	....	691	691	691	691	691	691	691
20 All other	11	−3	....	−3	−3	−3	−3	−3	−3	−4
21 **Nonmonetary international and regional organizations**	**4,746**	**5,121**	....	**4,704**	**4,597**	**4,954**	**4,163**	**4,040**	**4,447**	**4,596**
22 International	4,646	5,089	....	4,666	4,560	4,915	4,114	3,993	4,400	4,551
23 Latin American regional	100	33	....	38	38	38	48	48	48	46
	Transactions (net purchases, or sales (−), during period)									
24 **Total**[1]	**22,843**	**6,297**	**4,634**	**−543**	**1,862**	**602**	**−913**	**277**	**1,497**	**580**
25 Foreign countries[1]	21,130	5,921	5,158	−378	1,968	246	−122	399	1,090	431
26 Official institutions	20,377	3,734	2,093	−517	524	242	−149	298	1,033	513
27 Other foreign[1]	753	2,188	3,065	141	1,443	4	27	101	57	−83
28 Nonmonetary international and regional organizations	1,713	375	−523	−165	−106	356	−791	−121	407	149
MEMO: Oil-exporting countries										
29 Middle East[2]	4,451	−1,785	−1,618	−693	−31	−452	−190	8	−193	394
30 Africa[3]	−181	329	....	....	....	....	....	....	....	....

1. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1976	1977	1978	1979 Mar.	Apr.	May	June	July	Aug.	Sept.p
1 Deposits	352	424	367	303	388	407	326	372	325	347
Assets held in custody										
2 U.S. Treasury securities[1]	66,532	91,962	117,126	107,854	99,674	91,327	95,301	r99,004	98,794	100,383
3 Earmarked gold[2]	16,414	15,988	15,463	15,426	15,406	15,381	15,356	15,322	15,296	15,294

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	1977	1978	1979 Jan.–Aug.ᵖ	1979 Feb.	Mar.	Apr.	May	June	Julyᵖ	Aug.ᵖ
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	14,155	20,142	13,806	1,384	1,941	1,614	1,578	1,860	1,766	2,301
2 Foreign sales	11,479	17,723	12,640	1,264	1,437	1,520	1,386	1,794	1,774	2,163
3 **Net purchases, or sales (−)**	**2,676**	**2,420**	**1,166**	**120**	**504**	**94**	**191**	**66**	**−8**	**137**
4 **Foreign countries**	**2,661**	**2,466**	**1,145**	**104**	**501**	**94**	**191**	**67**	**8**	**135**
5 Europe	1,006	1,283	186	52	104	2	136	11	42	66
6 France	40	47	190	16	33	31	48	41	18	9
7 Germany	291	620	−133	20	2	−59	1	16	19	39
8 Netherlands	22	22	−96	−15	−19	10	7	15	8	2
9 Switzerland	152	585	70	12	12	17	18	3	52	86
10 United Kingdom	613	1,230	429	19	109	52	74	5	−12	97
11 Canada	65	74	277	6	57	30	47	33	30	78
12 Latin America and Caribbean	127	151	46	25	36	22	18	28	17	43
13 Middle East[1]	1,390	781	392	46	242	48	20	15	−7	44
14 Other Asia	59	187	250	30	61	3	9	39	32	33
15 Africa	5	13	−10	6	1	3	2	3	4	4
16 Other countries	8	3	5	1	1	2	1	1	1	7
17 **Nonmonetary international and regional organizations**	**15**	**46**	**21**	**16**	**3**	**1**	*****	**1**	*****	**2**
BONDS[2]										
18 Foreign purchases	7,739	7,955	5,787	453	581	589	863	1,081	853	726
19 Foreign sales	3,560	5,509	5,153	547	489	378	922	793	647	672
20 **Net purchases, or sales (−)**	**4,179**	**2,446**	**634**	**94**	**92**	**210**	**59**	**288**	**206**	**54**
21 **Foreign countries**	**4,083**	**2,037**	**885**	**28**	**79**	**106**	**87**	**254**	**207**	**68**
22 Europe	1,850	915	711	110	1	139	121	163	143	5
23 France	−34	30	1	*	13	2	1	8	34	3
24 Germany	−20	68	71	13	4	19	6	24	27	10
25 Netherlands	72	19	−158	10	27	20	37	32	9	19
26 Switzerland	94	100	19	6	12	8	−41	1	−4	−8
27 United Kingdom	1,690	930	777	93	27	134	151	169	232	24
28 Canada	141	102	80	10	33	6	4	*	8	8
29 Latin America and Caribbean	64	78	81	9	24	9	7	10	11	8
30 Middle East[1]	1,695	810	108	106	25	−61	73	52	40	50
31 Other Asia	338	131	120	4	3	14	28	48	5	8
32 Africa	6	1	1	1	*	*	*	*	*	*
33 Other countries	*	1	*	*	1	1	*	*	*	*
34 **Nonmonetary international and regional organizations**	**96**	**409**	**251**	**−122**	**13**	**104**	**146**	**34**	**−1**	**14**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−410	527	153	−28	2	13	67	−18	−67	132
36 Foreign purchases	2,255	3,666	2,811	232	331	369	554	403	329	329
37 Foreign sales	2,665	3,139	2,964	260	329	356	487	421	396	462
38 Bonds, net purchases, or sales (−)	−5,096	−4,017	−2,553	−322	−39	21	5	689	−346	541
39 Foreign purchases	8,040	11,044	8,206	942	1,182	879	851	1,011	984	1,575
40 Foreign sales	13,136	15,061	10,759	1,264	1,220	900	847	1,700	1,329	2,116
41 **Net purchases, or sales (−) of stocks and bonds**	**−5,506**	**3,490**	**−2,705**	**−349**	**37**	**8**	**71**	**−707**	**412**	**674**
42 **Foreign countries**	**−3,949**	**−3,313**	**2,075**	**−141**	**19**	**21**	**70**	**−425**	**−436**	**590**
43 Europe	−1,100	−40	−1,140	−42	3	174	31	144	305	322
44 Canada	−2,404	−3,237	−1,149	−184	−228	10	85	−221	−178	−127
45 Latin America and Caribbean	−82	201	378	70	54	55	26	53	30	30
46 Asia	−97	350	−169	19	152	84	14	114	16	172
47 Africa	2	441	8	5	8	2	4	4	*	1
48 Other countries	−267	146	13	2	7	2	1	4	2	2
49 **Nonmonetary international and regional organizations**	**−1,557**	**−177**	**−631**	**−209**	**17**	**13**	**1**	**282**	**24**	**83**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.24 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States ▲

Millions of dollars, end of period

	Type, and area or country	1976	1977	1978			1979			
				June	Sept.	Dec.	Mar.	June	Sept.	Dec.
1	**Total**	**10,099**	**11,085**	**11,870**	**12,786**	**13,888**	**13,370**	...	...	...
2	Payable in dollars	9,390	10,284	11,044	11,955	11,166	10,930	...	...	...
3	Payable in foreign currencies[1]	709	801	825	831	2,723	2,440	...	...	...
	By type									
4	Financial liabilities	...	...	...	...	5,407	5,238	...	...	...
5	Payable in dollars	...	...	...	...	3,465	3,419	...	...	...
6	Payable in foreign currencies	...	...	...	...	1,942	1,819	...	...	...
7	Commercial liabilities	...	...	...	...	8,481	8,131	...	...	...
8	Trade payables	...	...	...	...	3,930	3,431	...	...	...
9	Advance receipts and other liabilities	...	...	...	...	4,552	4,700	...	...	...
10	Payable in dollars	...	...	...	...	7,701	7,511	...	...	...
11	Payable in foreign currencies	...	...	...	...	780	620	...	...	...
	By area or country									
	Financial liabilities									
12	Europe	...	...	...	...	3,467	3,281	...	...	...
13	Belgium-Luxembourg	...	...	...	...	287	254	...	...	...
14	France	...	...	...	...	157	133	...	...	...
15	Germany	...	...	...	...	334	293	...	...	...
16	Netherlands	...	...	...	...	360	391	...	...	...
17	Switzerland	...	...	...	...	207	187	...	...	...
18	United Kingdom	...	...	...	...	1,947	1,852	...	...	...
19	Canada	...	...	...	...	205	233	...	...	...
20	Latin America and Caribbean	...	...	...	...	971	969	...	...	...
21	Bahamas	...	...	...	...	422	407	...	...	...
22	Bermuda	...	...	...	...	56	41	...	...	...
23	Brazil	...	...	...	...	10	13	...	...	...
24	British West Indies	...	...	...	...	122	132	...	...	...
25	Mexico	...	...	...	...	77	73	...	...	...
26	Venezuela	...	...	...	...	46	52	...	...	...
27	Asia	...	...	...	...	754	745	...	...	...
28	Japan	...	...	...	...	671	667	...	...	...
29	Middle East oil-exporting countries[2]	...	...	...	...	48	36	...	...	...
30	Africa	...	...	...	...	5	5	...	...	...
31	Oil-exporting countries[3]	...	...	...	...	2	1	...	...	...
32	All other[4]	...	...	...	...	5	5	...	...	...
	Commercial liabilities									
33	Europe	...	...	...	...	2,927	2,809	...	...	...
34	Belgium-Luxembourg	...	...	...	...	73	68	...	...	...
35	France	...	...	...	...	312	336	...	...	...
36	Germany	...	...	...	...	519	390	...	...	...
37	Netherlands	...	...	...	...	206	193	...	...	...
38	Switzerland	...	...	...	...	321	343	...	...	...
39	United Kingdom	...	...	...	...	760	811	...	...	...
40	Canada	...	...	...	...	653	601	...	...	...
41	Latin America	...	...	...	...	1,031	1,102	...	...	...
42	Bahamas	...	...	...	...	25	16	...	...	...
43	Bermuda	...	...	...	...	95	40	...	...	...
44	Brazil	...	...	...	...	75	62	...	...	...
45	British West Indies	...	...	...	...	53	89	...	...	...
46	Mexico	...	...	...	...	130	240	...	...	...
47	Venezuela	...	...	...	...	306	359	...	...	...
48	Asia	...	...	...	...	2,942	2,627	...	...	...
49	Japan	...	...	...	...	430	411	...	...	...
50	Middle East oil-exporting countries[2]	...	...	...	...	1,543	1,117	...	...	...
51	Africa	...	...	...	...	724	754	...	...	...
52	Oil-exporting countries[3]	...	...	...	...	313	345	...	...	...
53	All other[4]	...	...	...	...	204	239	...	...	...

1. Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

▲ For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.

3.25 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States ▲

Millions of dollars, end of period

	Type, and area or country	1976	1977	1978 June	1978 Sept.	1978 Dec.	1979 Mar.	1979 June	1979 Sept.	1979 Dec.
1	**Total**	**19,350**	**21,298**	**23,229**	**23,260**	**27,138**	**29,859**	...	...	...
2	Payable in dollars	18,300	19,880	21,665	21,292	24,160	27,036	...	...	...
3	Payable in foreign currencies[1]	1,050	1,418	1,564	1,968	2,978	2,823	...	...	...
	By type									
4	Financial claims	...	...	...	...	15,843	19,097	...	...	...
5	Deposits	...	...	...	...	10,735	13,989	...	...	...
6	Payable in dollars	...	...	...	...	9,694	13,087	...	...	...
7	Payable in foreign currencies	...	...	...	...	1,041	903	...	...	...
8	Other financial claims	...	...	...	...	5,108	5,108	...	...	...
9	Payable in dollars	...	...	...	...	3,528	3,573	...	...	...
10	Payable in foreign currencies	...	...	...	...	1,580	1,535	...	...	...
11	Commercial claims	...	...	...	...	11,295	10,762	...	...	...
12	Trade receivables	...	...	...	...	10,647	10,008	...	...	...
13	Advance payments and other claims	...	...	...	...	647	754	...	...	...
14	Payable in dollars	...	...	...	...	10,938	10,377	...	...	...
15	Payable in foreign currencies	...	...	...	...	357	385	...	...	...
	By area or country									
	Financial claims									
16	Europe	...	...	...	...	5,054	5,333	...	...	...
17	Belgium-Luxembourg	...	...	...	...	48	63	...	...	...
18	France	...	...	...	...	179	180	...	...	...
19	Germany	...	...	...	...	529	263	...	...	...
20	Netherlands	...	...	...	...	107	91	...	...	...
21	Switzerland	...	...	...	...	98	96	...	...	...
22	United Kingdom	...	...	...	...	3,850	4,409	...	...	...
23	Canada	...	...	...	...	4,454	5,130	...	...	...
24	Latin America and Caribbean	...	...	...	...	5,197	7,566	...	...	...
25	Bahamas	...	...	...	...	2,836	4,124	...	...	...
26	Bermuda	...	...	...	...	80	62	...	...	...
27	Brazil	...	...	...	...	151	137	...	...	...
28	British West Indies	...	...	...	...	1,231	2,394	...	...	...
29	Mexico	...	...	...	...	146	145	...	...	...
30	Venezuela	...	...	...	...	149	142	...	...	...
31	Asia	...	...	...	...	918	825	...	...	...
32	Japan	...	...	...	...	306	206	...	...	...
33	Middle East oil-exporting countries[2]	...	...	...	...	18	17	...	...	...
34	Africa	...	...	...	...	180	203	...	...	...
35	Oil-exporting countries[3]	...	...	...	...	10	26	...	...	...
36	All other[4]	...	...	...	...	41	39	...	...	...
	Commercial claims									
37	Europe	...	...	...	...	3,935	3,800	...	...	...
38	Belgium-Luxembourg	...	...	...	...	145	172	...	...	...
39	France	...	...	...	...	607	487	...	...	...
40	Germany	...	...	...	...	392	495	...	...	...
41	Netherlands	...	...	...	...	256	270	...	...	...
42	Switzerland	...	...	...	...	213	253	...	...	...
43	United Kingdom	...	...	...	...	802	678	...	...	...
44	Canada	...	...	...	...	1,102	1,106	...	...	...
45	Latin America and Caribbean	...	...	...	...	2,535	2,461	...	...	...
46	Bahamas	...	...	...	...	109	117	...	...	...
47	Bermuda	...	...	...	...	215	241	...	...	...
48	Brazil	...	...	...	...	624	489	...	...	...
49	British West Indies	...	...	...	...	9	10	...	...	...
50	Mexico	...	...	...	...	513	497	...	...	...
51	Venezuela	...	...	...	...	293	273	...	...	...
52	Asia	...	...	...	...	3,087	2,748	...	...	...
53	Japan	...	...	...	...	978	894	...	...	...
54	Middle East oil-exporting countries[2]	...	...	...	...	711	665	...	...	...
55	Africa	...	...	...	...	449	445	...	...	...
56	Oil-exporting countries[3]	...	...	...	...	137	132	...	...	...
57	All other[4]	...	...	...	...	187	201	...	...	...

1. Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
2. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
3. Comprises Algeria, Gabon, Libya, and Nigeria.
4. Includes nonmonetary international and regional organizations.

▲ For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Sept. 30, 1979: Per-cent	Rate on Sept. 30, 1979: Month effective	Country	Rate on Sept. 30, 1979: Per-cent	Rate on Sept. 30, 1979: Month effective	Country	Rate on Sept. 30, 1979: Per-cent	Rate on Sept. 30, 1979: Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	7.0	Feb. 1978
Austria	3.75	Jan. 1979	Germany, Fed. Rep. of	5.0	July 1979	Sweden	8.0	Sept. 1979
Belgium	9.0	June 1979	Italy	10.5	Sept. 1978	Switzerland	1.0	Feb. 1978
Brazil	33.0	Nov. 1978	Japan	5.25	July 1979	United Kingdom	14.0	June 1979
Canada	12.25	Sept. 1979	Mexico	4.5	June 1942	Venezuela	7.5	July 1978
Denmark	11.00	Sept. 1979	Netherlands	8.0	July 1979			

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1976	1977	1978	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.	1979 Sept.
1 Eurodollars	5.58	6.03	8.74	10.60	10.75	10.52	10.87	11.53	12.64
2 United Kingdom	11.35	8.07	9.18	11.64	11.76	13.02	13.87	14.06	14.11
3 Canada	9.39	7.47	8.52	11.18	11.26	11.17	11.29	11.78	11.89
4 Germany	4.19	4.30	3.67	5.50	5.89	6.40	6.77	7.04	7.82
5 Switzerland	1.45	2.56	0.74	0.93	1.54	1.51	1.19	1.67	1.94
6 Netherlands	7.02	4.73	6.53	7.23	7.82	8.55	9.53	9.51	9.82
7 France	8.65	9.20	8.10	6.96	7.63	8.63	9.90	10.85	11.67
8 Italy	16.32	14.26	11.40	11.52	11.37	11.27	11.46	11.50	11.51
9 Belgium	10.25	6.95	7.14	7.63	8.16	9.09	11.18	11.42	11.88
10 Japan	7.70	6.22	4.75	5.13	5.25	5.46	6.26	7.00	7.00

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	1976	1977	1978	1979 Apr.	1979 May	1979 June	1979 July	1979 Aug.	1979 Sept.
1 Australia/dollar	122.15	110.82	114.41	110.85	110.57	111.11	112.83	112.83	112.63
2 Austria/schilling	5.5744	6.0494	6.8958	7.1862	7.1222	7.2081	7.4628	7.4786	7.7211
3 Belgium/franc	2.5921	2.7911	3.1809	3.3271	3.2732	3.3048	3.4240	3.4140	3.4684
4 Canada/dollar	101.41	94.112	87.729	87.235	86.534	85.296	85.920	85.425	85.814
5 Denmark/krone	16.546	16.658	18.156	18.958	18.562	18.401	19.072	18.964	19.279
6 Finland/markka	25.938	24.913	24.337	24.976	24.974	25.250	26.040	26.075	26.242
7 France/franc	20.942	20.344	22.218	22.967	22.691	22.914	23.535	23.491	23.826
8 Germany/deutsche mark	39.737	43.079	49.867	52.745	52.422	53.084	54.817	54.666	55.758
9 India/rupee	11.148	11.406	12.207	12.191	12.066	12.317	12.651	12.484	12.289
10 Ireland/pound	180.48	174.49	191.84	201.97	198.43	200.01	206.79	205.79	209.18
11 Italy/lira	.12044	.11328	.11782	.11858	.11744	.11828	.12192	.12219	.12326
12 Japan/yen	.33741	.37342	.47981	.46241	.45797	.45750	.46189	.45890	.44963
13 Malaysia/ringgit	39.340	40.620	43.210	45.023	44.934	45.474	46.422	46.363	46.382
14 Mexico/peso	6.9161	4.4239	4.3896	4.3780	4.3805	4.3767	4.3767	4.3804	4.3858
15 Netherlands/guilder	37.846	40.752	46.284	48.794	48.132	48.374	49.821	49.805	50.635
16 New Zealand/dollar	99.115	96.893	103.64	104.96	104.37	103.29	102.04	101.40	100.28
17 Norway/krone	18.327	18.789	19.079	19.444	19.270	19.398	19.824	19.877	20.080
18 Portugal/escudo	3.3159	2.6234	2.2782	2.0482	2.0214	2.0192	2.0551	2.0332	2.0297
19 South Africa/rand	114.85	114.99	115.01	117.94	118.22	118.31	118.46	119.38	119.91
20 Spain/peseta	1.4958	1.3287	1.3073	1.4679	1.5131	1.5131	1.5118	1.5132	1.5135
21 Sri Lanka/rupee	11.908	11.964	6.3834	6.4455	6.4239	6.4059	6.3786	6.4174	6.4126
22 Sweden/krona	22.957	22.383	22.139	22.772	22.755	23.028	23.687	23.693	23.860
23 Switzerland/franc	40.013	41.714	56.283	58.220	57.894	58.884	60.650	60.349	62.087
24 United Kingdom/pound	180.48	174.49	191.84	207.34	205.87	211.19	225.98	223.68	219.66
MEMO:									
25 United States/dollar[1]	105.57	103.31	92.39	89.49	90.31	89.56	86.93	87.24	86.73

1. Index of weighted average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 - 100. Weights are 1972 76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on page 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable transfers

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected	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
*	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)	REITs	Real estate investment trusts
		RPs	Repurchase agreements
		SMSAs	Standard metropolitan statistical areas
		......	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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List Published Semiannually, with Latest Bulletin Reference

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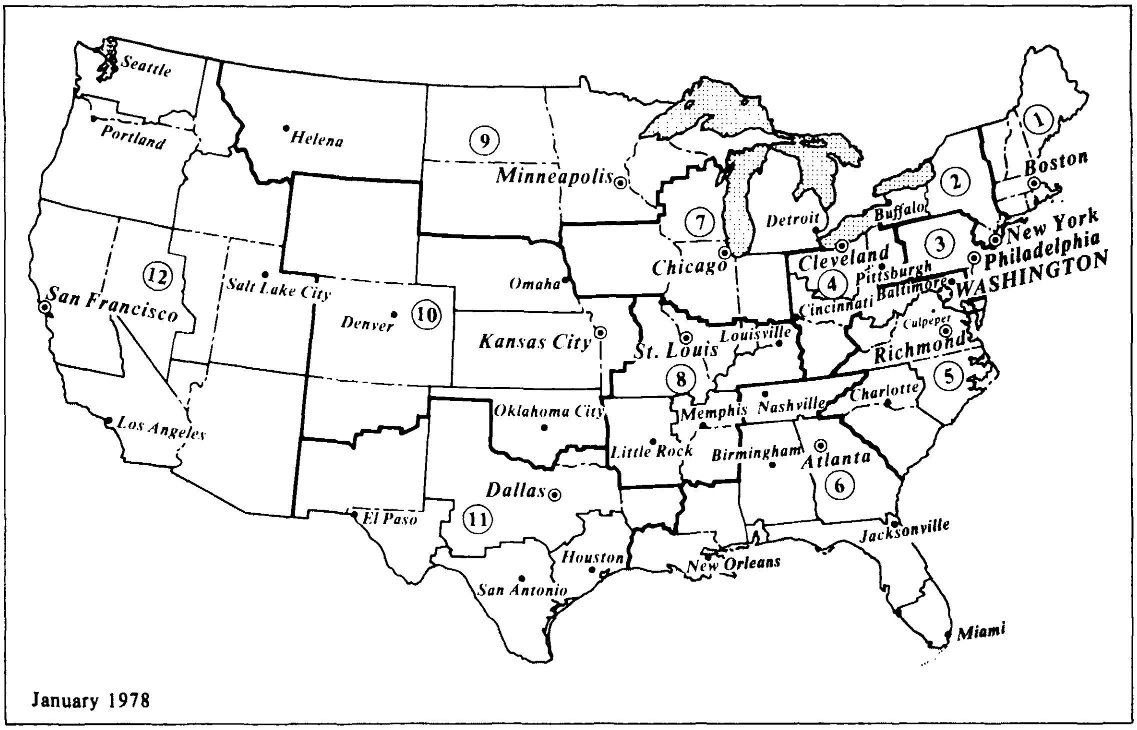

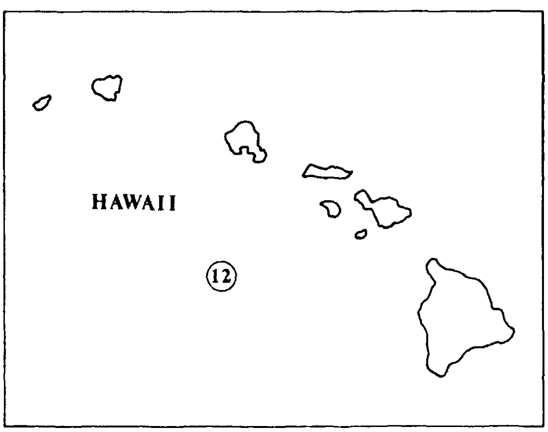

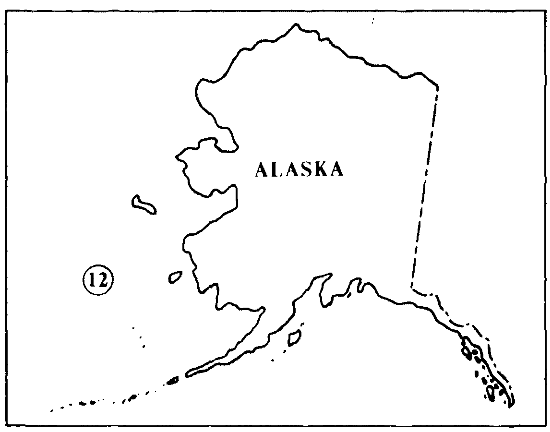

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