
SEPTEMBER 1976

FEDERAL RESERVE
BULLETIN

A copy of the Federal Reserve *BULLETIN* is sent to each member bank without charge; member banks desiring additional copies may secure them at a special \$10.00 annual rate. The regular subscription price in the United States, its possessions, Canada, and Mexico is \$20.00 per annum or \$2.00 per copy; elsewhere, \$24.00 per annum or \$2.50 per copy. Group subscriptions in the United States for 10 or more copies to one address, \$1.75 per copy per month, or \$18.00 for 12 months.

The *BULLETIN* may be obtained from the Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, and remittance should be made payable to the order of the Board of Governors of the Federal Reserve System in a form collectible at par in U.S. currency. (Stamps and coupons are not accepted.)

FEDERAL RESERVE BULLETIN

NUMBER 9 □ VOLUME 62 □ SEPTEMBER 1976

CONTENTS

- | | |
|--|---|
| 733 Recent Shifts in
Corporate Financing Patterns | A1 Financial and Business Statistics |
| 741 Staff Economic Studies: Summary | A1 <i>Contents</i> |
| 743 Treasury and Federal Reserve
Foreign Exchange Operations | A2 <i>U.S. Statistics</i> |
| 765 Statements to Congress | A58 <i>International Statistics</i> |
| 774 Record of Policy Actions
of the Federal Open Market Committee | A76 Board of Governors and Staff |
| 787 Law Department | A78 Open Market Committee and Staff;
Federal Advisory Council |
| 811 Announcements | A79 Federal Reserve Banks and Branches |
| 814 Industrial Production | A80 Federal Reserve Board Publications |
| | A82 Index to Statistical Tables |
| | A84 Map of Federal Reserve System |
| | Inside Back Cover:
Guide to Tabular Presentation and
Statistical Releases |

PUBLICATIONS COMMITTEE

Lyle E. Gramley
Stephen H. Axilrod

Joseph R. Coyne
Janet O. Hart

John M. Denkler
John D. Hawke, Jr.

James L. Kichline, Staff Director

The Federal Reserve BULLETIN is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. Direction for the art work is provided by Mack R. Rowe. Editorial support is furnished by the Economic Editing Unit headed by Elizabeth B. Sette.

Recent Shifts in Corporate Financing Patterns

This article was prepared in the Capital Markets Section of the Division of Research and Statistics.

During most of the decade that preceded the recession of 1974–75, the gap between corporate expenditures and internal funds widened, and businesses had to depend more heavily on external sources of funds to finance their investment outlays. In the process, nonfinancial corporations greatly increased their debt financing relative to their equity capital, and they borrowed more heavily in short-term markets than in long-term markets—particularly in 1973 and 1974.

These trends in corporate financing practices occurred against a backdrop of prolonged, and almost uninterrupted, expansion in aggregate economic activity and of accelerating increases in the general price level. In this environment, many corporate enterprises paid little attention to their rising debt/equity ratios or to the reductions in their liquidity positions. Increased vulnerability to changes in the level of economic activity and to changes in credit market conditions went largely unchecked until the recent recession, when the glaring financial imbalances and increased risk exposure of many business enterprises became clear.

Since the beginning of 1975, there has been a marked reversal in corporate patterns of external financing. The turnaround began in the aftermath of cutbacks in investment programs and of large-scale inventory liquidation stimulated by the economic downturn of 1974. The retrenchment in capital expenditure plans continued through most of 1975, enabling corporations to reduce their dependence on external financing sources. This process has been aided by the strong growth in corporate profits and the corresponding expansion in flows of internal funds thus far in the recovery. Indeed, corporate cash flow exceeded capital outlays through most

of 1975, and in this recovery outlays have risen only moderately relative to their expansion in previous recoveries.

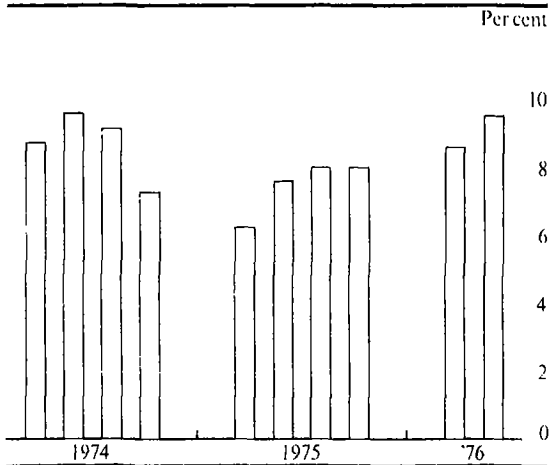
As conditions in financial markets eased during the recession and early stages of the recovery, businesses issued large volumes of long-term debt for the purpose of repaying bank loans and replenishing liquid asset holdings. Corporations also took advantage of the improvement in the stock market to issue a record amount of new equity—which, along with the rapid rise in undistributed profits, further strengthened their capital base and financing flexibility.

On balance, the liquidity position of nonfinancial corporations improved appreciably as a result of significant balance sheet restructuring during the six quarters ending in mid-1976. For many firms, measures of liquidity have risen to, or above, their pre-recession levels. But at the same time a number of firms and industries have encountered difficulties in attaining such improvements. This seems to be particularly true for the smaller, lower-rated corporations. Recently, however, the borrowing ability of lesser-known firms has improved, and their efforts to restructure their balance sheets may continue as a major determinant of financing activity through the remainder of 1976. Corporations that have made satisfactory progress in restoring liquidity, on the other hand, may relate long-term financing operations more directly to planned investment outlays over the coming quarters than has been the case in the recent past.

INTERNAL FUNDS AND CAPITAL OUTLAYS

The flow of internal funds to nonfinancial corporations has improved remarkably since its recession low in 1974. After having increased

Profit margins
of manufacturing corporations



Profit margins are the ratio of profits before tax to sales. Data are from Federal Trade Commission *Quarterly Financial Report*, and are not seasonally adjusted.

more than 60 per cent between the third quarter of 1974 and the end of 1975, retained earnings plus capital consumption allowances increased a further 5 per cent in the first half of 1976, according to preliminary estimates.

The unusually strong growth in internal funds reflects, to a large extent, sizable gains in corporate profits generated both by an improvement in sales and by rising profit margins. During the early stages of an economic expansion, profit margins—the ratio of profits to sales—typically improve as labor productivity increases and overhead costs are spread over a larger volume of output. For manufacturing firms, which account for more than half of all nonfinancial corporate profits, sales expanded approximately 25 per cent between the first quarter of 1975 and the second quarter of 1976, and concurrently the relative share of revenues going to pre-tax profits rose more than 50 per cent—from 6.2 to 9.5 per cent in the second quarter of 1976.

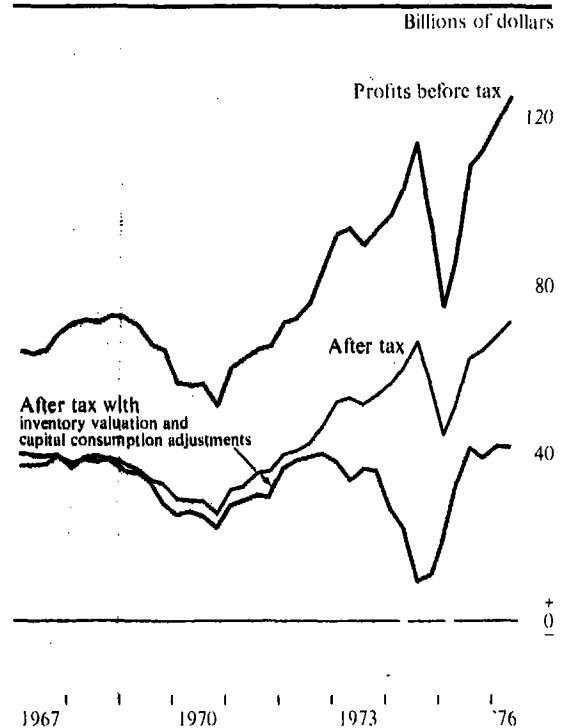
As a result of the sharp rise in sales and profit margins over the past year, profits before taxes of nonfinancial corporations rose to a record \$124 billion in the second quarter, 43 per cent above the same period a year earlier. Moreover, the proportion of such funds available for purposes other than inventory replacement has risen

significantly. Less than 11 per cent of the earnings of nonfinancial corporations in the first half of this year were attributable to inventory profits, compared with 15 per cent a year earlier and 39 per cent in 1974.

After-tax corporate profits adjusted to exclude profits attributable to understatement of inventory cost and depreciation based on historical rather than replacement prices—that is, profits with adjustments for inventory valuation and for capital consumption—rose from a recession low of \$9.6 billion to \$41.1 billion in the second quarter. With dividend payments trailing the rise in earnings, much of this increase in after-tax profits resulted in larger retained earnings.

Internal funds generation has been boosted not only by the improvement in profits but also by the steady growth of depreciation—the major component of corporate cash flow—and by

Profits of nonfinancial corporations



Retained earnings are profits after tax with inventory valuation and capital consumption adjustments and less dividends plus foreign branch profits. Flow of funds quarterly data, seasonally adjusted annual rates. Data for 1976 Q2 are preliminary.

TABLE 1
Flow of funds for nonfinancial corporations

In billions of dollars

Category	1972	1973	1974	1975	1976 H1
SOURCES OF FUNDS					
Total	139.9	161.7	163.2	140.0	176.2
Internal funds	80.8	83.8	77.6	103.4	120.2
Retained earnings ¹	18.5	15.7	-2.4	7.7	15.8
Capital consumption allowances	62.2	68.1	80.0	95.7	104.4
External financing	58.8	72.9	81.9	37.4	48.7
Other sources					
Accrued tax liabilities	-.1	2.3	1.0	-3.2	6.2
Miscellaneous liabilities .....	.4	2.7	2.7	2.4	1.1
USES OF FUNDS					
Total	123.4	145.6	151.4	125.8	163.6
Capital outlays	101.0	124.4	134.6	95.9	133.7
Fixed investment ²	93.4	111.1	122.6	112.3	120.0
Inventories	7.6	13.3	12.0	-16.4	13.7
Increases in liquid assets	9.0	6.7	2.1	17.8	11.8
Net trade credit	7.4	5.3	4.5	2.6	4.9
Other uses ³	6.0	9.2	10.2	9.5	13.2
Discrepancy	16.5	16.1	11.8	14.2	12.6

NOTES:

¹Includes foreign branch profits and adjustments for inventory valuation and capital consumption.

²Includes corporate purchases of mineral rights from U.S. Government, plant and equipment expenditures, and investment in multifamily structures.

³Includes increases in consumer credit and miscellaneous financial assets.

NOTE.—Flow of funds data. Half-year data are at seasonally adjusted annual rates. Data for 1976 H1 are preliminary.

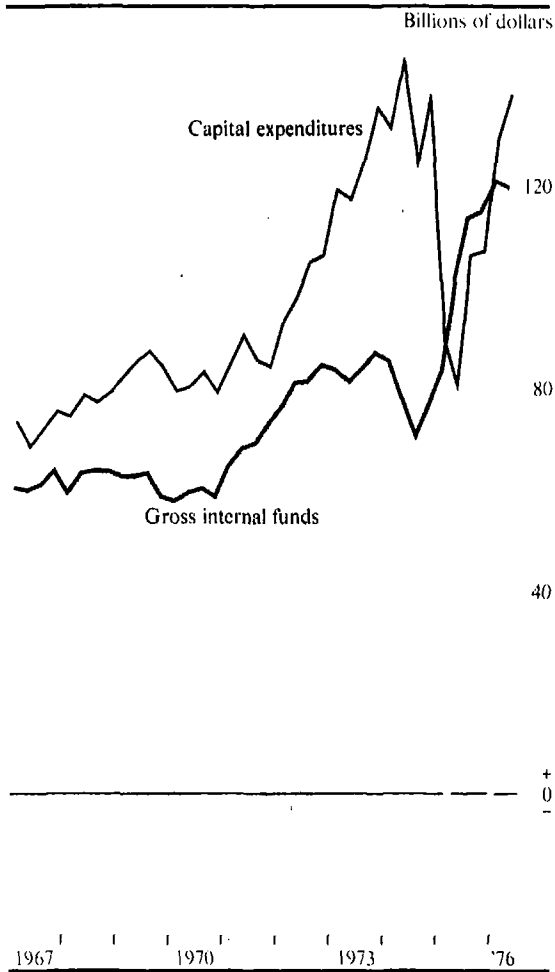
growth in other nonmarket sources of funds. Deferrals of corporate tax payments have been an important item in the latter category. Estimated business tax payments based on previous year's income make actual payments lag accruals when profits are expanding. The volume of accrued, but as yet unpaid, tax liabilities may be substantial for some firms in periods when their profits have been rising rapidly. It is estimated that in the first half of 1976, accrual of tax liabilities exceeded corporate tax payments by \$6.2 billion.

Most nonfinancial industries shared in the 1975-76 profit recovery, but the degree of improvement varied considerably among groups. Generally, corporations registering the most noticeable increases were those whose earnings had been most severely eroded by the recession. Substantial gains have been recorded by the cyclically sensitive motor vehicle industry, which swung from a recession deficit of \$2.3 billion in early 1975 to before-tax profits of more than \$6.5 billion at a seasonally adjusted annual rate in early 1976. Profits of auto manufacturers and suppliers—normally around 12 per

cent of the total for the manufacturing sector—accounted for close to 25 per cent of the growth in manufacturing profits during the year ending in the second quarter. Other industries showing large year-over-year gains included textiles, building materials, railroads, and apparel manufacturers. In contrast, certain industries have not performed so well during the recent recovery. Airline profits, in particular, were depressed through the first quarter, although preliminary second-quarter figures suggest considerable improvement in this sector.

For the nonfinancial corporate sector as a whole, the strengthening in internal funds flow provided ample funds to finance a major part of investment expenditures over the last year and a half. Following the marked decline in economic activity in late 1974, manufacturing and nonmanufacturing businesses began persistently to revise their capital spending plans downward. Real outlays for fixed investment by nonfinancial corporations fell sharply through the third quarter of 1975, and for the year these outlays were down almost 16 per cent from 1974 levels. Indeed, for the first time since 1961,

Nonfinancial corporations



Capital expenditures include business fixed investment plus changes in inventories.
 Flow of funds quarterly data, seasonally adjusted annual rates. Data for 1976 Q2 are preliminary.

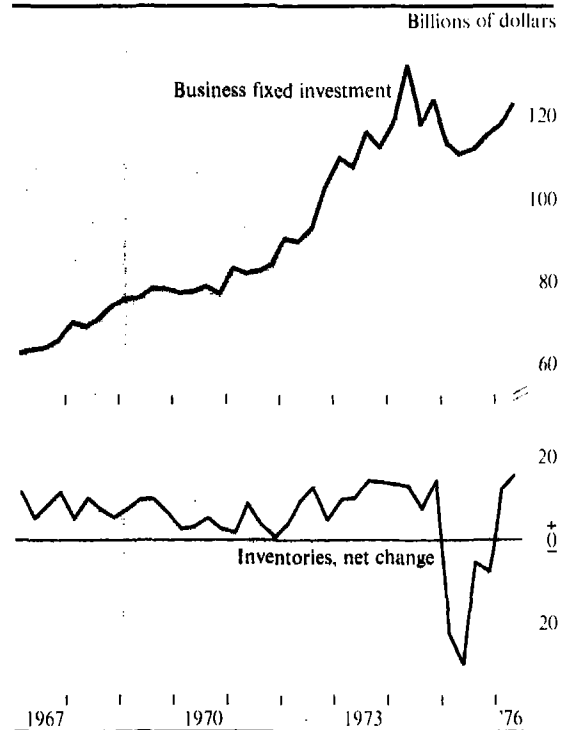
current-dollar outlays also declined on an annual basis, though by a more modest 4 per cent. Although some recovery in capital spending began late last year, business spending for fixed investment has lagged behind other sectors in the recent expansion and has been much weaker than is typical of postwar recoveries.

In the first half of 1976, expenditures by nonfinancial corporations for new plant and equipment were at a seasonally adjusted annual rate of \$113 billion, approximately 5 per cent above the first-half pace of a year earlier. Expansion in plant and equipment expenditures in

the first quarter was concentrated largely in the manufacturing industries, among producers of nondurable goods. Nonmanufacturing firms accounted for a greater share of the second-quarter increase. In the nonmanufacturing industries, public utilities steadily increased their outlays from a rate of \$19 billion in the second quarter of last year to just under \$22 billion in the first two quarters of 1976. In contrast, the airlines and railroads—which were subjected to both higher fuel costs and reduced freight and passenger traffic last year—continuously reduced their spending from mid-1975 through the first quarter, and despite a substantial rise in the second quarter their outlays remained below early 1975 rates.

Much of the volatility in total capital outlays in recent quarters has been associated with swings in business inventory investment. Cor-

Capital outlays of nonfinancial corporations



Business fixed investment includes plant and equipment expenditures, investment in multiunit residential construction, and purchases of mineral rights from the U.S. Government.
 Flow of funds quarterly data, seasonally adjusted annual rates. Data for 1976 Q2 are preliminary.

porations, faced with very heavy inventories and weakening consumer demand in late 1974, made strenuous efforts to trim stocks by reducing orders, cutting production, and shaving prices. The largest reductions in inventory investment occurred in the first half of 1975. Although many producers, particularly in durable goods industries, continued to reduce their stocks through the end of 1975, the bulk of inventory liquidation had come to a halt in the second quarter of last year.

The shift from liquidation to moderate inventory accumulation accounted for about 85 per cent of the rise in total capital expenditures of nonfinancial corporations between the second quarter of last year and the first quarter of this year. By the end of the first quarter, inventories in many nondurable goods industries had reached levels sufficient to meet existing sales volume. In line with this, preliminary data for the second quarter indicate a downward adjustment of nondurable production, as firms have sought to keep stocks from building up excessively during a period of weakness in retail sales. On the other hand, inventory accumulation in the durable goods sector has been considerably slower than in previous postwar recoveries, and further increases in the rate of accumulation are likely in these industries.

Outlays for fixed investment are expected to pick up as the year progresses. According to the most recent Department of Commerce survey taken in July, firms were anticipating a 4.1 per cent increase in plant and equipment outlays in the third quarter, and for 1976 as a whole such outlays are projected to rise 7.4 per cent above 1975 levels. Major leading indicators of business spending already have shown improvement. New orders for nondefense capital goods increased appreciably throughout the first 7 months. More recently, contract awards for commercial and industrial construction, and capital appropriations of large manufacturing firms, have also picked up. In light of the recent improvement in corporate profits and liquidity positions, firms apparently have become more willing to move ahead with previously delayed investment programs as utilization of capacity increases.

EXTERNAL FINANCING

With a marked decline in business investment expenditures and substantial increases in internal flows of funds in 1975, nonfinancial corporations raised \$37 billion from external credit and equity sources during the year, less than half the \$82 billion raised in 1974. While capital investment in the first half of 1976 proceeded at a higher rate than last year, the continued improvement in corporate profits provided sufficient internal funds to finance close to 90 per cent of these outlays. Consequently, net external financing requirements rose only moderately in the first 6 months and remained well below the unusually high levels of 1973 and 1974.

Although total external financing was down, net new issues of long-term debt by nonfinancial corporations reached a record \$30 billion during 1975, and the volume has continued at near-record levels in more recent quarters. Early in 1976 interest rates on long-term bonds declined sharply to their lowest levels in 2 years, and this prompted a surge in public bond offerings during the first quarter. Prime-rated borrowers—those rated Aa or higher by Moody's—accounted for around 60 per cent of these new offerings, compared with about 50 per cent of

TABLE 2
External financing of nonfinancial corporations

In billions of dollars

Type	1972	1973	1974	1975	1976 III
Total	58.8	72.9	81.9	37.4	48.7
Equity	10.9	7.9	4.1	9.9	12.9
Bonds ¹	12.7	11.0	21.3	29.8	26.4
Mortgages	17.8	18.5	14.2	9.7	9.2
Bank loans ...	13.2	29.7	30.8	12.4	-12.6
Commercial paper and acceptances .	.7	1.9	5.6	-2.3	7.2
Other ²	3.4	3.8	6.0	2.9	5.7

¹Includes pollution control bonds.

²Includes finance company loans and U.S. Government loans.

NOTE: Flow of funds data. Half year data are at seasonally adjusted annual rates. Data for 1976 III are preliminary.

total offerings in 1975. The decline in rates apparently induced many large corporations to market new bond issues earlier than planned or to increase the size of previously scheduled issues. Later, although bond yields moved somewhat lower through April and remained relatively stable in the second quarter, the volume of bonds issued by prime-rated firms was much smaller than in the first 3 months of 1976.

The volume of public bond offerings by lower-rated corporations, however, rose significantly in the second quarter. A number of factors indicate that the market has become increasingly receptive to such borrowers. As the recovery has proceeded and long-term interest rates have generally declined, rates on lower-rated security issues have fallen faster than those on prime-rated obligations. For example, the spread between yields on newly issued A-rated and Aaa-rated utility bonds narrowed from more than 140 basis points in mid-1975 to less than 60 basis points on the average in the second quarter of this year.

The improvement in availability of funds to less-than-prime quality firms has also been reflected in an increase in privately placed bond issues, which typically are an important source of funds for such corporations. Preliminary data

as of June indicate that private placement activity thus far in 1976 has been more than 50 per cent above the large volume in the first half of last year. Life insurance companies, the principal lenders in private bond placements, have channeled a greater share of their funds into corporate debt, in part because of the relative weakness in demand for mortgage credit on commercial and multifamily properties during the past year and a half.

Even though stock offerings by smaller, less highly rated firms have remained limited, the improvement in stock markets over the past year and a half has encouraged many well-established corporations to float new equity offerings after several years of heavy reliance on debt markets. Stock prices have risen almost continuously from the recession trough in late 1974 through early 1976, accelerating sharply in the first quarter of this year. By the end of March, most major stock price indexes had advanced 60 to 70 per cent from their lows in late 1974 and were at their highest levels since January 1973. During the second quarter, stock prices drifted somewhat below their March peaks, fluctuating in a relatively narrow range in response to investors' uncertainty about the slower pace of sales, the possible resurgence of infla-

TABLE 3
Gross issues of publicly offered corporate bonds

Year	Amount (billions of dollars)	Percentage distribution				
		Moody's rating		Maturity (in years)		
		Aaa and Aa	Less than Aa	Less than 10	10 to 20	More than 20
1973	13.6	55	45	7	3	90
1974	25.3	57	43	29	11	60
1975	32.6	53	47	24	20	56
1975—Q1 ...	10.8	65	35	24	22	54
Q2 ...	10.5	50	50	28	20	52
Q3 ...	5.5	48	52	24	17	59
Q4 ...	5.8	42	58	21	16	63
1976—Q1 ...	7.3	60	40	21	11	68
Q2 ...	7.4	47	53	7	19	74

NOTE.—Quarterly data are not seasonally adjusted.

tion, and continuing concern about a possible cyclical rise of interest rates. Nonetheless, the volume of stock financing has remained large.

Responding to the over-all rise in stock prices, corporations marketed close to \$13 billion, at a seasonally adjusted annual rate, of net new common and preferred stocks in the first 6 months of 1976. This compared with a total volume of approximately \$10 billion for the year 1975 and only \$4 billion in 1974. As has been typical in recent years, public utilities and communications companies accounted for the major share of new stock issues. But manufacturing firms have been unusually active issuers. Their gross new offerings in the first 6 months totaled \$1.8 billion, not seasonally adjusted, a volume greater than total manufacturers' offerings in any previous annual period.

The proceeds of long-term debt and equity issues have been used by corporations primarily to repay bank loans or to acquire liquid assets. More than \$12 billion in bank loans were repaid during 1975, and the volume of outstanding commercial paper issued by nonfinancial firms declined \$2.3 billion. In the first half of this year, firms continued to liquidate bank loans at a seasonally adjusted annual rate of \$13 billion, more than offsetting an increase of about \$7 billion in commercial paper volume.

Although interest rates normally begin to move up in concert with a recovery in economic activity, the financial climate in the recent recovery has differed substantially from past cyclical upswings. Following some increase in rates in the summer of 1975, yields on short- and long-term market instruments turned down again in the fall. By April of this year, interest rates on most short-term securities had fallen to their lowest levels since late 1972. As market yields declined, commercial banks reduced the rate charged on loans to their prime business customers in successive steps from almost 12 per cent in 1974 to 6¾ per cent in the first quarter of 1976. Even with these reductions, the prime rate has continued high relative to the rate on 4- to 6-month prime commercial paper—a major alternative source of funds for many of the larger corporations—suggesting that banks

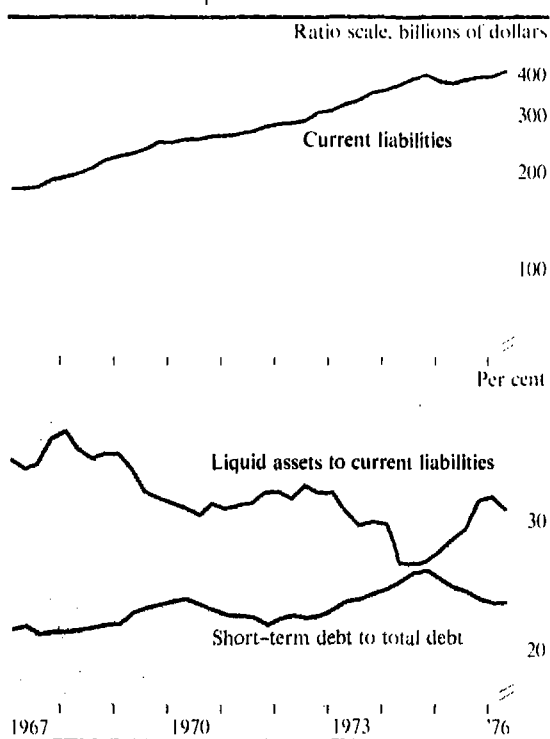
continue to be concerned about the quality of their loan portfolios.

CORPORATE LIQUIDITY

The restructuring of balance sheets that has taken place over the past year and a half has enabled nonfinancial corporations to raise the ratio of liquid assets to current liabilities from its postwar low in the third quarter of 1974 back to levels that had prevailed on the average between 1970 and 1973.

Between the first quarters of 1975 and of

Liquidity measures of nonfinancial corporations



Liquid assets include currency, demand and time deposits, U.S. Government securities, State and local obligations, and open market paper. *Short-term debt* consists of short-term bank loans, open market paper, finance company loans, U.S. Government loans, and construction loans. *Total current liabilities* include short-term debt plus trade debt plus profit taxes payable.

Flow of funds quarterly data, not seasonally adjusted. Data for 1976 Q2 are preliminary.

1976, nonfinancial corporations added more than \$22 billion to their liquid asset holdings, an increase of over 20 per cent and the largest single-year increase on record. With relatively attractive interest rates available on default-free Treasury issues and with supplies of short-term private debt instruments reduced, an unusually large share of this expansion in liquid assets has taken the form of acquisitions of U.S. Government securities. Holdings of these obligations increased from less than \$5 billion at the end of 1974 to just under \$23 billion in the first quarter of this year.

While liquid assets were increasing, total current liabilities of nonfinancial firms were reduced appreciably in the first 6 months of 1975. On balance for the year, current liabilities were down about 1 per cent from the greatly inflated levels prevailing at the end of 1974. The decline in the early months of 1975 was attributable in large part to corporate repayments of short-term market debt, and also to a decline in trade debt and tax liabilities associated with the weakness in economic activity. With the expansion of sales and profits during the recovery, tax liabilities and trade debt growth accelerated, but corporations continued to reduce their indebtedness to banks, thus moderating the over-all growth in total current liabilities in later quarters.

The maturity structure of corporate liabilities has been substantially lengthened by the funding of short-term debt. After having declined almost continuously since late 1974, the ratio of short-term to total market debt outstanding for nonfinancial corporations stood at 23.7 per cent in the second quarter of 1976—very close to the average ratio for early 1973 and almost 2½

percentage points below the 1974 peak. In addition, the average maturity of new longer-term debt issues has increased. More than two-thirds of all publicly offered bonds sold in the first half of 1976 carried maturities exceeding 20 years, in contrast to only 56 per cent last year.

Although the improvement in balance sheets has been notable at the aggregate level, the over-all statistics tend to obscure differences in performance among industries and among firms within industries. Significant improvements in liquidity position have been attained by many of the large, better-rated industrial firms. Among industry groups, electric utilities have restored their liquidity almost to pre-recession levels. More timely rate adjustments and slower growth in fuel costs have increased the internal cash flow of the utilities, thus making it possible for the industry to raise needed funds in long-term debt and equity markets and to repay short-term debt.

But firms in some other industries have not exhibited similar progress. Mining companies and gas utilities, for example, have experienced continued deterioration in their liquidity positions, and the liquidity ratio of the retail trade sector, while no longer declining, has risen only marginally above its recent low level.

Still, the financial posture of the nonfinancial corporate sector as a whole was appreciably stronger in mid-1976 than a year earlier, and indeed it was stronger than at any time since 1973. Such an improved financial environment should be conducive to expansion in business spending plans as the economic recovery proceeds, even if firms continue to manage financial resources conservatively. □

Staff Economic Studies

The research staffs of the Board of Governors of the Federal Reserve System and of the Federal Reserve Banks undertake studies that cover a wide range of economic and financial subjects, and other staff members prepare papers related to such subjects. In some instances the Federal Reserve System finances similar studies by members of the academic profession.

From time to time the results of studies that are of general interest to the economics profession and to others are summarized—or they may be printed in full—in this section of the Federal Reserve BULLETIN.

In all cases the analyses and conclusions set forth are those of the authors and do not necessarily indicate concurrence by the Board of Governors, by the Federal Reserve Banks, or by the members of their staffs.

Single copies of the full text of each of the studies or papers summarized in the BULLETIN are available in mimeographed form. The list of Federal Reserve Board publications at the back of each BULLETIN includes a separate section entitled "Staff Economic Studies" that enumerates the studies for which copies are currently available in that form.

STUDY SUMMARY

EFFECTS OF "NOW" ACCOUNTS ON COSTS AND EARNINGS OF COMMERCIAL BANKS IN 1974-75

JOHN D. PAULUS—Staff, Board of Governors

Prepared as a staff paper that was completed in the summer of 1976

In January 1974, following congressional legislation enacted the previous summer, all depository institutions in the States of Massachusetts and New Hampshire began offering negotiable orders of withdrawal (NOW) from savings accounts to individuals, nonprofit organizations, and sole proprietorships. Because NOW accounts are very similar to interest-bearing checking accounts, the legislation essentially established a formal experiment in the two States in which limited demand deposit powers were extended to thrift institutions and in which the payment of interest on transactions balances was authorized for the first time since 1933.

The principal subject of this study is the ongoing adjustment process of commercial banks, whose traditional monopolistic position in the issuance of demand deposits has been eroded by NOW accounts. Both aggregate and microeconomic data are used to study costs and earnings of banks in the two States. The study reviews shifts in market shares and develops rough estimates of the direct effect of NOW accounts on aggregate commercial bank costs and earnings. Moreover, the earnings of 40 banks either having low earnings in 1974, or having a high ratio of NOW accounts to total deposits, or experiencing a significant run-off of demand deposit balances—so-called marginal

banks—are examined to determine whether banks that appear to be most vulnerable to NOW-related pressures are experiencing especially difficult problems of adjustment. Characteristics of the steady state—the period after which the industry has had ample time to adjust fully to NOW accounts—are considered, including implications for increased efficiency in the allocation of resources and the extent to which the public benefits, on balance, from the issuance of NOW accounts.

The study finds that competitive pressures from thrift institutions offering NOW accounts reduced deposit market shares of commercial

banks only modestly, reflecting mainly shifts of demand balances to thrift institutions. No evidence was found to indicate that banks had lost significant amounts of time and savings deposits to thrift institutions offering NOW accounts. These accounts are estimated to have reduced aggregate after-tax earnings of commercial banks in the two States by about 2½ per cent in 1974 and by more than twice that amount in 1975. However, the impact of NOW accounts on earnings has been larger at marginal banks, especially those that aggressively or defensively have acquired a large volume of such accounts. □

Treasury and Federal Reserve Foreign Exchange Operations

This 29th joint interim report reflects the Treasury-Federal Reserve policy of making available additional information on foreign exchange operations from time to time. The Federal Reserve Bank of New York acts as agent for both the Treasury and the Federal Open Market Committee of the Federal Reserve System in the conduct of foreign exchange operations.

This report was prepared by Alan R. Holmes, Manager, System Open Market Account, and Executive Vice President in charge of the Foreign Function of the Federal Reserve Bank of New York, and by Scott E. Pardee, Deputy Manager for Foreign Operations of the System Open Market Account and a Vice President in the Foreign Function of the Federal Reserve Bank of New York. It covers the period February 1976 through July 1976. Previous reports have been published in the March and September BULLETINS of each year beginning with September 1962.

During the 6-month period under review, as the authorities of industrial countries sought to deal with the cumulative effects of deep-rooted economic and financial instabilities, the exchange markets experienced several episodes of severe strain, in some cases resulting in sharply altered rate relationships among major currencies. The strains were particularly acute within Europe. Between January and the end of July the Italian lira depreciated against the dollar by a net 20 per cent, the pound by 14 per cent, and the French franc—having left the European Community (EC) "snake" arrangement—by 8 per cent. Maintenance of the EC snake itself entailed large-scale intervention on several occasions. Although both the German mark and the Swiss franc were often in heavy demand, on balance they appreciated by only 2 per cent and

4 per cent, respectively. Elsewhere the Japanese yen and the Canadian dollar each rose a net 3½ per cent against the dollar.

The dollar, through its role as vehicle currency in the market and intervention currency for central banks, was only occasionally caught up in the turmoil. Thus, when the markets were particularly unsettled in February and March, the Federal Reserve sold a total of \$270.4 million of German marks and Dutch guilders, mainly financed by swap drawings. This debt, however, was quickly cleared away by mid-May. Thereafter, the Federal Reserve had no occasion to intervene in the market through the end of July while taking advantage of opportunities to build up modest balances.

TABLE 1
Federal Reserve
reciprocal currency arrangements

In millions of dollars

Institution	Amount of facility, July 31, 1976
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	2,000
Bank of Italy	3,000
Bank of Japan	2,000
Bank of Mexico	360
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	1,400
Bank for International Settlements:	
Swiss francs/dollars	600
Other authorized European currencies/dollars	1,250
Total	20,160

TABLE 2

Federal Reserve System activity under its reciprocal swap lines

In millions of dollars equivalent

Transactions with--	System commitments, Jan. 1, 1976	Drawings, or repayments ()			System commitments, July 31, 1976
		1976			
		Q1	Q2	July	
National Bank of Belgium	297.6	{ ... -86.5	{ ... 83.7	{ ... 45.0	82.4
German Federal Bank .....	...	{ 133.9 -26.4	{ ... 107.5	{ ... ...	...
Netherlands Bank .....	...	{ 19.6 -19.6	{ ... ...	{ ... ...	...
Swiss National Bank	567.2	{ 600.0 -20.0	{	{	1,147.2
Bank for International Settlements (Swiss francs)	600.0	{ -600.0	{ ...	{ ...	...
Total	1,464.8	{ 753.5 -752.6	{ ... -191.2	{ ... -45.0	1,229.6

¹Consolidation of Swiss franc swap debt.

NOTE.--Discrepancies in totals are due to rounding.

The dollar's greater resiliency, in contrast to other periods of exchange-market unsettlement in recent years, largely reflected the lifting of many of the market's previous concerns over the U.S. economic performance. Our recovery had by early 1976 gained considerable momentum, erasing earlier fears that the upturn would falter. At the same time, the rate of inflation in the United States, already one of the lowest among major industrial countries, continued to moderate. As a sign of our underlying competitiveness in world markets, U.S. exports continued to rise in line with, if not faster than, the recovery of economies abroad.

Although the even greater rise in imports swung the U.S. trade balance back into sizable deficit, the sources of this surge—the rapid rebuilding of inventories early in the year and the ballooning of fuel imports in the summer—were generally taken as further evidence of the strength of our expansion. In addition, U.S. interest rates were fairly steady. Since they remained above rates in Germany and Switzerland they helped avoid the kind of sudden shifts of funds that had occurred in other recent periods of exchange-market stress. More broadly, with many other political and financial uncertainties less pressing, traders were more inclined

to focus on the problems afflicting other countries.

The pressures on individual European currencies largely reflected market concern over the profound disparities in economic performance and policies among those countries. By early 1976, only a few countries were showing clear signs of sustained recovery and many European governments were still being pressed at home for further stimulus to reduce the uncomfortably high levels of unemployment. At the same time, although some progress had been made everywhere against the inflationary excesses of the earlier 1970's, large differentials in inflation rates remained, with Switzerland and Germany at the low end of the spectrum and Italy and the United Kingdom at the high end.

To the market, the persistence of differential trends in production and prices threatened to distort competitive relationships and thus eventually to lead to further exchange-rate adjustments. Market participants, uncertain of the timing and extent of potential adjustments, feared that a significant movement in any European currency rate might set off a chain reaction in other rates as well. Consequently, each time pressures developed in one currency or another—whether that currency was floating alone

TABLE 3

Drawings and repayments on Federal Reserve System by its swap partners

In millions of dollars

Banks drawing on System	Drawings on System, Jan. 1, 1976	Drawings, or repayments ()			Drawings on System, July 31, 1976
		1976			
		Q1	Q2	July	
Bank of England	200.0	...	200.0
Bank of Italy	500.0	...	...
Bank of Mexico	360.0	...	360.0
Bank for International Settlements (against German marks)	14.0	37.0	
Total	500.0	574.0	37.0	560.0
		...	14.0	537.0	

or linked to others in the EC snake—the whole array of European currency relationships became open to question. On these occasions traders hastened to take speculative positions or to hedge exposures, and, in this rush to buy or sell individual currencies, the markets frequently became one sided.

These episodes presented harsh policy choices to the authorities. For those whose currencies came into heavy demand, to allow the exchange rate to appreciate risked stifling exports at a time of domestic concern over unemployment, while to hold the rate through intervention risked rekindling inflation through excessive domestic monetary expansion. For others whose currencies came under heavy selling pressure, to support the rate through measures such as monetary restraints risked delaying or aborting economic recovery, while to permit the exchange rate to fall sharply risked exacerbating inflationary pressures through the higher cost of imports.

For many, these difficulties were compounded by political uncertainties and by concerns over labor relations. Consequently, as recounted in the body of this report, the national authorities responded with a variety of short-term measures to deal with the immediate exchange-market pressures while seeking to establish a framework for greater stability over the long run.

During the period under review, the U.S. authorities provided assistance, in the form of short-term credits, to the Bank of Italy, the Bank of Mexico, and the Bank of England. With Italy, the Federal Reserve swap arrangement had already been reactivated in January by a drawing of \$250 million, and the Bank of Italy drew a further \$250 million in March. When market reflows into lire developed in the early summer, these drawings were completely repaid in July.

With Mexico, in early April the Bank of Mexico drew the full \$360 million available under its swap line with the Federal Reserve. That drawing remained outstanding at the end of July.

With the United Kingdom, in early June the U.S. authorities agreed to provide up to \$2 billion to the Bank of England as part of a \$5.3 billion total international standby credit facility. As in several credits extended by U.S. authorities in the past, both the Federal Reserve and the U.S. Treasury participated, each standing ready to provide \$1 billion. The availability from the Federal Reserve was under the existing \$3 billion swap arrangement. The Treasury's credit line, also in the form of a short-term swap facility, was for the account of its Exchange Stabilization Fund. By the end of July, in proportion to the Bank of England's borrowings

TABLE 4

U.S. Treasury securities, foreign currency series

In millions of dollars equivalent

Issued to ...	Outstanding, Jan. 1, 1976	Issues, or redemptions (-)			Outstanding, July 31, 1976
		1976			
		Q1	Q2	July	
Swiss National Bank	1,599.3	...	...	...	1,599.3
Total	1,599.3	...	...	...	1,599.3

from other countries participating in the facility, the drawings on the Federal Reserve and the Treasury each amounted to \$200 million.

To summarize other Federal Reserve operations, the System sales of German marks in February and March amounted to \$250.8 million, of which \$133.9 million was drawn under the swap arrangement with the German Federal Bank and the remainder from balances. Purchases of marks amounted to \$265.6 million, which was used to repay the swap drawings by mid-May and to replenish balances. Sales of Netherlands guilders in February amounted to \$19.6 million, drawn under the swap line with the Netherlands Bank. Purchases of guilders amounted to \$23.0 million, also to repay the swap drawing and to add to balances.

With respect to obligations outstanding since August 1971, the Federal Reserve purchased \$177.3 million of Belgian francs and used most of these francs to liquidate a further \$170.5 million of the franc-denominated debt to the National Bank of Belgium and reduce the total to \$82.4 million equivalent. The Federal Reserve in February transferred its \$600 million of Swiss franc swap debt from the Bank for International Settlements (BIS) to the Swiss National Bank. During the period, the System purchased \$33.2 million equivalent of Swiss francs from correspondents and liquidated \$20 million of its debt with the Swiss central bank. This reduced commitments to \$1,147.2 million, which remained outstanding as of the end of July. The U.S. Treasury's \$1,599.3 million of medium-term Swiss franc-denominated obliga-

tions to the Swiss National Bank was unchanged during the February-July 1976 period.

GERMAN MARK

By early 1976 the German economic recovery had begun to catch up with the earlier turnaround in the United States, with the initial impulse having been provided by domestic consumption and exports. At the same time, the rapid increase in German foreign orders suggested to many market participants that export growth would keep pace with a predicted rise in imports, thereby enabling Germany to hold on this year to most of its \$3.8 billion 1975 current-account surplus, unlike other countries for which deficits were expected. As for wages and prices, Germany continued to record one of the lowest inflation rates in the industrialized world. At 5 per cent per annum, the increase in consumer prices was just about half that of neighboring EC countries, while pay awards in recently negotiated union contracts remained moderate.

When announcing its money supply growth target for 1976, the German Federal Bank had stressed that the authorities would continue to attach a high priority to keeping a tight rein on inflation. If, as a result, German interest rates turned higher later in the year, the market saw the potential for heavy reversals of the more than \$5 billion of funds placed abroad by German banks in 1975.

The improving economic trends in Germany

seemed more favorable than indications of price, output, and external payments performances suggested for other EC countries. Thus, by late January, following a sharp decline in the Italian lira and a rapid build-up of speculative selling pressures against the French and Belgian francs, dealers began to question whether the mark, still relatively weak within the EC snake, should not strengthen against other European currencies. Speculative funds were increasingly shifted into marks. Consequently, the mark rate moved up steadily against those European currencies and then against the dollar as well. By January 30 the mark had been bid up to \$0.3868, 1½ per cent above its late-1975 low, in occasionally unsettled trading.

By early February the movement of funds into the mark gathered momentum, as rumors of a realignment of currencies within the EC snake, possibly including a revaluation of the mark, surfaced in the market. By Monday, February 9, the continued weakness of the French franc and Italian lira, news of a devaluation of the Spanish peseta, and press reports that an EC currency realignment would be discussed at the upcoming meeting between German Chancellor Schmidt and French President Giscard d'Estaing provoked talk of an imminent mark revaluation. Despite firm official denials of any intention to revalue, the already broad-based bidding for marks quickly intensified. The mark was driven up 2¼ per cent higher from levels at the end of January to \$0.3955 against the dollar and, for the first time since November 1974, to the top of the EC snake.

As the advance of the mark extended the band to its full limit of 2¼ per cent against the French franc, market participants rushed to take advantage of the emerging two-way speculative opportunity, thereby aggravating pressure on the franc. In response, the French and German central banks stepped up their intervention to defend the limits of the snake, in dollars and in each other's currency as well. Occasionally, the unsettled trading conditions in Europe washed over into the New York market. Thus, the Federal Reserve intervened on 4 days during February 2-11 to sell a total of \$137.4 million equivalent of marks, financed by \$80.9 million

of drawings under the swap arrangement with the German Federal Bank and by use of existing balances.

By February 13 the mark had begun to ease back against the dollar and to move away from the upper limit of the EC snake in the wake of this concerted central bank intervention and in response to statements emerging from the Franco-German summit reaffirming existing EC parities. Through the month-end, the mark continued to settle back except for two occasions, February 19 and February 27, when the market was again briefly unsettled in New York. On these 2 days, the Federal Reserve sold \$15.8 million equivalent of marks from balances. Otherwise, as trading conditions continued generally to improve, the System was able to purchase \$65.2 million of marks in the market and from correspondents through early March, using part of these acquisitions to repay \$26.4 million equivalent of the recently incurred swap indebtedness with the German Federal Bank.

On March 4, the mark was trading quietly around \$0.3880 when a sudden, sharp decline in sterling prompted renewed concern over the viability of existing European currency relationships. After the European close the next day, as some of the funds moving from sterling into dollars were in turn switched into marks, the mark was pushed up by more than ½ of a percentage point against the dollar and again to its upper limit against the French franc in the EC band. The polarization of the snake made trading conditions hectic once more. To help settle the market in New York, the Federal Reserve sold \$40.1 million of marks, of which \$29.6 million was from balances and \$10.5 million was financed by a further drawing on the swap line.

The mark and French franc remained under almost continuous pressure at the opposite limits of the joint float during the following week, and both the German Federal Bank and the Bank of France continued to intervene heavily in each other's currency. Against the dollar the mark held fairly steady until Friday, March 12, when, in the midst of unsettled pre-weekend trading prior to an EC Finance Ministers' meeting, the mark again came into heavy demand in New

York. The Federal Reserve then sold another \$12.7 million of marks, financed by a swap drawing.

Following consultations over the March 13–14 weekend among the EC Finance Ministers, the French Government decided to withdraw the franc from the EC snake, while the Dutch and Belgian authorities announced the suspension of the Benelux currency arrangement. In subsequent disclosures in the press, it was reported that Germany had been prepared to revalue the mark as part of a broad realignment of snake parities that, in the end, could not be worked out. These disclosures made dealers all the more convinced that the mark would be either unilaterally revalued within the EC snake or allowed to float independently. Therefore, when the market reopened on the morning of March 15, the mark began to rise against the dollar, pulling the remaining EC currencies up in its wake.

In an attempt to maintain orderly markets, the German Federal Bank bought substantial amounts of dollars as well as Belgian francs, Danish kroner, and Norwegian kroner through March 19. This intervention contributed to the \$3.7 billion increase in Germany's foreign exchange reserves in February and March. The pressures on the mark also spilled over into the New York market. Consequently, over March 16–17 the Federal Reserve sold \$34.9 million equivalent of marks. Of this, \$29.8 million was drawn under the swap line, raising outstanding drawings since February to a peak of \$107.5 million, and the remainder was from balances.

The tensions within the snake began to dissipate following the March 20–21 weekend, as the German Government again expressed its commitment to maintaining the existing mark parity within the snake. Against the dollar the mark snapped higher before the quarter-end, as German commercial banks bid for marks to meet reserve requirements and traders positioned for the end of an accounting period.

After the German Federal Bank purchased a small amount of dollars at the Frankfurt fixing on March 30 and the Federal Reserve sold \$9.9 million equivalent of marks from balances later that day, the market quieted. The spot rate then

leveled off to trade around \$0.3945 throughout April, some 2 per cent above end-of-January levels. Meanwhile, as funds began to flow back out of Germany, the Federal Reserve acquired sufficient marks to repay \$27.5 million of its swap debt with the German Federal Bank, reducing the total outstanding to \$80 million.

During the spring, economic statistics were reinforcing the market's view that the German and American recoveries were becoming more nearly synchronized and that the moderating trend of inflation in both countries was continuing. Thus, day-to-day movements in the mark rate depended largely on relative money market conditions. As the German Government drew down during April and May balances that had been built up at the German Federal Bank, the money market became liquid and remained comfortable even after the German Federal Bank announced a two-stage increase in required reserves effective May 1 and June 1. By comparison, U.S. money market rates turned up somewhat in late April.

As a result of these divergent tendencies, the mark slipped back gradually against the dollar during May, declining 2½ per cent to \$0.3849 by the beginning of June. Taking advantage of the dollar's buoyancy, the Federal Reserve acquired marks in the market and from correspondents sufficient to repay the remaining \$80 million swap debt with the German Federal Bank and to restore modest working balances.

Meanwhile, some dealers also moved to unwind longstanding positions in marks against other European currencies. Thus, as short-term funds flowed back out of Germany, other central banks participating in the EC snake bought marks to repay much of their commitments with the German Federal Bank. Nevertheless, the mark edged lower in the snake and also dropped as much as 8 per cent to a record low against the Swiss franc by early June.

To stem the erosion of the mark rate against the Swiss franc as well as to facilitate the further financing of the German Government's budget deficit, the German Government arranged with the Swiss authorities to place a mark-denominated borrowing of 750 million German marks with the three major Swiss commercial banks.

As dealers positioned for potential mark purchases against sales of Swiss francs ahead of the June 15 payment date for this loan, the mark rate was temporarily bid up to as high as \$0.3908. It soon settled back to trade between \$0.3875 and \$0.3890 in well balanced trading until late in the period.

By summer, economic indicators showed that both the German and U.S. economic expansions had slowed somewhat in the second quarter. At first, these reports were largely offsetting in their impact on market psychology. But toward the end of July, this news was accompanied by gradual declines in U.S. short-term interest rates that contrasted with gently rising money market rates in Germany. Moreover, the market was increasingly aware of German public sector borrowing abroad. Then, sizable buy orders for marks prompted a sharp rise in the spot rate just before the month-end. This unexpected advance after a long period of steadiness soon attracted professional demand for marks and a recurrence of pressure on the EC snake. In sometimes hectic trading, the rate jumped $1\frac{3}{4}$ per cent in 2 days to \$0.3952 by July 30, which was some 2 per cent above the levels at the end of January.

STERLING

In contrast to most other EC currencies, sterling remained fairly steady in early 1976. By that time the exchange market's previous extreme pessimism over prospects for the pound had lifted somewhat. The wage restraint program adopted in midsummer 1975 had already shown positive results in slowing Britain's severe wage-price spiral. The nearly $13\frac{1}{2}$ per cent depreciation of sterling over 1975 had left British exports fairly competitive. Although the British economy was still in deep recession, the economies of most major trading partners were well into recovery and an export-led upturn for the United Kingdom was a distinct possibility. In the meantime, large interest rate differentials favoring the pound stimulated sizable placements in both short- and long-term sterling

instruments, thereby offsetting the continuing current-account deficit.

Consequently, even as other European currencies were buffeted by heavy divergent pressures in January and February, sterling traded narrowly just above \$2.0250 against the dollar through early March. Over the same period, its effective depreciation since the December 1971 Smithsonian agreement, having held steady around 30 per cent through early February, rose to around 30.5 per cent before falling again to around 30.1 per cent in early March.

The Bank of England, intervening to avoid sharp movements in the rate either up or down, was able to accumulate a modest amount of dollars from market operations in January-February which, together with public sector borrowings and a \$1.2 billion drawing on the International Monetary Fund (IMF) oil facility, contributed to a \$1.6 billion increase in Britain's reserves over the 2 months. As this generally more favorable exchange-market atmosphere emerged at the turn of the year, the U.K. authorities allowed interest rates to ease in an attempt to stimulate domestic investment spending and thereby to reduce unemployment. The Bank of England's minimum lending rate had been gradually reduced from its peak of 12 per cent in November 1975 to $9\frac{1}{4}$ per cent by late February, with scope for even further reduction on the basis of market interest rates in early March.

Sterling's stability nevertheless clearly rested on fragile underpinnings. Although heartened by the results of the wage restraint program, many traders remained skeptical that the first year's phase would meet its full objectives and that the next phase, still to be negotiated, would be sufficient to achieve lasting improvement. Moreover, the very depth and prolongation of the recession in Britain raised concerns in the market that the Government would eventually shift to a more stimulative fiscal policy, possibly in the budget to be announced in April. Furthermore, in the context of massive speculation over relationships among other European currencies, the fact that Britain continued to have one of the highest inflation rates among industrial nations—running by then at 15 per cent

per annum—led most market participants to expect that sooner or later the pound would undergo a further downward adjustment.

Against this background, the market atmosphere changed abruptly in a swiftly moving sequence of events beginning on March 4. On that day the U.K. authorities, confronted with a substantial but short-lived bunching of commercial orders in the marketplace, intervened to supply sterling and absorb dollars to avoid a potentially unsustainable appreciation of sterling above prevailing levels. Once these demands were met, however, sterling came on offer so suddenly that many market participants concluded that the authorities had acted to depress the rate. Heavy selling pressure emerged the next day in Europe, and sterling plunged with little market resistance through the \$2.00 level. On that day also, the minimum lending rate was reduced by a further $\frac{1}{4}$ percentage point to 9 per cent.

That weekend, sterling's breach of the \$2.00 benchmark was featured in press and television news commentary around the world. Widespread selling of pounds resumed on Monday, March 8, and sterling fell nearly 10 cents to below \$1.93 before edging back late in the day to trade around \$1.9425. Meanwhile, the Bank of England had intervened heavily to moderate the decline.

This precipitous drop of more than 4 per cent in three trading days left the market badly shaken. With the pound now vulnerable to further downward pressures, it was soon caught up fully in the interplay of speculative forces besetting other EC currencies. Commercial leads and lags shifted abruptly against sterling as did the flow of nonresident investment funds.

Various uncertainties were injected into the market by Prime Minister Wilson's unexpected resignation and the ensuing struggle within the Labour Party from which Mr. Callaghan emerged as successor, the wide range of public pronouncements on Britain's policy choices by economic analysts and spokesmen for different interest groups, and the continuing unrest on the labor front. These concerns heightened the market's anticipation of the budget address, scheduled for April 6. Although sterling leveled

off just above \$1.90 toward the end of March, a new wave of precautionary selling drove the rate down by a further 3 per cent to \$1.85 in early April.

In framing the budget message, the U.K. Government addressed many of the issues that troubled the market. Among other measures, Chancellor Healey announced a proposal to provide tax relief to the nation as a whole on the condition that, in the second phase of the pay policy, the trade unions accept even more severe restraints on wage increases than before. As the Government and the trade union leadership pressed ahead with their negotiations, the sterling market reacted nervously to each twist and turn in the highly publicized bargaining process.

Meanwhile, the pound's already sharp slide, increasingly less favorable interest rate differentials for sterling, and reserve needs for some sterling holders prompted many to continue to disinvest their sterling assets or switch into other currencies. This process added to the drag on the spot rate for sterling and the drain on British reserves, as the Bank of England intervened to sell substantial amounts of dollars to cushion the pound's decline. As a result, U.K. reserves dropped a full \$2.2 billion during March and April, even after the receipt of \$600 million of public sector borrowings.

In a sharp reversal of policy, the Bank of England began to tighten money market rates, hiking its minimum lending rate $1\frac{1}{2}$ percentage points to $10\frac{1}{2}$ per cent on April 26 and following up with another 1 per cent increase on May 24. Moreover, on May 5, the Government announced successful completion of the wage policy negotiations with the Trades Union Congress. In exchange for the tax cut, the Government had secured agreement from the union movement's leadership to limit phase two wage increases, beginning on August 1, to 4.5 per cent per annum under a formula that came close to the terms set forth in the budget address. Also, to bolster cash reserves, in early May the U.K. authorities announced that they would take down a further \$806 million from the IMF, under a previously arranged first-credit-tranche standby.

Nevertheless, during May the market became so thoroughly demoralized that favorable developments were virtually ignored or greeted with skepticism, while traders reacted quickly to anything that might conceivably affect sterling adversely. News reports that particular trade unions might possibly reject the negotiated limitations on wage increases and further bits of unfavorable economic news—the unexpected increase in the April trade deficit, the sharp rise in April retail prices, the decline in U.K. industrial production in March—sparked renewed selling of sterling. As the rate continued to plunge, dealers expressed open concern over the willingness or the ability of the authorities to halt the slide.

Consequently, even as the Bank of England provided further support—official reserves declined by \$250 million in May net of the IMF drawing—the pound dropped through \$1.80 to \$1.75 by the end of May and plummeted to as low as \$1.7020 in the first week of June. This represented a drop from early March of 15¾ per cent against the dollar and 11.8 percentage points to 41.9 per cent on an effective trade-weighted basis since the December 1975 Smithsonian agreement.

Meanwhile, Chancellor of the Exchequer Healey and other Government spokesmen expressed the firm view that the various measures taken so far would achieve the greater price stability and improved productivity necessary to strengthen sterling over the long run. Indeed, the wage restraint program negotiated with the Trades Union Congress was by that time gaining acceptance in votes among individual unions. To deal with the immediate concerns of the exchange market, however, the U.K. authorities began in early June to discuss short-term credit availability with foreign central banks and Governments.

From those discussions, largely conducted over the weekend of June 5–6, emerged a \$5.3 billion package of standby credits to the United Kingdom from the Group of Ten countries plus Switzerland and the BIS. As part of the package, the Federal Reserve stood ready to make available up to \$1 billion under the swap arrangement with the Bank of England and the

U.S. Treasury up to \$1 billion through the Exchange Stabilization Fund. In announcing the U.S. participation, the U.S. Treasury and the Federal Reserve said: "These arrangements have been made in the light of the recent fall in the value of the pound sterling under exchange market pressures which have led to disorderly market conditions, and in the common interest in the stability and efficient functioning of the international monetary system."

Announcement of the standby credit was carried by the news services shortly after 10:30 a.m. New York time. At that point the Bank of England and the Federal Reserve Bank of New York, as its agent, simultaneously entered their respective markets, bidding openly for sterling at the current rate of exchange. The combined force of the news and the central bank presence in the market had an electrifying effect. Within a matter of minutes, and with only a nominal purchase of sterling by the authorities before they withdrew to the sidelines, the spot rate shot upward in a rise that carried it to \$1.80 by the time the London market reopened the following morning.

However, the market quickly sought to test the determination of the British authorities to support the rate at prevailing levels. As sterling dropped back to around \$1.77, the Bank of England countered with substantial dollar sales, both in London and through the Federal Reserve Bank in New York, while reinforcing a liquidity squeeze by operating in the market for short-dated swaps. These operations helped stabilize the pound somewhat, and over subsequent days fairly good two-way business was again moving through the market.

Nevertheless, dealers continued to look for a new domestic policy initiative to cut public expenditures and to restrict monetary growth, as well as evidence of an underlying improvement in British economic performance. Consequently, sterling remained vulnerable to an occasional burst of selling pressure and on individual days official support for the pound was quite heavy. By the end of June, the spot rate was around \$1.77 and intervention had diminished considerably. To offset outflows from reserves resulting from recent intervention opera-

tions, the Bank of England drew in late June on the standby facility. In this connection it took down \$200 million on the swap line with the Federal Reserve and \$200 million from the Exchange Stabilization Fund.

During July the sterling market gradually became less fragile and rate movements progressively narrowed. Evidence of a more firmly based economic recovery began to appear. Moreover, the British Government announced details of a reduction in public sector expenditures for the 1977-78 fiscal year to free more resources for exports and industrial investment. Although the market initially reacted with some disappointment that these measures were not stronger, trading conditions improved. By the end of July the pound had settled around \$1.78, some 4½ per cent above the early-June low. Meanwhile, the effective trade-weighted depreciation had improved to 38.8 per cent.

SWISS FRANC

Coming into 1976, the market's attitude toward the Swiss franc was even more bullish than before. Switzerland's inflation rate had declined to less than 3½ per cent per annum, a striking improvement from the 10 per cent rate that had prevailed just 12 months before and well below rates elsewhere. The current-account balance was in exceptionally strong surplus and, with domestic demand still stagnant and showing few signs of an early recovery, was expected to remain favorable well into the new year. Although Swiss interest rates had been kept low and the outflow of capital was swollen with greatly increased nonresident borrowings in Swiss francs, the market was concerned over the potential demand for francs that could arise whenever borrowers covered themselves. Indeed, a number of market participants with recent and long-standing debts in Swiss francs moved to cover their franc exposures in early January. The franc, therefore, came into strong demand, rising through the month-end by some 5½ per cent from its September 1975 low to \$0.3844 against the dollar while reaching par against the German mark.

In the meantime, the Swiss authorities, concerned about the eventual adverse effects of a strengthening exchange rate on Swiss exports, took steps to limit the franc's rise. The official discount and Lombard rates were reduced further to 2½ per cent and 3½ per cent, respectively, in early January. In addition, the National Bank stepped up its official purchases of dollars in Zurich and to a modest extent in New York through the New York Bank as agent. To avoid jeopardizing the authorities' monetary target for the year, these operations were offset by the ongoing program requiring foreign borrowers of Swiss francs to convert the proceeds of their borrowings at the central bank and by increased Government borrowings.

Although by early February the particular demands for Swiss francs had largely been met, the franc soon was caught up in the tensions affecting other currencies in mid-February and early March. Marked up against the dollar in sympathy with the rise of the German mark, the rate increased to \$0.3970 on March 17, even as the National Bank continued to intervene. After pressures within the EC snake began to subside late in March, the Swiss franc remained in demand in response to the usual quarter-end needs for francs. The National Bank provided liquidity assistance, mostly through swaps over the month-end but also through further outright spot dollar purchases, with the result that the spot rate held steady against the dollar and around par with the German mark.

Early in April, however, the Swiss franc once again emerged as a focus of market attention, rising strongly not only against the dollar but also against the German mark. Figures were released, confirming the further moderation of price increases in Switzerland as well as the continued strength of the current-account surplus. Switzerland once again provided a haven for those funds seeking an escape from the continued uncertainties elsewhere, and the franc was bid up strongly as funds were shifted out of Italian lire and sterling. Renewed hedging of long-term Swiss franc commitments by U.S. and other corporations, periodic inflows from the Organization of Petroleum Exporting Countries (OPEC), eastern Europe, and third world

countries, and outright speculative positioning further reinforced demand for Swiss francs.

In view of these continuing sources of strength, the market became fearful that the authorities would again seek to contain the franc's rise by imposing yet more controls against the inflow of foreign funds. Against this background, the announcement early in April of new regulations restricting the importation of foreign bank notes seemed to confirm the market's concern, and the franc again became strongly bid.

The Swiss National Bank continued to purchase dollars in the market to contain the franc's rise. At the same time, however, National Bank President Leutwiler conceded that neither the balance of payments nor cost-price relationships warranted a restoration of earlier rates for the franc. Thus, the franc was subjected to successive waves of demand that swept the spot rate up by June 2 to a peak of \$0.4197, 9 per cent above late-January levels and its highest point since early 1975. In the meantime, the franc gained some 8 per cent to a record high against the German mark.

The protracted rise of the Swiss franc threatened to aggravate the pressures on Swiss exporters at a time when the domestic economy still had not joined in the economic recovery developing elsewhere. In response, the Swiss authorities prepared to stiffen their resistance to the franc's advance. They agreed that a 750 million mark loan for the German Government be placed with the three major Swiss commercial banks and that the marks be purchased in the market.

On June 8 the Swiss National Bank announced an extensive package of exchange controls and other measures to curb the "excessive speculation that led to the Swiss franc's clear overvaluation." In addition, the authorities pledged to "intervene massively, if necessary, to correct disorderly exchange rate movements," blocking the Swiss franc countervalue of their dollar purchases if needed to avoid undermining Swiss monetary targets. Moreover, the Swiss central bank again cut both its discount and Lombard rates to 2 and 3 per cent, respectively, the lowest levels since 1963.

Following these actions, the Swiss authorities immediately stepped up the scale of their intervention in both dollars and German marks. As the market assessed the impact of this heavier intervention and the German Government borrowing on the franc-mark relationship, dealers moved to cut back some of their large Swiss franc positions. The franc therefore fell back 5½ per cent against the dollar to \$0.3960 on June 9, while dropping a similar amount against the German mark.

As the Swiss franc weakened, some of the banks and multinational corporations with exposures in francs took advantage of these rates to begin again to cover themselves. Moreover, sales of Swiss francs to finance participations in the German Government loan soon tapered off. As a result, demand for francs re-emerged and remained periodically heavy over subsequent days, with the Swiss National Bank providing resistance to a further sharp rise in the rate.

By the end of June the Swiss National Bank had purchased a total of \$4.4 billion since the beginning of the year. During the first quarter, the bulk of the spot intervention had been offset, largely under the capital export conversion program, and the National Bank had provided temporary liquidity partly by conducting short-term swaps with the Swiss banks.

During the second quarter, however, a smaller portion of the reserves injected through the Swiss National Bank's intervention was absorbed and the Swiss money market became increasingly liquid. To help keep monetary expansion in line with the National Bank's target, reserve requirements on foreign deposits were raised, effective July 26, and Government borrowings were stepped up. But even so, Swiss interest rates remained extremely low in sharp contrast to the somewhat firmer tendencies that developed from time to time in other centers.

Consequently, the Swiss franc leveled off to trade more narrowly around \$0.4038 during most of July. Just before the month-end, however, it was pulled up somewhat by the German mark's advance. As a result—by July 30—the franc was, on balance, somewhat more than 4 per cent above end-of-January levels but still

3¼ per cent below its peak of early June. Against the German mark, it had gained 2½ per cent on balance over the period, though the gap between the two currencies had narrowed some 5½ per cent from its widest point 2 months before.

During the period, the Federal Reserve transferred its \$600 million of Swiss franc swap debt from the BIS to the Swiss National Bank. The System purchased \$33.2 million equivalent of Swiss francs from correspondents and liquidated \$20 million of its debt with the Swiss central bank. Swiss franc commitments outstanding at the end of July totaled \$1,147.2 million.

FRENCH FRANC

During much of 1975 the French franc was bolstered by a strong improvement in France's external position. A severe recession at home and reduced energy requirements helped to swing France's trade account into surplus. Relatively high interest rates in France had stimulated sizable inflows of foreign funds, while French companies had been encouraged to borrow abroad. Thus, the French franc remained relatively firm within the EC snake after its re-entry at the former parity in July 1975. The Bank of France intervened frequently to keep the franc off the top of the EC band, with the official purchases reflected in the increase in French reserves recorded for the second half of 1975.

By the turn of the year, however, the balance of market forces began to turn against the French franc. The fiscal stimulus provided early last fall, when the recovery in France—as in other European countries—was still lagging behind that in the United States, had by then generated a quick rebound in the domestic economy. This drew imports from abroad sufficient to turn France's trade position back into deficit by late 1975. It also raised market concern over whether the inflation rate, which had eased just below 10 per cent, would continue to decline toward levels more nearly in line with those in Germany and the United States. In the meantime, domestic interest rates

eased back somewhat, thereby narrowing the interest differentials favoring France. As credit conditions improved, French companies repaid some of their previous foreign borrowings while new borrowings abroad declined.

With the outlook for France's balance of payments more uncertain, the French franc was left exposed to the successive waves of selling that developed in early 1976. Following the January 21 suspension of official support for the Italian lira and its subsequent sharp drop, the market increasingly came to question the competitive relationships within Europe and the viability of existing EC parities. As a result, the French franc had already come on offer late in January when dealers unloaded long French franc positions and leads and lags shifted against the franc. As the franc weakened, it dropped below the midpoint of the EC snake. The Bank of France intervened to cushion its decline by selling dollars heavily in Paris and limited amounts in New York with the Federal Reserve Bank of New York acting as its agent.

Nevertheless, speculative pressures within the EC monetary agreement continued to mount as repeated rumors of a possible realignment of snake currencies—involving some combination of a franc devaluation and a German mark revaluation—swept through the markets. Consequently, the franc and the mark were pushed toward the opposite extremes of the joint float by the second week of February. The February 9 devaluation of the Spanish peseta and the approach of a scheduled Franco-German summit meeting on February 12–13, reportedly to discuss among other things an EC currency realignment, further intensified the two-way speculation within the snake. In response, the Bank of France stepped up the scale of its operations, selling large amounts of dollars as well as a substantial sum of German marks between February 9 and February 12. At the same time, in Frankfurt the German Federal Bank followed up on its dollar purchases with some French franc acquisitions to help keep the franc above the floor of the snake.

In the wake of this officially acknowledged intervention, the markets began to settle down by February 13. Moreover, reports from that

weekend's summit meeting reaffirming prevailing EC parities, together with a tightening of French interest rates, prompted some covering of short franc positions. As a result, the franc regained a portion of the ground it had lost against the mark and later eased back less than other continental currencies as the dollar generally firmed. By the month-end, it had declined against the dollar some $\frac{1}{2}$ of a percentage point from early-February levels to \$0.2234. Against other European currencies, however, it had firmed to a level $\frac{3}{4}$ of a percentage point above the floor of the EC snake, and the Bank of France began to recoup some of its reserve losses.

Nevertheless, most market participants remained convinced that an early realignment of EC parities was inevitable. Thus, when sterling's sharp decline in early March and the continuing plunge of the Italian lira again brought into question competitive relationships within Europe, a new and more virulent round of speculation against the franc was quickly ignited. In the wake of these precipitous declines in exchange rates for two of France's major trading partners, the French franc came under massive pressure, as commercial and professional market participants offered huge amounts of francs in the exchanges at the same time that the German mark was strongly bid. Leads and lags shifted even more heavily against the franc, and the large-scale speculative positions established during January and February were lengthened even further. The Bank of France met these pressures with further forceful intervention that resulted in a considerable loss of French reserves for the several days that preceded the March 13-14 meeting of EC Finance Ministers.

Over the weekend, when no realignment within the EC snake was achieved at the summit meeting, the French Government decided to withdraw the franc from the EC snake and allow it to float independently. When trading resumed on Monday, March 15, the franc at first plummeted more than 5 per cent in a nervous and uncertain market. But as the cost of overnight borrowings in the Euro-franc market abroad soared to as much as 800 per cent per annum,

dealers responded by covering their extremely expensive short franc positions. The spot rate soon recovered to around \$0.2150 against the dollar, or about $2\frac{1}{2}$ per cent below its old support limit against the German mark within the EC snake.

Over subsequent weeks, dealers remained cautious toward the French franc and there were no significant reversals of the speculative outflows of January-March. The franc market was roughly in balance, however, as a modest unwinding of adverse leads and lags and conversions of new French corporate borrowings abroad tended to offset continuing commercial demand for foreign currencies by French residents.

The spot rate drifted down gradually to \$0.2108 by early June, as the dollar gained generally in response to a renewed rise in U.S. short-term interest rates. Against other EC currencies the French franc held fairly steady. The Bank of France was therefore able to take advantage of occasional bidding for francs to purchase currencies in the market. Even so, the decline in France's reserves for the first 5 months of the year came to about \$3 billion.

During the summer the market became even more hesitant toward the franc. Although the pace of inflation had moderated, many market participants feared that a continued expansion of domestic demand would reverse this trend and widen the gap between inflation rates in France and those abroad. Then, the market's attention shifted to the impact on France of the severe European drought. More serious in France than in most other countries, the drought was expected by many forecasters to push up food prices, cut into agricultural exports, and increase oil imports to compensate for the loss of hydroelectric power.

Under these circumstances the selling of French francs again built up early in July. The Bank of France initially resisted with heavy dollar sales. But the pressures continued, fueled by open debate in the press over the Government's resolve to stem a further decline in the rate and to contain continuing wage and price pressures. The authorities then moved to resist a further decline in the franc rate by raising

domestic interest rates, including a 1½ percentage point increase to 9½ per cent in the Bank of France's discount rate, effective July 22. The market at first interpreted this move as indicating a considerably more flexible intervention policy, and the rate briefly eased further. By the end of July the spot rate had fallen to about 10 per cent below its previous lower intervention point against the German mark. Trading at \$0.2035, the franc was some 9 per cent below early-February levels against the dollar.

ITALIAN LIRA

Pressure against the Italian lira had been building up during the fall of 1975 in response to deepening economic and political uncertainties in Italy. Industrial activity showed only tentative signs of recovery, as sectoral bottlenecks blunted the impact of the fiscal and monetary stimulus provided earlier in the year. At the same time, the strengthening of the dollar against the lira prompted large repayments of foreign borrowings by Italian banks, and a drop in domestic interest rates facilitated the financing of a sharp rise in raw materials imports as firms began to restock depleted inventories. Thus, the outflow of capital accelerated and the trade balance deteriorated sufficiently to erode much of the improvement evident earlier in 1975. Meanwhile, the fall in real income in Italy and the renewed upturn of the inflation rate had generated increasing political and social unrest, with important labor negotiations approaching a critical stage. After a prolonged cabinet crisis, Italy's minority coalition government resigned in January 1976, and as efforts went forward to strike a new political compromise on which a viable cabinet could be formed, the lira came heavily on offer in the exchanges.

At first the Bank of Italy countered these pressures with forceful intervention to keep the lira rate roughly in line with other European currencies. From January 2 to January 20 it sold more than \$500 million, raising the entire reserve loss since mid-1975 to \$2.4 billion. As a result, the Bank of Italy was left with only

\$594 million in convertible currency reserves, and to add to its cash balances, it drew \$250 million under the swap line with the Federal Reserve. But in the absence of a new government and with the adequacy of Italy's reserves a matter of open discussion in the press and the market, prospects of a further flight of capital from the country became overwhelming. Thus, on January 21 the Italian authorities announced that the Bank of Italy would suspend official dealings in the exchange market to conserve reserves.

This decision left the lira effectively floating freely, and with selling continuing into February, the spot rate dropped fairly sharply from time to time in a thin market. There were occasional pauses in the decline, as traders responded to events that gave rise to hopes of an end to Italy's governmental crisis or a resumption of official dealing. Nevertheless, the market was so thoroughly demoralized that two hikes in the Bank of Italy's discount rate from 6 per cent to 8 per cent during February and increased bank reserve requirements evoked little market response. Moreover, the eventual announcement that a new minority government would be formed under Premier Aldo Moro gave but a momentary boost to market psychology. Instead, in increasingly one-sided trading, the lira fell to \$0.001245 (803 lire) by February 24, 15¼ per cent below levels prevailing before the cabinet resignation.

Meanwhile, the Italian authorities grew more concerned about the deterioration of market conditions and about the drop in the rate that threatened to set off a new bout of inflation at home. Consequently, the Bank of Italy moved ahead with plans to resume official intervention to restore more orderly trading again. Even as the new government was being formed, the Italian authorities initiated discussions for a new IMF standby credit and concluded arrangements with other EC governments to borrow \$1 billion in the international markets through the EC oil facility. As these negotiations to secure medium-term credit went forward, the Federal Reserve agreed to make available to the Bank of Italy, in addition to the \$250 million already drawn, a further \$500 million under the swap

arrangement to backstop the Bank of Italy's cash resources.

Late in February, when the new government presented its economic program to parliament, the authorities also announced that they would reopen official exchange-market dealings on March 1, with some \$2 billion of credit available including the funds extended for this purpose by the Federal Reserve. The market responded favorably and while potential purchasers of foreign currencies held off satisfying their needs until March 1, the lira was marked up more than 4½ per cent to \$0.001302 (768 lire) temporarily at the end of February.

In early March, when the backlog of commercial orders for dollars—particularly by Italian oil companies—reached the market, the lira immediately came under selling pressure. Then, just as the market was settling down, the lira was caught up in the resurgence of generalized speculation over European currency relationships. Hit by renewed selling, the spot rate was driven down by 9 per cent to \$0.001188 (842 lire) by March 16, even as the Bank of Italy provided large-scale support.

The Italian authorities responded to these pressures by tightening regulations on capital outflows and by restricting the capacity of commercial banks to cover their customers' forward lira sales through requiring a 10 per cent reduction in commercial bank "spot against forward" transactions by the month-end. More importantly, they imposed severe fiscal and monetary deflationary measures, raising the Bank of Italy's discount rate an unprecedented 4 percentage points to 12 per cent and proposing emergency tax and gasoline price increases estimated to absorb some \$1.8 billion equivalent.

The announcement of these measures, at a time when there were still only tentative indications of a recovery in the domestic economy, impressed the market and touched off a sharp rebound in the spot rate. In the forward market, however, the discount on 3-month lire more than doubled to more than 17 per cent per annum on March 31, as liquidity in Italy tightened and the new exchange control restrictions began to take effect. Meanwhile, the Bank of Italy took down another \$250 million on its

swap line with the Federal Reserve, raising the total of actual drawings to \$500 million. The EC oil facility borrowing was also completed, bringing a further \$1 billion into Italian reserves.

The tentative improvement in market conditions following the March measures was dealt a stunning blow in early April, when a serious disagreement over noneconomic issues erupted in parliament. As it became clear that new elections were inevitable, market fears of a strong showing by the Communist Party led to renewed capital outflows, which pushed the spot rate down by May 5 to a record low of \$0.001090 (917 lire), fully 26 per cent below early-January levels. Also in early May the forward discount soared to 42 per cent per annum.

After the close of trading that day, the Italian caretaker government began to announce a set of tough foreign exchange restrictions designed to curb import growth, to encourage reversals of adverse leads and lags, and to stabilize the lira spot rate until a new government could be elected. As of May 6, all foreign currency purchasers, except grain importers, were required to deposit 50 per cent of the countervalue of their acquisitions in non-interest-bearing accounts for 3 months. This measure, aimed at discouraging speculative outflows via the over-invoicing of imports, was also expected to mop up about \$4 billion equivalent of liquidity over 3 months.

On May 7, Italian exporters were told to convert foreign currency earnings within 7 days of receipt to shorten the lag between export transactions and foreign currency conversions. On May 10, exporters granting foreign currency trade credits of up to 120 days were required to convert 30 per cent of the value of those credits into lire within 7 days of the transactions. Moreover, technical changes in existing exchange restrictions were announced to raise both the cost and risk of maintaining short lira positions.

The imposition of these sweeping exchange restraints provoked an immediate scramble for lira balances. The spot rate shot up to as high as \$0.001235 (810 lire) in early European trad-

ing on May 10, before settling around \$0.001193 (838 lire) later in May, 9½ per cent above the low early in the month. Thereafter, as the exchange control measures continued to contribute to a squeeze on domestic liquidity, the lira traded more quietly around this level until the June 20–21 general elections.

The election outcome, with a narrow but clear-cut plurality for the Christian Democratic Party, swept aside a major source of market uncertainty, and a reflux of speculative funds developed as soon as the first results were known on June 21. Thereafter, news of a reduced balance of payments deficit for May and a slowing in the rate of inflation lifted some of the gloom surrounding the Italian economic outlook. With Italy's tourist earnings becoming seasonally strong and the various exchange controls continuing to induce a reversal of adverse leads and lags, the lira came into demand. In view of the earlier heavy reserve losses, the Bank of Italy took advantage of the lira's buoyancy at prevailing rates to absorb large amounts of dollars in the market. Consequently, while the substantial inflows of funds continued, the lira rate held steady through the end of July. The Bank of Italy was thus able to post reserve gains of \$1.7 billion for June and July, even after repaying in late July the full \$500 million of swap drawings on the Federal Reserve.

NETHERLANDS GUILDER

Coming into 1976, the Netherlands guilder was bolstered by expectations of a continuation of that country's strong payments position. A sharp rise in natural gas exports, together with a recession-induced fallback in imports, had already widened the current-account surplus to \$1.6 billion in 1975. With economic recovery well under way in several of the Netherlands' major foreign markets, the outlook for Dutch exports promised to be even brighter for 1976. Sizable capital outflows were expected to continue, reflecting the relatively low interest rates in Amsterdam compared with other financial centers, but not in sufficient volume to offset fully the current-account surplus. Moreover,

although unemployment was still rising and the inflation rate was still about 10 per cent, the domestic economy was beginning to show signs of an upturn. Consequently, exchange-market sentiment was extremely favorable, and the guilder traded firmly at the top of the EC snake as well as at the upper limit against the Belgian franc in the 1½ per cent Benelux band.

When tensions developed in many European currency markets in late January, a press report that the Benelux band might be abandoned—although immediately denied by the Netherlands and Belgian Governments—triggered large-scale speculative demand for guilders and offerings of Belgian francs.

To counter these pressures, the Netherlands Bank intervened in coordination with the National Bank of Belgium and bought substantial amounts of Belgian francs as well as dollars. The Dutch central bank announced a ½ percentage point cut in its discount rate to 4 per cent and 1 percentage point reductions in other official lending rates. In Belgium, the authorities also took several measures to support the franc, including the boosting of short-term interest rates. This forceful response, coupled with an easing of liquidity conditions in Amsterdam and a corresponding tightening of liquidity in Brussels, reassured the market, and by early February the immediate strains had subsided somewhat.

By that time, however, the markets were alive with rumors of a possible general realignment of EC currencies. In view of the strong ties between the economies of the Netherlands and Germany and the fact that each enjoyed a substantial current-account surplus, market participants tended to tag the guilder as a prime candidate for revaluation along with the German mark. Consequently, as the mark came into heavy demand, the guilder also strengthened, joining the mark at the upper limit of the EC snake and stretching the Benelux band once again. The dollar market became unsettled, too, and the guilder rose by ¾ of a percentage point to a peak of \$0.3781. In this atmosphere, when a flurry of demand for guilders developed on February 11 in the New York market, the Federal Reserve supplemented its offers of German

marks with offers of guilders, selling \$19.6 million equivalent financed by a drawing on the swap line with the Netherlands Bank. Subsequently, as the immediate exchange-market turbulence abated and the guilder eased back somewhat, the Federal Reserve purchased sufficient guilders to liquidate the swap debt by early March.

Following sterling's drop below the \$2.00 level, expectations of a broader EC exchange-rate realignment reappeared, generating renewed demand for guilders. By the second week of March, the guilder was hard against its upper margin for the Belgian franc. Even though there was sizable intervention to defend the Benelux limits, bringing total support since early February to over \$350 million equivalent, the guilder was pushed to the top of the EC band along with the mark.

The results of the March 13-14 EC Finance Ministers' meeting in Brussels had a jarring effect on market expectations for the guilder. The Benelux joint float arrangement was abruptly suspended, relieving an immediate source of speculative demand. At the same time, the press reported that, in the showdown that developed at Brussels, Dutch officials had rejected proposals to revalue the guilder.

By that time, also, technical factors were weighing on the market, as the guilder liquidity created by central bank intervention, together with usual seasonal factors, had so eased money market conditions in the Netherlands that short-term interest rates there were well below those in Germany and Belgium. Consequently, the guilder came on offer, easing slightly against the dollar but falling sharply against the mark and other currencies within the EC snake. The Netherlands Bank began to sell moderate amounts of dollars to cushion the decline, but by April 6 the guilder had slipped to the bottom position of the joint float.

During the spring, several developments prompted increasingly bearish sentiment toward the guilder. Economic indicators during the first months of 1976 showed that Dutch exports had leveled off and that the incipient economic recovery at home had stalled. The inflation rate remained stubbornly high—well above those in

Germany, Switzerland, and the United States. Moreover, serious union opposition had emerged to a proposed extension of the government's social contract for limiting wage increases. In addition, higher government borrowing requirements associated with continued growth of public sector spending were a source of concern to the market. At the same time, widespread press reports of disputes within the government coalition over a number of social and economic issues added further to the uncertainties.

Through early May the spot guilder therefore stayed in the lower range of the EC band. Against the dollar it held steady at around \$0.3725, as the National Bank of Belgium completed guilder purchases to repay commitments incurred prior to suspension of the Benelux band. Thereafter, the guilder was left more exposed to selling pressure that intensified after mid-May.

The rate began to soften and reached a low of \$0.3628 on June 1, some 4 per cent below the February high, before the immediate selling pressure subsided. To keep the guilder away from its lower intervention limit against the mark in the EC band, the Netherlands Bank intervened in substantial volume, with the result that reserves declined by nearly \$1.2 billion between mid-March and mid-June. Moreover, the Netherlands Bank, following market developments, raised its discount rate in two ½-percentage-point steps to 5 per cent by June 18. During that time, the Federal Reserve took the opportunity to purchase a modest amount of guilders (\$3.6 million equivalent) for working balances.

By mid-June the Dutch money market had gradually tightened, partly as a result of the heavy exchange-market intervention by the authorities. Moreover, recent economic indicators were more favorable, with tentative signs of improvement in industrial production and better price figures. At the time of the end-of-June positioning in the Netherlands, therefore, a scramble for guilder balances developed, pushing up market interest rates sharply and prompting some covering of short guilder positions in the exchange market. The guilder thus

turned firmer against the dollar and came off the floor of the EC snake.

Thereafter, the guilder market was in better balance until late in July, when the snake came under renewed strains as the movement into German marks became more generalized. At that time, the Netherlands Bank again intervened in support of the guilder within the EC band and announced a further ½-percentage-point increase in its discount rate to 5½ per cent, effective August 2. By the end of July the guilder rate had recovered to \$0.3708, some 2¼ per cent above its June low.

BELGIAN FRANC

Late in 1975, Belgium's balance of payments had shifted into deficit as a result of a slowdown in exports and an increased outflow of long-term capital. Domestically, the economy was slow to join in the recoveries already getting under way in other countries. In addition, Belgium's inflation rate, while declining to below 10 per cent, was still high enough to generate market concern that it could thwart a sustained recovery. There was further uneasiness that the government had not reached agreement with the trade unions for modifying Belgium's wage indexation system, a mechanism many observers felt was helping to weaken the competitiveness of Belgian exports.

Against this background, the commercial Belgian franc, trading around \$0.025520 vis-à-vis the dollar in early January 1976 had fallen to near the bottom of the EC snake and had also settled at the lower limit of the separate 1½ per cent Benelux band with the Dutch guilder. There was no particular pressure against the franc, however, until late in January when, amidst generalized speculation over European currency relationships, newspaper reports suggesting that the Benelux currency arrangement might be disbanded set off heavy selling of Belgian francs. The selling reflected adverse shifts in commercial leads and lags and was therefore concentrated in the market for commercial francs.

The financial franc, which floats freely,

moved in parallel to the commercial rate but was not under unusual strain. Although the press reports were officially denied, the pressure continued and intervention mounted by both the Belgian and Netherlands central banks, largely in Benelux currencies. As a result, liquidity tightened in Brussels and simultaneously eased in Amsterdam, raising the cost of holding positions short of francs and long of guilders and thereby relieving the strain on the franc by mid-February.

Bolstered by the continuing tautness in Belgium's local money market, the franc was not immediately caught up in the market turmoil surrounding other European currency markets early in March. But by March 11, as traders came once again to expect an adjustment of EC parity relationships, speculative selling of Belgian francs re-emerged. The spot rate was driven back to its lower limit against the guilder, where it again required heavy support.

The announcements following the EC Finance Ministers' meeting over the March 13–14 weekend only intensified the selling of Belgian francs. News that the French franc had been withdrawn from the EC snake and that the Belgian and Netherlands Governments had suspended the Benelux currency arrangement generated expectations that the Belgian franc would be either devalued or cut loose from the joint float. Dealers therefore drove the franc almost immediately to the bottom of the snake, which was then being pulled up against the dollar by the rise of the German mark.

The Belgian Government, however, quickly signaled its determination to keep the Belgian franc in the snake at its existing parity to prevent a falling exchange rate from aggravating domestic inflation. As the Belgian franc came heavily on offer against the mark at the lower limit of the snake, the National Bank of Belgium intervened heavily between March 15 and March 19, selling large amounts of marks while the German Federal Bank purchased a large volume of Belgian francs in Frankfurt.

Moreover, to convince the market of its resolve to support the franc, the Belgian authorities took further steps to raise the cost of holding speculative positions against the franc. The Na-

tional Bank announced a 1 percentage point hike in its discount rate to 7 per cent, effective March 18, and restricted access to its short-term lending facilities. In addition, it required commercial banks to deposit a fixed percentage of their funds in government securities. These measures were followed up with public affirmations on the part of a number of Belgian officials of their determination to guarantee the existing Belgian franc parity.

By March 22, the combined impact of these various liquidity-tightening measures had taken hold. Overnight rates in the Euro-Belgian franc market were bid as high as 200 per cent per annum, and the cost of rolling over short franc positions became more than most speculators were willing to bear. Thus, in a sharp 2-day turnaround, the franc jumped over 2 per cent against the dollar and traversed the entire width of the EC snake before casing back to trade around \$0.025600, fairly comfortably within the joint float.

By early April, industrial production in Belgium was rising more strongly than anticipated at the beginning of the year, but the pace of domestic price increases remained worryingly high. The Belgian cabinet agreed on budget cuts on April 5 to reduce domestic inflation further and to provide support for the exchange rate. In addition, the authorities followed up their mid-March measures by strengthening the controls on resident foreign exchange transactions. The cumulative effect of these various actions was to trigger a gradual reversal of previously adverse leads and lags.

As these reflows persisted throughout April and May, the Belgian authorities were able gradually to ease their mid-March monetary restrictions, reducing some interest rates to pre-crisis levels and, in early June, lifting the special regulations requiring commercial banks to maintain specific levels of investments in government securities. In addition, the National Bank completed its repayment of Dutch guilder commitments incurred prior to suspension of the Benelux band and purchased sufficient German marks to liquidate its commitments in that currency as well. Even so, the commercial franc continued to hold in the middle of the EC snake,

while falling off with the other European currencies against the dollar.

Thereafter, dealing in francs was generally quiet and well balanced through early July. Only on two successive Fridays between late May and early June was trading temporarily unsettled by a spillover of pressure directed at the Dutch guilder. In each case, the National Bank of Belgium quickly countered with small sales of dollars. In mid-July, however, as the market began once again to reassess existing European currency relationships, pressures on the Belgian franc were renewed, and the franc fell to its lower limit against the German mark. The National Bank resumed its intervention and also announced a discount rate increase of 1 percentage point to 8 per cent, effective July 26. Subsequently, the Belgian franc was dragged up by the rise of the German mark to trade by the month-end at \$0.025527, close to its early-February level against the dollar.

During the 6 months under review, the Federal Reserve continued to make small frequent purchases of Belgian francs against swap commitments incurred prior to August 1971. These acquisitions, totaling \$177.3 million equivalent, were used to repay a total of \$170.5 million equivalent of such commitments, reducing the outstanding swap debt to \$82.4 million, and to add to balances.

JAPANESE YEN

Early in 1976 the balance of market sentiment had swung back in favor of the Japanese yen, as an unexpectedly rapid improvement in the balance of payments outweighed lingering concern over the sluggishness of Japan's economic recovery. The current account had returned to surplus, as export shipments of automobiles and a few other items expanded sharply in response to the inventory build-up in the United States and elsewhere while Japan's import growth remained stagnant. Moreover, Japan enjoyed sizable inflows of capital as short-term interest rates, though down from their mid-1975 highs, were still well above comparable interest rates in the United States.

The resulting interest rate differentials favoring Japan stimulated large foreign purchases of Japanese Government securities, not only on an uncovered basis but also on a covered basis, since the forward yen was frequently at a premium. Moreover, taking advantage of favorable market conditions, Japanese corporations were active in borrowing in the European and New York bond markets as well as through foreign currency-denominated loans from Japanese branches of foreign banks. Conversions of these foreign borrowings gave an additional lift to the yen in the exchanges.

Coming into February 1976, therefore, the yen had advanced 1 per cent from its December 1975 lows, and it rose another 1 per cent to \$0.003333 (300 yen) by midmonth. In March the yen was again well bid, largely in response to uncertainties in the European currency markets. Meanwhile, a number of reports suggested that several overseas monetary authorities had increased their yen holdings. With these reports, market uncertainty over the durability of existing exchange relationships in general stimulated demand for yen by both residents and nonresidents to cover future needs.

By early April a scramble for yen developed, as Japanese banks and trading companies rushed to cut back their dollar positions. Japanese corporations converted their foreign borrowings, and nonresidents responded to an increased premium on the forward yen by moving more funds into Japanese securities. The spot rate jumped in hectic trading to a peak on April 8 of \$0.003365 (297.2 yen), some 3 per cent above its mid-December low. Throughout this period the Bank of Japan met the sporadically heavy demand for yen with occasionally large purchases of dollars in Tokyo to moderate the rise and to maintain orderly markets. These purchases, especially in February and April, accounted for the bulk of Japan's \$2.1 billion increase in reserves in the first 4 months of this year, reversing the \$1.8 billion loss in the second half of 1975.

Although Japan's export performance in the first quarter had far outstripped even the most optimistic forecasts, by mid-April many market participants had begun to question whether this

improvement could be sustained. The current sharp upsurge in exports was concentrated in only a few of Japan's export industries. A slowdown in consumer spending, together with increased talk of import restrictions in many of Japan's foreign markets, threatened to forestall any spillover of demand to other export sectors and to blunt sales of those exports currently in strongest demand. Moreover, figures for the first quarter pointed to a renewed strong advance in output in Japan and a decline in inventories of imported materials, suggesting that Japan's imports would soon expand as well.

This more skeptical outlook helped bring the market for the Japanese yen into better balance after mid-April. Shortly thereafter, interest rates in the United States began to firm while rates in Japan eased. As the previously favorable interest rate differentials narrowed and eroded incentives for foreigners to maintain their short-term investments in Japan, some of the earlier inflows were reversed. During subsequent weeks, the Bank of Japan intervened nominally, and then only to counter a brief flurry of demand for yen in early May. Otherwise, the rate eased back on its own, slipping 1 per cent to around \$0.003330 (300.3 yen) by June 4. Later that month the Japanese authorities took the opportunity to announce an easing of some foreign exchange controls—covering travel allowances and outward payments—that had previously been tightened in response to the oil crisis, but this announcement generated no immediate reaction in the market.

In late June, press reports out of the economic summit at Puerto Rico suggested that officials of other countries had raised questions concerning Japanese foreign exchange policy. Subsequently, following release of further strong trade figures for May, the Japanese press carried reports from a government source indicating a readiness to accept a further appreciation of the yen. In this atmosphere, the yen was bid upward once again, reaching as high as \$0.003420 (292.4 yen) toward mid-July, before renewed intervention by the Bank of Japan and a prompt denial of the press reports quieted the market. Thereafter, in more subdued trading, the yen settled back somewhat to \$0.003412 (293.1

yen) by the month-end. At this level the yen was, on balance, about 3½ per cent higher than early-February levels.

CANADIAN DOLLAR

In 1974–75, with Canada's economic slowdown decidedly shallower than the recessions in other major industrial countries, domestic demand remained relatively buoyant, serious inflationary pressures persisted, and the current-account balance moved into deeper deficit. During the second half of 1975, this deficit was more than offset by an increasingly heavy volume of long-term foreign borrowings, which totaled \$3.2 billion.

As economic activity in Canada gained more momentum from the pick-up of activity in the United States, the Canadian authorities moved to check cost-push pressures by introducing a 3-year anti-inflation program, which included wage and price controls, and announced targets to contain the growth in monetary aggregates. But the demand for credit remained strong, and Canadian interest rates did not follow the declines in other industrial countries late in the year. In response to the lower cost and greater availability of funds abroad, provincial authorities, public utilities, and private enterprises increasingly tapped foreign markets early in 1976, raising inflows to \$3 billion for the first quarter alone.

Thus, while the market remained hesitant about the longer-term implications of the more rapid wage inflation in Canada than in the United States, dealers expected that inflows of long-term capital could cover by far the current-account deficit and provide a strong underpinning for the exchange rate in 1976.

Consequently, the Canadian dollar continued the steady advance that had begun in August 1975. Buoyed by conversions of several large new borrowings as well as occasionally heavy commercial demand for grain purchases, it was bid up to \$1.01½ by the end of February. The Bank of Canada, which continued to intervene to moderate day-to-day exchange-rate move-

ments was, on balance, a buyer of dollars, and official reserves increased during the first 2 months by \$551 million.

From early March through late May, by contrast, the market for Canadian dollars was more nearly balanced. Day-to-day movements in the spot rate were at times quite large, as the market adjusted to the flow of continuing conversions, announcements of yet more new issues, or rumors of OPEC shifts into Canadian dollar-denominated assets. In addition, dealers were sensitive to signs of possible changes in interest rate differentials between Canada and the United States that might alter incentives to borrow abroad.

In early March, in reaction to a slight firming in U.S. money market rates, the Canadian dollar eased before snapping back just a couple of days later after the Bank of Canada had raised its discount rate from 9 per cent to 9½ per cent. But, on balance, by late May the Canadian dollar had gained only fractionally to the \$1.02 level, as part of the demand arising from continued conversions of foreign borrowings was increasingly taken out of dealers' own positions.

In early June, however, market sentiment became decidedly more bullish toward the Canadian dollar. The domestic recovery seemed to be well under way and the rate of price advance had abated to 6 per cent under the anti-inflation program. The Montreal Olympics were expected to generate substantial tourist earnings. The leveling-off of U.S. short-term interest rates was seen as a positive factor for the Canadian dollar. And then a renewed burst of reported foreign issues by Canadian interests caught many dealers by surprise. Consequently, market participants began to bid progressively more heavily for Canadian dollars, in part to cover the new large-scale conversions expected during the summer. By June 24 the spot Canadian dollar rate had been propelled to a 2-year high of \$1.0388, with the Bank of Canada on balance buying substantial amounts of dollars to moderate the rise.

By this time, the rise of the Canadian dollar had attracted the attention of many more market participants abroad. Professional position taking increased, exchange-rate movements for the

Canadian dollar became more volatile, and each swing in the rate triggered a larger flurry of activity. In the face of these unsettled market conditions, the Bank of Canada operated increasingly forcibly on both sides of the market to maintain orderly trading conditions until market activity slackened by early July.

Subsequently, many market participants came to feel that the Canadian dollar had risen to unrealistically high levels. In addition, most of the conversions for the large borrowings placed in July had already been covered, and the calendar of upcoming issues indicated a reduced

volume of scheduled placements. Moreover, the eventual turnaround in tourist receipts, following the end of the Olympics, weighed on the market. Consequently, the Canadian dollar drifted back in a tendency that began to accelerate late in July as dealers started to cut back their own positions. By the month-end, the spot rate had declined to \$1.02½, still some 3½ per cent above early-1976 levels. Although the Bank of Canada was a net seller of dollars in July, its net market operations contributed to a \$467 million increase in Canadian official reserves since the beginning of the year. □

Statements to Congress

Statement by Arthur F. Burns, Chairman of the Board of Governors of the Federal Reserve System, submitted to the Budget Committee of the U.S. Senate in response to a committee request for a report on the condition of the national economy and the course of monetary and fiscal policy, August 23, 1976.

I am pleased to report to the Senate Budget Committee on the condition of the national economy and the course of monetary and fiscal policy.

The economic expansion now under way is well into its second year. By any reasonable yardstick, the Nation's economy has experienced a substantial recovery. In the second quarter of this year, the physical volume of total production was 8½ per cent above its trough in the first quarter of 1975. Moreover, the combined output of our factories, mines, and power plants has risen about 17 per cent since March of last year.

Widespread expansion of economic activities has led to material strengthening in the demand for labor. Total employment across the Nation has risen almost 4 million from its low in March 1975, and is now 1½ million above the previous peak. The average length of the factory workweek has also risen, and the unemployment rate—though still deplorably high—is appreciably lower than in the spring of last year.

The gains in production and employment have been accompanied by larger personal incomes and rising consumer purchasing power. The average level of disposable income per capita has risen in real terms by 6½ per cent since early 1975, and last quarter it was 1½ per cent above its previous peak. Business profits, too, have rebounded as the workshops of the economy returned to more efficient levels of operation.

During the course of the recovery, the rate of economic expansion has been influenced by the pace of inventory investment. Between the second quarter of last year and the first quarter of this year, the shift from extensive liquidation of inventories to moderate accumulation accounted for about 45 per cent of the increase in the physical volume of production. But in the second quarter of this year, inventory investment no longer added significantly to the growth of physical output.

This is the main reason for the recent slowdown in the rate of economic expansion. In real terms, the gross national product rose at an annual rate of 4¼ per cent in the second quarter, compared with 8 per cent over the preceding three quarters. The lower rate in the second quarter reflects, besides inventory adjustments, the recent pause in consumer spending. After a rapid advance from last December through this March, the trend of retail sales flattened out. Temporary pauses of this kind are not uncommon during periods of cyclical expansion. We may reasonably expect significant gains in retail trade to resume relatively soon. The basic determinants of consumer spending are clearly favorable: the number of persons at work is continuing to rise, real incomes of families are increasing, and the liquidity position of consumers is improving. Furthermore, as optimism continues to spread, consumer expenditures should tend to grow more rapidly than the disposable income of consumers. In all likelihood, as the recovery proceeds, consumer buying will remain a major source of strength in the economy.

Another and more basic source of stimulus to economic activity over the next year or two can be expected from business outlays for new plants, machinery, and other equipment. Business capital spending typically joins the recov-

ery process later than other sectors of the economy. But as utilization of capacity increases and profits improve, business firms typically move ahead more boldly with their capital expenditure programs. Although such a development has been somewhat delayed in the present instance, the traditional pattern is again emerging.

Thus, major indicators of business capital spending are pointing upward. Production of business equipment has increased steadily since late last year. New orders for nondefense capital goods rose strongly in July, the seventh consecutive monthly increase. Contract awards for commercial and industrial construction are now moving up again. Also, recent surveys indicate some further strengthening of business plans for capital expenditures.

A rising level of outlays for plant and equipment creates a need for larger inventories of materials, component parts, and other supplies in the durable goods trades. Thus, while inventories in some nondurable goods industries have been restored to levels that are adequate to meet current rates of sales, renewed accumulation of inventories in the durable goods sector is just beginning. Total new orders received by producers of durable goods have been rising strongly, and rebuilding of their stocks should be a stimulus to production for some time.

A revival of homebuilding activity has been contributing to general economic expansion since the spring of 1975. New housing starts declined somewhat last month, but permits issued for new residential buildings—a less volatile indicator—advanced to the highest level in more than 2 years.

With mortgage credit in ample supply in practically all parts of the country, and with sales of new and existing houses once again rising, a gradual further advance in homebuilding activity appears to be in prospect. To be sure, weakness in the multifamily sector has been limiting the over-all improvement of residential building activity. Construction of apartment houses has been held down by previous overbuilding, lagging rents, and high construction costs. However, the problems of the multifamily sector are gradually being resolved—in particular, vacancy rates for rental

units are appreciably lower now than they were a year ago.

Our trade balance with other countries may also show some improvement as the recovery proceeds. Imports of industrial supplies and consumer goods will move up further as the expansion of our economy continues to cumulate. But the outlook for our export trade is also brightening. Although economic recovery in other industrial countries began later than in our own, the pace of expansion in Western Europe and Japan has been gathering momentum. Material strengthening of demands for American machinery and other products is therefore to be expected.

Activity in all major sectors of the private economy thus seems poised for further advances. The recovery process has thus far been well balanced, and the state of confidence has been steadily gaining. There have been few signs of the speculative excesses that often develop in the course of a business-cycle expansion. Conditions in the nonfinancial sector of the economy thus remain favorable for continued growth well into the future.

Conditions in the financial markets are also conducive to continuance of economic expansion. Interest rates usually begin to rise at about the time when general business activity turns up. In the present instance, however, most interest rates are at or below their levels in the spring of 1975, when the economic recovery began. For example, the yield on 3-month Treasury bills reached a low for the year of around 5¼ per cent in May 1975, and is now about 10 basis points lower. The rate on new issues of high grade corporate bonds in May 1975 was 9½ per cent; now, that rate is down to around 8½ per cent.

The main cause of the unusual behavior of interest rates during this recovery has undoubtedly been the lessening of inflationary fears, and the consequent reduction in the inflation premium that got built into interest rates—particularly, the long-term rates.

The financial climate that has prevailed during the recovery has permitted lenders and borrowers alike to strengthen their financial condition. The liquidity position of savings banks and

savings and loan associations, for example, has improved markedly. Moreover, the flow of savings to these institutions has remained abundant, and they have continued to increase their mortgage lending. The outstanding mortgage loan commitments of savings and loan associations—the leading suppliers of home mortgage credit—are now close to the highest dollar figure on record.

Commercial banks have also rebuilt their liquidity, and the condition of the banking system has been further strengthened through widespread additions to retained earnings and some new issues of common stock.

Our Nation's business enterprises have likewise taken advantage of the prevailing financial climate to improve their financial condition. Corporations issued a huge volume of long-term bonds during 1975, and they used much of the proceeds to repay short-term debt and to acquire liquid assets. This year, they are still finding long-term funds readily available. During recent months, many lower-rated firms have found a more receptive public market for their debt issues, and others have met their need for long-term funds through private placements with life insurance companies and other institutional lenders. Besides this, an improved stock market has made it much easier for corporations to raise equity funds for financing new investment programs or for restoring capital cushions.

These accomplishments in financial markets indicate, I believe, that the course of moderation in monetary policy pursued over the past year has aided the process of recovery in economic activity.

We at the Federal Reserve remain deeply concerned about the high level of unemployment that still exists in our country. We recognize the pressing need for the Nation to regain more prosperous economic conditions. We also recognize, as thoughtful Americans generally do, that lasting prosperity will not be achieved until our country solves its chronic problem of inflation.

The inflation that is still damaging our economy and troubling our people began over a decade ago—largely as a consequence of loose fiscal policies. Over the past 10 years, the Fed-

eral budget has been in deficit in every fiscal year but one. Over that 10-year span, the total deficit in the Federal budget—including off-budget agencies and Government-sponsored enterprises—has cumulated to over \$280 billion. These huge and persistent deficits have been directly responsible for a substantial part of the inflation problem.

In the early 1970's, the underlying inflationary trend caused by lax financial policies was greatly aggravated by a variety of special factors—poor crop harvests here and abroad in 1972 and 1973, a worldwide boom in economic activity, devaluation of the dollar in international exchange markets, and an enormous run-up in prices of gasoline, fuel oil, and other energy items. By 1974, these special factors combined with the underlying inflationary trend to set off an explosion of the general price level.

Our Nation has made notable progress since then in reducing the rate of inflation. The increase of consumer prices came down from 12 per cent in 1974 to 7 per cent in 1975. Over the first 4 months of this year, the rise in consumer prices moderated further, to a 3½ per cent annual rate, reflecting a temporary decline in the prices of food and fuel. In the past 3 months, however, retail prices of food and fuel have again been increasing, and the annual rate of advance in consumer prices has stepped up to 6½ per cent. Thus, it appears that the underlying rate of inflation has not diminished since mid-1975, and that it may still be about 6 or 7 per cent. Any such rate of inflation constitutes a serious threat to the economy, and elimination of our disease of inflation must therefore remain a major objective of public policy.

As I have indicated in recent testimony before the House Banking and Currency Committee, the objective of monetary policy now is to support further growth of output and employment, while avoiding excesses that would aggravate our underlying problem of inflation and create trouble for the future.

At its meeting in July, the Federal Open Market Committee projected growth ranges of the monetary aggregates for the year ending in the second quarter of 1977. The ranges differ only a little from those announced last May.

For M_1 , the narrowly defined money stock that includes only currency and demand deposits, the range of 4½ to 7 per cent was retained. For M_2 , which includes also savings and consumer-type time deposits at commercial banks, the upper boundary of the range was reduced by a half of a percentage point. For M_3 , a still broader measure of money balances that includes also the deposits of thrift institutions, the upper boundary was brought down by a full percentage point. Consequently, the new range is 7½ to 9½ per cent for M_2 , and 9 to 11 per cent for M_3 . These small downward adjustments in the projected growth ranges for M_2 and M_3 were needed to achieve consistency with the projected ranges for M_1 .

I have advised the Congress repeatedly that the rate of monetary expansion in our country will have to be lowered gradually in order to be consistent with restoration of general price stability. The Federal Reserve has taken some small, but prudent, steps in that direction over the course of this past year. Thus, our present longer-run projected ranges for the principal monetary aggregates are all somewhat lower than a year ago. Further steps to moderate the pace of monetary and credit expansion will be required as the economy returns to higher levels of resource utilization.

Let me assure this committee that the Federal Reserve is firmly committed to a course of monetary policy that will accommodate an eventual return to general price stability. That is, I believe, the principal contribution that we at the Federal Reserve can make to the restoration of a lasting prosperity.

Monetary policy—no matter how well designed and implemented—cannot alone restore price stability and prosperous economic conditions in our country. Moderation in the course of fiscal policy is also needed. The deficit in the Federal budget is much too high—especially when the operations of off-budget agencies and Government-sponsored enterprises are taken into account, as they should be. It is of the utmost importance that the Congress and the administration cooperate to maintain tight control over Federal expenditures. At the present stage of the business cycle, a substantial decline

of the Federal deficit is desirable so that savings may become sufficiently available for much-needed private investment and so that renewed inflationary pressures may be avoided.

This committee has played a highly constructive role over the past year in alerting members of the Congress, and also the general public, to the urgent need for better control over Federal expenditures. The essential task of this committee now, I believe, is to persuade the Congress to proceed very prudently with tax reductions and to hold expenditures for fiscal 1977 below the levels specified in the First Concurrent Resolution. Moreover, this committee and the Congress should be actively seeking ways to restore a balanced budget in the near future.

Prudent monetary and fiscal policies are essential at this time in order to avoid a rekindling of inflationary fires as our economy returns to higher levels of production and employment. Our Nation would benefit, however, if the traditional tools of economic management were supplemented by structural policies designed to enhance the prospects for returning to full employment without releasing a new wave of inflation.

There is a clear need in our country for a larger volume of business capital investment. An overhaul of the structure of Federal taxation could promote this objective and thereby hasten improvements in productivity.

Governmental practices and programs affecting labor markets have to be reviewed in any serious search for lasting measures to reduce unemployment. For example, the Federal minimum wage law is still pricing many teenagers out of the job market, and our present program for unemployment compensation may be providing benefits on such a generous scale as to blunt incentives to work. We would also benefit from more effective job banks and more realistic training programs.

Structural changes in other areas are also needed to enhance the prospects for expanded employment, while at the same time reducing the pressures on costs and prices. We need to gather the courage to reassess the nature and enforcement of our laws directed against re-

straint of trade by business firms; also the various restrictions on entry into the professions, the wage and employment standards in the Davis-Bacon Act, the proper role of trade unions in the public sector, the monopoly of first-class mail by the Postal Service, and the mass of governmental regulations that impede the competitive process and run up costs for business enterprises.

There are numerous structural measures besides those I have mentioned that might aid in

the restoration of general prosperity. Progress in this field is, I believe, a matter of urgency. Our Nation has tolerated high rates of unemployment and of inflation much too long. But our Nation cannot reach the goal of full employment by pursuing fiscal and monetary policies that rekindle inflation. We therefore need to move ahead promptly on structural policies that promise to strengthen competitive forces in our markets and to open new opportunities for expansion of production and employment. []

Statement by Stephen S. Gardner, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, August 31, 1976.

I am pleased to appear before this committee, on behalf of the Board of Governors of the Federal Reserve System, to offer the Board's strong support for the enactment of H.R. 13876, the "International Banking Act of 1976," during this session of the Congress.

As the committee is aware, the Board's legislative recommendations for the regulation of foreign banks in the United States were introduced in the Senate as S. 958. In January, Vice Chairman Mitchell testified before this committee and submitted a comprehensive statement of the Board's objectives and reasons for recommending the enactment of foreign bank legislation.

In supporting the present bill, I would like to discuss certain differences between H.R. 13876 and S. 958 and to suggest some ways that H.R. 13876 might be usefully amended.

In recommending legislation to regulate foreign banks operating in the United States, the Board has been guided by two basic public policy considerations. The first is the adherence by our Federal Government to the principle of national treatment, or nondiscrimination, toward foreign banks operating in this country. The second is the establishment of a system of

Federal supervision, regulation, and examination of foreign bank operations that is fairly comparable to the regulation of domestic banks.

There are compelling reasons to accomplish these objectives at this time. Foreign banks have grown from a curiosity in U.S. money centers to an increasingly important part of our financial system. Their activities are diverse. No longer can they be characterized as simply wholesale banks dealing principally in international transactions. Our large and powerful economy, the widespread use of the dollar in international financial and commercial transactions, the growing investment by foreigners in U.S. industries, our huge consumer markets for credit and goods, and the exceptional breadth and capacity of our capital markets and securities exchanges—all are powerful inducements to foreign banking institutions to establish operations here. The development of foreign banking in the United States has grown at a dramatic rate in the last few years, as indicated in the Statistical Appendix to my statement,¹ and such development is continuing apace. Reports available for the most recent period indicate that banking assets of foreign banking institutions here have increased almost 10 per cent in the 9 months ending June 30, 1976.

I hope this period of rapid expansion has not

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

been based only on the existing lack of Federal regulation because that abnormality has created certain competitive advantages for foreign banks, the consequences of which are sure to be enlarged in time. The United States is practically alone among major industrial nations in having no national oversight of foreign banks within its borders, despite the tradition of careful and extensive regulation that we apply to all domestic depository institutions. This is an incongruous situation.

Further, the lack of Federal legislation establishing a national policy toward operations of foreign banks creates the disadvantage of uncertainty for these institutions. A fair and coherent national regulatory structure would permit foreign banks already here and those that wish to locate here some assurance of stability in which to plan their operations, both now and in the future. It is apparent that the Congress considers Federal banking regulation to be a timely and important subject for review. The best approach would be to incorporate foreign banks into the existing regulatory structure so that any future changes that might be made by the Congress would apply to foreign as well as to domestic banks. Delays in placing foreign banks on a similar footing nationally with our domestic institutions can only increase the possibility of future disruptions to their operations in this country.

H.R. 13876 would substantially accomplish both of the goals addressed by the Board in its own foreign bank legislation. First, H.R. 13876 implements the principle of national treatment by amending existing banking laws to provide foreign banks with generally the same opportunities in this country as are available to domestic banks. Further, it would subject them generally to the same rules and regulations that apply to the operations of their large domestic bank competitors. Second, H.R. 13876 provides for a Federal presence in the examination, supervision, and regulation of foreign banks by permitting the establishment of Federally approved agencies and branches and by giving the Board the authority to impose monetary and bank supervisory controls on foreign bank operations.

While the Board supports H.R. 13876, there

are differences between it and the Board's bill that I would like to bring to the attention of the committee. These differences concern (1) interstate banking, (2) deposit insurance, (3) monetary policy controls, (4) grandfathering, and (5) Federal economic policy review of foreign bank operations. We have some suggestions in these areas that we hope will be useful to the committee in its deliberations.

INTERSTATE BANKING

The interstate branching provisions of both H.R. 13876 and S. 958 are consistent with the principle of national treatment since under each proposal foreign banks would be given no greater branching rights than comparable domestic banking institutions. The Board believes, however, that it would be preferable to use the formulation suggested in S. 958.

Unlike Section 5 of H.R. 13876, the Board's bill does not subject foreign banks to the interstate branching restrictions of the McFadden Act; rather, it provides in Section 3(g) that a foreign bank would be able to establish a branch or agency outside of its home State only if a State bank organized under the laws of its home State could do so. The McFadden Act is, of course, undergoing a thorough study by this committee. Adoption of the provision in S. 958 would have the advantage of avoiding any apparent prejudgment of the outcome of that study.

I would also like to note that H.R. 13876 does not apply any interstate restrictions to the establishment of agencies by foreign banks because agencies cannot accept deposits. Under S. 958, agencies are treated the same as branches for purposes of interstate restrictions. At present, the activities of agencies measured in terms of both total assets and loans are greater than the activities of branches, as agencies are the preferred form of entry for many foreign banks. Moreover, though agencies do not accept deposits, their credit-balance accounts serve many of the same functions as deposits, and agencies perform many other commercial banking activities that are carried on by branches,

such as the making of commercial loans. In view of the size and scope of their operations, the Board thus believes that the Congress should consider subjecting agencies to the same interstate restrictions that would apply to branches.

DEPOSIT INSURANCE

Section 6 of H.R. 13876 requires a surety deposit or pledge of assets by a foreign bank to protect U.S. depositors in lieu of Federal Deposit Insurance Corporation (FDIC) insurance. The Board's earlier recommendation in S. 958 contemplated the extension of FDIC insurance to both branches and agencies of foreign banks. Section 6 of H.R. 13876 was adopted in an attempt to meet objections by the FDIC to the extension of deposit insurance to branches and agencies of foreign banks. Since passage of H.R. 13876, questions have been raised about the feasibility and effectiveness of this proposal. Surety deposits or pledges of assets could prove significantly more costly to the covered institutions than the FDIC insurance available to domestic banks. Furthermore, such a system may not assure the same degree of protection to small depositors as that afforded by FDIC insurance.

Our system of deposit insurance is more highly developed, more effective, more actuarially sound, and more protective of depositors than those existing in other industrialized countries. The Board believes that it would be unwise not to make use of this insurance system, which has effectively protected U.S. depositors over some 40 years. It would seem that the FDIC should be able to propose a plan that would provide both comparable Federal insurance for deposits at foreign bank offices and appropriate safeguards limiting the FDIC fund's exposure.

MONETARY POLICY CONTROLS

A prime objective of the Board in submitting its proposal to regulate major foreign banks in the United States was to place this increasingly important segment of domestic banking under

the same monetary and supervisory controls that apply to comparable U.S. banks. Section 7 of H.R. 13876 would largely accomplish that objective without requiring formal membership in the Federal Reserve System—a solution that is acceptable to the Board. One concern remains, however, since Section 7 would not subject State-chartered subsidiaries of foreign banks to the Board's monetary controls, even though their parent banks may have worldwide assets greater than a billion dollars. The Board believes that large foreign banks entering our markets should be subject to the same disciplines of the central banking authority that are imposed on comparable domestic banks, no matter which form or forms of organization they may choose for doing business in this country—branch, agency, or subsidiary. By not covering subsidiaries, Section 7 of H.R. 13876 could result in an anomalous situation where part of a foreign bank's operations would be subject to monetary controls and another part would not—for example, a foreign bank that maintains both a nonmember subsidiary bank and branches or agencies.

GRANDFATHERING

Section 8 of H.R. 13876 conforms in large measure to the Board's own proposals by granting permanent grandfathered status from the prohibitions of the Bank Holding Company Act to most nonconforming, nonbanking activities engaged in by foreign banks on or before December 3, 1974 (the original date of introduction of the Board's bill). The exception to this position in Section 8 relates to the activities of securities affiliates of foreign banks.

The Board continues to prefer permanent grandfathering of the securities affiliates of foreign banks in this country as the fairest solution and as one that minimizes possible retaliation against U.S. banks abroad. As noted in the House report on this bill, the securities issue is a difficult one involving the balancing of many sensitive national interests. We have concluded that the potential adverse repercussions of divestiture outweigh any potential ben-

efits and that ample precedents exist for permanent grandfathering.

FEDERAL ECONOMIC POLICY REVIEW OF FOREIGN BANK APPLICATIONS

In comparing the provisions of Section 9 of H.R. 13876 with Section 25 of S. 958, the principal difference is our recommendation that Federal officials charged with the administration of foreign economic policy be given the right to disapprove the entry of a foreign bank if foreign policy or some similar national interest dictates such action. We do not advocate, nor see the necessity for, screening or detailed guidelines and policy pronouncements. Bank regulators can administer that chartering responsibility. Rather, we believe that there should be some authority in Government (other than the bank regulatory agencies) that would make a determination on national interest factors based on our relations with particular countries. We therefore note this point for the committee's consideration.

AMENDMENT REGARDING FOREIGN NONBANK OPERATIONS

Finally, I would like to discuss what I believe is a misconception on the part of some foreign banks about the reach of the nonbanking prohibitions of the Bank Holding Company Act. Apparently, some foreign banks believe that the nonbanking prohibitions of the Bank Holding Company Act would seriously interfere with their foreign nonbanking interests. I would note first that Section 2(h) of the Bank Holding Company Act specifically exempts the wholly foreign activities and shareholdings of foreign banks from the nonbanking prohibitions of the Act. Next, I would emphasize that even when a foreign company in which a foreign bank has an equity interest does conduct a part of its business in the United States, the Board has used its discretionary authority under Section

4(c)(9) of the Act to prevent the nonbanking prohibitions of the Act from unnecessarily interfering with essentially foreign shareholdings. For example, the Board has adopted a regulation that automatically exempts all noncontrolling investments of foreign bank holding companies in foreign nonbanking companies from the prohibitions of the Act, even if such nonbanking companies are directly or indirectly engaged in business in the United States, so long as such foreign companies derive the majority of their business from outside this country.

The Board has refrained from granting exemptions under Section 4(c)(9) only in cases where it was clear that the U.S. nonbanking operations involved would give a foreign bank holding company a significant competitive advantage over domestic banking institutions in this country. In this regard, I think it is important to quote a provision in Chairman Burns' previous testimony on this issue before the Senate banking committee in 1970:

“ . . . [W]e believe that bank holding companies that are principally engaged in banking abroad should be allowed to retain interests in foreign-chartered nonbanking companies that are also principally engaged in business outside the United States. We do not believe Congress intended the Act to be applied in such a way as to impose our ideas of banking upon other countries. To do so might invite foreign retaliation against our banks operating abroad, to the detriment of the United States. The provisions of the House-passed bill authorizing the Board to grant exemptions in this area would be most useful in dealing with these problems.”

The Board would continue to be guided by these principles in its administration of the Bank Holding Company Act vis-a-vis the foreign banks that would be covered by this proposed legislation.

While the Board believes that it has sufficient regulatory authority under Section 4(c)(9) to deal with problems that may occur in this area, we also believe that it would be desirable at this time for the Congress to adopt a more well defined legislative policy. A great number of foreign banks emanating from a great variety of banking environments would become subject to the nonbanking prohibitions of the Bank

Holding Company Act as a result of this proposed legislation. The lack of a statutory policy could initially cause some misunderstanding by foreign banks of the Act's effects on foreign companies with U.S. operations and would make more difficult the task of formulating appropriate general regulations.

Therefore, the Board recommends that H.R. 13876 be amended to make clear that the nonbanking prohibitions of the Bank Holding Company Act are not meant to prevent foreign banks principally engaged in banking abroad from retaining or acquiring interests in foreign chartered nonbanking companies that are also principally engaged in business outside the United States. We do feel, however, that as a corollary to any such amendment, a domestic office of a foreign bank should be required to deal with the domestic operations of a foreign company in which it may have an equity interest on a strictly arm's-length basis so as not to give the firm or bank involved an advantage over their respective U.S. competitors.

Finally, I would like to emphasize the Board's support for the early passage of H.R. 13876.

Through your hearings on S. 958, the House debates on H.R. 13876, and these proceedings today the principal issues have been identified. Indeed, most responsible objections to the legislation can be and have been met through fair and appropriate amendments. The question is should we not put foreign and domestic banks on a relatively equal footing in the United States now, for surely they should be in time. In fact, this legislation is an essential ingredient in the larger process of modernizing our own banking laws. That work will be fairer and, I suggest, easier if it is evenly applicable to all banks in our country as it would be if H.R. 13876 is enacted.

The conscientious and excellent work of the Congress and this committee should continue until this bill is passed. The Federal Reserve stands ready to assist you in any way necessary. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON JULY 19–20, 1976¹

1. Domestic Policy Directive

Preliminary estimates of the Commerce Department indicated that growth in real output of goods and services had moderated to a rate of 4.4 per cent in the second quarter, from an upward revised rate of 9.2 per cent in the first quarter. The preliminary estimates also indicated that average prices, as measured by the GNP fixed-weighted price index, had risen at an annual rate of 4.7 per cent in the second quarter, up from the relatively low rate of 4.2 per cent recorded in the first quarter. Staff projections continued to suggest that during the second half of the year real GNP would expand at a moderately rapid pace and that prices would rise somewhat faster than they had during the first half. Moreover, prospects appeared favorable for continuation of a good rate of expansion in real output into 1977.

A major element in the moderation of growth in real output in the second quarter was an apparent leveling off in the rate of inventory investment, following a sharp increase in the first quarter. Final purchases in real terms grew at a somewhat higher rate in the second quarter than in the first. The expansion in personal consumption expenditures for both durable and nondurable goods slowed, but net exports of goods and services changed little in the second quarter, after having fallen sharply in the first.

Retail sales, which had declined appreciably in May, rebounded in June, reflecting widespread increases among the major categories of nondurable and durable goods. Nevertheless, the expansion in sales in the second quarter as a whole was only about half of that in the first.

Growth in industrial production decelerated in June to a relatively slow pace. While output of business equipment continued to expand and output of durable goods materials again rose strongly, produc-

¹This meeting was held over a 2-day period, beginning on the afternoon of July 19.

tion of both consumer nondurable goods and nondurable goods materials was about unchanged. The strike in the rubber industry, which had limited the gains in output in April and May, had little or no additional effect on output in June.

In the second quarter as a whole the gain in industrial output was considerably less than that in the first quarter. A major element in the second-quarter slackening was a leveling off in production of nondurable goods, following a rapid accumulation of inventories in the preceding quarter. Over-all output of durable goods rose almost as rapidly in the second quarter as in the first.

Capacity utilization, on the average, was virtually unchanged in June in the materials-producing industries. Utilization in the second quarter as a whole was about 80 per cent, compared with about 71 per cent at the cyclical low in the second quarter of 1975 and 93 per cent at the previous cyclical high in the fourth quarter of 1973. In the second quarter, utilization was about 86 per cent for nondurable goods materials and 76 per cent for durable goods materials.

The moderating pace of industrial expansion during recent months was reflected in labor market developments. Nonfarm payroll employment (adjusted for strikes), which had increased little in May, was unchanged in June. The recent weakness in employment was most evident in nondurable goods manufacturing, but gains in durable goods industries also tapered off. The unemployment rate edged up to 7.5 per cent in June from 7.3 per cent in May; however, the increase may to some extent have reflected problems associated with seasonal adjustment.

Private housing starts rose somewhat further in June, reflecting a gain in single-family units, but total starts were little higher in the second quarter than in the first. Residential building permits declined in June, and the total for the second quarter was slightly below that for the first. Outstanding mortgage loan commitments at savings and loan associations had advanced further in May, the latest month for which data were available.

New orders for nondefense capital goods rose in May for the fifth consecutive month; for the first time in a year and a half such orders exceeded shipments and there was an increase in unfilled orders. Nonresidential construction activity remained depressed.

The wholesale price index for all commodities continued to rise at a moderate rate in June. Average prices of industrial commodities—which had changed little in May—rose appreciably in June, reflecting in large part increases in prices of steel mill products, gasoline, and machinery and equipment. At the same time, however, the rise in wholesale prices of farm and food products slowed further; prices of manufactured animal feeds, soybeans, cotton, coffee, and cocoa increased, but prices of cattle, meats, sugar, and fresh fruits and vegetables declined.

The advance in the index of average hourly earnings for private nonfarm production workers slowed considerably in June from the rapid rate in May, which had been attributable in part to the impact of a major settlement in the transportation industry and to sizable wage increases in service industries. The rate of increase over the second quarter differed little from that over the first.

A staff analysis of the economic outlook suggested that the advance in business activity would soon improve from the relatively slow pace of recent months. The vigorous rebound in retail sales in June was regarded as evidence that the slowdown in consumer buying over the second quarter as a whole was temporary. The weakness, which had occurred at a time when inventories of nondurable goods were backing up, had been transmitted quickly to production and employment. Inventories, however, had not moved significantly out of line with sales. Consequently, it appeared that renewed strength in consumer spending—together with the gradual improvement of business capital outlays that was foreshadowed by rising new orders and other advance indicators—would in turn be transmitted rather promptly to significant gains in industrial activity and employment.

Staff projections for the second half of 1976 differed little from those of a month earlier. They suggested that expansion in business fixed investment would accelerate gradually and that business investment in inventories would increase somewhat further, as manufacturers and distributors endeavored to maintain stocks in line with rising sales. It was also anticipated that growth in personal consumption expenditures would be more vigorous than in the second quarter and that residential construction activity would continue to recover. Growth in State and local government expenditures for goods and services was expected to remain relatively

moderate, although the projected rates now were a little stronger than those of a month earlier.

The U.S. foreign trade balance shifted from a substantial deficit in April to a small surplus in May, as imports of fuels fell back from a temporarily increased level. For the 2 months combined, the deficit in the trade balance was at a rate sharply below that in the first quarter of the year, mainly because of sizable gains in exports of both agricultural and nonagricultural commodities. Imports of commodities other than fuels, which had expanded sharply in the first quarter, were at a somewhat reduced rate in the April–May period.

The average value of the dollar against leading foreign currencies, on a trade-weighted basis, remained relatively steady over the 4 weeks between the June and July meetings at about the level it had reached in April, after a rise of about 15 per cent over the preceding 12 months. Although rates of inflation had diminished in most foreign countries over the past year, with few exceptions they remained higher than in the United States.

During the inter-meeting period, downward pressure on the British pound and the Dutch guilder eased and that on the Italian lira was reversed. In the same period, upward pressure on the Japanese yen emerged and downward pressure on the French franc developed.

Total loans and investments at U.S. commercial banks increased slightly further in June as banks continued to add to their holdings of Treasury securities. Outstanding business loans, after having risen in May for the first time since January, declined somewhat in June. Businesses expanded their total short-term indebtedness as they had in May, but their demands for short-term funds were concentrated in the commercial paper market where interest rates had declined relative to lending rates at commercial banks.

The narrowly defined money stock, M_1 , which had grown at an exceptionally rapid pace in April and then at a moderate rate in May, declined slightly in June. The decline probably reflected a variety of factors, including lagged adjustment of private money balances to desired levels following the April surge associated with a large drop in U.S. Government deposits at Federal Reserve and commercial banks, an unusually heavy use of demand deposit balances by corporations to make tax payments in June, and a

slowing in currency growth that was likely to be temporary. Moreover, just as the April bulge in growth was influenced by the drop in Government deposits, the June decline was influenced by an unusually large increase in such deposits. The surge in Federal outlays that typically occurs at the end of the Government's fiscal year was not so large in June as it had been in recent years, owing partly to aspects of the transition this year to a fiscal year running from October 1, 1976, to September 30, 1977.

Growth in M_2 and M_3 moderated in June, mainly because of the decline in M_1 . Also, inflows of the time and savings deposits included in the broader monetary aggregates slowed somewhat.

On the basis of quarterly-average data, M_1 grew at an annual rate of $8\frac{1}{2}$ per cent in the second quarter of the year, compared with a rate of $2\frac{1}{2}$ per cent in the first quarter. M_2 and M_3 grew at rates of 11 and 12 per cent, respectively, in the second quarter, compared with rates of 10 and 11 per cent in the preceding quarter.

System open market operations since the June 22 meeting had been guided by the Committee's decision to seek bank reserve and money market conditions consistent with moderate growth in monetary aggregates over the period ahead. Data that had become available in the days immediately following the June meeting suggested that in the June–July period growth in both M_1 and M_2 would be near the midpoints of the ranges that had been specified by the Committee. Accordingly, System operations had been directed toward maintaining conditions of reserve availability consistent with a Federal funds rate of about $5\frac{1}{2}$ per cent—the rate prevailing at the time of the June meeting and the midpoint of the operating range that the Committee had specified for the inter-meeting period.

Subsequently, in early July, data becoming available suggested that in the June–July period growth in M_1 would be below the lower end of the specified range while growth in M_2 would be close to the lower limit of its range. In those circumstances, the System became a little more accommodative in the provision of reserves, and by midmonth the Federal funds rate had declined to around $5\frac{1}{4}$ per cent, the lower limit of the specified range. The rate remained close to that level over the rest of the inter-meeting period.

The System's slightly more accommodative posture, along with

indications of a slowing in the pace of economic expansion, led to declines in most market interest rates in the first half of July. However, some rates turned up in the final days of the inter-meeting period following publication of preliminary data indicating large increases in the monetary aggregates during the statement week ending July 7. On the day before this meeting the market rate on 3-month Treasury bills was 5.23 per cent, compared with 5.36 per cent on the day before the June meeting.

Markets for longer-term bonds were influenced also by a prospective reduction in the demand for funds. Capital market financing of corporations and of State and local governments—which had been large in June and, indeed, throughout the first half of the year—appeared likely to decline more than seasonally in July.

Conditions in the home mortgage market were relatively stable during the inter-meeting period. Interest rates in the primary market, which typically lag bond market developments, moved up a little further, but yields in the secondary market edged down. Demands for mortgage financing apparently continued strong in many parts of the country, and there were indications that savings and loan associations remained willing lenders. At the end of May, the latest month for which data were available, liquid asset holdings of the savings and loan associations were high relative to their outstanding loan commitments.

At this meeting the Committee reviewed its 12-month ranges for growth in the monetary aggregates. At its meeting in April, the Committee had specified the following ranges for growth over the period from the first quarter of 1976 to the first quarter of 1977: M_1 , 4½ to 7 per cent; M_2 , 7½ to 10 per cent; and M_3 , 9 to 12 per cent. The associated range for growth in the bank credit proxy was 6 to 9 per cent. The ranges being considered at this meeting were for the period from the second quarter of 1976 to the second quarter of 1977.

During the Committee discussion at this meeting, some members stressed the signs of hesitation in the economic expansion in the second quarter—in particular, the slowing in growth of consumer spending and industrial production and the less-than-expected strength in residential construction activity. It was also noted, however, that economic expansions at times have proceeded un-

evenly, with relatively rapid growth in one quarter often followed by relatively slow growth in the next quarter. In that light, growth in real GNP in the first half of the year—at an annual rate of nearly 7 per cent—was described as satisfactory, even though it resulted in part from a rise in inventory investment that was unlikely to be repeated in the second half of the year.

Several members expressed a belief that the pace of economic expansion would pick up again from the reduced rate in the second quarter, and a number anticipated that in the quarters immediately ahead growth in real GNP would be faster than that suggested by the staff projections. Business fixed investment and residential construction, in particular, were cited as likely to be stronger than projected. Some members also anticipated that Federal Government expenditures would prove to be more expansive than assumed at present.

In connection with the outlook for housing, attention was called to the ready availability of mortgage finance. It was also suggested that reduced vacancy rates and somewhat increased rents might have improved the outlook for starts of multifamily units.

The members who anticipated a relatively strong expansion in economic activity believed such expansion to be desirable because of the high rate of unemployment, and they believed also that it could be accommodated without undue strain, in light not only of the amount of unemployment but also of the margin of unused capacity to produce industrial materials. In this context, it was observed that the current recovery had not been marked by speculation in inventories or by other types of speculation. Moreover, economic recovery in other industrial countries appeared to be proceeding at a moderate pace and without indications of speculation, in contrast with the worldwide economic expansion of 1972–74. It was suggested that the expansion in this country was not likely to accelerate to an unsustainable pace in the quarters immediately ahead. Nevertheless, some concern was expressed about the outlook for prices of goods and services.

In commenting on the growth range of M_1 for the period from the second quarter of this year to the second quarter of 1977, most members favored retaining the range of 4½ to 7 per cent that the Committee had adopted in April for the year ending with the first quarter of 1977. No member favored an increase in the range.

However, there was some sentiment for reducing the lower limit of the range by $\frac{1}{2}$ of a percentage point, and some for reducing both the lower and upper limits by that amount.

Among the reasons advanced for lowering the range for M_1 were the belief on the part of some members that the rate of inflation would increase and expectations that Federal Government expenditures would exceed current projections. It was noted also that from the first to the second quarter of 1976 M_1 had grown at a rate above the upper limit of the $4\frac{1}{2}$ to 7 per cent range adopted at the April meeting, and so a reduction in the range would be consistent with applying the $4\frac{1}{2}$ to 7 per cent range to the whole 15-month period from the first quarter of 1976 to the second quarter of 1977. In that light, retention of the existing range for the year ahead would imply somewhat faster growth over the next three quarters than would be consistent with the longer-run target for M_1 that had been adopted 3 months earlier.

In support of retaining the existing range, however, it was pointed out that growth in M_1 from the third to the fourth quarter of 1975 and then to the first quarter of 1976 had fallen short of the Committee's longer-run ranges. Consequently, growth in M_1 measured to the level in the second quarter of 1976 from the different bases in the second, the third, and the fourth quarter of 1975 was, in each case, within the $4\frac{1}{2}$ to 7 per cent range. It was observed also that the second-quarter bulge in M_1 reflected rapid growth only in April rather than continuously throughout the quarter; M_1 grew at a moderate rate in May and actually declined slightly in June. Although the outlook for activity was seen as generally favorable, this did not appear to be an appropriate time to reduce the range in view of the recent hesitation in the course of the economic expansion. Moreover, the rise in the income velocity of M_1 , which had been unusually rapid over the first year of economic recovery, could not reasonably be expected to continue at such a fast pace. In fact, the rise had moderated recently.

With respect to the ranges for M_2 and M_3 , most Committee members favored some reduction in either the upper limit, the lower limit, or both. Those members who favored some reduction in the range for M_1 had the same general reasons for wishing to reduce the ranges for the broader monetary aggregates. Those who favored retaining the existing range for M_1 anticipated that growth in the

broader aggregates would be somewhat lower in relation to growth in M_1 than it had been in recent quarters. Inflows to banks and to nonbank thrift institutions of the time and savings deposits included in the broader aggregates had slowed somewhat recently, in part because market interest rates on short-term securities had increased a little since April and in part because nonbank thrift institutions were bidding less aggressively for savings. Moreover, some further slowing in savings inflows was likely as economic activity continued to expand. It was observed, however, that even with a small reduction in the ranges for the broader aggregates, the range for M_3 would still imply that the financing for a considerable rise in the volume of residential construction activity would be available.

In addition, note was taken of the fact that at recent meetings when the longer-run ranges for the monetary aggregates had been reviewed, the Committee had taken small steps toward its longer-term objective of returning growth in the monetary aggregates toward rates consistent with general price stability. Against that background, it was observed that some downward adjustment in the ranges for M_2 and M_3 at this time would be another small and prudent step in the desired direction.

At the conclusion of the discussion, the Committee agreed that the existing 4½ to 7 per cent range for M_1 should be retained for the 1-year period ending with the second quarter of 1977. The members decided to reduce the upper end of the range for M_2 by ½ of a percentage point and that for M_3 by 1 percentage point; thus, the ranges projected were 7½ to 9½ per cent for M_2 and 9 to 11 per cent for M_3 . The associated range for growth in the bank credit proxy was 5 to 8 per cent.

As at earlier meetings, it was agreed that the longer-term ranges, as well as the particular list of aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings. It was also understood that, as a result of short-run factors, growth rates from month to month might well fall outside the ranges contemplated for annual periods.

In the discussion of current policy at this meeting, the Committee took note of a staff analysis suggesting that in the July–August period various factors that appeared to have depressed M_1 balances in June would no longer be operating and, therefore, that M_1 would

expand appreciably. The analysis also suggested that if the Federal funds rate were to remain near $5\frac{1}{4}$ per cent over the 4-week period until the next meeting of the Committee, other short-term interest rates were unlikely to change significantly. In those circumstances, inflows to commercial banks of time and savings deposits other than negotiable CD's were likely to expand from the June volume as a result of the declines in interest rates that had occurred since midyear.

The Treasury was expected to raise a substantial amount of new money during the forthcoming inter-meeting period in connection with its anticipated refunding of securities maturing in mid-August. About \$4.6 billion of the maturing issues were held by the public.

As to policy for the period immediately ahead, members differed little in their preferences for ranges of growth in the monetary aggregates over the July–August period and for the midpoint of the inter-meeting range of tolerance for the Federal funds rate. For M_1 , the members were inclined to favor 2-month ranges of 4 to 8 or $4\frac{1}{2}$ to $8\frac{1}{2}$ per cent; for M_2 , the ranges mentioned were $7\frac{1}{2}$ to $11\frac{1}{2}$ and 8 to 12 per cent. With respect to the Federal funds rate, the ranges preferred by most members were centered on the prevailing rate of $5\frac{1}{4}$ per cent.

Differences of view were more marked with respect to the appropriate width of the range for the Federal funds rate. At its previous meeting, the Committee had agreed upon a relatively narrow range— $5\frac{1}{4}$ to $5\frac{3}{4}$ per cent—on the grounds that both a significant easing and a significant firming of money market conditions were undesirable—the former because of the possibility that such easing might have to be reversed shortly and the latter because of the element of uncertainty in the economic outlook. At this meeting some members favored specifying a relatively narrow funds rate range—5 to $5\frac{1}{2}$ per cent was suggested—in part for the same reasons. Another reason advanced was uncertainty about the forces leading to recent wide fluctuations in the growth rates of M_1 . It was pointed out that the Committee met regularly every month and that for the relatively brief span of 4 weeks before the next regularly scheduled meeting the System could seek to maintain money market conditions close to those now prevailing while the members assessed the various uncertainties in the present situation. Such a course, it was noted, would reduce the risk of

whipsawing financial markets. Finally, it was suggested that if the Committee adopted a relatively narrow range for the Federal funds rate, the operating instructions contained in the last paragraph of the domestic policy directive issued to the Federal Reserve Bank of New York should give greater weight than usual to money market conditions.

Most members, however, favored specifying a somewhat wider range for the Federal funds rate—either 5 to 5¾ per cent or 4¾ to 5¾ per cent. Some of these members also stressed the existing uncertainty about the forces influencing the behavior of the monetary aggregates—in particular, about the causes of the pattern of rapid growth of M_1 in April, moderate growth in May, and a slight decline in June—but in their view this uncertainty was a reason for specifying a wider range for the Federal funds rate and for continuing to base operating decisions in the period immediately ahead primarily on the behavior of the aggregates. It was argued that specification of a narrow range for the Federal funds rate might well lead to growth in the aggregates at rates that were above or below the ranges specified for the July–August period.

At the conclusion of the discussion the Committee decided to seek bank reserve and money market conditions consistent with moderate growth in monetary aggregates over the period ahead. Specifically, the Committee concluded that growth in M_1 and M_2 over the July–August period at annual rates within ranges of 4 to 8 per cent and 7½ to 11½ per cent, respectively, would be appropriate. As at other recent meetings, the Committee decided that, in assessing the behavior of the aggregates, approximately equal weight should be given to M_1 and M_2 .

It was agreed that until the next meeting the weekly-average Federal funds rate might be expected to vary in an orderly way within a range of 4¾ to 5¾ per cent. As 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 growth in real output of goods and services, which had been vigorous in

the first quarter, moderated in the second quarter as a consequence of a smaller advance in consumer spending and little change in the rate of inventory accumulation. In June growth in industrial production slowed and nonfarm payroll employment changed little. The unemployment rate edged up to 7.5 per cent from 7.3 per cent in May, but this increase may have partly reflected seasonal adjustment problems. Retail sales rebounded strongly in June. The rise in the wholesale price index for all commodities remained moderate, as the advance in average prices of farm products and foods slowed further. However, average prices of industrial commodities rose more than in other recent months. The advance in the index of average wage rates slowed considerably in June following a sharp rise in May; over the second quarter as a whole the index rose at about the same rate as in the first quarter.

The average value of the dollar against leading foreign currencies has remained relatively steady in recent weeks. In May there was a small surplus in the U.S. foreign trade balance.

M_1 , which had grown moderately in May, declined slightly in June. From the first to the second quarter, however, M_1 expanded at an 8.4 per cent annual rate because of the exceptional rise in April. Growth in M_2 and M_3 moderated in June, mainly because of the decline in M_1 , although inflows of the time and savings deposits included in the broader aggregates also slowed somewhat. Short-term market interest rates have declined somewhat in recent weeks, and most long-term rates have edged down.

In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster financial conditions that will encourage continued economic expansion, while resisting inflationary pressures and contributing to a sustainable pattern of international transactions.

To implement this policy, while taking account of developments in domestic and international financial markets, the Committee seeks to achieve bank reserve and money market conditions consistent with moderate growth in monetary aggregates over the period ahead.

Votes for this action: Messrs. Burns, Balles,
Black, Coldwell, Gardner, Jackson, Kimbrel, Lilly,
Partee, Wallich, and Winn. Vote against this action:
Mr. Volcker.

Mr. Volcker dissented from this action because in the present circumstances he would not wish to raise or lower the Federal funds rate by as much as $\frac{1}{2}$ of a percentage point—a change that

might be interpreted as a strong signal of a change in policy and that could have repercussions in financial markets—in response merely to short-term fluctuations in the monetary aggregates that might well prove transient.

2. Memorandum of Discussion

At this meeting the Committee reviewed its decision of May 18, 1976, to discontinue the memorandum of discussion after the memorandum for the meeting of March 15–16, 1976, in response to requests for reconsideration received from the respective Chairmen of the Senate and House banking committees.

Following discussion, the Committee decided to reaffirm the decision in question.

Votes for this action: Messrs. Burns, Volcker, Balles, Black, Gardner, Jackson, Kimbrel, Lilly, Partee, Wallich, and Mayo. Vote against this action: Mr. Coldwell. Absent and not voting: Mr. Winn. (Mr. Mayo voted as alternate for Mr. Winn.)

Mr. Coldwell, who had dissented from the action of May 18, dissented also from this action to reaffirm the earlier decision.

* * * * *

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

Law Department

Statutes, regulations, interpretations, and decisions

Extensions of Credit by Federal Reserve Banks

The Board of Governors has amended its Regulation A to enable member banks to increase their ability to serve their communities by providing them with a reliable source of short-term funds during periods of increased loan demand or decreased deposits due to seasonal conditions.

Effective August 25, 1976, section 201.2(d) is amended to read as follows:

Section 201.2—General Principles

* * * * *

(d) **Seasonal credit.** Federal Reserve credit is available for longer periods to assist a member bank in meeting seasonal needs for funds arising from a combination of expected patterns of movement in its deposits and loans. Such credit will ordinarily be limited to the amount by which the member bank's seasonal needs exceed certain percentages established by the Board of Governors of the bank's average total deposits in the preceding calendar year. Credit will be available if the Reserve Bank is satisfied that the member bank's qualifying need for funds is seasonal and will persist for at least four weeks. To the extent practicable, member banks should arrange in advance for seasonal credit for the full period during which such credit is expected to be required. In making arrangements for such credit, a Reserve Bank may agree to extend credit for a period of up to 90 days,¹ subject to compliance with applicable requirements of law at the time credit is extended. However, in the event that a member bank's seasonal needs should persist beyond such period, the Reserve Bank will normally be prepared to consider a request by the member bank for further credit extensions under the seasonal credit arrangement.

¹As provided in the law and in this Part, the maturity of advances to member banks is limited to 90 days, except as provided in § 201.3(b) of this Part.

Truth in Lending

The Board of Governors has adopted several amendments to its Regulation Z. The amendments are intended to clarify certain requirements, add flexibility as necessary, and insure that consumers would be able to procure complete information regarding their open end credit accounts quickly and without undue expense.

Effective August 31, 1976, Part 226 is amended as follows:

1. To fully implement § 411, Title IV, Pub. L. 93-495, § 226.7(b)(1)(ii) will provide, and a new § 226.7(k) will be added, as follows:

Section 226.7—Open End Credit Accounts— Specific Disclosures

* * * * *

(b) Periodic statements required (1) ***

* * * * *

(ii) The information required by § 226.7(k)

* * * * *

(k) **Identification of transactions.** (1) Each extension of credit for which an actual copy of the document evidencing the credit transaction (which does not include a so-called "facsimile draft") accompanies the periodic statement on which the transaction is first reflected shall be identified by disclosing on the periodic statement, or on accompanying statement(s) or document(s), the amount of the transaction and, at the creditor's option, either the date of the transaction or the date the transaction is debited to the customer's account.

(2) Each extension of credit for which an actual copy of the document evidencing the credit transaction does not accompany the periodic statement shall be identified by disclosing on or with the periodic statement on which that credit transaction is first reflected at least:

(i) For transactions in which the creditor and the seller are the same person or related persons,

the amount of the transaction,^{9b} the date on which the transaction took place,^{9c} and a brief identification^{9d} of any property or services purchased or an identifying number or symbol reasonably unique for that transaction with that creditor which appears on the document evidencing the transaction given to the customer; provided, that, if the creditor discloses such an identifying number or symbol, the absence of the identification of the property or services otherwise required must be treated as a billing error under §§ 226.2(j) and 226.14 and as an erroneous billing under § 226.14(b) if the customer submits a proper written notice of a billing error relating to such absence, and the creditor must provide documentary evidence of the transaction to the customer free of charge whether or not the customer requests it.

(ii) For transactions in which the seller and the creditor are not the same person or related persons, the amount of the transaction, the date on which the transaction took place, and the seller's name and the address (city and State or foreign country, using understandable and generally accepted abbreviations if the creditor desires) where the transaction took place.

(3) Notwithstanding the provisions of §§ 226.7(k)(1) and 226.7(k)(2), transactions involving nonsale credit, such as a cash advance or an overdraft or other checking plan transactions, shall be identified on or with the periodic statement upon which the transaction is first reflected by providing at least:

^{9b} For purposes of paragraph 226.7(k) a person is not related to the creditor simply because the person and the creditor have an agreement or contract pursuant to which the person is authorized to honor the creditor's credit card under the terms specified in the agreement or contract. Franchised or licensed sellers of a creditor's product shall be considered to be related to the creditor for purposes of paragraph 226.7(k). Sellers who assign or sell open end customer sales accounts to a creditor or arrange for such credit under an open end credit plan which allows the customer to use the credit only in transactions with that seller shall be considered related to the creditor for purposes of § 226.7(k).

^{9c} With respect to transactions which are not billed in full on any single statement but for which precomputed instalments are billed periodically, the date the transaction takes place for purposes of paragraph § 226.7(k) shall be deemed to be the date on which the amount is debited to the customer's account.

^{9d} For purposes of paragraph § 226.7(k), designations such as "merchandise" or "miscellaneous" shall not be considered sufficient identification of property or services, but a reference to a department in a sales establishment which accurately conveys the identification of the type(s) of property or services which are available in such department shall be sufficient under this paragraph. Identification may be made on an accompanying slip or by symbol relating to an identification list printed on the statement.

(i) An actual copy of the document evidencing the transaction which shows the amount of the transaction and either the date of the transaction, the date the transaction was debited to the customer's account, or the date placed on the document or instrument by the customer (if the customer signed the document or instrument); or

(ii) A description of the transaction, which characterizes it as a cash advance, loan, overdraft loan, or other designation as appropriate, and which includes the amount of the transaction and the date of the transaction^{9e} or the date which appears on the document or instrument evidencing the transaction (if the customer signed the document or instrument).

(4) If, despite the maintenance of procedures reasonably adapted to procure the information required by §§ 226.7(k)(1), (2), and (3) such information is unavailable to the creditor, the date of debiting the amount to the account shall be substituted for the date otherwise required (except that the date of debiting need not be provided if an actual copy of the document evidencing the transaction is provided with the periodic statement) and the creditor shall disclose as much of the other required information as is available and omit any information which is not available, provided, that, if the customer submits a proper written notification of a billing error relating to the absence of the primarily required date or other information, such absence shall be treated as a billing error under §§ 226.2(j) and 226.14 and as an erroneous billing under §226.14(b) and, unless previously furnished with a periodic statement, documentary evidence of the transaction must be furnished whether or not the customer requests it, within the time period allowed in §226.14 for resolution of a billing error, without charge to the customer.

(5) In any case in which a transaction occurs other than in a State:

(i) The creditor may disclose the date of debiting the amount of the transaction to the open end credit account in place of any other date required elsewhere in § 226.7(k); and

(ii) The provisions of §§ 226.7(k)(4) shall apply and the creditor need not maintain procedures reasonably adapted to procure the information otherwise required by § 226.7(k).

^{9e} In cases in which an amount is debited to a customer's open end credit account under an overdraft checking plan, the date of debiting the open end credit account shall be considered the date of the transaction for purposes of this paragraph.

(6) In complying with the disclosure requirements of § 226.7(k)(1), (2), (3), or (4):

(i) The creditor may rely upon and disclose the information supplied by the seller with respect to the date and amount of transactions for which the creditor and the seller are not the same person or related persons.

(ii) With regard to disclosing the seller's address where the transaction took place for purposes of § 226.7(k)(2)(ii), the creditor may omit the address or provide an address or other suitable designation which, in the creditor's opinion, will assist the customer in identifying the transaction or in relating the transaction, as reflected, to a document(s) evidencing the transaction previously furnished when no meaningful address is readily available because the transaction took place at a location which is not fixed (for example, aboard a public conveyance), or in the customer's home (in which case "customer's home" or a similar description is sufficient) or because the transaction was the result of a mail or telephone order (in which case "telephone order," "mail order," or similar description is sufficient); provided that any such disclosure made or omitted shall not be for the purpose of circumvention or evasion of this Part.

(iii) With regard to disclosing the seller's name for purposes of § 226.7(k)(2)(ii), disclosure of a seller's name which appears on the document evidencing the transaction (or a more complete spelling of such a name if the name is alphabetically abbreviated on the document evidencing the transaction) is sufficient for purposes of § 226.7(k)(2)(ii).

(7)(i) As an alternative to the provisions of §§ 226.7(k)(1) through 226.7(k)(5), from October 28, 1976, until October 28, 1977: (A) the creditor may disclose the date of debiting the amount of the transaction to the customer's account for the date of the transaction or the date placed on the document evidencing a credit transaction if, due to operational limitations, either such date is unavailable to the creditor for purposes of billing; and the creditor may disclose an identifying number or symbol which appears on the document evidencing the credit transaction given to or used by the customer at the time of or in connection with the credit transaction in place of the seller's name and address or description of the property or services purchased if, due to operational limitations, such information is unavailable to the creditor for purposes of billing; or (B) the creditor may iden-

tify the transaction by disclosing such information as is reasonably available and treating the absence of the information required by §§ 226.7(k)(1), (2), or (3), as applicable, as a billing error, as provided in §§ 226.2(j) and 226.14. If a customer submits a proper written notification of a billing error relating to the absence of such information and the information was, in fact, not disclosed as required by §§ 226.7(k)(1), (2), or (3), as applicable, the transaction shall be treated as an erroneous billing under § 226.14(b) and documentary evidence of the transaction must be furnished whether or not the customer requests it (despite the provisions of §§ 226.2(j) and 226.14(a)(2)), within the time period allowed in § 226.14 for resolution of a billing error, without charge to the customer.

(ii) The effective date of §§ 226.7(k)(1) through 226.7(k)(7)(i), inclusive, is October 28, 1976. Until October 28, 1976, the creditor shall disclose the date of each extension of credit or the date such extension of credit is debited to the account during the billing cycle, the amount of such extension of credit and, unless previously furnished, a brief identification^{9f} of any goods or services purchased or the extension of credit.

2. Section 226.7(b)(1)(iii) is amended by the deletion of the period at the end thereof and the addition of the following: " , except that the date of crediting to the customer's account need not be provided if a delay in crediting does not result in the imposition of any finance charges, late payment charges, or other charges for that billing cycle or a later billing cycle."

3. Section 226.7(c)(1) is amended to read:

(c) * * *

(1) The information required to be disclosed under paragraph (b)(1)(ii) of this section and itemization of the amounts and dates required to be disclosed under paragraph (b)(1)(iii) of this section and of the amount of any finance charge required to be disclosed under paragraph (b)(1)(iv) of this section may be made on the reverse side of the periodic statement or on a separate accompanying statement(s), provided that the totals of the respective debits and credits under each of those paragraphs are disclosed on the face of the periodic statement.

^{9f} Identification may be made on an accompanying slip or by symbol relating to an identification list printed on the statement.

4. Section 226.13(i)(4) is amended to add a footnote as follows:

Section 226.13—Credit Card Transactions—Special Requirements

* * * * *

(i) Right of cardholder to assert claims or defenses against card issuer. * * *

(4) If the cardholder refuses to pay the amount of credit outstanding with respect to the property or services which gave rise to the claim(s) or defense(s) under this section, the creditor may not report to any person that particular amount as delinquent until the dispute is settled or judgment is rendered.^{15a}

5. Section 226.7(b)(1)(ii), as adopted by the Board on September 15, 1975, and published in the Federal Register on September 19, 1975, (40 FR 43200) is hereby rescinded. The suspension of the effective date of the transition period as adopted by the Board on May 7, 1976, and published in the Federal Register on May 18, 1976 (41 FR 20395) is hereby rescinded.

^{15a} Nothing in this paragraph prohibits a creditor from reporting the disputed amount or account as being in dispute.

Interpretation of Regulation T

Use of escrow receipts for option transactions effected in special cash account. The Board has been asked whether or not it is permissible under the provisions of § 220.4(c) of Regulation T (12 CFR 220.4(c)) relating to the special cash account, to allow customers to write put and call securities options which are "covered" by the escrow receipt of a bank when the escrow receipt, because of the mechanics of the trade, cannot be delivered to the broker on the day the option is written. When exchange-traded securities options were first introduced in 1973, the Board expressed the view that certain option transactions were permitted in the cash account (1973 BULLETIN 525; 12 CFR 220.126) under circumstances which indicated their nature as *bona fide* cash transactions. Basically, that interpretation indicates that the special cash account can be used if the underlying securities, or the funds necessary to pay for the securities, are held in the account on the day the option is written. (This is commonly referred to as a "covered" transaction.) The use of "escrow re-

ceipts" for option transactions to be effected in a special cash account was not considered by the Board at the time of the 1973 interpretation.

An escrow receipt is an agreement under which a bank represents and warrants that it holds for the account of a customer the securities which are the subject of a call, or the cash to purchase the securities which are the subject of a put, and will continue to hold the same until the option is either exercised or expires. If the option is exercised, the bank will deliver or accept delivery of the appropriate securities against payment, as the circumstances require.

It has been represented to the Board that customers who wish to write covered options in a cash account using escrow receipts are hampered because of procedural delays in transmitting the escrow receipt from the bank to the broker. Up to three business days may elapse before the receipt can be in the physical possession of the broker because, for example, some banks will not issue the receipt until the premium for writing the option is delivered.

The Board is of the view that a broker may effect an option transaction in a special cash account where the customer represents that the required securities or cash are then held for that customer at a bank and the broker independently verifies that the appropriate escrow receipt will be delivered to the broker by the bank as soon as possible but, in no event, later than three business days after the option is written. (The term "bank" as defined in section 3(a)(6) of the Securities Exchange Act of 1934 includes banks, trust companies and those branches of foreign banks which are located in the United States and are supervised and examined by State banking authorities.) Any delay in delivery of the escrow receipt resulting from factors within the customer's control would, of course, cast doubt on the eligibility of the transaction as a *bona fide* cash transaction.

Credit by Banks For The Purpose of Purchasing or Carrying Margin Stocks

Notice Postponing Effective
Date of Adoption of Revised Federal Reserve
Form U-1, "Statement of Purpose of a Stock-
Secured Extension of Credit by a Bank"

1. Pursuant to the authority of Section 7 of the Securities Exchange Act of 1934 (15 U.S.C. 78g),

the Board of Governors, on June 11, 1976 (41 *Federal Register* 23667) published notice of adoption of Federal Reserve Form U-1, "Statement of Purpose of a Stock-Secured Extension of Credit by a Bank," to be effective September 1, 1976.

2. Because some banks have indicated possible operational difficulties in complying with certain requirements of the revised Form U-1, the Board hereby postpones the effective date of such revision to November 1, 1976 in order that these questions may be reviewed.

Privacy Act of 1974

Notice that Identified Systems of Records Continue in Effect

The purpose of this document is to give notice that the systems of records identified in notices published in the *Federal Register*, 40 Fed. Reg. 43862 (1975) and 41 Fed. Reg. 30574 (1976), continue in effect. This notice is published in compliance with the requirements of 5 U.S.C. Sec. 552a(e)(4) as added by Section 3 of the Privacy Act of 1974.

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

Orders Under Section 3 of Bank Holding Company Act

Citi Bancorp,
Lincoln, Nebraska

Order Approving Formation of Bank Holding Company

Citi Bancorp, Lincoln, Nebraska, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company through acquisition of 97.8 per cent of the voting shares of Citibank and Trust Co. of Lincoln, Lincoln, Nebraska ("Bank").

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

Applicant is a non-operating company organized for the purpose of becoming a bank holding company through acquisition of Bank (deposits of \$16 million).¹ Upon acquisition of Bank, Applicant would control the 80th largest bank in Nebraska, holding .27 per cent of total deposits in commercial banks in the State. Bank is the seventh largest of eighteen banks in the Lincoln banking market, which is approximated by Lancaster County, and controls 2.5 per cent of the total commercial bank

deposits therein. Two of Applicant's principals are also principals in two existing bank holding companies located in Nebraska. The subsidiary of one of these holding companies is located in the relevant market and holds approximately 2.9 per cent of deposits in the market; the subsidiary bank of the other affiliated holding company is located in Geneva, Nebraska, approximately 70 miles from Bank. Inasmuch as the subject proposal represents a restructuring of Bank's ownership, and based upon other facts of record, the acquisition of Bank by Applicant would not eliminate any significant existing or potential competition, nor have an adverse effect on other area banks. Accordingly, it is concluded that competitive considerations are consistent with approval of the application.

The financial and managerial resources and prospects of Applicant are primarily dependent on those of Bank. In this regard, Applicant proposes to service the debt that it will assume as a part of this proposal over a twelve-year period through dividends from Bank and the tax benefits derived from filing consolidated tax returns. The projected earnings of Bank appear sufficient to provide Applicant with the necessary financial flexibility to meet its annual debt servicing requirements while maintaining Bank's capital at an acceptable level. Moreover, it appears that the financial and managerial considerations with respect to the other holding companies with which Applicant's principals are involved are generally satisfactory. Therefore, considerations relating to banking factors are regarded as being consistent with approval of the application. Considerations relating to the convenience and needs of the community to be served are also regarded as consistent with ap-

¹All banking data are as of June 30, 1975.

proval of the application to acquire Bank. It has been determined that the proposal to form a bank holding company 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 (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City pursuant to delegated authority.

By order of the Secretary of the Board, acting pursuant to delegated authority from the Board of Governors, effective August 11, 1976.

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

[SEAL.]

Cubanc Corp.,
Columbus, Ohio

*Order Approving
Formation of Bank Holding Company*

Cubanc Corp., Columbus, Ohio, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company through acquisition of 100 per cent (less directors' qualifying shares) of the voting shares of The Alexandria Bank Company, Alexandria, Ohio ("Bank").

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

Applicant is a recently formed corporation organized for the purpose of becoming a bank holding company¹ through the acquisition of Bank. Bank holds total deposits of approximately \$2.8

million, representing 1.1 per cent of total deposits in commercial banks in the relevant banking market² and is the smallest of five banking organizations in the market.³

Since Applicant has no present operations or subsidiaries, consummation of the proposed transaction would not have any adverse effect on existing or potential competition,⁴ nor would it increase the concentration of banking resources or have an adverse effect on other banks in the relevant market. Thus, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant and Bank are regarded as satisfactory and the future prospects for each appear favorable. Applicant will not incur debt incident to the subject proposal. It is expected that, following consummation of this proposal, Bank will increase interest rates it pays on savings deposits, initiate a credit card program, and expand its hours of operation. Accordingly, considerations relating to the convenience and needs of the communities to be served lend some weight toward approval of the application. It is the Board's judgment that the proposed acquisition would be in the public interest and should be approved.

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

By order of the Board of Governors, effective August 4, 1976.

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

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

[SEAL.]

¹Applicant was organized by The Ohio Central Credit Union, Inc., Columbus, Ohio, and The Ohio Credit Union League, Columbus, Ohio. Applicant's shares are to be held by seven individuals and 24 State chartered credit unions. No credit union will own more than 5 per cent of the outstanding voting shares of Applicant.

²The relevant banking market is approximated by Licking County except for the Townships of Jersey, Lima, and Etna.

³All banking data are as of June 30, 1975.

⁴No credit union that will share in the ownership of Applicant operates in the relevant banking market.

International Bancorporation,
St. Paul, Minnesota

*Order Approving
Formation of Bank Holding Company*

International Bancorporation, St. Paul, Minnesota, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company through acquisition of all of the voting shares (less directors' qualifying shares) of The First National Bank of International Falls, International Falls, Minnesota ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company through the acquisition of Bank. Bank (deposits of \$17.8 million) is the largest of three banks operating in the relevant banking market¹ and controls approximately 46 per cent of the total deposits in commercial banks in the market.² The second largest bank in the relevant market controls approximately 44 per cent of total deposits therein. Upon acquisition of Bank, Applicant would control the 82nd largest banking organization in Minnesota, holding .12 per cent of the total commercial bank deposits in the State. Inasmuch as the proposed transaction involves a transfer of control of Bank from its principal to a corporation controlled by the same individual, and since Applicant and its principal control no other bank, consummation of the proposal would not eliminate existing or potential competition, nor have any adverse effects on other banks in the relevant market. Therefore, competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant, which are dependent upon those of Bank, are considered to be satisfactory. Although Applicant will assume a \$2

million debt as a result of this proposal, it appears that the income to be derived from bank, by way of dividends, should provide Applicant with sufficient revenue to service the debt adequately without impairing the financial condition of Bank. Accordingly, considerations relating to the banking factors are consistent with approval of the application. Consummation of the transaction would have no immediate effect on the area's banking convenience and needs; however, considerations relating to the convenience and needs of the community to be served are regarded as being consistent with approval of the application. It is the Board's judgment that consummation of the proposed transaction would be consistent with the public interest and that the application should be approved.

In connection with the Board's consideration of this application, a question arose concerning the existence of a possible control relationship between Applicant, Bank, and another bank holding company. In order to alleviate this concern, Applicant's principal has agreed and committed to eliminate interlocking director relationships between Applicant and Bank, on the one hand, and the other bank holding company, on the other. In concluding that the instant proposal is in the public interest, the Board has relied upon the aforementioned commitments and the Board's approval of this application is conditioned upon the fulfillment of those commitments.

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

By order of the Board of Governors, effective August 10, 1976.

Voting for this action: Chairman Burns and Governors Wallich, Coldwell, Jackson, and Partee. Present and abstaining: Governor Lilly. Absent and not voting: Governor Gardner.

¹The relevant banking market is approximated by the northwestern half of Koochiching County.

²All banking data are as of December 31, 1975.

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

[SEAL]

Bankers Trust New York Corporation,
New York, New York

Order Denying Acquisition of Bank

Bankers Trust New York Corporation, New York, New York ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of The First National Bank of Mexico, Mexico, New York ("Bank").

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

Applicant, the fifth largest banking organization in the State of New York, controls nine banks with aggregate deposits of approximately \$10.4 billion, representing approximately 7.7 per cent of the total deposits in commercial banks in New York.¹ Acquisition of Bank (\$9.8 million in deposits) would increase Applicant's share of the total commercial bank deposits in the State by 0.01 of one per cent and would not significantly increase the concentration of banking resources in New York.

Bank ranks eleventh among the 15 banking organizations located in the Syracuse banking market (approximated by the western half of Madison County and all of Onondaga and Oswego Counties) and controls approximately 0.7 of one per cent of total market deposits. The closest branch of any of Applicant's banking subsidiaries to Bank is located approximately 25 miles southeast of Bank in the same banking market. While there is some existing competition between Applicant's banking subsidiaries and Bank, the amount of such competition that would be eliminated as a result of this proposal does not appear to be significant. Similarly, the effects of the proposal on potential competition do not appear to be significant. Bank is one of the smaller banks in the market, and its acquisition by Applicant would not

raise significant barriers to entry by other organizations not presently in the market. Therefore, on the basis of the facts of record, the Board concludes that consummation of the proposal would not have significant adverse effects on existing or potential competition in any relevant area.

The financial and managerial resources and future prospects of Bank are generally satisfactory.²

As the Board has stated on a number of occasions, a bank holding company should be a source of financial and managerial strength for its subsidiaries. With regard to the financial and managerial resources and future prospects of Applicant, information in the record, including all bank examination information available to the Board, indicates that Applicant has been experiencing financial difficulties that have detracted from its overall financial condition and lessened its ability to serve as a source of strength for its subsidiaries. The subject application by its very nature would to some extent impose an additional burden on Applicant's operations. In these circumstances, it is the Board's view that Applicant's resources should be directed toward developing and maintaining strong and efficient operations within its existing structure. Accordingly, the Board concludes that considerations related to the financial and managerial aspects of Applicant's proposal weigh against approval of the application.

There is no evidence to indicate that the banking needs of the community to be served are not being met currently. Applicant states that the proposed transaction would allow Bank to offer additional services to its customers, including trust and investment services, international banking services, savings incentive plans and underwriting and advisory services for municipalities. While convenience and needs considerations appear to be consistent with approval of the application, they are not sufficient, in the Board's judgment, to outweigh the aforementioned adverse banking factors reflected in the record. Accordingly, it is the Board's judgment that approval of the application

²In connection with this proposal, Applicant indicates that it intends to finance the proposed transaction through the issuance of \$1.9 million in promissory notes maturing over a 13 year period and that Bank's earnings alone will be sufficient to retire the debt while maintaining an adequate capital position for Bank. On the basis of the facts of record and its analysis of the proposal, however, the Board is unable to conclude that Applicant's assumptions are correct and that the financing of the proposal solely from Bank's earnings would not result in a deterioration of Bank's capital position.

¹All banking data are as of December 31, 1975.

would not be in the public interest and that the application should be denied.

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

By order of the Board of Governors, effective August 18, 1976.

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

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

Michigan National Corporation,
Bloomfield Hills, Michigan

Order Denying Acquisition of Bank

Michigan National Corporation, Bloomfield Hills, Michigan, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act to acquire all of the voting shares (less directors' qualifying shares) of the successor by merger to Peoples Bank and Trust, National Association, Trenton, Michigan ("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 § 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of the United States Department of Justice and the Financial Institutions Bureau of the Michigan Department of Commerce, in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the second largest banking organization and bank holding company in Michigan, controls 16 banks with aggregate deposits of approximately \$2.9 billion, representing 9.9 per cent of the total commercial bank deposits in the State.¹ Acquisition of Bank (\$119.0 million in deposits)

would increase Applicant's share of Statewide deposits to 10.3 per cent without changing its ranking in the State. Although consummation of this transaction would not significantly increase the concentration of banking resources in Michigan it would have adverse effects upon concentration in the relevant market.

Bank is the larger of the two banks located in the city of Trenton, a southern suburb of Detroit, and is the 14th largest of 36 banking organizations operating in the Detroit banking market (the relevant market).² Applicant has a significant presence in the Detroit market as it operates seven banks with 88 banking offices in the market, and controls \$1.3 billion in deposits. Applicant is the fourth largest banking organization in the Detroit market controlling approximately 8.5 per cent of total market deposits. Approval of the application would increase Applicant's market share to 9.2 per cent.

The Detroit banking market is a concentrated market in which the four largest banking organizations hold approximately 71.0 per cent of market deposits. Consummation of the proposal would result in a further increase in this concentration, to 71.7 per cent. The facts of record show the proposal would result in the elimination of existing competition. Furthermore, in Wayne County, where the city of Trenton is located, Bank operates 15 out of its 16 banking offices and Applicant has three subsidiary banks with 45 offices. Thus, consummation of this transaction would eliminate existing competition between Applicant and Bank, and would increase the concentration of banking resources in the market.

Bank ranks among the top 10 per cent of all Michigan banks in deposit size³ and approval of the proposal would remove an attractive entry vehicle for a Michigan bank holding company not currently represented in the Detroit market, Michigan's largest market. Thus, approval would lessen the possibility of future market deconcentration through the entry of another banking organization into the market. This factor is even more significant when considered in light of the fact that the overall market is not particularly attractive for *de novo* entry by other banking organizations seeking to gain access to the Detroit banking market. Approval of the proposal would also continue the

¹All banking data are as of December 31, 1975, and reflect bank holding company formations and acquisitions approved through June 30, 1976.

²The Detroit banking market is approximated by Macomb, Oakland and Wayne Counties.

³Bank ranks 35th out of the 351 banks in Michigan.

decline in the number of banking organizations competing in the market, which number has been reduced by 20 per cent from June 1970 to June 1975.⁴ Furthermore, the proposal would foreclose the development of future competition by removing Bank as an independent competitor within the Detroit market. As an alternative to acquiring Bank, Applicant could enter *de novo* one of the townships contiguous to Trenton or by branching into one of those townships where home-office protection would not be a bar. On the basis of the foregoing and other facts of record, the Board concludes that approval of the application would have significantly adverse competitive effects.

In acting on this application, the Board has considered the comments of the Department of Justice and the Financial Institutions Bureau of the Michigan Department of Commerce and Applicant's responses thereto. The Justice Department indicated that, in its opinion, the proposed acquisition would eliminate existing and future competition and lead to an increase in the concentration of commercial banking in Wayne County. Applicant responded that, as set forth in the submission by the Michigan Financial Institutions Bureau, Trenton, where Bank is headquartered, is not part of the Detroit banking market and that the market in which to analyze the competitive effects of this proposal is defined as southern Wayne County and the majority of Monroe County, Michigan. It is the Board's opinion, however, that the relevant market for analyzing the competitive effects of this proposal is the Detroit banking market which is approximated by the Michigan counties of Macomb, Oakland, and Wayne.⁵ In making such an analysis the Board finds, based on the foregoing and other facts of record, that competitive considerations relating to this application weigh sufficiently against approval so that it should not be approved unless the anticompetitive effects are

clearly outweighed by benefits to the public in meeting the convenience and needs of the communities to be served.

The financial and managerial resources and prospects of Bank are satisfactory. The financial condition and managerial resources and prospects of Applicant and its subsidiary banks are regarded as generally satisfactory. Although certain of Applicant's subsidiaries are in need of additional capital, Applicant has continued to show meaningful progress in strengthening the overall capital position of the holding company and its subsidiaries. Thus, the Board views banking factors as not providing any weight either toward approval or denial of the application.

Considerations relating to the convenience and needs of the communities to be served, at best, add only slight weight toward approval, as the only definite benefits that apparently will be derived from affiliation are some managerial and technical assistance that Applicant would provide Bank.⁶ The Board finds that neither the considerations relating to banking factors nor to convenience and needs are sufficient to outweigh the significantly adverse competitive effects of Applicant's proposal.

On the basis of the facts in the record, and in light of the factors set forth in § 3(c) of the Act, it is the Board's judgment that approval of the proposal would not be in the public interest. Accordingly, the application is denied for the reasons summarized above.

By order of the Board of Governors, effective August 24, 1976.

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

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

⁴In June 1970, there were 45 banking organizations operating in the Detroit market; by June 1975, there were 36 banking organizations in the market.

⁵The Federal Reserve Bank of Chicago undertook a field investigation in the Detroit area to determine the correct market. This investigation was in response to Applicant's defining the Detroit market as comprising the Detroit metropolitan area with the exception of the southern section of Wayne County which includes Trenton. As a result of the field investigation and analysis of all the facts of record, the proper definition of the market for analyzing the competitive effects of the subject proposal is the three-county market.

⁶Applicant has indicated that it intends to suggest certain changes to Bank concerning its operations which changes, if implemented by Bank's management, would result in some benefits to the public. Most of the changes could be made presently by Bank, but even if they were to be made only upon acquisition by Applicant, they would not provide significant support for approval.

Republic of Texas Corporation,
Dallas, Texas

Order Approving Acquisition of Bank

Republic of Texas Corporation, Dallas, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares, less directors' qualifying shares, of First National Bank in Brownwood, Brownwood, Texas ("Bank").

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

Applicant, the fourth largest banking organization in Texas, controls three subsidiary banks¹ with aggregate deposits of \$2.9 billion, representing approximately 6.2 per cent of the total commercial bank deposits in the State.² The Board earlier approved Applicant's acquisition of three additional existing banks and one *de novo* bank.³ The acquisitions of the existing banks have not yet been consummated, and the *de novo* bank has not yet opened for business. Consummation of this proposal would increase Applicant's share of State deposits by approximately 0.1 per cent and would not have a significant effect upon the concentration of banking resources in the State.

Bank, presently a subsidiary of U.S. Bancshares, Inc., ("Bancshares") Brownwood, Texas, a registered bank holding company that is now in the process of liquidating its assets, is located in the city of Brownwood. Bank is the largest of

four banks competing in the relevant banking market⁴ and holds approximately \$43.8 million in deposits, representing about 52.7 per cent of the total deposits in commercial banks in the market. Applicant's banking subsidiary closest to Bank is located in Dallas, which is part of a separate banking market approximately 150 miles northeast of Bank's market. Accordingly, no meaningful competition presently exists between Bank and any of Applicant's subsidiary banks, and it is unlikely that significant competition between these institutions would develop in the future in view of the distances involved and the State's restrictive branching law. In addition, the ratio of population to banking offices for the relevant market and the per capita deposits in the market are significantly below the State averages, and the market is viewed, at best, as only marginally attractive for *de novo* entry. Thus, consummation of this proposal would have only a slightly adverse effect on potential competition. In view of the foregoing, the Board concludes that the proposed acquisition would have no adverse effect on existing or future competition, and that its effect on potential competition would be slightly adverse but outweighed by considerations relating to the convenience and needs of the community to be served.

The Board has previously denied several applications by Texas' largest bank holding companies to acquire the leading banks in various banking markets in Texas.⁵ Although the instant proposal involves Applicant's acquisition of the largest bank in the Brown County banking market, the Board notes that this proposal differs materially from those previously denied in that Bank and the Brown County banking market are substantially smaller than the banks and markets involved in the denied proposals.

The financial and managerial resources and future prospects of Applicant, its subsidiary banks, and Bank are regarded as satisfactory. Consid-

¹In addition to its three subsidiary banks, Applicant indirectly controls interests of less than 25 per cent in each of fourteen banks.

²All banking and market data are as of December 31, 1975.

³On February 20, 1976, the Board approved Applicant's acquisitions of First National Bank of Henderson, Texas, and First Bank in Groveton, Texas, 62 Federal Reserve BULLETIN 269 (1976); on March 23, 1976, the Board approved Applicant's acquisition of First Bank and Trust, Lufkin, Texas, 62 Federal Reserve BULLETIN 378 (1976); and on October 31, 1975, the Federal Reserve Bank of Dallas, pursuant to delegated authority, approved Applicant's acquisition of Braes Bayou National Bank, Houston, Texas, a *de novo* bank.

⁴The relevant banking market is approximated by Brown County.

⁵For example, see the Board's Orders of December 28, 1973, denying the application of First International Bancshares, Inc., to acquire Citizens First National Bank of Tyler, Texas, 60 Federal Reserve BULLETIN 43 (1974); March 1, 1974, denying the application of First International Bancshares, Inc., to acquire The First National Bank of Waco, Texas, 60 Federal Reserve BULLETIN 290 (1974); and May 1, 1974, denying the application of First City Bancorporation of Texas, Inc., to acquire The Lufkin National Bank, Lufkin, Texas, 60 Federal Reserve BULLETIN 450 (1974).

erations relating to the banking factors are consistent with approval of the application. Consummation of the proposed affiliation is likely to result in the expansion and improvement of the range of services offered by Bank and in an increased availability of credit. It appears from the facts of record that the economic base of the Brownwood community has been shifting in recent years from agricultural and extractive activities to manufacturing activities. As a result, the community now has industries which require more sophisticated banking services and technical advice. Bank, through affiliation with Applicant, would be better able to meet these requirements. Accordingly, considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application and outweigh the slightly adverse competitive effect of the acquisition. 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 (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Dallas pursuant to delegated authority.

By order of the Board of Governors, effective August 23, 1976.

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

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

Orders Under Section 4 Of Bank Holding Company Act

Fort Sam Houston Bankshares, Incorporated,
San Antonio, Texas

Order Approving Acquisition of Greenwood Life Insurance Company

Fort Sam Houston Bankshares, Incorporated, San Antonio, Texas ("Applicant"), 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 CFR § 225.4 (b)(2)), to acquire 100 per cent of the outstanding shares of Greenwood Life Insurance Company, San Antonio, Texas ("Company"), a company that will engage in the activity of underwriting credit life insurance and credit accident and health insurance that is directly related to extensions of credit by the bank holding company system. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4 (a)(10)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (41 *Federal Register* 23759). The time for filing comments and views has expired, and the Board has considered the application 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, the 34th largest banking organization in Texas, controls one bank, National Bank of Fort Sam Houston, San Antonio, with deposits of approximately \$129.2 million, representing 1.3 per cent of the total deposits in commercial banks in the State.¹

Company is an existing life insurance company,² the activities of which are limited to reinsurance of ordinary life policies issued by its present parent company, Government Personnel Mutual Life Insurance Company ("GPMLIC"). After consummation, Company would terminate its captive reinsurance activities for its present parent,³ and commence both reinsurance activities and direct underwriting activities for Applicant.

¹All banking data are as of December 31, 1975, and reflect bank holding company acquisitions and formations as of April 1, 1976.

²Company holds life insurance policies with a face value of \$236,500 pursuant to reinsurance agreements with its present parent. It does so to qualify as an insurer, and thereby retain its charter, under the Texas Insurance Code. At the time of consummation, Company will simultaneously reinsure approximately \$3.8 million face value of insurance in force formerly underwritten by Bank's present insurance underwriter in connection with past extensions of credit by Bank. The reinsurance transaction is to be undertaken to allow Company to retain its charter; thereafter, Company will begin its underwriting activities.

³In order to ensure that Company will engage in no insurance activities carried over from its former parent that are impermissible for subsidiaries of bank holding companies, a clause in the contract of sale between Applicant and GPMLIC provides that the reinsurance agreements in existence between the two parties shall be terminated and that GPMLIC shall recapture all of such reinsurance, thereby relieving Company as reinsurer immediately following consummation.

Since the proposal thus essentially involves a *de novo* activity, consummation of the transaction would not have any significant adverse effects on existing or potential competition in the relevant market.⁴

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

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

Applicant's Bank, through two policies issued by an unaffiliated insurance company, now offers to its customers credit life insurance on a single life in connection with installment and revolving credit loans its originates. Rates now being charged for this coverage are 39.9 per cent below maximum rates permitted by State law. Applicant proposes to reduce current rates by 3.57 per cent resulting in rates that are 42.1 per cent below State regulatory maxima. Applicant further proposes to begin offering coverage on single payment consumer loans and coverage on joint lives when applicable. The proposed rates for this coverage are 3.55 per cent below State regulatory maxima. Moreover, Bank currently does not offer credit accident and health insurance to its credit customers. Applicant proposes to provide this coverage at 3.51 per cent below State regulatory maxima. As an additional public benefit, Applicant would increase maximum credit life insurance coverage from \$10,000, the present maximum, to \$20,000 except on revolving credit loans, where the limit would remain at \$10,000. Applicant also proposes

to extend from one month to three months the period during which coverage on the life of a borrower in default would continue.

Although policies currently in use by Bank do not contain a suicide exclusion provision, Applicant proposes to include such a provision in its policies from Company. The suicide exclusion is a standard provision in policies issued by the six credit-related insurance subsidiaries of bank holding companies presently doing business in Texas. The Board does not view Applicant's proposed addition of the suicide exemption provision as significantly reducing the net public benefits that will result from the implementation of the other elements of the Applicant's proposal. Accordingly, the Board finds that Applicant's proposed premium rate reductions and its proposed increases in policy coverage, are procompetitive and in the public interest.

Based upon the foregoing and other considerations reflected in the record, including a commitment by Applicant to maintain on a continuing basis the public benefits that the Board has found to be reasonably 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 application is 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 regulations and orders issued thereunder, or to prevent evasion thereof.

The transaction shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Dallas, pursuant to authority hereby delegated.

By order of the Board of Governors, effective August 6, 1976.

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

⁴The San Antonio SMSA is the relevant credit-related insurance market for purposes of analyzing the competitive effects of the proposal.

(Signed) GRIFFITH I. GARWOOD,
Assistant Secretary of the Board.

[SEAL]

Milwaukee Western Corporation,
West Palm Beach, Florida

Order Approving Acquisitions of M & H Financial Corporation and Security Industrial Company

Milwaukee Western Corporation, West Palm Beach, Florida, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval, under § 4(c)(8) of the Act (12 CFR § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to acquire all of the issued and outstanding shares of M & H Financial Corporation ("M&H") and of Security Industrial Company ("Security"), both of Broadview, Illinois. M&H engages in the activity of full pay-out leasing of industrial machinery and equipment and related tools and accessories. Security engages in the activity of financing the sale of industrial machinery and equipment through conditional sales contracts. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(1) and (6)(a)).

Notice of the applications, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (41 *Fed. Reg.* 26958 (1976)). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant is a direct subsidiary of Sterling Precision Corporation, also of West Palm Beach, Florida ("Sterling").¹ Sterling currently owns all of the issued and outstanding voting shares of M&H and Security, and, through Applicant, controls one bank, the Milwaukee Western Bank, Milwaukee, Wisconsin ("Bank"). Bank is the 26th largest banking organization in Wisconsin, with total deposits of approximately \$77.7 million, representing approximately 0.5 per cent of total

deposits in commercial banks in Wisconsin.² Applicant also owns 100 per cent of the common shares of Bayou Acceptance Corporation, Shreveport, Louisiana ("Bayou"),³ a commercial finance company.

M&H (total assets of approximately \$386,500 as of January 24, 1976) and Security (total assets of approximately \$452,000 as of January 24, 1976) are currently "captive" leasing and conditional sales companies financing sales of a subsidiary of Sterling, the United Technical Corporation ("Unitec"). At present, M&H and Security purchase from Unitec specific products designated by customers of Unitec and, thereafter, M&H leases, and Security finances under conditional sales contracts, these products to Unitec's customers. Leasing transactions yield a return that compensates M&H for its full investment in the products plus the estimated total costs of financing. Applicant has indicated that, upon approval of the proposed transaction, M&H and Security may expand the offering of these services to customers other than those of Unitec.

The combined service area for M&H and Security includes the states of Illinois, Indiana, Iowa, Michigan and Wisconsin. Although Applicant engages in commercial financing through Bank and Bayou, acquisition of M&H and Security will eliminate no significant existing competition between them and Bayou since Bayou's service area is the southern and southwestern portion of the United States and neither Security nor M&H derives any business from this service area. Within its service area, M&H and Security compete with numerous sizable leasing and commercial finance companies and numerous other national and regional diversified financing companies. M&H and Security provide financial services amounting to a very small percentage of all such similar financial service activities provided by similarly engaged companies within this combined service area. Although Applicant appears to possess the financial resources for *de novo* entry into the combined service area, Applicant's acquisition of M&H and Security from its parent company would

¹ Sterling owns 90.5 per cent of the voting shares of Applicant, which acquired control of Bank on May 8, 1969. By virtue of the passage of the 1970 Amendments to the Act, both Sterling and Applicant became subject to the provisions of the Act and registered with the Board as bank holding companies. Pursuant to § 4(c)(12) of the Act and § 225.4(d) of Regulation Y, Sterling filed an irrevocable declaration, dated July 2, 1971, that it will cease to be a bank holding company by divesting itself of its shares of Applicant prior to January 1, 1981.

² All banking and financial data are as of December 31, 1975, unless otherwise indicated.

³ Applicant acquired control of Bayou on May 8, 1969. Applicant is entitled, under section 4(a)(2) of the Act, to retain the shares of Bayou until December 31, 1980, unless Applicant applies for, and is granted, permission by the Board to retain Bayou as a subsidiary.

not adversely affect potential competition as the transaction appears to be merely a corporate reorganization and, given their small size, the acquisition of these companies will constitute only a foothold entry by Applicant into this market area. Accordingly, it does not appear that these acquisitions will eliminate any significant amount of actual or potential competition.

There is no evidence in the record to indicate that consummation of the proposed transactions would result in any undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices or other adverse effects upon the public interest. The acquisitions would appear to place Applicant in a position to compete more effectively with large and medium-size diversified finance companies that operate on a national and/or regional basis.

Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors the Board is required to consider under § 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 regulations and orders issued thereunder, or to prevent evasion thereof.

The transactions shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, pursuant to authority that is hereby delegated.

By order of the Board of Governors, effective August 27, 1976.

Voting for this action: Vice Chairman Gardner and Governors Wallich, Coldwell, Partee, and Lilly. Absent and not voting: Chairman Burns and Governor Jackson.

(Signed) RICHARD D. ABRAHAMSON,
[SEAL.] *Assistant Secretary of the Board.*

Old National Bancorporation,
Spokane, Washington

*Order Approving Acquisition of
Shares of Old National Life Insurance Company*

Old National Bancorporation (formerly Washington Bancshares, Inc.), Spokane, Washington

("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("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 acquire shares of Old National Life Insurance Company, Phoenix, Arizona ("Company"), a company that will engage *de novo* in the activity of underwriting, as reinsurer, credit life and credit accident and health insurance directly related to extensions of credit by Applicant's lending subsidiaries in the State of Washington. Such activity has been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(10)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (41 *Federal Register* 24634). The time for filing comments and views has expired, and the Board has considered the application and all comments received in the light of the public interest factors set forth in § 4(c)(8) of the Act.

Applicant, the fifth largest banking organization in Washington, controls two subsidiary banks with aggregate deposits of approximately \$605.5 million, representing approximately 6.1 per cent of the total deposits in commercial banks in the State.¹ Applicant also engages, through nonbank subsidiaries, in equipment leasing, mortgage banking and servicing, investment advising and insurance agency activities.

Company will engage *de novo* in the activity of underwriting, as reinsurer, credit life and credit accident and health insurance in connection with extensions of credit by Applicant's lending subsidiaries. Company will be formed as an Arizona insurance corporation and will be qualified to underwrite insurance directly only in Arizona. Accordingly, the insurance sold by Applicant's lending subsidiaries will be directly underwritten by an unaffiliated insurance company qualified to do business in Washington, and will thereafter be assigned or ceded to Company under a reinsurance agreement. Since Applicant proposes to engage in this activity *de novo*, consummation of the transaction would not have any significant adverse effects on existing or potential competition in any relevant market.

Credit life and credit accident and health insur-

¹All banking data are as of December 31, 1975.

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

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

Applicant has stated that following consummation of the proposed acquisition, Company will offer the several types of credit-related insurance that it will reinsure at premium rates ranging from 3.3 per cent to 20.0 per cent below the maximum allowable rates in the State of Washington for example, reducing term joint life insurance and level term joint life insurance will be offered at rates 12.0 and 18.8 per cent, respectively, below the maximum allowable rates. In addition, credit accident and health insurance will be offered at rates 5 per cent below the statutory maximum. Applicant has committed to similar rate reductions for each type of insurance coverage that Company will underwrite. The Board is of the view that Applicant's proposed reductions in insurance premiums are procompetitive and in the public interest.

Based upon the foregoing and other considerations reflected in the record, including a commitment by Applicant to maintain on a continuing basis the public benefits which the Board has found to be reasonably expected to result from this proposal and upon which the approval of this 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 application is 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 regulations and orders issued thereunder, or to prevent evasion thereof.

The transaction shall be made not later than

three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco.

By order of the Board of Governors, effective August 18, 1976.

Voting for this action: Vice Chairman Gardner and Governors Wallich, Coldwell, Jackson, and Partee. Absent and not voting: Chairman Burns and Governor Lilly.

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

Union Trust Bancorp,
Baltimore, Maryland

Order Approving Acquisition of Nonbank Assets

Union Trust Bancorp, Baltimore, Maryland ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 4(c)(8) of the Act and § 225.4(b)(2) of the Board's Regulation Y to acquire all of the assets of Fidelity Finance Company, Elkins, West Virginia ("Company"), through Landmark Finance Corporation of West Virginia, a wholly-owned subsidiary of Applicant's direct subsidiary, Landmark Financial Services, Inc., Silver Spring, Maryland. Company is engaged in the activity of making instalment loans to individuals for personal, family or household purposes under a small loan license issued by the State of West Virginia. It also acts as agent in the sale of credit life insurance directly related to its extensions of credit. In addition, Applicant proposes that Company would engage *de novo* in the activities of purchasing sales finance contracts executed in connection with the sale of personal, family or household goods or services; and acting as agent in the sale of credit accident and health insurance related to its extensions of credit and insurance protecting collateral held against such extensions of credit. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(1) and (9)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors has been duly published (41 *Federal Register* 23486). The time for filing comments and views has expired and the Board has considered the application and all comments received in light of the public interest factors

set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, the fifth largest banking organization in Maryland, controls a bank with total deposits of approximately \$700 million,¹ representing 8.0 per cent of total bank deposits in the State.

Company is a consumer finance company, operating one office in Elkins, West Virginia. Company has total net receivables of approximately \$166,000, which represents 24.6 per cent of the total loans originated by consumer finance companies in the relevant market,² and ranks as the smaller of two such companies operating in the market. Applicant's subsidiary, Landmark Financial Services, Inc. ("Landmark"), is also a consumer finance company operating 48 offices in nine southeastern states, including two offices in West Virginia. The office of Landmark closest to Company is located 84 miles away in Keyser, West Virginia. It appears that no business is derived by Applicant or its subsidiaries from Company's market area and that Company derives no business from the market areas of Applicant and its subsidiaries. Therefore, consummation of the proposed acquisition would not result in the elimination of any existing competition between Applicant and Company. Nor would any significant potential competition between the two be eliminated by approval of the proposal, since it appears unlikely that Applicant would enter the relevant market on a *de novo* basis.

Acquisition of Company by Applicant should provide Company with access to a larger and more stable source of funds, thereby enabling it to become a more effective competitor. In addition, Applicant proposes to expand the loan services offered by Company and provide, as agent, additional credit-related insurance services *de novo*. Moreover, there is no evidence in the record indicating that consummation of the proposed transaction would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest.

Based on the foregoing and other considerations reflected in the record, the Board has determined,

in accordance with the provisions of section 4(c)(8) of the Act, that consummation of the proposal can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in § 225.4(c) of Regulation Y (12 CFR § 225.4(c)) and to the authority of the Board to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board may find necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations or orders issued thereunder, or to prevent evasion thereof.

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

By order of the Secretary of the Board, acting pursuant to delegated authority from the Board of Governors, effective August 9, 1976.

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

Orders Under Sections 3 & 4 of Bank Holding Company Act

Community Bancshares, Inc.,
Forest Green, Missouri

Order Approving Formation of Bank Holding Company and Engaging in Insurance Agency Activities

Community Bancshares, Inc., Forest Green, Missouri, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company through the acquisition of 80 per cent or more of the voting shares of The Merchants and Farmers Bank of Salisbury, Salisbury, Missouri ("Bank").¹ At the same time, Applicant has applied pursuant to § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's

¹All banking and financial data are as of December 31, 1975, and reflect holding company formations and acquisitions by the Board through June 30, 1976.

²The relevant geographic market for purposes of analyzing the anticompetitive effects of the subject proposal is approximated by an area within a ten mile radius of Elkins, West Virginia.

¹Bank, formerly The Farmers Bank of Forest Green, Forest Green, Missouri, has received the approval of the Commissioner of Finance of the State of Missouri to relocate its main banking facility in the City of Salisbury, nine miles northeast of Forest Green. This relocation is being accompanied by a change in Bank's corporate title to The Merchants and Farmers Bank of Salisbury.

Regulation Y, for permission to acquire the assets of Miller & Associates, Forest Green, Missouri, and thereby engage in the sale of credit life and credit accident and health insurance directly related to extensions of credit by Bank. Such activities have been determined by the Board in § 225.4(a)(9)(ii)(a) of Regulation Y to be permissible for bank holding companies subject to Board approval of individual proposals in accordance with the procedure of § 225.4(b) of Regulation Y.

Notice of the applications affording opportunity for interested persons to submit comments and views, has been given in accordance with §§ 3 and 4 of the Act (41 *Federal Register* 26076). 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 § 3(c) of the Act (12 U.S.C. § 1842(c)), and the considerations specified in § 4(c)(8) of the Act.

Applicant is a nonoperating corporation recently organized for the purpose of becoming a bank holding company through the acquisition of Bank and engaging in the sale as agent of credit life and credit accident and health insurance directly related to extensions of credit by Bank. The proposed transaction involves the transfer of control of Bank from individuals to a corporation owned by the same individuals. Bank (\$2.6 million in deposits) ranks 652nd among Missouri banks and is the fifth largest of six banks in the Chariton County banking market (the relevant market), controlling approximately 5.2 per cent of the total deposits in commercial banks in the market.² Upon acquisition of Bank, Applicant would control less than .01 per cent of total commercial bank deposits in Missouri.

Applicant's principals are also associated with the Callao Community Bank, Callao, Missouri, and Wellington Bank, Wellington, Missouri, the closest of which is located approximately 30 miles north of Bank and in a separate banking market. There appears to be no existing competition between either of these banks and Bank, and it appears unlikely that such competition would develop in the future. Moreover, since Applicant has no existing subsidiaries and the proposal represents merely a restructuring of Bank's ownership, it appears that consummation of the proposal would

not have any significant adverse effects on existing or potential competition, nor would it increase the concentration of banking resources in any relevant area. Accordingly, it is concluded that competitive considerations are consistent with approval of the application to form a bank holding company.

The financial condition, managerial resources, and prospects of Bank are regarded as satisfactory and consistent with approval of the application. The management of Applicant is satisfactory, and Applicant's financial condition and prospects, which are dependent upon the profitable operations of Bank and Applicant's insurance activities, appear favorable. Although Applicant will incur debt in connection with this proposal, the projected income from Bank and the insurance activities of Applicant should provide Applicant with sufficient revenue to service its debt without impairing the financial condition of Bank. Accordingly, considerations relating to banking factors are consistent with approval of the application. Although consummation of the proposal would have no immediate effect on banking services offered by Bank, considerations relating to convenience and needs are also regarded as being consistent with approval of the application to acquire Bank. Therefore, the Board concludes that consummation of the proposal to form a bank holding company would be consistent with the public interest and that the application should be approved.

In connection with the application to become a bank holding company, Applicant has also applied, pursuant to § 225.4(a)(9)(ii)(a) of Regulation Y, to acquire the assets of Miller & Associates,³ and thereby engage in the sale of credit life and credit accident and health insurance directly related to extensions of credit by Bank. It does not appear that Applicant's engaging in the above-described activities would have any significant adverse competitive effects. Furthermore, there is no evidence in the record indicating that consummation of the proposal would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest.

Based on the foregoing and other considerations reflected in the record, the Board has determined

²All banking data are as of December 31, 1975.

³Miller & Associates is an insurance agency that is presently owned by Applicant's principals as a joint venture and which engages solely in the sale of credit life and credit accident and health insurance directly related to extensions of credit by Bank.

that the considerations affecting the competitive factors under § 3(c) of the Act and the balance of the public interest factors the Board must consider under § 4(c)(8) both favor approval of Applicant's proposals.

Accordingly, the applications are approved for the reasons summarized above. The acquisition of Bank shall not be made before the thirtieth calendar day following the effective date of this Order. The acquisition of Bank and the commencement of insurance agency activities shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Kansas City pursuant to delegated authority. The determination as to Applicant's insurance activities is subject to the conditions set forth in § 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 and orders issued thereunder, or to prevent evasions thereof.

By order of the Board of Governors, effective August 27, 1976.

Voting for this action: Vice Chairman Gardner and Governors Wallich, Coldwell, Partee, and Lilly. Absent and not voting: Chairman Burns, and Governor Jackson.

(Signed) RICHARD D. ABRAHAMSON,
[SEAL.] *Assistant Secretary of the Board.*

Orders Under Section 2(g)(3) of Bank Holding Company Act

BanCal Tri-State Corporation,
San Francisco, California

Order Granting Determination under the Bank Holding Company Act

BanCal Tri-State Corporation, San Francisco, California ("Tri-State"), which proposes to transfer all of its legal and equitable stockholdings, as well as the stockholdings of The Bank of California, N.A., San Francisco, California ("Bank"), a subsidiary of Tri-State, in BanCal Capital Corporation ("Capital"), a small business investment company, to Oceanic Group, Inc., San Francisco, California ("Oceanic"), a joint venture

between Overseas Technology, Inc. ("OTI"), (which is a subsidiary of Overseas Technology Investment Co., Inc., ("OTICI")) a Japanese company owned by Industrial Bank of Japan, New Japan Securities Co., Central Glass Co., Toyo Soda Co. Ltd., Dai Nippon Securities and various individuals, all of which are either Japanese corporations or citizens) and Kibun California, Inc. ("KCI"), a subsidiary of Kibun Co., Ltd., ("Kibun") a Japanese corporation, has requested a determination, pursuant to the provisions of section 2(g)(3) of the Bank Holding Company Act of 1956 (12 U.S.C. § 1841(g)(3)) ("the Act"), that Tri-State is not in fact capable of controlling Oceanic, notwithstanding the fact that the proposed sale agreement provides that a portion of the purchase price is to be paid by Oceanic in the form of a note, said note being secured by a pledge of the shares being sold.

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

Notice of an opportunity for hearing with respect to Tri-State's request for determination under § 2(g)(3) was published in the *Federal Register* on June 17, 1976 (41 *Federal Register* 24630). The time provided for requesting a hearing expired on July 9, 1976. No such request has been received by the Board, nor has any evidence been received to show that Tri-State is in fact capable of controlling Oceanic.

The aggregate amount of debt owed by Oceanic to Tri-State and its subsidiary bank does not constitute a substantial portion of the consolidated debt, consolidated assets or consolidated net worth of Kibun or the principal member of the consortium of corporations and individuals owning OTICI ("Consortium"). Kibun and the corporate members of Consortium are substantial, independent, publicly held corporations. There are no common directors, officers or owners between Tri-State and Oceanic. Although employees of Tri-State and its subsidiaries have been serving Capital as needed, this arrangement will terminate upon consummation of the proposed transaction.

There have been no prior business transactions or relationships between Tri-State and Oceanic other than one investment by Capital that is associated with the proposed sale of Capital, and it appears that the proposed sale of Capital was negotiated at arm's length. The terms of the proposed contract of sale gives Tri-State no right to vote, transfer or sell the shares of Capital during the term of the indebtedness unless Oceanic should default on the indebtedness. The Executive Committee of the Board of Directors of Tri-State has passed a resolution to the effect that Tri-State does not, and will not attempt to, exercise a controlling influence over Oceanic and that Tri-State will immediately notify the Board should it exercise its rights to vote, transfer or sell the shares of Capital in the event of such a default or if Tri-State otherwise accomplishes a rescission of the proposed transaction. The Board of Directors of Oceanic has passed a resolution to the effect that Tri-State is incapable of controlling Oceanic and that there will be no common directors or officers between Tri-State and Oceanic.

Based on these and other facts of record, it is hereby determined that Tri-State is not in fact capable of controlling Oceanic.

Accordingly it is ordered, that the request of Tri-State for a determination pursuant to § 2(g)(3) be and hereby is granted. Any material change in the facts or circumstances relied upon by the Board in making this determination or any material breach of any of the commitments upon which the Board based its decision could result in the Board reconsidering the determination made herein. In particular, this determination is conditioned upon Oceanic succeeding to the obligations, as well as the rights, of OTI under the Stock Purchase Agreement dated February 27, 1976 between OTI and the sellers of Capital.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 CFR § 265.2(b)(1)), effective August 24, 1976.

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

BanCal Tri-State Corporation,
San Francisco, California

*Order Granting Determination
Under Bank Holding Company Act*

BanCal Tri-State Corporation ("Tri-State"),
San Francisco, California, a bank holding com-

pany within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841(a)) ("Act"), by virtue of its ownership of 99.95 per cent of the issued and outstanding voting shares of The Bank of California, N.A. ("Bank"), San Francisco, California, has requested a determination, pursuant to § 2(g)(3) of the Act (12 U.S.C. § 1841 (g)(3)), that neither Tri-State nor Bank is in fact capable of controlling Western Pacific Financial Corporation ("West Pac"), San Bernardino, California, notwithstanding the fact that West Pac is indebted to Bank. Bank has sold all of its stock-holdings in BanCal Mortgage Company, formerly a direct subsidiary of Bank, pursuant to an agreement dated November 5, 1975.

Under the provisions of § 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)), shares transferred after January 1, 1966, by any bank holding company to a transferee that is indebted to the transferor or has one or more officers, directors, trustees, or beneficiaries in common with or subject to control by the transferor, are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee.

Tri-State has submitted to the Board evidence to support its contention that Tri-State does not in fact control West Pac.

Notice of an opportunity for hearing with respect to Tri-State's request for a determination under § 2(g)(3) was published on January 15, 1976 [41 *Fed. Reg.* 2279 (1976)]. The time provided for requesting a hearing has expired. No such request has been received by the Board.

It is hereby determined that neither Tri-State nor Bank is in fact capable of controlling West Pac. This determination is based upon the evidence of record in this matter, including the following facts. West Pac is a publicly-owned corporation of substantial size and is unaffiliated with Tri-State or Bank. West Pac has historically maintained a credit relationship with Bank, although this has not appeared to have conferred control by Bank over West Pac, but rather was established in the normal course of business to aid West Pac in the independent conduct of its mortgage financing operations. No security interest was retained in the assets of Mortgage transferred to West Pac, and although Bank increased the line of credit it made available to West Pac following the transfer, the increase was not extended to provide West Pac

with funds for the purchase of Mortgage, but rather was made to assist West Pac in the servicing of the business it acquired through Mortgage. West Pac's initial borrowings on this increased line of credit have already been significantly repaid. Furthermore, the sale of Mortgage to West Pac appears to have been the result of arms-length negotiations, and there are no interlocking officer or director relationships between Tri-State or its subsidiaries and West Pac. The Board of directors of West Pac has submitted a resolution disclaiming control over West Pac by Tri-State or its subsidiaries, and a similar resolution by the board of directors of Tri-State was submitted disclaiming control over West Pac.

Accordingly, it is ordered, that the request of Tri-State for a determination pursuant to § 2(g)(3) be and hereby is granted. Any material change in the facts or circumstances relied upon by the Board in making this determination or any material breach of any of the commitments upon which the Board based its decision could result in the Board reconsidering the determination made herein.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 CFR 265.2(b)(1)), effective August 24, 1976.

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

[SEAL.]

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During August 1976, the Board of Governors approved the applications listed below. The orders have been published in the Federal Register, and copies are available upon request to Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

<i>Applicant</i>	<i>Bank(s)</i>	<i>Board action (effective date)</i>	<i>Federal Register citation</i>
First Security Corporation, Salt Lake City, Utah	First Security Bank of Orem, National Association, Orem, Utah	8/11/76	41 F.R. 35033 8/18/76
First Yukon Bankshares, Inc., Oklahoma City, Oklahoma	First National Bank of Yukon, Yukon, Oklahoma	8/6/76	41 F.R. 34366 8/13/76
Harvard State Company, Harvard, Nebraska	Harvard State Bank, Harvard, Nebraska	8/25/76	41 F.R. 36701 8/31/76
Tennessee National Bancshares, Inc., Maryville, Tennessee	Citizens State Bank, McMinnville, and Bank of Cannon County, Woodbury, Tennessee	8/13/76	41 F.R. 35092 8/19/76

ORDER APPROVED UNDER THE BANK MERGER ACT—**By Federal Reserve Banks**

During August 1976, application was approved by the Federal Reserve Bank as listed below. The order has been published in the Federal Register, and copies are available upon request to the Reserve Bank.

<i>Applicant</i>	<i>Bank(s)</i>	<i>Reserve Bank</i>	<i>Effective date</i>	<i>Federal Register citation</i>
Seattle Trust and Savings Bank, Seattle, Washington	First National Bank of Redmond, Redmond, Washington	San Francisco	8/18/76	41 FR. 89388 9/15/76

PENDING CASES INVOLVING THE BOARD OF GOVERNORS*

First Security Corporation v. Board of Governors, filed August 1976, U.S.C.A. for the 10th Circuit.

Anthony R. Martin-Trigona v. Board of Governors, filed August 1976, U.S.C.A. for the District of Columbia.

First State Bank of Clute, Texas, et al. v. Board of Governors, filed July 1976, U.S.C.A. for the 5th Circuit.

International Bank v. Board of Governors, et al., filed July 1976, U.S.D.C. for the District of Columbia.

North Lawndale Economic Development Corporation v. Board of Governors, filed June 1976, U.S.C.A. for the 7th Circuit.

Central Wisconsin Bankshares, Inc. v. Board of Governors, filed June 1976, U.S.C.A. for the 7th Circuit.

A.R. Martin-Trigona v. Board of Governors, et al., filed June 1976, U.S.D.C. for the District of Columbia.

Save Needed Environmental Levels League v. Southern California Company, et al., filed May 1976, U.S.D.C. for the Central District of California.

National Urban League, et al. v. Office of the Comptroller of the Currency, et al., filed

April 1976, U.S.D.C. for the District of Columbia Circuit.

Farmers & Merchants Bank of Las Cruces, New Mexico v. Board of Governors, filed April 1976, U.S.C.A. for the District of Columbia Circuit.

United States ex rel. A.R. Martin-Trigona v. Arthur F. Burns, et al., March 1976, U.S.D.C. for the District of Columbia.

Grandview Bank & Trust Company v. Board of Governors, filed March 1976, U.S.C.A. for the Eighth Circuit.

Association of Bank Travel Bureaus, Inc. v. Board of Governors, filed February 1976, U.S.C.A. for the Seventh Circuit.

Memphis Trust Company v. Board of Governors, filed February 1976, U.S.D.C. for the Western District of Tennessee.

First Lincolnwood Corporation v. Board of Governors, filed February 1976, U.S.C.A. for the Seventh Circuit.

Helen C. Hatten, et al. v. Board of Governors, filed January 1976, U.S.D.C. for the District of Connecticut.

International Bank v. Board of Governors, filed December 1975, U.S.C.A. 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.

National Computer Analysts, Inc. v. Decimus Corporation, et al., filed November 1975, U.S.D.C. for the District of New Jersey.

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

- †*Peter E. Blum v. First National Holding Corporation*, filed November 1975, U.S.D.C. for the Northern District of Georgia.
- ‡*Peter E. Blum v. Morgan Guaranty Trust Co., et al.*, filed October 1975, U.S.D.C. for the Northern District of Georgia.
- †*Logan v. Secretary of State, et al.*, filed September 1975, U.S.D.C. for the District of Columbia.
- Florida Association of Insurance Agents, Inc., v. Board of Governors, and National Association of Insurance Agents, Inc. v. Board of Governors*, filed August 1975, actions consolidated in U.S.C.A. for the Fifth Circuit.
- †‡*David R. Merrill, et al. v. Federal Open Market Committee of the Federal Reserve System*, filed May 1975, U.S.D.C. for the District of Columbia, appeal pending, U.S.C.A. for the District of Columbia.
-
- †Decisions have been handed down in these cases, subject to appeals noted.
- ‡The Board of Governors is not named as a party in this action.
- Curvin J. Trone v. United States*, filed April 1975, U.S. Court of Claims.
- Louis J. Roussel v. Board of Governors*, filed April 1975, U.S.D.C. for the Eastern District of Louisiana.
- Georgia Association of Insurance Agents, et al. v. Board of Governors*, filed October 1974, U.S.C.A. for the Fifth Circuit.
- Alabama Association of Insurance Agents, et al. v. Board of Governors*, filed July 1974, U.S.C.A. for the Fifth Circuit.
- †*Investment Company Institute v. Board of Governors*, dismissed July 1975, U.S.D.C. for the District of Columbia, appeal pending, U.S.C.A. for the District of Columbia Circuit.
- East Lansing State Bank v. Board of Governors*, filed December 1973, U.S.C.A. for the Sixth Circuit.
- †*Consumers Union of the United States, Inc., et al. v. Board of Governors*, filed September 1973, U.S.D.C. for the District of Columbia.
- Bankers Trust New York Corporation v. Board of Governors*, filed May 1973, U.S.C.A. for the Second Circuit.

Announcements

REGULATION Z: Amendments

The Board of Governors of the Federal Reserve System has adopted changes in its Regulation Z (Truth in Lending) for identifying transactions charged to consumers using open-end charge accounts, such as charges on credit-card billing statements or department store accounts, effective August 31, 1976. The amendments to Regulation Z, as adopted, differed only slightly from proposals published for comment May 12, 1976.

The portions of Regulation Z now amended by the Board had originally been adopted effective last October 28, together with other amendments to the regulation implementing the separate but related Fair Credit Billing Act. The original identification of transaction rules would have required that, effective July 1, 1976, if other information were not available to identify a sale, a number or symbol (for instance, a voucher number) must appear on the billing statement. The May 12 proposal to change this rule suspended the July 1 deadline.

As adopted, this provision is amended as follows:

1. In a two-party transaction (generally involving only the customer and the merchant) if the seller cannot provide a description of the property or services required to identify the transaction on a billing statement, he may use a voucher number.

2. If, however, the customer cannot identify the transaction from the voucher number, the creditor would be required to treat any resulting inquiry from the customer as a billing error. This would trigger the billing error settlement procedures under the Fair Credit Billing Act, including the following: no finance charge on the transaction until the matter is settled; an additional period free of finance charges if the creditor normally allows such a period after billing; and provision of a copy of the sales voucher to the customer without charge.

Creditors in three-party transactions—involving the customer, merchant, and credit-card issuer other than the merchant—would have had this alternative available to them under the May 12

proposals, but not under the amendment as adopted.

The amendments also-

1. Provide that, when a transaction did not take place at a seller's fixed business location, an appropriate identifying designation may be used for transactions that take place by mail, by phone, at a customer's home, or on a public conveyance, such as a plane or train.

2. In the case of purchases in a foreign country, allow the creditor to identify the transaction by date of debit, instead of date of purchase, and require the creditor to treat any resulting inquiry by the customer as triggering the billing error procedures under the Fair Credit Billing Act.

3. Provide that disclosure of a seller's name in the same way as it appears on a sales voucher is adequate identification of the seller.

REGULATION B: Requirement

The Board of Governors announced on September 2, 1976, that it would retain the existing requirement in its Regulation B (Equal Credit Opportunity) that creditors report credit histories in the names of both husband and wife when the account is shared.

At the same time, the Board postponed the effective date of the requirement from November 1, 1976, to June 1, 1977.

The provision of the regulation concerned (Section 202.6) requires creditors to furnish credit information "in the name of each spouse." The Board asked on May 25, 1976, for public comment on a possible change of this language to permit creditors to report credit information relating to a shared account of a married couple "in a manner reflecting the participation of both spouses."

In view of generally unfavorable comment, the Board decided to retain the existing language that in effect calls for credit-reporting agencies to maintain two separate files for married couples sharing an account, but to extend the effective date in order to give creditors more time for revision of their files and recordkeeping systems.

OVERSEAS BRANCHES OF MEMBER BANKS:

Assets and Liabilities

Total assets of the overseas branches of member banks increased by \$22.1 billion, or nearly 16 per cent, during 1975, to a total of \$162.7 billion, according to data released by the Board of Governors. This growth was principally accounted for by the branches in the Bahama and Cayman Islands, 62 per cent, while those in the Far East and the United Kingdom accounted for 13 and 12 per cent, respectively. At the end of 1975, 762 branches were in operation in foreign countries and overseas territories, an increase of 30 branches during the year.

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 assets and liabilities shown are payable

in U.S. dollars as well as in the currencies of the countries where the branches are located and in other foreign currencies.

INDUSTRIAL PRODUCTION DATA: 1976 Revision

Historical industrial production data back to 1954 for seasonally adjusted and not seasonally adjusted monthly indexes of market and industry groups (pages 2-6 and 8-12 of the G.12.3 statistical release) may be obtained on a 9-track, 1600 BPI, standard-label computer tape available at a cost of \$55.00 from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Remittances payable to the Board of Governors must accompany all requests.

A copy of seasonally adjusted data for major market and industry groups and 2-digit SIC industries for the same period may be obtained by writing to the Business Conditions Section, Divi-

Assets and liabilities of overseas branches of member banks, end of year, 1974 and 1975

In millions of dollars, unless otherwise indicated

Item	United Kingdom and Ireland		Continental Europe		Bahama and Cayman Islands		Latin America		Far East		Near East and Africa		U.S. overseas areas and trust territories		Total	
	1974	1975	1974	1975	1974	1975	1974	1975	1974	1975	1974	1975	1974	1975	1974	1975
ASSETS																
Cash	31,333	33,969	10,983	10,922	6,081	10,737	729	809	2,673	3,387	157	378	114	195	52,070	60,398
Loans	21,277	19,123	8,465	9,513	14,802	23,616	4,107	4,957	10,040	12,859	598	1,404	2,134	2,334	61,423	73,604
Due from head offices and U.S. branches	2,007	1,193	129	90	650	195	33	152	444	376	229	46	138	134	3,630	2,186
Due from other overseas branches of own banks	8,118	11,434	3,153	1,903	275	803	474	1,128	850	1,557	146	264	144	329	13,160	17,419
Other	2,495	2,152	1,655	1,748	1,263	1,456	640	505	4,029	2,822	52	86	119	104	10,253	8,873
Total	65,230	67,871	24,385	24,176	23,071	36,807	5,983	7,551	18,036	21,001	1,182	2,178	2,649	3,096	140,536	162,680
LIABILITIES																
Deposits:																
Demand	3,703	4,388	1,862	2,133	140	310	1,533	1,129	1,710	1,883	402	627	631	707	9,981	11,177
Time	58,608	59,439	18,617	17,878	16,119	23,380	1,590	3,182	6,472	8,209	434	853	1,394	1,894	103,234	114,835
Due to head offices and U.S. branches	283	1,366	676	880	1,831	6,421	328	470	290	365	14	20	560	386	3,982	9,908
Due from other overseas branches of own banks	419	544	1,316	1,257	4,343	6,059	1,991	2,307	4,420	6,583	264	617	5	45	12,758	17,412
Other	2,217	2,134	1,914	2,028	638	637	541	463	5,144	3,961	68	61	59	64	10,581	9,348
Total	65,230	67,871	24,385	24,176	23,071	36,807	5,983	7,551	18,036	21,001	1,182	2,178	2,649	3,096	140,536	162,680
Number of branches	58	59	108	115	123	126	241	244	125	129	22	30	55	59	732	762

NOTE: Data are from Board of Governors of the Federal Reserve System.

sion of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. (Requests for no more than 10 individual series and/or subtotals may be similarly addressed.)

NEW BOARD PUBLICATION:

Banking and Monetary Statistics, 1941-1970

Banking and Monetary Statistics, 1941-1970, is now available for distribution. An earlier volume, *Banking and Monetary Statistics, 1914-1941*, has been reprinted and is also available for distribution.

These two volumes were designed to assemble in convenient form statistics previously published in the Board's Annual Reports and in the Federal Reserve BULLETINS. In combination they present a wealth of information covering a period of more than 60 years.

Included are most of the financial series for which current data are published in the BULLETIN and some series that are no longer shown but that are of historical interest. The statistics relate in large part to the condition and operation of the Federal Reserve Banks and member banks, but there are also data on the condition and operation of all banks, including nonmember State banks, and on bank debits, bank income, bank suspensions, and bank holding companies. In addition, there are statistics on nonbank financial institutions, currency, money rates, securities markets, Treasury finance, consumer credit, gold, and international financial developments.

Copies of both volumes are available from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The cost per copy is \$5.00 for the 1914-41 reprint and \$15.00 for the 1941-70 volume.

CHANGES IN BOARD STAFF

The Board of Governors has announced the following official staff promotion and appointment:

Janet Hart has been promoted from Deputy Director to Director, Office of Saver and Consumer Affairs, effective September 1, 1976. She replaces Frederic Solomon, who retired on August 31.

James M. Brundy has been appointed an Assistant Adviser in the Division of Research and Statistics. Mr. Brundy holds an A.B. from Harvard University and a Ph.D. from the University of California and has been attending Yale Law School. Mr. Brundy served at the Federal Reserve Bank of San Francisco from 1967 to 1975.

The Board has also announced the resignations of Keith Engstrom, Director of the Division of Personnel, and Ralph Bryant, Director of the Division of International Finance.

MORTGAGE DEBT INFORMATION: Revision

The Board of Governors has revised the format of its presentation of data on mortgage debt outstanding and has adjusted estimates of property-type totals to reflect recent benchmarks. Data in the table on page A-42 of this BULLETIN reflect with greater precision ongoing developments in the mortgage markets and in the structure of the mortgage finance industry.

The revised historical data for the table on page A-42 will not be published in the BULLETIN, but are available on request from the Mortgage and Consumer Finance Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SYSTEM MEMBERSHIP: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period August 16, 1976, through September 15, 1976:

Missouri

Kansas City Laurel Bank of Kansas City

New Hampshire

Seabrook Seabrook Bank and Trust Company

Virginia

Virginia Beach Bank of Virginia Beach

Industrial Production

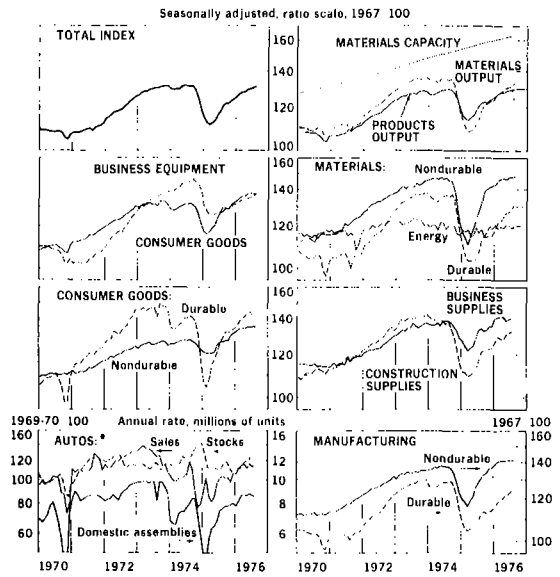
Released for publication September 16

Industrial production increased by an estimated 0.5 per cent in August to 131.4 per cent of the 1967 average. The July index has been revised upward and now shows a similar 0.5 per cent advance. The June increase was 0.3 per cent. Advances in both August and July were concentrated in durable materials, business equipment, and construction products.

Output of consumer goods was unchanged in August. Among durable goods, a small rise in home goods about offset a slight decline in auto production after allowance for the model change-over period. Output of nondurable consumer goods changed little. Production of business equipment advanced an estimated 0.6 per cent further in August following an upward revised increase of 0.7 in July. Output of construction products and business supplies also rose.

Output of durable goods materials continued to increase strongly in August; however, raw steel production has weakened in recent weeks. Recent strong advances in durable materials production have brought the level up to 27 per cent above the March 1975 low, but it is still about 4 per

cent below the high of June 1974. The materials capacity utilization rate was 81.5 per cent in August.



F.R. indexes, seasonally adjusted. Latest figures: August. *Auto sales and stocks include imports.

Industrial production	Seasonally adjusted, 1967 = 100				Per cent changes from --		
	1976				Month ago	Year ago	Q1 to Q2
	May	June	July ^a	Aug. ^b			
Total	129.6	130.0	130.7	131.4	.5	8.6	1.8
Products, total	128.9	129.3	129.6	130.1	.4	6.4	1.2
Final products	127.3	127.5	127.7	127.9	.2	5.9	1.4
Consumer goods	137.4	137.5	137.2	137.2	.0	7.6	1.7
Durable goods	143.2	144.3	142.2	142.1	-.1	10.0	3.8
Nondurable goods	135.1	134.9	135.3	135.3	.0	6.6	.8
Business equipment	134.6	135.2	136.2	137.0	.6	5.5	1.6
Intermediate products	135.0	135.8	136.6	137.7	.8	7.7	.4
Construction products	130.9	131.9	132.7	134.1	1.1	10.6	1.5
Materials	130.6	131.0	132.0	133.2	.9	11.9	2.7

^aPreliminary.

^bEstimated.

Financial and Business Statistics

CONTENTS

INSIDE BACK COVER

Guide to Tabular Presentation
Statistical Releases: Reference

U.S. STATISTICS

- A2 *Member bank reserves, Reserve Bank credit, and related items*
- A5 *Federal funds—Money market banks*
- A6 *Reserve Bank interest rates*
- A7 *Reserve requirements*
- A8 *Maximum interest rates; margin requirements*
- A9 *Open market account*
- A10 *Federal Reserve Banks*
- A11 *Bank debits*
- A12 *Money stock*
- A13 *Bank reserves; bank credit*
- A14 *Commercial banks, by classes*
- A18 *Weekly reporting banks*
- A23 *Business loans of banks*
- A24 *Demand deposit ownership*
- A25 *Loan sales by banks*
- A25 *Open market paper*
- A26 *Interest rates*
- A29 *Security markets*
- A29 *Stock market credit*
- A30 *Savings institutions*

- A32 *Federal finance*
- A34 *U.S. Government securities*
- A37 *Federally sponsored credit agencies*
- A38 *Security issues*
- A40 *Business finance*
- A42 *Real estate credit*
- A45 *Consumer credit*
- A48 *Industrial production*
- A50 *Business activity*
- A50 *Construction*
- A52 *Labor force, employment, and unemployment*
- A53 *Consumer prices*
- A53 *Wholesale prices*
- A54 *National product and income*
- A56 *Flow of funds*

INTERNATIONAL STATISTICS

- A58 *U.S. balance of payments*
- A59 *Foreign trade*
- A59 *U.S. reserve assets*
- A60 *Gold reserves of central banks and governments*
- A61 *International capital transactions of the United States*
- A74 *Open market rates*
- A75 *Central bank rates*
- A75 *Foreign exchange rates*

- A82 INDEX TO STATISTICAL TABLES

MEMBER BANK RESERVES, FEDERAL RESERVE BANK CREDIT, AND RELATED ITEMS

(In millions of dollars)

Period or date	Factors supplying reserve funds									
	Reserve Bank credit outstanding							Gold stock	Special Drawing Rights certificate account	Treasury currency outstanding
	U.S. Govt. securities ¹			Loans	Float	Other F.R. assets	Total ³			
	Total	Bought outright ²	Held under repurchase agreement							
Averages of daily figures										
1969—Dec.....	57,500	57,295	205	1,086	3,235	2,204	64,100	10,367	.....	6,841
1970—Dec.....	61,688	61,310	378	321	3,570	1,032	66,708	11,105	400	7,145
1971—Dec.....	69,158	68,868	290	107	3,905	982	74,255	10,132	400	7,611
1972—Dec.....	71,094	70,790	304	1,049	3,479	1,138	76,851	10,410	400	8,293
1973—Dec.....	79,701	78,833	868	1,298	3,414	1,079	85,642	11,567	400	8,668
1974—Dec.....	86,679	85,202	1,477	703	2,734	3,129	93,967	11,630	400	9,179
1975—Aug.....	86,829	86,348	481	211	1,691	2,953	92,395	11,604	500	9,721
Sept.....	89,191	87,531	1,660	396	1,823	3,060	95,277	11,599	500	9,797
Oct.....	90,476	89,547	929	191	1,945	3,521	96,931	11,599	500	9,877
Nov.....	90,934	89,560	1,374	61	2,480	3,481	97,817	11,599	500	10,010
Dec.....	92,108	91,225	883	127	3,029	3,534	99,651	11,599	500	10,094
1976—Jan.....	92,998	91,524	1,474	79	2,684	3,505	100,172	11,599	500	10,177
Feb.....	94,610	92,812	1,798	76	2,375	3,384	101,369	11,599	500	10,267
Mar.....	94,880	93,503	1,377	58	2,204	3,412	101,336	11,599	500	10,436
Apr.....	93,243	92,187	1,056	44	2,236	4,144	100,317	11,599	500	10,501
May.....	95,967	94,049	1,918	121	2,071	4,051	102,951	11,599	500	10,552
June.....	95,592	94,289	1,303	120	2,678	4,069	103,106	11,598	530	10,623
July.....	97,105	96,210	895	123	2,721	4,375	104,799	11,598	700	10,648
Aug. ^p	98,458	96,058	2,400	104	2,554	3,739	105,435	11,598	700	10,692
Week ending—										
1976—June 2.....	95,992	93,903	2,089	242	1,962	3,795	102,717	11,598	500	10,580
9.....	90,962	90,962	.....	93	2,938	3,799	98,214	11,598	500	10,609
16.....	93,804	93,520	284	49	2,508	4,251	101,056	11,598	500	10,616
23.....	97,152	95,652	1,500	165	2,535	4,092	104,741	11,598	514	10,634
30.....	101,294	97,496	3,798	165	2,327	4,150	108,925	11,598	614	10,630
July 7.....	99,935	97,531	2,404	126	2,461	4,566	107,883	11,598	700	10,641
14.....	95,804	95,804	.....	176	3,448	4,460	104,239	11,598	700	10,641
21.....	96,359	95,988	371	59	2,680	4,579	104,046	11,598	700	10,656
28.....	96,352	95,794	558	159	2,471	4,087	103,424	11,598	700	10,664
Aug. 4.....	98,096	95,387	2,709	157	2,450	4,020	105,395	11,598	700	10,658
11.....	94,828	94,828	.....	122	2,513	4,239	102,015	11,598	700	10,681
18 ^p	97,336	95,714	1,622	85	2,777	3,587	104,254	11,598	700	10,695
25 ^p	101,312	96,996	4,316	67	2,412	3,388	107,882	11,598	700	10,698
End of month										
1976—June.....	101,528	97,380	4,148	314	3,577	4,233	110,679	11,598	700	10,573
July.....	97,524	95,316	2,208	48	2,211	3,946	104,385	11,598	700	10,602
Aug. ^p	100,949	96,660	4,289	64	2,076	3,665	107,562	11,598	700	10,715
Wednesday										
1976—June 2.....	91,425	91,425	.....	166	2,705	4,002	98,718	11,598	500	10,596
9.....	90,054	90,054	.....	351	2,856	3,819	97,492	11,598	500	10,609
16.....	96,142	94,155	1,987	61	3,570	3,965	104,415	11,598	500	10,623
23.....	97,459	96,803	656	837	3,025	4,155	106,174	11,598	600	10,639
30.....	101,528	97,380	4,148	314	3,577	4,233	110,679	11,598	700	10,573
July 7.....	98,386	96,985	1,401	71	3,038	4,538	106,593	11,598	700	10,641
14.....	96,809	96,809	.....	1,013	3,862	4,400	106,427	11,598	700	10,644
21.....	96,286	96,286	.....	125	3,546	4,411	104,708	11,598	700	10,661
28.....	98,125	95,247	2,878	676	2,965	3,941	106,157	11,598	700	10,667
Aug. 4.....	100,262	95,341	4,921	770	3,596	4,088	109,515	11,598	700	10,667
11.....	92,795	92,795	.....	599	3,367	4,209	101,270	11,598	700	10,692
18 ^p	101,719	96,220	5,499	286	3,558	3,105	109,352	11,598	700	10,698
25 ^p	100,787	97,607	3,180	70	2,967	4,041	108,414	11,598	700	10,698

¹ Includes Federal agency issues held under repurchase agreements beginning Dec. 1, 1966, and Federal agency issues bought outright beginning Sept. 29, 1971.

² Includes, beginning 1969, securities loaned—fully guaranteed by U.S. Govt. securities pledged with F.R. Banks—and excludes (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.

³ Includes acceptances. For holdings of acceptances on Wed. and end-of-month dates, see p. A-10.

⁴ Beginning July 1973, this item includes certain deposits of domestic nonmember banks and foreign-owned banking institutions held with member banks and redeposited in full with F.R. Banks in connection

Notes continued on opposite page.

MEMBER BANK RESERVES, FEDERAL RESERVE BANK CREDIT, AND RELATED ITEMS—Continued

(In millions of dollars)

Factors absorbing reserve funds									Period or date
Currency in circulation	Treasury cash holdings	Deposits, other than member bank reserves with F.R. Banks			Other F.R. liabilities and capital	Member bank reserves		Total ⁶	
		Treasury	Foreign	Other ⁴		With F.R. Banks	Currency and coin ⁵		
Averages of daily figures									
53,591	656	1,194	146	458	2,192	23,071	4,960	28,031	..... 1969—Dec.
57,013	427	849	145	735	2,265	23,925	5,340	29,265	..... 1970—Dec.
61,060	453	1,926	290	728	2,287	25,653	5,676	31,329	..... 1971—Dec.
66,060	350	1,449	272	631	2,362	24,830	6,095	31,353	..... 1972—Dec.
71,646	323	1,892	406	717	2,942	28,352	6,635	35,068	..... 1973—Dec.
78,951	220	1,741	357	874	3,266	29,767	7,174	36,941	..... 1974—Dec.
81,758	358	2,207	269	711	3,135	27,442	7,213	34,655	..... 1975—July
81,822	368	1,818	274	660	3,096	27,183	7,299	34,482	..... Aug.
81,907	362	3,415	308	798	3,169	27,215	7,431	34,646	..... Sept.
82,215	387	4,940	271	632	3,208	27,254	7,313	34,567	..... Oct.
83,740	415	4,333	297	649	3,276	27,215	7,356	34,571	..... Nov.
85,810	452	3,955	259	906	3,247	27,215	7,773	34,989	..... Dec.
84,002	527	8,811	280	716	3,231	26,168	7,646	33,953	..... 1976—Feb.
85,014	511	7,653	264	810	3,252	26,366	7,456	33,967	..... Mar.
86,565	524	5,211	254	815	3,203	26,345	7,568	34,063	..... Apr.
87,389	507	7,215	286	655	3,314	26,236	7,838	34,228	..... May
88,547	510	6,778	252	784	3,275	25,711	7,903	33,774	..... June
89,423	469	7,404	262	945	3,310	25,933	8,064	34,146	..... July
89,548	456	7,797	275	979	3,326	26,043	7,988	34,181	..... Aug. ^p
Week ending—									
87,890	488	6,777	275	716	3,416	25,834	7,833	33,825	..... 1976—June 2
88,601	503	2,951	255	669	3,056	24,885	8,082	33,127	..... 9
88,765	507	4,050	261	1,031	3,187	25,970	7,841	33,971	..... 16
88,527	513	8,348	243	723	3,333	25,801	7,633	33,594	..... 23
88,358	511	11,788	251	699	3,535	26,629	8,077	34,866	..... 30
89,231	510	10,415	257	1,025	3,232	26,153	8,220	34,521	..... July 7
89,971	476	7,121	255	772	3,212	25,370	8,400	33,919	..... 14
89,582	443	5,622	282	945	3,286	26,842	7,429	34,420	..... 21
89,077	456	6,218	250	1,043	3,427	25,915	8,155	34,219	..... 28
89,226	443	7,623	288	1,023	3,398	26,351	8,190	34,691	..... Aug. 4
89,759	439	5,416	224	934	3,136	25,088	8,324	33,562	..... 11
89,897	436	6,067	352	909	3,253	26,334	7,950	34,435	..... 18 ^p
89,484	432	10,135	240	943	3,394	26,248	7,554	33,953	..... 25 ^p
End of month									
88,878	480	11,972	349	847	3,564	27,460	8,077	35,697	..... June
88,948	454	8,739	295	953	3,525	24,371	8,190	32,712	..... July
89,524	450	10,795	254	962	3,716	24,874	8,010	33,033	..... Aug. ^p
Wednesday									
88,520	513	6,128	235	849	3,002	22,165	7,833	30,157	..... 1976—June 2
88,987	495	2,496	238	637	3,112	24,234	8,082	32,476	..... 9
88,896	510	5,763	235	787	3,273	27,672	7,841	35,673	..... 16
88,594	507	11,052	254	740	3,378	24,485	7,633	32,278	..... 23
88,878	480	11,972	349	847	3,564	27,460	8,077	35,697	..... 30
90,014	492	7,478	260	800	3,134	27,354	8,220	35,722	..... July 7
90,120	446	6,987	234	743	3,246	27,593	8,400	36,142	..... 14
89,529	431	5,042	277	1,142	3,309	27,937	7,429	35,515	..... 21
89,297	432	6,320	227	1,134	3,523	28,189	8,155	36,493	..... 28
89,662	427	5,856	264	1,063	3,145	32,062	8,190	40,402	..... Aug. 4
90,181	431	4,666	199	921	3,136	24,726	8,324	33,200	..... 11
89,961	419	9,323	222	815	3,390	28,218	7,950	36,319	..... 18 ^p
89,513	419	10,167	219	1,873	3,512	25,707	7,554	33,412	..... 25 ^p

with voluntary participation by nonmember institutions in the F.R. System's program of credit restraint.

As of Dec. 12, 1974, the amount of voluntary nonmember bank and foreign-agency and branch deposits at F.R. Banks that are associated with marginal reserves are no longer reported. However, two amounts are reported: (1) deposits voluntarily held as reserves by agencies and branches of foreign banks operating in the United States; and (2) Euro-dollar liabilities.

³ Part allowed as reserves Dec. 1, 1959—Nov. 23, 1960; all allowed thereafter. Beginning Jan. 1963, figures are estimated except weekly averages. Beginning Sept. 12, 1968, amount is based on close-of-business figures for reserve period 2 weeks previous to report date.

⁶ Beginning with week ending Nov. 15, 1972, includes \$450 million of

reserve deficiencies on which F.R. Banks were allowed to waive penalties for transition period associated with bank adaptation to Regulation J, as amended effective Nov. 9, 1972. For 1973, allowable deficiencies included are (beginning with first statement week of quarter): Q1, \$279 million; Q2, \$172 million; Q3, \$112 million; Q4, \$84 million. For 1974, Q1, \$67 million, Q2, \$58 million. Transition period ended after 1974, Q2.

Beginning with week ending Nov. 19, 1975, 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 other notes see opposite page.

RESERVES AND BORROWINGS OF MEMBER BANKS

(In millions of dollars)

Period	All member banks					Large banks ²						All other banks	
	Reserves			Borrowings		New York City		City of Chicago		Other			
	Total held ¹	Re-quired	Excess ¹	Total	Seasonal	Excess	Borrow-ings	Excess	Borrow-ings	Excess	Borrow-ings	Excess	Borrow-ings
1965—Dec.....	22,719	22,267	452	454	.....	41	111	15	23	67	228	330	92
1967—Dec.....	25,260	24,915	345	238	.....	18	40	8	13	50	105	267	80
1968—Dec.....	27,221	26,766	455	765	.....	100	230	15	85	90	270	250	180
1969—Dec.....	28,031	27,774	257	1,086	.....	56	259	18	27	6	479	177	321
1970—Dec.....	29,265	28,993	272	321	.....	34	25	7	4	42	264	189	28
1971—Dec.....	31,329	31,164	165	107	.....	25	35	1	8	-35	22	174	42
1972—Dec.....	31,353	31,134	219	1,049	.....	-20	301	13	55	-42	429	-160	264
1973—Dec.....	35,068	34,806	262	1,298	41	-23	74	43	28	28	761	133	435
1974—Dec.....	36,941	36,602	339	703	32	132	80	5	18	39	323	163	282
1975—Aug.....	34,482	34,265	217	211	38	-18	14	5	1	98	51	132	145
Sept.....	34,646	34,447	199	396	61	17	68	27	2	23	141	132	185
Oct.....	34,567	34,411	156	191	65	42	31	-23	.....	3	32	134	128
Nov.....	34,571	34,281	290	61	28	50	7	34	.....	42	5	164	49
Dec.....	34,989	34,727	262	127	13	64	63	-18	.....	89	26	127	38
1976—Jan.....	35,575	35,366	209	79	9	52	9	-18	17	3	13	172	40
Feb.....	33,953	33,939	14	76	11	-147	20	-14	1	-2	16	177	39
Mar.....	33,967	33,531	436	58	8	177	21	36	2	108	14	115	21
Apr.....	34,063	33,974	89	44	11	2	.....	-4	8	-47	15	138	21
May.....	34,228	33,846	382	121	11	13	29	-69	2	297	33	141	57
June.....	33,774	33,657	117	120	20	22	26	91	7	-125	22	129	65
July.....	34,146	34,076	70	123	24	-41	37	-18	13	-27	11	156	62
Aug. ^p	34,181	33,846	335	104	28	-7	28	21	6	-82	20	117	50
Week ending—													
1975—Aug. 6.....	34,553	34,354	199	180	29	13	.....	10	.....	31	14	145	166
13.....	34,163	34,147	16	179	35	-46	47	-22	6	-45	18	129	108
20.....	34,629	34,418	211	204	37	-4	.....	19	.....	73	77	123	127
27.....	34,470	34,174	296	272	40	127	15	-7	.....	48	87	128	170
1976—Feb. 4.....	35,069	34,652	417	57	12	94	.....	-14	.....	139	16	198	41
11.....	33,779	33,729	50	51	12	-83	.....	20	.....	-31	14	144	37
18.....	34,540	34,040	500	56	10	180	.....	-7	4	95	10	232	42
25.....	33,656	33,773	-117	148	10	-157	82	-5	.....	-43	24	88	42
Mar. 3.....	34,088	33,678	410	85	8	98	31	11	11	122	14	179	29
10.....	33,379	33,276	103	48	8	53	26	-18	.....	-67	3	135	19
17.....	33,710	33,509	201	40	8	26	.....	21	.....	13	22	141	18
24.....	33,562	33,451	111	78	8	-27	36	-13	.....	70	23	81	19
31.....	34,236	33,838	398	36	10	105	.....	10	.....	109	14	174	22
Apr. 7.....	33,587	33,464	123	24	11	-13	.....	-16	.....	17	4	135	20
14.....	33,762	33,589	173	61	10	29	.....	8	15	-15	32	151	14
21.....	34,447	34,317	130	40	10	-4	.....	-22	18	41	2	115	20
28.....	34,384	34,272	112	54	11	16	.....	27	.....	-43	26	112	28
May 5.....	35,296	34,855	441	30	11	65	3	6	.....	216	.....	154	27
12.....	33,720	33,753	-33	55	9	-43	34	3	3	-112	2	119	16
19.....	34,136	33,891	245	122	11	40	40	-14	6	80	34	139	42
26.....	33,597	33,519	78	136	12	-53	53	30	.....	10	32	91	51
June 2.....	33,825	33,372	453	242	17	60	.....	-15	14	244	79	164	149
9.....	33,127	33,197	-70	93	14	-42	36	-13	17	-153	5	138	35
16.....	33,971	33,400	571	49	16	118	.....	68	.....	210	11	175	38
23.....	33,594	33,774	-180	165	21	-106	62	-30	.....	-134	45	90	58
30.....	34,866	34,341	525	165	28	95	14	37	.....	213	24	180	127
July 7.....	34,521	33,959	562	126	26	317	21	50	.....	22	1	173	104
14.....	33,919	33,890	29	176	23	-93	78	-28	57	24	3	126	38
21.....	34,420	34,192	228	59	23	88	.....	19	.....	-20	10	141	49
28.....	34,219	34,187	32	159	27	-129	63	-6	.....	52	33	115	63
Aug. 4.....	34,691	34,255	436	157	22	86	86	53	.....	113	16	184	55
11.....	33,562	33,598	-36	122	26	-74	41	-38	24	-53	18	129	39
18 ^p	34,435	34,063	372	85	30	57	.....	23	2	-120	37	183	46
25 ^p	33,953	33,705	248	67	30	-182	.....	-103	.....	-123	16	99	51

¹ Beginning with week ending Nov. 15, 1972, includes \$450 million of reserve deficiencies on which F.R. Banks are allowed to waive penalties for a transition period in connection with bank adaptation to Regulation J as amended effective Nov. 9, 1972. Beginning 1973, allowable deficiencies included are (beginning with first statement week of quarter): Q1, \$279 million; Q2, \$172 million; Q3, \$112 million; Q4, \$84 million. Beginning 1974, Q1, \$67 million; Q2, \$58 million. Transition period ended after second quarter, 1974. For weeks for which figures are preliminary, figures by class of bank do not add to the total because adjusted data by class are not available.

Beginning with week ending Nov. 19, 1975, 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.

² Beginning Nov. 9, 1972, designation of banks as reserve city banks for reserve-requirement purposes has been based on size of bank (net demand deposits of more than \$400 million), as described in the BULLETIN for July 1972, p. 626. Categories shown here as "Large" and "All other" parallel the previous "Reserve city" and "Country" categories, respectively (hence the series are continuous over time).

NOTE.—Monthly and weekly data are averages of daily figures within the month or week, respectively.

Borrowings at F. R. Banks: Based on closing figures.

Effective Apr. 19, 1973, the Board's Regulation A, which governs lending by F.R. Banks, was revised to assist smaller member banks to meet the seasonal borrowing needs of their communities.

BASIC RESERVE POSITION, AND FEDERAL FUNDS AND RELATED TRANSACTIONS

(In millions of dollars, except as noted)

Reporting banks and week ending—	Basic reserve position					Interbank Federal funds transactions					Related transactions with U.S. Govt. securities dealers		
	Excess reserves ¹	Less—		Net surplus, or deficit (-)		Gross transactions		Total two-way transactions ²	Net transactions		Loans to dealers ³	Borrowings from dealers ⁴	Net loans
		Borrowings at F.R. Banks	Net inter-bank Federal funds trans.	Amount	Per cent of avg. required reserves	Purchases	Sales		Purchases of net buying banks	Sales of net selling banks			
<i>Total—46 banks</i>													
1976—July 7.....	552	21	13,296	-12,766	85.5	20,637	7,341	4,668	15,969	2,673	2,448	997	1,451
14.....	18	135	16,941	-17,059	112.8	22,289	5,348	4,043	18,247	1,305	3,260	606	2,654
21.....	60	9	13,692	-13,641	90.0	20,241	6,549	4,472	15,769	2,077	2,549	935	1,614
28.....	3	66	12,617	-12,680	84.8	18,938	6,321	4,227	14,711	2,094	2,259	1,327	933
Aug. 4.....	178	95	12,589	-12,506	82.3	19,498	6,909	4,615	14,883	2,294	2,202	1,357	845
11.....	-58	75	16,357	-16,490	111.4	22,636	6,279	4,326	18,310	1,952	3,337	1,168	2,169
18.....	55	14	15,043	-15,002	99.0	21,530	6,487	4,408	17,122	2,079	2,734	1,392	1,342
25.....	145	.....	13,555	-13,410	91.8	20,425	6,869	4,362	16,063	2,507	2,319	1,321	998
<i>8 in New York City</i>													
1976—July 7.....	430	21	5,414	-5,006	84.0	6,105	691	691	5,414	.....	1,684	357	1,327
14.....	1	78	5,881	-5,958	98.4	6,172	291	291	5,881	.....	1,884	272	1,612
21.....	68	.....	3,985	-3,917	65.5	4,873	888	695	4,178	193	1,665	378	1,287
28.....	-53	57	3,695	-3,805	64.3	4,513	819	819	3,695	.....	1,474	207	1,268
Aug. 4.....	3	86	3,514	-3,598	59.0	4,712	1,198	1,195	3,518	3	1,290	309	981
11.....	-45	41	5,083	-5,170	87.5	5,886	803	803	5,083	.....	1,910	301	1,609
18.....	56	.....	4,630	-4,575	75.0	5,487	857	856	4,631	.....	1,783	228	1,556
25.....	41	.....	4,510	-4,469	76.8	5,216	706	706	4,510	.....	1,580	322	1,258
<i>38 outside New York City</i>													
1976—July 7.....	122	.....	7,882	-7,760	86.6	14,532	6,650	3,977	10,555	2,673	764	640	124
14.....	17	57	11,060	-11,101	122.4	16,117	5,057	3,752	12,366	1,305	1,376	335	1,041
21.....	-8	9	9,706	-9,724	106.0	15,368	5,662	3,777	11,591	1,884	883	557	327
28.....	56	9	8,922	-8,875	98.2	14,425	5,503	3,409	11,016	2,094	785	1,120	-335
Aug. 4.....	176	9	9,075	-8,908	97.9	14,786	5,711	3,420	11,365	2,291	912	1,048	-136
11.....	-13	34	11,274	-11,321	127.3	16,750	5,475	3,523	13,226	1,952	1,427	867	561
18.....	-1	14	10,413	-10,428	115.3	16,043	5,630	3,552	12,491	2,079	951	1,165	-214
25.....	104	.....	9,045	-8,941	101.7	15,209	6,164	3,656	11,553	2,507	739	999	-260
<i>5 in City of Chicago</i>													
1976—July 7.....	75	.....	4,711	-4,636	297.1	5,557	845	825	4,732	21	272	233	40
14.....	-17	57	5,935	-6,008	370.3	6,469	535	534	5,935	.....	368	33	335
21.....	20	.....	5,789	-5,769	350.0	6,541	753	753	5,789	.....	355	227	128
28.....	8	.....	5,411	-5,403	353.0	6,038	627	627	5,411	.....	304	501	-197
Aug. 4.....	65	.....	5,430	-5,364	355.0	6,037	607	607	5,430	.....	345	450	-105
11.....	-13	24	6,248	-6,284	417.0	6,808	560	560	6,248	.....	459	413	46
18.....	11	2	5,661	-5,652	361.0	6,291	630	615	5,676	16	306	444	-138
25.....	31	.....	5,267	-5,237	350.3	5,902	635	606	5,296	29	244	525	-281
<i>33 others</i>													
1976—July 7.....	48	.....	3,171	-3,123	42.2	8,976	5,805	3,152	5,823	2,652	492	408	84
14.....	33	.....	5,126	-5,092	68.4	9,648	4,522	3,217	6,431	1,305	1,008	301	707
21.....	-28	9	3,918	-3,955	52.6	8,827	4,909	3,025	5,802	1,884	529	330	199
28.....	48	9	3,511	-3,472	46.3	8,387	4,875	2,781	5,605	2,094	481	619	-138
Aug. 4.....	111	9	3,645	-3,544	46.7	8,749	5,104	2,813	5,936	2,291	567	597	-31
11.....	-1	10	5,026	-5,037	68.2	9,942	4,915	2,963	6,979	1,952	968	453	515
18.....	-12	12	4,752	-4,776	63.8	9,752	5,000	2,937	6,815	2,063	645	720	-75
25.....	74	.....	3,778	-3,705	50.8	9,307	5,529	3,050	6,257	2,478	495	473	21

¹ Based upon reserve balances, including all adjustments applicable to the reporting period. Prior to Sept. 25, 1968, carryover reserve deficiencies, if any, were deducted. Excess reserves for later periods are net of all carryover reserves. Beginning with week ending Jan. 7, 1976, adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy change 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 weekly average purchases and sales are offsetting.

³ Federal funds loaned, net funds supplied to each dealer by clearing

banks, repurchase agreements (purchases of securities from dealers subject to resale), or other lending arrangements.

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

NOTE.—Weekly averages of daily figures. For description of series and back data, see Aug. 1964 BULLETIN, pp. 944-74. Revised data for Jan. 1976 may be obtained from the Public Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

CURRENT RATES

(Per cent per annum)

Federal Reserve Bank	Loans to member banks—									Loans to all others under last par. Sec. 13 ⁴		
	Under Secs. 13 and 13a ¹			Under Sec. 10(b) ²								
				Regular rate			Special rate ³					
	Rate on 8/31/76	Effective date	Previous rate	Rate on 8/31/76	Effective date	Previous rate	Rate on 8/31/76	Effective date ³	Previous rate	Rate on 8/31/76	Effective date	Previous rate
Boston	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
New York	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Philadelphia	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Cleveland	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Richmond	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Atlanta	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Chicago	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
St. Louis	5½	1/23/76	6	6	1/23/76	6½	6½	1/23/76	7	8½	1/23/76	9
Minneapolis	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Kansas City	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
Dallas	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9
San Francisco	5½	1/19/76	6	6	1/19/76	6½	6½	1/19/76	7	8½	1/19/76	9

¹ Discounts of eligible paper and advances secured by such paper or by U.S. Govt. obligations or any other obligations eligible for F.R. Bank purchase.

² Advances secured to the satisfaction of the F.R. Bank. Advances secured by mortgages on 1- to 4-family residential property are made at the Section 13 rate.

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

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

SUMMARY OF EARLIER CHANGES

(Per cent per annum)

Effective date	Range (or level) All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level) All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level) All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1955	2½	2½	1964—Nov. 24, 30	3½-4	4	1971—Nov. 11, 19	4¾-5	5
1956—Apr. 13, 20, Aug. 24, 31	2½-3	2¾	1965—Dec. 6, 13	4 -4½	4½	Dec. 13, 17, 24	4½-4¾	4½
1957—Aug. 9, 23, Nov. 15, Dec. 2	3 -3½	3	1967—Apr. 7, 14, Nov. 20, 27	4 -4½	4	1973—Jan. 15, Feb. 26, Mar. 2, Apr. 23, May 4, 11, 18, June 11, 15, July 2, Aug. 14, 23	5 -5½	5½
1958—Jan. 22, 24, Mar. 7, 13, 21, Apr. 18, May 9, Aug. 15, Sept. 12, 23, Oct. 24, Nov. 7	2¾-3	3	1968—Mar. 15, 22, Apr. 19, 26, Aug. 16, 30, Dec. 18, 20	4½-5	5	May 11, 18, June 11, 15, July 2, Aug. 14, 23	5¾-6	6
1959—Mar. 6, 16, May 29, June 12, Sept. 11, 18	2½-3	3	1969—Apr. 4, 8	5½-6	6	1974—Apr. 25, 30, Dec. 9, 16	7½-8	8
1960—June 3, 10, 14, Aug. 12, Sept. 9	3 -3½	3½	1970—Nov. 11, 13, 16, Dec. 1, 4, 11	5¾-6	6	1975—Jan. 6, 10, 24, Feb. 5, 7, Mar. 10, 14, May 16, 23	7¾-8	8
1963—July 17, 26	3 -3½	3½	1971—Jan. 8, 15, 19, 22, 29, Feb. 13, 19, July 16, 23	5½-5¾	5½	1976—Jan. 19, 23	7¼-7¾	7¾

NOTE.—Rates under Secs. 13 and 13a (as described in table and notes above). For data before 1956, see *Banking and Monetary Statistics*, 1943, pp. 439-42, and Supplement to Section 12, p. 31.

RESERVE REQUIREMENTS ON DEPOSITS OF MEMBER BANKS

(Deposit intervals are in millions of dollars. Requirements are in per cent of deposits.)

Effective date ¹	Net demand ²				Time ³ (all classes of banks)		
	Reserve city		Other		Savings	Other time	
	0-5	Over 5	0-5	Over 5		0-5	Over 5
In effect Jan. 1, 1963.....	16½		12			4	
1966—July 14, 21.....					4	4	5
Sept. 8, 15.....							6
1967—Mar. 2.....					3½	3½	
Mar. 16.....					3	3	
1968—Jan. 11, 18.....	16½	17	12	12½			
1969—Apr. 17.....	17	17½	12½	13			
1970—Oct. 1.....							5

Beginning Nov. 9, 1972

Effective date	Net demand ^{2,4}					Savings	Time ³					
	0-2	2-10	10-100	100-400	Over 400		Other time					
							0-5, maturing in—			Over 5 ⁵ , maturing in—		
						30-179 days	180 days to 4 years	4 years or more	30-179 days	180 days to 4 years	4 years or more	
1972—Nov. 9.....	8	10	12	6 16½	17½	7 3	7 3			7 5		
Nov. 16.....				13								
1973—July 19.....		10½	12½	13½	18							
1974—Dec. 12.....					17½				6	3		
1975—Feb. 13.....	7½	10	12	13	16½							
Oct. 30.....						3		8 1		3	8 1	
1976—Jan. 8.....						3	8 2½			8 2½		
In effect August 31, 1976..	7½	10	12	13	16½	3	3	8 2½	8 1	6	8 2½ 8 1	

Present legal limits:

	Minimum	Maximum
Net demand deposits, reserve city banks.....	10	22
Net demand deposits, other banks.....	7	14
Time deposits.....	3	10

¹ When two dates are shown, the first applies to the change at reserve city banks and the second to the change at country banks. For changes prior to 1963 see Board's *Annual Reports*.

² (a) 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) Requirement schedules are graduated, and each deposit interval applies to that part of the deposits of each bank.

(c) Since Oct. 16, 1969, member banks have been required under Regulation M to maintain reserves against foreign branch deposits computed on the basis of net balances due from domestic offices to their foreign branches and against foreign branch loans to U.S. residents. Since June 21, 1973, loans aggregating \$100,000 or less to any U.S. resident have been excluded from computations, as have total loans of a bank to U.S. residents if not exceeding \$1 million. Regulation D imposes a similar reserve requirement on borrowings from foreign banks by domestic offices of a member bank. The reserve percentage applicable to each of these classifications is 4 per cent. The requirement was 10 per cent originally, was increased to 20 per cent on Jan. 7, 1971, was reduced to 8 per cent effective June 21, 1973, and was reduced to the current 4 per cent effective May 22, 1975. Initially certain base amounts were exempted in the computation of the requirements, but effective Mar. 14, 1974, the last of these reserve-free bases were eliminated. For details, see Regulations D and M.

³ Effective Jan. 5, 1967, time deposits such as Christmas and vacation club accounts became subject to same requirements as savings deposits. Beginning Nov. 10, 1975, profitmaking businesses may maintain savings deposits of \$150,000 or less at member banks. For details of 1975 action, see Regulations D and Q, and also BULLETINS for Oct. 1975, p. 708, and Nov. 1975, p. 769.

Notes 2(b) and 2(c) above are also relevant to time deposits.

⁴ Effective Nov. 9, 1972, a new criterion was adopted to designate reserve cities, and on the same date requirements for reserves against net demand deposits of member banks were restructured to provide that each

member bank will maintain reserves related to the size of its net demand deposits. The new reserve city designations are as follows: A bank having net demand deposits of more than \$400 million is considered to have the character of business of a reserve city bank, and the presence of the head office of such a bank constitutes designation of that place as a reserve city. Cities in which there are F.R. Banks or branches are also reserve cities. Any banks having net demand deposits of \$400 million or less are considered to have the character of business of banks outside of reserve cities and are permitted to maintain reserves at ratios set for banks not in reserve cities. For details, see Regulation D and appropriate supplements and amendments.

⁵ A marginal reserve requirement was in effect between June 21, 1973, and Dec. 11, 1974, against increases in the aggregate of the following types of obligations: (a) outstanding time deposits of \$100,000 or more, (b) outstanding funds obtained by the bank through issuance by a bank's affiliate of obligations subject to existing reserve requirements on time deposits, and (c) beginning July 12, 1973, funds from sales of finance bills. The requirement applied to balances above a specified base, but was not applicable to banks having obligations of these types aggregating less than \$10 million. For details, including percentages and maturity classifications, see "Announcements" in BULLETINS for May, July, Sept., and Dec. 1973 and Sept. and Nov. 1974.

⁶ The 16½ per cent requirement applied for one week, only to former reserve city banks. For other banks, the 13 per cent requirement was continued in this deposit interval.

⁷ See columns above for earliest effective date of this rate.

⁸ The average of reserves on savings and other time deposits must be at least 3 per cent, the minimum specified by law. For details, see Regulation D.

NOTE.—Required reserves must be held in the form of deposits with F.R. Banks or vault cash.

MAXIMUM INTEREST RATES PAYABLE ON TIME AND SAVINGS DEPOSITS

(Per cent per annum)

Rates July 20, 1966—June 30, 1973					Rates beginning July 1, 1973				
Type and size of deposit	Effective date				Type and size of deposit	Effective date			
	July 20, 1966	Sept. 26, 1966	Apr. 19, 1968	Jan. 21, 1970		July 1, 1973	Nov. 1, 1973	Nov. 27, 1974	Dec. 23, 1974
Savings deposits.....	4	4	4	4½	Savings deposits.....	5	5	5	5
Other time deposits: ¹					Other time deposits (multiple- and single-maturity): ^{1, 2}				
Multiple maturity: ²					Less than \$100,000: ³				
30-89 days.....	4	4	4	4½	30-89 days.....	5	5	5	5
90 days to 1 year.....	5	5	5	5½	90 days to 1 year.....	5½	5½	5½	5½
1-2 years.....					6	6	6	6	
2 years or more.....					6½	6½	6½	6½	
Single-maturity: ³					2½ years or more.....	6½	6½	6½	6½
Less than \$100,000:					Minimum denomination of \$1,000: ⁴				
30 days to 1 year.....	5½	5	5	5	4-6 years.....	(3)	7¼	7¼	7¼
1-2 years.....					5½	5½	5½	5½	
2 years or more.....					5½	5½	5½	5½	
\$100,000 or more:					6 years or more.....	(3)	(3)	(3)	(3)
30-59 days.....	5½	5½	5½	6	Governmental units.....	(6)	(6)	7½	7½
60-89 days.....					5½	5½	5½	5½	
90-179 days.....					5½	5½	5½	5½	
180 days to 1 year.....					5½	5½	5½	5½	
1 year or more.....					5½	5½	5½	5½	

¹ For exceptions with respect to certain foreign time deposits, see BULLETIN for Feb. 1968, p. 167.
² Multiple-maturity time deposits include deposits that are automatically renewable at maturity without action by the depositor and deposits that are payable after written notice of withdrawal.
³ Maximum rates on all single-maturity time deposits in denominations of \$100,000 or more have been suspended. Rates that were effective Jan. 21, 1970, and the dates when they were suspended are:

30-59 days	6¼ per cent	June 24, 1970
60-89 days	6½ per cent	
90-179 days	6¾ per cent	May 16, 1973
180 days to 1 year	7 per cent	
1 year or more	7½ per cent	

5 per cent of its total time and savings deposits. Sales in excess of that amount were subject to the 6½ per cent ceiling that applies to time deposits maturing in 2½ years or more.
 Effective Nov. 1, 1973, a ceiling rate of 7¼ per cent was imposed on certificates maturing in 4 years or more with minimum denominations of \$1,000. There is no limitation on the amount of these certificates that banks may issue.
⁶ Prior to Nov. 27, 1974, no distinction was made between the time deposits of governmental units and of other holders, insofar as Regulation Q ceilings on rates payable were concerned. Effective Nov. 27, 1974, governmental units were permitted to hold savings deposits and could receive interest rates on time deposits with denominations under \$100,000 irrespective of maturity, as high as the maximum rate permitted on such deposits at any Federally insured depository institution.

Rates on multiple-maturity time deposits in denominations of \$100,000 or more were suspended July 16, 1973, when the distinction between single- and multiple-maturing deposits was eliminated.
⁴ Effective Dec. 4, 1975, the \$1,000 minimum denomination does not apply to time deposits representing funds contributed to an Individual Retirement Account established pursuant to 26 U.S.C. (I.R.C. 1954) §408.
⁵ Between July 1 and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of \$1,000. The amount of such certificates that a bank could issue was limited to

NOTE.—Maximum rates that may be paid by member banks are established by the Board of Governors under provisions of Regulation Q; however, a member bank may not pay a rate in excess of the maximum rate payable by State banks or trust companies on like deposits under the laws of the State in which the member bank is located. Beginning Feb. 1, 1936, maximum rates that may be paid by nonmember insured commercial banks, as established by the FDIC, have been the same as those in effect for member banks.
 For previous changes, see earlier issues of the BULLETIN.

MARGIN REQUIREMENTS
(Per cent of market value)

Period		For credit extended under Regulations T (brokers and dealers), U (banks), and G (others than brokers, dealers, or banks)						
Beginning date	Ending date	On margin stocks			On convertible bonds			On short sales (T)
		T	U	G	T	U	G	
1937—Nov. 1	1945—Feb. 4	40						50
1945—Feb. 5	July 4	50						50
July 5	1946—Jan. 20	75						75
1946—Jan. 21	1947—Jan. 31	100						100
1947—Feb. 1	1949—Mar. 29	75						75
1949—Mar. 30	1951—Jan. 16	50						50
1951—Jan. 17	1953—Feb. 19	75						75
1953—Feb. 20	1955—Jan. 3	50						50
1955—Jan. 4	Apr. 22	60						60
Apr. 23	1958—Jan. 15	70						70
1958—Jan. 16	Aug. 4	50						50
Aug. 5	Oct. 15	70						70
Oct. 16	1960—July 27	90						90
1960—July 28	1962—July 9	70						70
1962—July 10	1963—Nov. 5	50						50
1963—Nov. 6	1968—Mar. 10	70						70
1968—Mar. 11	June 7	70			50			70
June 8	1970—May 5	80			60			80
1970—May 6	1971—Dec. 3	65			50			65
1971—Dec. 6	1972—Nov. 22	55			50			55
1972—Nov. 24	1974—Jan. 2	65			50			65
Effective Jan. 3, 1974		50			50			50

NOTE.—Regulations G, T, and U, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended; margin requirements are the difference between the market value (100 per cent) and the maximum loan value. The term margin stocks is defined in the corresponding regulation. Regulation G and special margin requirements for bonds convertible into stocks were adopted by the Board of Governors effective Mar. 11, 1968.

TRANSACTIONS OF THE SYSTEM OPEN MARKET ACCOUNT

(In millions of dollars)

Period	Outright transactions in U.S. Govt. securities, by maturity (excluding matched sale-purchase transactions)														
	Treasury bills ¹			Others within 1 year ²			1-5 years			5-10 years			Over 10 years		
	Gross purchases	Gross sales	Redemptions	Gross purchases	Gross sales	Exch., maturity shifts, or redemptions	Gross purchases	Gross sales	Exch. or maturity shifts	Gross purchases	Gross sales	Exch. or maturity shifts	Gross purchases	Gross sales	Exch. or maturity shifts
1970.....	11,074	5,214	2,160	99		-3,483	848		5,430	249		-1,845	93		-102
1971.....	8,896	3,642	1,064	1,036		-6,462	1,338		4,672	933		685	311		150
1972.....	8,522	6,467	2,545	125		2,933	789		-1,405	539		-2,094	167		250
1973.....	15,517	4,880	3,405	1,396		-140	579		-2,028	500		895	129		87
1974.....	11,660	5,830	4,550	450		-1,314	797		-697	434		1,675	196		205
1975.....	11,562	5,599	6,431	3,886		-3,553	2,863		4,275	1,510		-4,697	1,070		848
1975—July.....		1,505	800												
Aug.....	312	282	400	2,002		-2,144	150		1,299	64		-1,444	47		300
Sept.....	2,118		200			278	562		-278	137			124		
Oct.....	1,263	766	400						-48						
Nov.....	983	652	919	43		-265	267		-135	155		300	244		100
Dec.....	1,984		200	31		28	118		-28	78			71		
1976—Jan.....	243	1,239	600	37			110			100			73		
Feb.....	1,664		389	40		-1,153	177		174	63		968	59		200
Mar.....	1,069	511	600	38		349	185	107	-349	63			24		
Apr.....	2,869	1,355	1,000	27		72	249	70	-72	51			38		
May.....	1,335	1,224	403			2,602			-3,105			418			85
June.....	2,719	524	350	83		-449	617		449	195			96		
July.....	279	1,413	875			59			-59						

Period	Total outright ¹			Matched sale-purchase transactions (U.S. Govt. securities)		Repurchase agreements (U.S. Govt. securities)		Net change in U.S. Govt. securities	Federal agency obligations			Bankers acceptances, net		Net change ³	
	Gross purchases	Gross sales	Redemptions	Gross sales	Gross purchases	Gross purchases	Gross sales		Gross purchases	Sales or redemptions	Repurchase agreements, net	Outright	Repurchase agreements		
	1970.....	12,362	5,214	2,160	12,177	12,177	33,859	33,859	4,988					-6		4,982
1971.....	12,515	3,642	2,019	16,205	16,205	44,741	43,519	8,076	485		101	22	181		8,866
1972.....	10,142	6,467	2,862	23,319	23,319	31,103	32,228	-312	1,197	370	-88	-9	-145		272
1973.....	18,121	4,880	4,592	45,780	45,780	74,755	74,795	8,610	865	239	29	-2	-36		9,227
1974.....	13,537	5,830	4,682	64,229	62,801	71,333	70,947	1,984	3,087	322	469	511	420		6,149
1975.....	20,892	5,599	9,559	151,205	152,132	140,311	139,538	7,434	1,616	246	-392	163	-35		8,539
1975—July.....		1,505	800	15,532	15,139	5,977	6,146	-2,866		2	-61	3			-2,926
Aug.....	2,574	282	2,389	14,234	13,730	8,146	6,881	663	353	40	90	-1	156		1,222
Sept.....	2,940		200	19,931	19,835	16,664	14,857	4,451	394	1	203	14	94		5,155
Oct.....	1,263	766	400	15,886	16,113	13,699	13,838	186	284		-124	49	50		445
Nov.....	1,693	652	919	14,442	15,207	14,342	17,275	-2,047		1	-169	-21	-300		-2,537
Dec.....	2,281		200	10,559	10,058	8,464	7,247	2,797			118	15	385		3,315
1976—Jan.....	563	1,239	600	11,407	11,503	18,135	14,919	2,037	239		187	5	98		2,567
Feb.....	2,003		200	7,551	7,957	17,753	20,943	-982	297	1	-236	-70	-109		-1,101
Mar.....	1,380	618	600	12,697	12,082	16,000	14,783	763			217	-138	-31		812
Apr.....	3,233	1,425	1,000	15,138	14,899	17,456	15,963	2,061			-155	-50	162		2,019
May.....	1,335	1,224	403	12,417	12,355	20,355	21,203	-1,202	240	20	22	-51	-69		-1,080
June.....	3,709	524	350	20,973	21,205	14,409	13,643	3,834		-22	123	-78	229		4,086
July.....	279	1,413	875	10,522	10,468	12,947	14,657	-3,773			-231	-31	-339		-4,375

¹ Before Nov. 1973 BULLETIN, included matched sale-purchase transactions, which are now shown separately.

² Includes special certificates acquired when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): June 1971, 955; Sept. 1972, 38; Aug. 1973, 351; Sept. 1973, 836; Nov. 1974, 131; Mar. 1975, 1,560; Aug. 1975, 1,989.

³ Net change in U.S. Govt. securities, Federal agency obligations, and bankers acceptances.

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

CONSOLIDATED STATEMENT OF CONDITION OF ALL FEDERAL RESERVE BANKS

(In millions of dollars)

Item	Wednesday					End of month		
	1976					1976		1975
	Aug. 25	Aug. 18	Aug. 11	Aug. 4	July 28	Aug. 31	July 31	Aug. 31
Assets								
Gold certificate account.....	11,598	11,598	11,598	11,598	11,598	11,598	11,598	11,598
Special Drawing Rights certificate account.....	700	700	700	700	700	700	700	500
Cash.....	364	360	349	351	347	365	361	363
Loans:								
Member bank borrowings.....	70	286	599	770	676	64	48	231
Other.....								
Acceptances:								
Bought outright.....	274	285	300	320	333	262	330	684
Held under repurchase agreements.....	275	399		479	117	546	326	156
Federal agency obligations:								
Bought outright.....	6,778	6,805	6,805	6,805	6,805	6,778	6,805	5,396
Held under repurchase agreements.....	107	111		166	140	141	46	90
U.S. Govt. securities:								
Bought outright:								
Bills.....	38,503	37,569	34,144	36,690	36,596	37,556	36,665	33,600
Certificates—Special.....								
Other.....								
Notes.....	45,915	45,499	45,749	45,749	45,749	45,915	45,749	42,812
Bonds.....	6,411	6,347	6,097	6,097	6,097	6,411	6,097	4,869
Total bought outright ¹	90,829	89,415	85,990	88,536	88,442	89,882	88,511	81,281
Held under repurchase agreements.....	3,073	5,388		4,755	2,738	4,148	2,162	1,265
Total U.S. Govt. securities.....	93,902	94,803	85,990	93,291	91,180	94,030	90,673	82,546
Total loans and securities.....	101,406	102,689	93,694	101,831	99,251	101,821	98,228	89,103
Cash items in process of collection.....	27,856	29,053	8,270	9,139	8,000	27,668	6,172	5,779
Bank premises.....	350	350	349	347	348	350	347	305
Operating equipment.....	22	22	20	18	18	22	18	2
Other assets:								
Denominated in foreign currencies.....	645	645	669	664	663	645	664	26
All other.....	3,024	2,088	3,171	3,059	2,912	2,648	2,917	2,679
Total assets.....	¥125,965	¥127,505	118,820	127,707	123,837	¥125,817	121,005	110,355
Liabilities								
F.R. notes.....	79,598	80,042	80,269	79,773	79,409	79,624	79,161	72,787
Deposits:								
Member bank reserves.....	¥25,707	¥28,218	24,726	32,062	28,189	¥24,874	24,371	26,484
U.S. Treasury—General account.....	10,167	9,323	4,666	5,856	6,320	10,795	8,739	2,349
Foreign.....	219	222	199	264	227	254	295	342
Other:								
All other ²	1,873	815	921	1,063	1,134	962	953	776
Total deposits.....	¥37,966	¥38,578	30,512	39,245	35,870	¥36,885	34,358	29,951
Deferred availability cash items.....	4,889	5,495	4,903	5,543	5,035	5,592	3,961	4,306
Other liabilities and accrued dividends.....	1,177	1,174	1,033	1,163	1,149	1,276	1,103	1,037
Total liabilities.....	¥123,630	¥125,289	116,717	125,724	121,463	¥123,377	118,583	108,081
Capital accounts								
Capital paid in.....	964	964	963	959	960	965	959	914
Surplus.....	929	929	929	929	929	929	929	897
Other capital accounts.....	442	323	211	95	485	546	534	463
Total liabilities and capital accounts.....	¥125,965	¥127,505	118,820	127,707	123,837	¥125,817	121,005	110,355
Marketable U.S. Govt. securities held in custody for foreign and international accounts.....	47,961	47,904	46,867	46,714	46,408	48,294	46,648	43,204
Federal Reserve Notes—Federal Reserve Agents' Accounts								
F.R. notes outstanding (issued to Bank).....	85,290	85,265	85,179	85,029	84,984	85,209	85,165	78,553
Collateral held against notes outstanding:								
Gold certificate account.....	11,596	11,596	11,596	11,596	11,596	11,597	11,596	11,596
Special Drawing Rights certificate account.....	394	394	394	394	394	394	394	302
Acceptances.....								
U.S. Govt. securities.....	74,930	74,930	74,730	74,730	74,630	74,930	74,630	69,305
Total collateral.....	86,920	86,920	86,720	86,720	86,620	86,921	86,620	81,203

¹ See note 2 on p. A-2.² See note 4 on p. A-2.

MATURITY DISTRIBUTION OF LOANS AND U.S. GOVERNMENT SECURITIES HELD BY FEDERAL RESERVE BANKS

(In millions of dollars)

Item	Wednesday					End of month		
	1976					1976		1975
	Aug. 25	Aug. 18	Aug. 11	Aug. 4	July 28	Aug. 31	July 31	Aug. 31
Loans—Total.....	70	286	599	769	677	64	46	231
Within 15 days.....	58	274	581	755	677	46	38	196
16-90 days.....	12	12	18	14		18	8	35
91 days to 1 year.....								
Acceptances—Total.....	549	684	300	799	450	808	656	840
Within 15 days.....	314	443	49	536	164	585	386	268
16-90 days.....	183	189	194	197	216	174	206	381
91 days to 1 year.....	52	52	57	66	70	49	64	191
U.S. Govt. securities—Total.....	93,902	94,803	85,990	93,291	91,180	94,030	90,673	82,546
Within 15 days ¹	6,943	9,126	5,349	10,854	6,133	5,643	4,405	3,826
16-90 days.....	17,280	17,062	14,102	16,092	18,439	18,713	19,837	16,758
91 days to 1 year.....	26,245	25,620	25,127	24,933	25,137	26,300	24,960	22,805
1-5 years.....	28,754	28,453	28,472	28,472	28,531	28,694	28,531	29,858
5-10 years.....	9,709	9,636	8,283	8,283	8,283	9,709	8,283	5,756
Over 10 years.....	4,971	4,906	4,657	4,657	4,657	4,971	4,657	3,543
Federal agency obligations—Total.....	6,885	6,916	6,805	6,971	6,945	6,919	6,851	5,486
Within 15 days ¹	159	265	101	166	182	275	88	230
16-90 days.....	176	175	228	329	309	208	309	113
91 days to 1 year.....	1,089	953	953	953	919	996	919	579
1-5 years.....	3,266	3,362	3,362	3,362	3,374	3,245	3,374	2,700
5-10 years.....	1,502	1,468	1,468	1,468	1,468	1,502	1,468	1,311
Over 10 years.....	693	693	693	693	693	693	693	553

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

BANK DEBITS AND DEPOSIT TURNOVER

(Seasonally adjusted annual rates)

Period	Debits to demand deposit accounts ¹ (billions of dollars)					Turnover of demand deposits				
	Total 233 SMSA's	Leading SMSA's		Total 232 SMSA's (excl. N.Y.)	226 other SMSA's	Total 233 SMSA's	Leading SMSA's		Total 232 SMSA's (excl. N.Y.)	226 other SMSA's
		N.Y.	6 others ²				N.Y.	6 others ²		
1975—July.....	22,827.9	10,709.5	4,841.1	12,118.3	7,277.2	126.2	331.0	115.7	81.6	68.2
Aug.....	23,269.4	10,628.8	5,125.1	12,640.5	7,515.4	130.4	335.0	124.4	86.2	71.2
Sept.....	23,181.9	10,585.0	5,153.0	12,596.9	7,443.8	128.8	330.7	123.8	85.1	70.0
Oct.....	24,137.1	11,801.5	4,921.3	12,335.6	7,414.3	134.0	364.0	118.7	83.5	69.8
Nov.....	24,067.7	11,529.9	4,937.3	12,537.8	7,600.5	134.0	360.8	119.5	84.9	71.5
Dec.....	23,565.1	10,970.9	4,932.5	12,594.2	7,661.8	131.0	351.8	118.4	84.7	71.6
1976—Jan.....	23,845.0	11,517.7	4,789.0	12,327.3	7,538.3	132.4	366.0	115.4	82.9	70.3
Feb.....	25,528.4	12,212.0	5,324.6	13,316.4	7,991.8	140.9	375.4	128.1	89.6	74.6
Mar.....	26,474.4	12,629.6	5,560.9	13,844.8	8,283.9	144.6	377.5	131.4	92.5	77.2
Apr.....	25,792.8	12,482.8	5,302.4	13,310.0	8,007.7	140.3	374.9	124.6	88.4	74.2
May.....	25,490.9	12,179.0	5,327.1	13,311.9	7,984.7	139.3	380.2	126.9	88.2	73.3
June.....	26,623.4	12,844.3	5,561.2	13,779.2	8,218.0	145.0	400.8	131.9	90.9	75.1
July.....	27,097.9	13,354.2	5,501.4	13,743.7	8,242.3	145.9	405.0	128.7	89.9	74.9

¹ Excludes interbank and U.S. Govt. demand deposit accounts.
² Boston, Philadelphia, Chicago, Detroit, San Francisco—Oakland, and Los Angeles—Long Beach.

NOTE.—Total SMSA's include some cities and counties not designated as SMSA's.
 For back data see pp. 634-35 of the July 1972 BULLETIN.

MEASURES OF THE MONEY STOCK

(In billions of dollars)

Period	Seasonally adjusted					Not seasonally adjusted				
	M ₁	M ₂	M ₃	M ₄	M ₅	M ₁	M ₂	M ₃	M ₄	M ₅
Composition of measures is described in the NOTE below.										
1973—Dec.....	270.5	571.4	919.5	634.9	982.9	278.3	576.5	921.8	640.5	985.8
1974—Dec.....	283.1	612.4	981.6	702.2	1,071.4	291.3	617.5	983.8	708.0	1,074.3
1975—July.....	291.9	647.5	1,051.6	729.6	1,133.7	292.1	647.8	1,055.0	729.1	1,136.3
Aug.....	293.2	650.6	1,060.6	729.3	1,139.3	290.0	647.2	1,057.1	728.4	1,138.3
Sept.....	293.6	652.9	1,068.1	731.9	1,147.1	291.7	649.5	1,062.8	732.2	1,145.5
Oct.....	293.4	655.8	1,075.8	736.7	1,156.6	292.3	653.2	1,070.4	736.9	1,154.1
Nov.....	295.6	662.1	1,086.5	743.9	1,168.3	297.4	660.2	1,080.6	743.0	1,163.5
Dec.....	294.8	664.3	1,092.9	747.2	1,175.8	303.2	669.3	1,094.6	752.8	1,178.1
1976—Jan.....	295.1	670.2	1,103.7	749.4	1,182.9	301.0	675.3	1,107.1	753.7	1,185.6
Feb.....	296.5	678.5	1,117.2	753.8	1,192.6	292.9	675.3	1,113.3	748.4	1,186.3
Mar.....	298.0	683.4	1,127.4	756.5	1,200.5	295.2	683.3	1,129.0	755.1	1,200.8
Apr.....	301.7	691.9	1,141.2	763.4	1,212.7	303.3	696.7	1,149.4	766.1	1,218.7
May.....	303.3	697.2	1,151.5	765.4	1,219.7	298.4	695.6	1,152.4	763.0	1,219.7
June.....	303.1	700.3	1,159.2	770.9	1,229.8	302.4	701.7	1,164.1	770.8	1,233.2
July.....	304.8	707.6	1,171.9	777.2	1,241.5	305.1	708.0	1,175.8	776.9	1,244.7

NOTE.—Composition of the money stock measures is as follows:

M₁: Averages of daily figures for (1) demand deposits of commercial banks other than domestic interbank and U.S. Govt., less cash items in process of collection and F.R. float; (2) foreign demand balances at F.R. Banks; and (3) currency outside the Treasury, F.R. Banks, and vaults of commercial banks.

M₂: Averages of daily figures for M₁ plus savings deposits, time deposits open account, and time certificates of deposit other than negotiable CD's of \$100,000 of large weekly reporting banks.

M₃: M₂ 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).

M₄: M₂ plus large negotiable CD's.

M₅: M₃ plus large negotiable CD's.

For a description of the latest revisions in M₁, M₂, M₃, M₄, and M₅, see "Revision of Money Stock Measures" on pp. 82-87 of the Feb. 1976 BULLETIN. Beginning Oct. 1975, money stock measures and related data have been revised to incorporate benchmark data from the Dec. 31, 1975, call report.

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

COMPONENTS OF MONEY STOCK MEASURES AND RELATED ITEMS

(In billions of dollars)

Period	Seasonally adjusted					Not seasonally adjusted						U.S. Govt. deposits ³			
	Cur- ren- cy	Commercial banks			Non- bank thrift insti- tutions ²	Cur- ren- cy	Commercial banks								
		Dem- and de- pos- its	Time and savings deposits				Mem- ber	Do- mestic non- mem- ber	Total	Time and savings deposits			Non- bank thrift insti- tutions ²		
			CD's ¹	Other						Total	CD's ¹			Other	Total
1973—Dec.....	61.5	209.0	63.5	300.9	364.4	348.0	62.7	156.5	56.3	215.7	64.0	298.2	362.2	345.3	6.3
1974—Dec.....	67.8	215.3	89.8	329.3	419.1	369.2	69.0	159.7	58.5	222.2	90.5	326.3	416.7	366.3	4.9
1975—July.....	71.3	220.6	82.1	355.5	437.6	404.1	71.9	157.9	59.4	220.3	81.3	355.7	436.9	407.2	3.4
Aug.....	71.9	221.3	78.8	357.4	436.2	410.0	72.1	155.8	59.0	217.8	81.1	357.3	438.4	409.9	2.7
Sept.....	72.0	221.6	79.1	359.2	438.3	415.2	71.9	157.0	59.7	219.9	82.7	357.7	440.4	413.3	3.9
Oct.....	72.6	220.8	80.9	362.4	443.3	420.0	72.5	156.6	60.3	219.9	83.7	360.8	444.5	417.2	3.4
Nov.....	73.4	222.1	81.8	366.5	448.3	424.4	73.9	159.0	61.4	223.5	82.9	362.8	445.6	420.4	3.5
Dec.....	73.7	221.0	82.9	369.6	452.4	428.6	75.1	162.1	62.6	228.1	83.5	366.2	449.6	425.3	4.1
1976—Jan.....	74.2	220.8	79.2	375.2	454.4	433.5	73.8	162.0	62.1	227.2	78.5	374.3	452.8	431.9	3.8
Feb.....	75.1	221.5	75.4	381.9	457.3	438.8	74.1	155.7	59.9	218.8	73.0	382.5	455.5	438.0	4.5
Mar.....	75.7	222.3	73.1	385.4	458.5	444.0	75.1	156.8	60.2	220.1	71.8	388.1	459.9	445.7	3.9
Apr.....	76.7	225.0	71.4	390.2	461.7	449.3	76.3	161.7	62.3	227.0	69.4	393.4	462.8	452.6	3.8
May.....	77.4	226.0	68.2	393.9	462.1	454.3	77.2	157.1	61.0	221.2	67.4	397.2	464.6	456.7	3.7
June.....	77.6	225.5	70.6	397.3	467.9	458.9	77.8	159.1	62.3	224.6	69.1	399.3	468.4	462.4	4.7
July.....	78.2	226.6	69.6	402.8	472.4	464.3	78.8	160.1	62.7	226.3	68.9	403.0	471.8	467.8	3.4

¹ Negotiable time certificates of deposit issued in denominations of \$100,000 or more by large weekly reporting commercial banks.

² 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.

³ At all commercial banks.

See also NOTE above.

ASSETS BY CLASS OF BANK, DECEMBER 31, 1975

(Assets and liabilities are shown in millions of dollars.)

Account	All commercial banks	Insured commercial banks	Member banks ¹					Non-member banks ¹
			Total	Large banks			All other	
				New York City	City of Chicago	Other large		
Cash, bank balances, items in process.....	133,614	128,256	108,477	24,778	3,888	43,730	36,081	25,137
Currency and coin.....	12,256	12,248	9,243	774	200	3,081	5,188	3,013
Reserves with F.R. Banks.....	26,776	26,776	26,776	3,349	1,433	12,283	9,712	.....
Demand balances with banks in United States.....	34,866	32,091	19,389	6,496	195	3,752	8,947	15,477
Other balances with banks in United States.....	8,866	7,367	5,184	151	29	1,995	3,008	3,683
Balances with banks in foreign countries.....	3,598	2,605	2,356	588	27	1,044	696	1,242
Cash items in process of collection.....	47,251	47,169	45,530	13,421	2,003	21,575	8,531	1,721
Total securities held—Book value.....	229,622	227,230	162,194	18,499	7,134	53,616	82,945	67,428
U.S. Treasury.....	84,119	83,629	61,519	9,005	3,212	21,411	27,892	22,600
Other U.S. Govt. agencies.....	34,409	33,941	21,186	1,508	485	6,031	13,162	13,223
States and political subdivisions.....	102,029	101,757	74,079	7,204	3,162	24,679	39,035	27,950
All other securities.....	9,065	7,903	5,410	783	275	1,496	2,855	3,655
Trading-account securities.....	5,338	5,332	5,182	1,902	563	2,484	232	156
U.S. Treasury.....	2,982	2,976	2,858	1,072	364	1,315	107	124
Other U.S. Govt. agencies.....	711	711	698	247	51	351	50	13
States and political subdivisions.....	1,142	1,142	1,130	357	102	602	70	12
All other.....	502	502	495	227	47	216	5	7
Bank investment portfolios.....	224,284	221,898	157,012	16,597	6,570	51,132	82,712	67,272
U.S. Treasury.....	81,137	80,653	58,661	7,933	2,848	20,096	27,785	22,476
Other U.S. Govt. agencies.....	33,698	33,230	20,488	1,262	434	5,680	13,112	13,209
States and political subdivisions.....	100,887	100,614	72,949	6,847	3,060	24,077	38,965	27,938
All other.....	8,563	7,401	4,914	556	229	1,280	2,850	3,649
Federal funds sold and securities purchased under agreements to resell.....	39,250	37,323	29,122	2,488	1,520	14,562	10,551	10,129
Commercial banks.....	34,099	32,172	24,075	2,080	998	11,094	9,903	10,023
Brokers and dealers.....	3,700	3,700	3,646	62	468	2,614	501	53
Others.....	1,452	1,452	1,400	346	54	854	146	52
Other loans.....	507,202	497,846	387,439	73,495	22,261	143,701	147,982	119,763
Real estate loans.....	134,770	134,588	96,018	8,448	1,371	35,198	51,002	38,752
Secured by farmland.....	6,237	6,224	2,702	8	11	302	2,381	3,534
Secured by residential properties.....	82,307	82,177	59,791	4,138	917	22,650	32,087	22,516
1- to 4-family residences.....	76,456	76,331	55,190	3,259	840	20,588	30,503	21,267
FHA insured.....	5,510	5,493	4,786	238	47	2,619	1,882	724
VA guaranteed.....	3,081	3,058	2,610	174	20	1,353	1,063	471
Other.....	67,865	67,780	47,793	2,847	773	16,616	27,557	20,071
Multifamily properties.....	5,850	5,846	4,601	879	77	2,062	1,584	1,249
FHA insured.....	4,493	4,492	4,449	91	24	158	175	44
Other.....	5,358	5,354	4,153	787	53	1,904	1,409	1,205
Secured by other properties.....	46,226	46,187	33,525	4,302	443	12,245	16,534	12,702
Loans to domestic and foreign banks.....	12,624	9,553	8,686	3,366	584	3,905	831	3,938
Loans to other financial institutions.....	29,611	29,276	28,088	10,187	4,442	11,199	2,259	1,523
Loans on securities to brokers and dealers.....	7,175	7,055	6,964	4,477	911	1,400	176	210
Other loans for purch./carry securities.....	3,916	3,822	3,193	415	289	1,560	929	723
Loans to farmers.....	20,158	20,129	11,244	94	162	2,564	8,424	8,914
Commercial and industrial loans.....	179,348	174,316	145,930	38,553	12,002	55,749	39,626	33,419
Loans to individuals.....	106,352	106,019	75,536	4,854	1,717	26,871	42,093	30,816
Instalment loans.....	83,205	82,969	58,830	3,153	925	21,178	33,574	24,375
Passenger automobiles.....	33,401	33,279	21,963	432	163	6,600	14,739	11,437
Residential-repair/modernize.....	5,859	5,845	4,189	222	36	1,731	2,199	1,670
Credit cards and related plans.....	12,312	12,311	10,846	1,107	509	6,048	3,181	1,466
Charge-account credit cards.....	9,501	9,500	8,506	815	478	4,817	2,395	995
Check and revolving credit plans.....	2,811	2,810	2,340	293	31	1,231	785	471
Other retail consumer goods.....	15,318	15,283	10,615	164	108	3,749	6,594	4,704
Mobile homes.....	8,721	8,719	6,276	97	39	2,221	3,919	2,445
Other.....	6,597	6,564	4,338	67	69	1,527	2,675	2,259
Other instalment loans.....	16,315	16,251	11,217	1,228	109	3,049	6,831	5,098
Single-payment loans to individuals.....	23,147	23,050	16,706	1,701	792	5,694	8,520	6,441
All other loans.....	13,248	13,087	11,781	3,100	784	5,255	2,643	1,466
Total loans and securities.....	776,074	762,400	578,755	94,483	30,915	211,880	241,478	197,319
Fixed assets—Buildings, furniture, real estate.....	17,474	17,390	13,061	1,415	539	5,232	5,875	4,413
Investments in subsidiaries not consolidated.....	2,015	1,993	1,970	835	146	958	31	45
Customer acceptances outstanding.....	8,952	8,679	8,424	4,319	249	3,538	318	527
Other assets.....	27,069	25,937	23,093	6,586	1,287	11,117	4,103	3,976
Total assets.....	965,198	944,654	733,780	132,416	37,024	276,454	287,886	231,418
Number of banks.....	14,633	14,372	5,787	12	9	155	5,611	8,846

¹ Member banks exclude and nonmember banks include 4 noninsured trust companies that are members of the Federal Reserve System, and member banks exclude 2 national banks outside the continental United States.

² See table (and notes), *Deposits Accumulated for Payment of Personal Loans*, p. 24.

³ Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. Govt., less cash items reported as in process of collection.

NOTE.—Data include consolidated reports, including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Figures for total loans and for individual categories of securities are reported on a gross basis—that is, before deduction of valuation reserves.

Back data in lesser detail were shown in previous BULLETINS. Beginning with the fall Call Report, data for future spring and fall Call Reports will be available from the Data Production Section of the Division of Data Processing.

Details may not add to totals because of rounding.

LIABILITIES AND CAPITAL BY CLASS OF BANK, DECEMBER 31, 1975

(Assets and liabilities are shown in millions of dollars.)

Account	All commercial banks	Insured commercial banks	Member banks ¹					Non-member banks ¹
			Total	Large banks			All other	
				New York City	City of Chicago	Other large		
Demand deposits	323,617	319,751	251,649	54,236	10,378	91,528	95,507	71,968
Mutual savings banks	1,325	1,160	1,063	494	1	221	347	262
Other individuals, partnerships, and corporations	246,559	245,471	187,632	30,546	7,754	70,913	78,419	58,927
U.S. Government	3,114	3,108	2,255	139	34	809	1,274	859
States and political subdivisions	18,726	18,595	13,058	779	191	3,867	8,221	5,667
Foreign governments, central banks, etc.	1,859	1,659	1,610	1,318	18	261	13	248
Commercial banks in United States	33,768	33,453	32,048	14,436	1,868	11,442	4,302	1,720
Banks in foreign countries	6,719	5,646	5,459	3,906	213	1,212	129	1,259
Certified and officers' checks, etc.	11,548	10,659	8,523	2,618	299	2,804	2,802	3,025
Time and savings deposits	462,915	455,458	339,350	45,551	16,302	124,194	153,303	123,565
Savings deposits	160,087	159,725	114,228	7,061	2,402	40,647	64,118	45,860
Accumulated for personal loan payments ²	280	280	223	.....	.....	76	146	58
Mutual savings banks	517	499	490	195	5	239	52	26
Other individuals, partnerships, and corporations	229,414	224,878	168,882	25,975	10,467	61,277	71,163	60,531
U.S. Government	573	573	462	75	1	183	203	111
States and political subdivisions	48,113	47,896	34,355	1,114	1,055	15,307	16,879	13,758
Foreign governments, central banks, etc.	12,424	11,373	11,187	7,216	1,212	2,719	39	1,238
Commercial banks in United States	9,550	9,038	8,379	2,997	1,079	3,612	691	1,171
Banks in foreign countries	1,957	1,196	1,145	918	80	135	12	812
Total deposits	786,532	775,209	590,999	99,788	26,680	215,722	248,810	195,534
Federal funds purchased and securities sold under agreements to repurchase	53,811	52,126	49,305	9,043	6,367	26,601	7,294	4,506
Other liabilities for borrowed money	6,412	4,649	4,342	2,114	25	1,828	374	2,071
Mortgage indebtedness	765	763	548	54	16	300	178	217
Bank acceptances outstanding	9,548	9,267	9,012	4,884	252	3,555	321	536
Other liabilities	29,964	25,190	20,206	4,605	888	7,715	6,997	9,758
Total liabilities	887,033	867,204	674,411	120,489	34,228	255,721	263,974	212,622
Minority interest in consolidated subsidiaries	5	4	1	.....	.....	.....	1	4
Total reserves on loans/securities	9,035	8,972	7,293	1,629	482	2,777	2,405	1,742
Reserves for bad debts (IRS)	8,696	8,641	7,078	1,627	482	2,672	2,297	1,619
Other reserves on loans	150	145	92	1	.....	43	49	57
Reserves on securities	189	187	123	1	.....	62	60	66
Total capital accounts	69,125	68,474	52,074	10,298	2,314	17,956	21,506	17,051
Capital notes and debentures	4,479	4,379	3,494	779	80	1,681	954	985
Equity capital	64,646	64,095	48,580	9,519	2,235	16,275	20,551	16,066
Preferred stock	53	48	28	.....	.....	10	18	25
Common stock	15,601	15,495	11,498	2,275	568	3,755	4,900	4,103
Surplus	26,775	26,617	19,975	3,848	1,145	7,079	7,902	6,800
Undivided profits	21,340	21,143	16,562	3,396	472	5,310	7,385	4,777
Other capital reserves	876	792	516	.....	49	121	346	360
Total liabilities, reserves, minority interest, capital accounts	965,198	944,654	733,780	132,416	37,024	276,454	287,886	231,418
Demand deposits adjusted ³	239,484	236,021	171,816	26,241	6,473	57,702	81,401	67,668
Average total deposits (past 15 days)	762,528	753,182	572,278	95,301	25,851	207,553	243,574	190,250
Average total loans (past 15 days)	514,414	505,174	388,589	74,436	21,931	143,973	148,249	125,826
Selected ratios:								
Percentage of total assets								
Cash and balances with other banks	13.8	13.6	14.8	18.7	10.5	15.8	12.5	10.9
Total securities held	23.8	24.1	22.1	14.0	19.3	19.4	28.8	29.1
Trading account securities . . . . .	.....	.....	.....	.....	.....	.....	.....	.....
U.S. Treasury . . . . .	.6	.6	.7	1.4	1.5	.9	.9	.1
States and political subdivisions . . . . .	.3	.3	.4	.8	1.0	.5	.....	.1
All other trading account securities . . . . .	.....	.....	.....	.....	.....	.....	.....	.....
Bank investment portfolios . . . . .	.....	.....	.....	.....	.....	.....	.....	.....
U.S. Treasury . . . . .	.....	.....	.....	.....	.....	.....	.....	.....
States and political subdivisions . . . . .	.....	.....	.....	.....	.....	.....	.....	.....
All other portfolio securities . . . . .	.....	.....	.....	.....	.....	.....	.....	.....
Other loans and Federal funds sold . . . . .	.....	.....	.....	.....	.....	.....	.....	.....
All other assets . . . . .	.....	.....	.....	.....	.....	.....	.....	.....
Total loans and securities . . . . .	.....	.....	.....	.....	.....	.....	.....	.....
Reserves for loans and securities . . . . .	.....	.....	.....	.....	.....	.....	.....	.....
Equity capital—Total . . . . .	.....	.....	.....	.....	.....	.....	.....	.....
Total capital accounts . . . . .	.....	.....	.....	.....	.....	.....	.....	.....
Number of banks	14,633	14,372	5,787	12	9	155	5,611	8,846

For notes see opposite page.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS▲

(In millions of dollars)

Wednesday	Total loans and investments ¹	Loans														
		Federal funds sold, etc. ²					Other									
		Total	To commercial banks	To brokers and dealers involving—		To others	Total ¹	Commercial and industrial	Agricultural	For purchasing or carrying securities		To nonbank financial institutions		Real estate		
				U.S. Treasury securities ¹	Other securities					To brokers and dealers	To others	Pers. and sales finance cos., etc.	Other			
								U.S. Treasury secs.	Other secs.	U.S. Treasury secs.	Other secs.					
<i>Large banks—</i>																
<i>Total</i>																
<i>1975</i>																
Aug. 6	386,001	17,335	13,768	2,568	538	461	275,932	120,082	3,650	1,484	3,642	115	2,299	8,966	20,043	59,273
13	383,797	15,920	13,455	1,533	471	461	274,637	119,755	3,651	815	3,763	115	2,287	8,919	19,969	59,332
20	382,864	14,283	11,923	1,288	519	553	274,452	119,497	3,662	676	3,542	119	2,262	9,024	19,958	59,307
27	383,733	16,142	13,775	1,456	452	459	273,571	119,071	3,653	890	3,403	99	2,276	8,815	19,929	59,303
<i>1976</i>																
July 7	389,721	19,422	15,936	1,940	786	760	270,193	112,439	3,981	1,122	6,352	83	2,546	7,523	18,182	61,521
14	389,035	18,677	14,672	2,521	722	762	269,121	112,141	3,980	1,135	6,119	83	2,541	7,145	18,095	61,621
21	387,646	17,807	14,810	1,629	677	691	268,919	112,051	3,976	1,198	6,321	81	2,508	7,177	17,892	61,748
28	383,909	16,321	13,393	1,788	537	603	267,039	111,256	4,005	770	6,059	78	2,536	7,215	17,764	61,767
Aug. 4	389,008	18,946	15,929	1,611	715	691	268,128	111,316	4,015	1,029	6,430	79	2,556	7,039	17,706	61,810
11	390,988	20,533	15,758	3,189	817	769	268,697	111,391	4,027	1,717	6,515	82	2,575	6,956	17,631	61,844
18	391,647	19,412	15,613	2,198	719	882	269,133	110,782	4,173	1,204	7,020	83	2,539	7,159	17,455	61,960
25	390,148	19,266	15,595	2,254	670	747	267,852	110,688	4,171	1,181	6,663	82	2,543	6,874	17,396	61,894
<i>New York City</i>																
<i>1975</i>																
Aug. 6	89,759	1,417	906	359	152	152	72,003	37,836	110	1,133	2,490	50	435	3,087	7,878	8,858
13	89,166	1,790	1,586	54	150	150	70,921	37,586	109	634	2,596	50	433	3,010	7,804	8,902
20	89,602	1,890	1,581	49	260	260	70,612	37,322	111	596	2,299	51	418	3,040	7,809	8,916
27	89,012	2,071	1,838	65	168	168	70,061	37,120	109	809	2,194	31	414	2,973	7,825	8,939
<i>1976</i>																
July 7	86,883	1,210	632	324	10	244	67,404	33,397	84	957	4,001	13	393	2,562	6,715	9,336
14	87,012	1,507	710	563	234	234	66,810	33,162	86	1,017	3,794	13	394	2,424	6,638	9,343
21	87,910	2,624	2,284	141	199	199	66,588	32,996	85	1,095	3,901	12	390	2,466	6,616	9,359
28	85,189	1,712	1,367	157	188	188	65,059	32,517	80	672	3,658	12	389	2,465	6,604	9,320
Aug. 4	86,431	1,726	1,292	147	62	225	65,614	32,551	85	867	3,686	13	388	2,415	6,589	9,277
11	86,762	2,257	1,613	337	75	232	66,035	32,634	81	1,497	3,734	14	390	2,420	6,500	9,251
18	88,221	2,201	1,186	570	78	367	66,485	32,477	79	1,028	4,278	16	393	2,578	6,511	9,280
25	87,261	2,554	1,792	482	68	212	65,503	32,309	79	1,042	3,970	16	396	2,345	6,504	9,233
<i>Outside New York City</i>																
<i>1975</i>																
Aug. 6	296,242	15,918	12,862	2,209	538	309	203,929	82,246	3,540	351	1,152	65	1,864	5,879	12,165	50,415
13	294,631	14,130	11,869	1,479	471	311	203,716	82,169	3,542	181	1,167	65	1,854	5,909	12,165	50,430
20	293,262	12,393	10,342	1,239	519	293	203,840	82,175	3,551	80	1,243	68	1,844	5,984	12,149	50,391
27	294,721	14,071	11,937	1,391	452	291	203,510	81,951	3,544	87	1,209	68	1,862	5,842	12,104	50,364
<i>1976</i>																
July 7	302,838	18,212	15,304	1,616	776	516	202,789	79,042	3,897	165	2,351	70	2,153	4,961	11,467	52,185
14	302,023	17,170	13,962	1,958	722	528	202,311	78,979	3,894	118	2,325	70	2,147	4,721	11,457	52,278
21	299,736	15,183	12,526	1,488	677	492	202,331	79,055	3,891	103	2,420	69	2,118	4,711	11,276	52,389
28	298,720	14,609	12,026	1,631	537	415	201,980	78,739	3,925	98	2,401	66	2,147	4,750	11,160	52,447
Aug. 4	302,577	17,220	14,637	1,464	653	466	202,514	78,765	3,930	162	2,744	66	2,168	4,624	11,117	52,533
11	304,226	18,276	14,145	2,852	742	537	202,662	78,757	3,946	220	2,781	68	2,185	4,536	11,131	52,593
18	303,426	17,211	14,427	1,628	641	515	202,648	78,305	4,094	176	2,742	67	2,146	4,581	10,944	52,680
25	302,887	16,712	13,803	1,772	602	535	202,349	78,379	4,092	139	2,693	66	2,147	4,529	10,892	52,661

▲ Effective with changes in New York State branch banking laws, beginning Jan. 1, 1976, three large New York City banks are now reporting combined totals for previously affiliated banks that have been converted to branches.

The principal effects of these changes were to increase the reported data for New York City (total assets, by about \$5.5 billion) and to decrease the

reported data for "Outside New York City" (total assets, by about \$4.0 billion).

Historical data (from Jan. 1972) on a basis comparable with 1976 data are available from the Public Information Department of the Federal Reserve Bank of New York on request.

For other notes see p. A-22.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS▲—Continued

(In millions of dollars)

Loans (cont.)						Investments										Wednesday	
Other (cont.)						U.S. Treasury securities					Other securities						
To commercial banks	Domestic	Foreign	Consumer installment	Foreign govts. ³	All other	Loan loss reserve and unearned income on loans ¹	Total	Bills	Notes and bonds maturing—			Total	Obligations of States and political subdivisions		Other bonds, corp. stocks, and securities		
									Within 1 yr.	1 to 5 yrs.	After 5 yrs.		Tax warrants ⁴	All other	Certif. of participation ⁵		All other ⁶
<i>Large banks—Total</i>																	
<i>1975</i>																	
2,267	5,818	34,467	1,488	18,082	5,744	32,241	6,921	5,172	17,087	3,061	60,493	6,547	39,755	2,381	11,810	..... Aug. 6
2,211	5,726	34,505	1,444	17,900	5,755	32,785	7,563	5,169	16,979	3,074	60,455	6,620	39,696	2,382	11,757	..... 13
2,184	5,770	34,575	1,461	18,162	5,747	33,120	8,110	4,461	17,444	3,105	61,009	6,699	40,185	2,381	11,744	..... 20
2,282	5,580	34,696	1,561	17,768	5,761	33,554	8,584	4,630	17,154	3,186	60,466	6,293	40,254	2,367	11,552	..... 27
<i>1976</i>																	
2,338	5,728	36,738	1,797	18,260	8,417	41,194	12,492	6,202	20,094	2,406	58,912	5,785	40,073	2,418	10,636	..... July 7
2,218	5,668	36,764	1,782	18,283	8,454	41,668	12,069	6,272	20,111	3,216	59,569	6,132	40,214	2,409	10,814	..... 14
2,153	5,616	36,883	1,768	18,045	8,498	41,310	11,955	6,146	20,119	3,090	59,610	6,039	40,172	2,430	10,969	..... 21
2,032	5,622	37,044	1,764	17,649	8,522	41,182	12,008	6,176	19,954	3,044	59,367	5,942	40,078	2,450	10,897	..... 28
2,047	5,776	37,052	1,760	18,057	8,544	42,745	11,918	6,443	21,106	3,278	59,189	5,864	40,069	2,476	10,780	..... Aug. 4
1,890	5,648	37,113	1,781	18,126	8,599	42,376	11,533	6,351	21,091	3,401	59,382	6,122	40,168	2,455	10,637	..... 11
2,016	6,130	37,208	1,749	18,287	8,632	43,546	11,012	6,240	22,000	4,294	59,556	6,152	40,217	2,459	10,728	..... 18
1,879	5,933	37,358	1,801	18,025	8,636	43,376	11,447	6,157	21,590	4,182	59,654	6,069	40,227	2,499	10,859	..... 25
<i>New York City</i>																	
<i>1975</i>																	
1,128	2,601	3,532	570	4,054	1,759	7,003	1,173	697	4,280	853	9,336	1,524	5,531	174	2,107	..... Aug. 6
1,091	2,500	3,531	560	3,884	1,769	7,277	1,622	671	4,111	873	9,178	1,537	5,450	174	2,017	..... 13
1,079	2,547	3,537	561	4,096	1,770	7,571	1,841	549	4,301	880	9,529	1,558	5,766	174	2,031	..... 20
1,106	2,385	3,545	655	3,743	1,787	7,401	1,631	579	4,241	950	9,479	1,420	5,915	173	1,971	..... 27
<i>1976</i>																	
862	2,534	3,801	553	3,824	1,628	8,884	3,081	971	4,226	606	9,385	1,665	6,163	193	1,364	..... July 7
795	2,489	3,822	555	3,918	1,640	9,143	3,024	950	4,227	942	9,552	1,685	6,197	197	1,473	..... 14
810	2,444	3,826	539	3,694	1,645	9,140	3,087	900	4,226	927	9,558	1,683	6,170	186	1,519	..... 21
679	2,475	3,833	522	3,485	1,652	9,018	3,105	987	4,008	918	9,400	1,652	6,112	185	1,451	..... 28
744	2,634	3,814	545	3,670	1,664	9,756	3,224	924	4,618	990	9,335	1,594	6,092	185	1,464	..... Aug. 4
627	2,443	3,821	495	3,812	1,684	9,123	2,765	911	4,451	996	9,347	1,590	6,118	188	1,451	..... 11
753	2,663	3,836	504	3,786	1,697	10,229	2,709	1,004	5,123	1,393	9,306	1,498	6,162	203	1,443	..... 18
637	2,541	3,866	548	3,707	1,690	9,978	2,838	954	4,948	1,238	9,226	1,431	6,139	192	1,464	..... 25
<i>Outside New York City</i>																	
<i>1975</i>																	
1,139	3,217	30,935	918	14,028	3,985	25,238	5,748	4,475	12,807	2,208	51,157	5,023	34,224	2,207	9,703	..... Aug. 6
1,120	3,226	30,974	884	14,016	3,986	25,508	5,941	4,498	12,868	2,201	51,277	5,083	34,246	2,208	9,740	..... 13
1,105	3,223	31,038	900	14,066	3,977	25,549	6,269	3,912	13,143	2,225	51,480	5,141	34,419	2,207	9,713	..... 20
1,176	3,195	31,151	906	14,025	3,974	26,153	6,953	4,051	12,913	2,236	50,987	4,873	34,339	2,194	9,581	..... 27
<i>1976</i>																	
1,476	3,194	32,937	1,244	14,436	6,789	32,310	9,411	5,231	15,868	1,800	49,527	4,120	33,910	2,225	9,272	..... July 7
1,423	3,179	32,942	1,227	14,365	6,814	32,525	9,045	5,322	15,884	2,274	50,017	4,447	34,017	2,212	9,341	..... 14
1,343	3,172	33,057	1,229	14,351	6,853	32,170	8,868	5,246	15,893	2,163	50,052	4,356	34,002	2,244	9,450	..... 21
1,353	3,147	33,211	1,242	14,164	6,870	32,164	8,903	5,189	15,946	2,126	49,967	4,290	33,966	2,265	9,446	..... 28
1,303	3,142	33,238	1,215	14,387	6,880	32,989	8,694	5,519	16,488	2,288	49,854	4,270	33,977	2,291	9,316	..... Aug. 4
1,263	3,205	33,292	1,286	14,314	6,915	33,253	8,768	5,440	16,640	2,405	50,035	4,532	34,050	2,267	9,186	..... 11
1,263	3,467	33,372	1,245	14,501	6,935	33,317	8,303	5,236	16,877	2,901	50,250	4,654	34,055	2,256	9,285	..... 18
1,242	3,392	33,492	1,253	14,318	6,946	33,398	8,609	5,203	16,642	2,944	50,428	4,638	34,088	2,307	9,395	..... 25

For notes see pp. A-18 and A-22.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS▲—Continued

(In millions of dollars)

Wednesday	Cash items in process of collection	Reserves with F.R. Banks	Currency and coin	Balances with domestic banks	Investments in subsidiaries not consolidated	Other assets	Total assets/total liabilities ¹	Deposits						
								Demand						
								Total	IPC	States and political subdivisions	U.S. Govt.	Domestic interbank		Foreign govts., etc. ³
				Commercial	Mutual savings									
<i>Large banks—Total</i>														
1975														
Aug. 6	31,265	21,350	4,471	11,257	1,748	36,900	492,992	158,469	115,571	5,947	1,700	23,152	824	1,261
13	30,356	22,051	4,905	10,667	1,739	36,476	489,991	155,738	116,333	5,683	1,169	20,909	738	1,253
20	30,288	23,497	4,929	10,786	1,734	35,917	490,015	156,769	115,476	5,741	2,062	22,397	685	1,158
27	30,347	20,627	5,145	11,222	1,741	36,488	489,303	156,649	115,773	5,713	1,394	21,964	725	1,030
1976														
July 7	41,460	21,468	4,990	13,827	2,174	47,517	521,157	175,604	125,661	6,162	1,805	27,478	961	1,165
14	37,017	21,698	5,444	11,931	2,125	45,705	512,955	168,505	124,278	5,815	1,181	23,377	842	1,172
21	35,535	21,025	5,403	12,723	2,114	44,564	509,010	167,352	120,634	5,838	2,585	23,537	742	1,066
28	32,282	21,701	5,504	11,278	2,137	45,218	502,029	161,504	117,802	5,635	1,865	22,560	726	1,232
Aug. 4	36,693	25,324	4,838	11,253	2,125	45,878	515,119	167,268	119,731	6,215	3,088	24,470	879	1,193
11	32,998	18,588	5,216	11,556	2,153	44,699	506,198	161,407	118,539	5,578	1,647	22,001	788	1,193
18	33,295	21,653	5,348	11,612	2,155	45,133	510,843	161,896	118,387	5,570	2,621	22,214	778	1,028
25	31,461	20,113	5,383	12,133	2,135	44,879	506,252	159,381	116,109	5,369	1,932	23,085	734	1,129
<i>New York City</i>														
1975														
Aug. 6	10,314	6,784	653	4,688	792	12,999	125,989	44,922	26,267	505	154	11,008	499	1,010
13	9,527	7,268	668	4,268	790	12,772	124,459	43,233	25,799	543	125	9,922	429	1,023
20	9,946	7,081	650	4,829	795	12,041	124,944	44,960	26,418	548	447	11,298	392	957
27	10,755	5,499	684	4,856	794	12,809	124,409	45,130	26,492	463	239	10,854	424	834
1976														
July 7	12,897	7,617	711	5,843	931	16,396	131,278	49,899	28,022	539	161	12,616	552	853
14	13,273	6,588	754	5,016	929	15,894	129,466	48,841	28,069	632	109	11,707	451	885
21	13,185	5,577	731	5,565	944	14,923	128,835	49,654	27,887	584	446	11,467	396	796
28	11,440	6,554	756	4,835	945	15,969	125,688	46,399	26,058	571	301	10,968	396	1,015
Aug. 4	12,442	7,475	691	4,489	946	15,865	128,339	47,113	26,565	607	567	11,335	481	925
11	11,436	5,373	718	4,917	954	14,717	124,877	45,601	25,888	526	214	10,337	422	978
18	11,245	7,009	733	4,759	956	15,259	128,182	45,664	26,523	495	455	10,286	425	796
25	11,047	5,288	722	5,285	949	15,062	125,614	45,420	25,871	465	307	11,064	388	898
<i>Outside New York City</i>														
1975														
Aug. 6	20,951	14,566	3,818	6,569	956	23,901	367,003	113,547	89,304	5,442	1,546	12,144	325	251
13	20,829	14,783	4,237	6,399	949	23,704	365,532	112,505	90,534	5,140	1,044	10,987	309	230
20	20,342	16,416	4,279	5,957	939	23,876	365,071	111,809	89,058	5,193	1,615	11,099	293	201
27	19,592	15,128	4,461	6,366	947	23,679	364,894	111,519	89,281	5,250	1,155	11,110	301	196
1976														
July 7	28,563	13,851	4,279	7,984	1,243	31,121	389,879	125,705	97,639	5,623	1,644	14,862	409	312
14	23,744	15,110	4,690	6,915	1,196	29,811	383,489	119,664	96,209	5,183	1,072	11,670	391	287
21	22,350	15,448	4,672	7,158	1,170	29,641	380,175	117,698	92,747	5,254	2,139	12,070	346	270
28	20,842	15,147	4,748	6,443	1,192	29,249	376,341	115,105	91,744	5,064	1,564	11,592	330	217
Aug. 4	24,251	17,849	4,147	6,764	1,179	30,013	386,780	120,155	93,166	5,608	2,521	13,135	398	268
11	21,562	13,215	4,498	6,639	1,199	29,982	381,321	115,806	92,651	5,052	1,433	11,664	366	215
18	22,050	14,644	4,615	6,853	1,199	29,874	382,661	116,232	91,864	5,075	2,166	11,928	353	232
25	20,414	14,825	4,661	6,848	1,186	29,817	380,638	113,961	90,238	4,904	1,625	12,021	346	231

For notes see pp. A-18 and A-22.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS▲—Continued

(In millions of dollars)

Demand (cont.)		Deposits (cont.)						Federal funds purchased, etc. 8	Borrowings from—		Other liabilities, etc. 9	Total equity capital and sub. notes/debentures 10	Wednesday
Foreign commercial banks	Certified and officers' checks	Total 7	Time and savings			Foreign govts. 3	F.R. Banks		Other				
			Savings	IPC				States and political subdivisions		Domestic inter-bank			
<i>Large banks—</i>													
<i>Total</i>													
1975													
4,944	5,070	223,164	65,838	113,248	23,034	7,607	12,056	49,320	29	4,013	22,205	35,792	Aug. 6
4,531	5,122	223,626	65,782	113,669	23,086	7,721	12,022	47,669	446	4,018	22,661	35,833	13
4,496	4,754	222,804	65,708	113,770	22,800	7,552	11,642	47,325	517	3,929	22,925	35,746	20
4,752	5,298	222,989	65,652	114,114	22,685	7,585	11,649	46,996	34	3,774	23,118	35,743	27
1976													
5,950	6,422	224,003	80,055	107,016	19,886	6,523	8,802	55,459	15	3,659	22,712	39,705	July 7
5,629	6,211	224,372	80,133	107,089	19,995	6,658	8,813	54,430	970	3,718	21,242	39,718	14
5,174	7,776	223,780	80,182	106,717	19,972	6,679	8,595	52,813	66	4,012	21,298	39,689	21
5,368	6,316	223,252	80,220	106,398	20,141	6,496	8,375	52,160	592	3,618	21,201	39,702	28
1975													
5,303	6,389	222,012	80,403	105,530	20,012	6,344	8,126	59,805	707	3,889	21,428	40,010	Aug. 4
5,290	6,371	221,983	80,341	105,432	20,076	6,338	8,006	56,904	562	3,885	21,451	40,006	11
5,265	6,033	221,548	80,555	105,316	19,966	6,242	7,924	60,453	213	3,941	22,879	39,913	18
5,150	5,873	221,749	80,639	105,425	20,181	6,016	7,903	59,056	120	3,807	22,239	39,900	25
<i>New York City</i>													
1975													
3,547	1,932	47,528	7,341	26,628	1,674	3,413	7,545	13,867		1,771	8,027	9,874	Aug. 6
3,355	2,037	47,647	7,336	26,730	1,703	3,540	7,445	13,449	329	1,818	8,105	9,878	13
3,246	1,634	47,284	7,307	26,740	1,626	3,419	7,316	12,827		1,700	8,310	9,863	20
3,533	2,291	47,361	7,326	26,969	1,581	3,374	7,253	11,890		1,744	8,414	9,870	27
1976													
4,593	2,563	42,678	9,025	23,316	1,219	2,725	5,341	16,035		1,611	9,700	11,355	July 7
4,336	2,652	43,267	9,087	23,641	1,228	2,888	5,398	14,688	548	1,608	9,140	11,374	14
3,793	4,285	43,042	9,005	23,467	1,263	2,951	5,336	13,626		1,596	9,551	11,366	21
4,009	3,081	42,719	8,996	23,326	1,275	2,880	5,276	13,800	441	1,517	9,435	11,377	28
1975													
3,922	2,711	42,045	8,956	22,938	1,303	2,838	5,051	15,968	600	1,731	9,465	11,417	Aug. 4
3,962	3,274	41,853	8,953	22,918	1,256	2,829	4,967	14,614	287	1,783	9,296	11,443	11
4,000	2,684	41,762	8,942	22,921	1,291	2,788	4,916	16,774		1,754	10,781	11,447	18
3,834	2,593	41,528	8,930	22,983	1,281	2,592	4,848	15,755		1,603	9,844	11,464	25
<i>Outside New York City</i>													
1975													
1,397	3,138	175,636	58,497	86,620	21,360	4,194	4,511	35,453	29	2,242	14,178	25,918	Aug. 6
1,176	3,085	175,979	58,446	86,939	21,383	4,181	4,577	34,220	117	2,200	14,556	25,955	13
1,250	3,100	175,520	58,401	87,030	21,174	4,133	4,326	34,498	517	2,229	14,615	25,883	20
1,219	3,007	175,628	58,326	87,145	21,104	4,211	4,396	35,106	34	2,030	14,704	25,873	27
1976													
1,357	3,859	181,325	71,030	83,700	18,667	3,798	3,461	39,424	15	2,048	13,012	28,350	July 7
1,293	3,559	181,105	71,046	83,448	18,767	3,770	3,415	39,742	422	2,110	12,102	28,344	14
1,381	3,491	180,738	71,177	83,250	18,709	3,728	3,259	39,187	66	2,416	11,747	28,323	21
1,359	3,235	180,533	71,224	83,072	18,866	3,616	3,099	38,360	151	2,101	11,766	28,325	28
1975													
1,381	3,678	179,967	71,447	82,592	18,709	3,506	3,075	43,837	107	2,158	11,963	28,593	Aug. 4
1,328	3,097	180,130	71,588	82,514	18,820	3,509	3,039	42,290	275	2,102	12,155	28,563	11
1,265	3,349	179,786	71,613	82,395	18,675	3,454	3,008	43,679	213	2,187	12,098	28,466	18
1,316	3,280	180,221	71,709	82,442	18,900	3,424	3,055	43,301	120	2,204	12,395	28,436	25

For notes see pp. A-18 and A-22.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS▲—Continued

(In millions of dollars)

Wednesday	Memoranda													Gross liabilities of banks to their foreign branches	
	Total loans (gross) ad-justed ¹¹	Total loans and investments (gross) ad-justed ¹¹	Demand deposits ad-justed ¹²	Large negotiable time CD's included in time and savings deposits ¹³			All other large time deposits ¹⁴			Savings ownership categories					
				Total	Issued to IPC's	Issued to others	Total	Issued to IPC's	Issued to others	Individuals and non-profit organizations	Partnerships and corporations for profit ¹⁵	Domestic governmental units	All other ¹⁶		
Large banks—Total															
1975															
Aug. 6	282,976	375,710	102,352	80,881	53,864	27,017	33,901	17,938	15,963	65,838					1,826
13	280,646	373,886	103,304	81,472	54,240	27,232	34,206	18,016	16,190	65,782					2,205
20	280,375	374,504	102,022	80,894	54,262	26,632	33,535	17,984	15,551	65,708					2,848
27	279,417	373,437	102,944	81,327	54,597	26,730	33,469	18,102	15,367	65,652					2,617
1976															
July 7	279,758	379,864	104,861	68,934	45,735	23,199	28,062	15,102	12,960	76,035	3,088	851	81		3,149
14	279,362	380,599	106,930	69,412	45,978	23,434	28,103	15,210	12,893	76,014	3,089	841	189		3,140
21	278,261	379,181	105,695	68,561	45,360	23,201	28,041	15,236	12,805	76,107	3,134	847	94		4,123
28	276,457	377,006	104,797	67,898	44,959	22,939	28,201	15,367	12,834	76,100	3,193	834	93		3,886
Aug. 4	277,642	379,576	103,017	66,672	44,211	22,461	27,991	15,293	12,698	76,213	3,240	862	88		3,781
11	280,181	381,939	104,761	66,534	44,092	22,442	27,882	15,255	12,627	76,260	3,301	891	89		4,211
18	279,548	382,650	103,766	65,957	43,771	22,186	27,993	15,397	12,596	76,181	3,335	955	84		5,763
25	278,280	381,310	102,903	66,038	43,872	22,166	28,139	15,440	12,699	76,195	3,387	978	79		4,730
New York City															
1975															
Aug. 6	73,145	89,484	23,446	28,647	18,366	10,281	8,124	4,970	3,154	7,341					1,066
13	71,803	88,258	23,659	28,855	18,498	10,357	8,102	5,004	3,098	7,336					1,014
20	71,612	88,712	23,269	28,626	18,597	10,029	7,979	4,908	3,071	7,307					1,817
27	70,975	87,855	23,282	28,773	18,852	9,921	7,959	4,924	3,035	7,326					1,536
1976															
July 7	68,748	87,017	24,225	23,513	15,143	8,370	6,129	4,195	1,934	8,538	283	155	49		2,090
14	68,452	87,147	23,752	24,119	15,465	8,654	6,081	4,240	1,841	8,497	277	163	150		2,324
21	67,763	86,461	24,556	23,980	15,246	8,734	6,032	4,236	1,796	8,492	281	166	66		3,204
28	66,377	84,795	23,690	23,730	15,147	8,583	5,996	4,231	1,765	8,473	294	164	65		3,060
Aug. 4	66,968	86,059	22,769	23,099	14,752	8,347	6,014	4,262	1,752	8,432	297	163	64		2,909
11	67,736	86,206	23,614	23,056	14,793	8,263	5,877	4,211	1,666	8,423	309	157	64		3,332
18	68,444	87,979	23,678	22,815	14,690	8,125	5,987	4,262	1,725	8,414	309	157	62		4,949
25	67,318	86,522	23,002	22,719	14,817	7,902	5,880	4,210	1,670	8,407	317	151	55		3,792
Outside New York City															
1975															
Aug. 6	209,831	286,226	78,906	52,234	35,498	16,736	25,777	12,968	12,809	58,497					760
13	208,843	285,628	79,645	52,617	35,742	16,875	26,104	13,012	13,092	58,446					1,191
20	208,763	285,792	78,753	52,268	35,665	16,603	25,556	13,076	12,480	58,401					1,031
27	208,442	285,582	79,662	52,554	35,745	16,809	25,510	13,178	12,332	58,326					1,081
1976															
July 7	211,010	292,847	80,636	45,421	30,592	14,829	21,933	10,907	11,026	67,497	2,805	696	32		1,059
14	210,910	293,452	83,178	45,293	30,513	14,780	22,022	10,970	11,052	67,517	2,812	678	39		816
21	210,498	292,720	81,139	44,581	30,114	14,467	22,009	11,000	11,009	67,615	2,853	681	28		919
28	210,080	292,211	81,107	44,168	29,812	14,356	22,205	11,136	11,069	67,627	2,899	670	28		826
Aug. 4	210,674	293,517	80,248	43,573	29,459	14,114	21,977	11,031	10,946	67,781	2,943	699	24		872
11	212,445	295,733	81,147	43,478	29,299	14,179	22,005	11,044	10,961	67,837	2,992	734	25		879
18	211,104	294,671	80,088	43,142	29,081	14,061	22,006	11,135	10,871	67,767	3,026	798	22		814
25	210,962	294,788	79,901	43,319	29,055	14,264	22,259	11,230	11,029	67,788	3,070	827	24		938

▲ See p. A-18.

¹ Loan loss reserve and unearned income on loans had been reported as liability items through Mar. 24, 1976. Since then the item is netted against total loans, and therefore against total assets also. As a proxy for this item prior to Mar. 31, 1976, reserves for loans have been used to calculate year-ago figures.

² Includes securities purchased under agreements to resell.

³ Includes official institutions and so forth.

⁴ Includes short-term notes and bills.

⁵ Federal agencies only. ⁹ Includes corporate stocks.

⁷ Includes U.S. Govt. and foreign bank deposits, not shown separately.

⁸ Includes securities sold under agreements to repurchase.

⁹ Includes minority interest in consolidated subsidiaries. Beginning Mar. 31, 1976, also includes deferred tax portion of reserves for loans.

¹⁰ Includes reserves for securities. Beginning Mar. 31, 1976, also includes contingency portion of reserves for loans.

¹¹ Exclusive of loans and Federal funds transactions with domestic commercial banks.

¹² All demand deposits except U.S. Govt. and domestic commercial banks, less cash items in process of collection.

¹³ Certificates of deposit issued in denominations of \$100,000 or more.

¹⁴ All other time deposits issued in denominations of \$100,000 or more (not included in large negotiable CD's).

¹⁵ Other than commercial banks. ¹⁶ Domestic and foreign commercial banks, and official international organizations.

NOTE.—Effective Mar. 24, 1976, in the city of Chicago and Mar. 31, 1976, in the San Francisco District reclassification of loans resulted in the following major revisions: commercial and industrial, —\$1,168 million; other nonbank financial institutions, +\$185 million; real estate, +\$783 million; other loans, +\$200 million. These reclassifications are not reflected for earlier dates.

COMMERCIAL AND INDUSTRIAL LOANS OF LARGE COMMERCIAL BANKS

(In millions of dollars)

Industry	Outstanding					Net change during—							
	1976					1976		1976		1975	1976	1975	
	Aug. 25	Aug. 18	Aug. 11	Aug. 4	July 28	Aug.	July	June	II ^r	I	IV	1st half ^r	2nd half
Durable goods manufacturing:													
Primary metals.....	1,954	1,958	1,978	2,028	2,022	-68	-76	-7	73	-48	62	25	50
Machinery.....	4,749	4,778	4,778	4,787	4,871	-122	-164	-198	-428	-296	-781	-724	-1,668
Transportation equipment.....	2,415	2,471	2,532	2,522	2,569	-154	-108	30	-316	-52	-267	-368	-465
Other fabricated metal products.....	1,698	1,716	1,720	1,707	1,710	-12	-34	-36	-142	-87	-473	-229	-750
Other durable goods.....	3,511	3,492	3,482	3,462	3,483	28	-129	101	106	53	-514	159	-688
Nondurable goods manufacturing:													
Food, liquor, and tobacco.....	3,507	3,480	3,401	3,355	3,402	105	40	322	91	-509	455	-418	468
Textiles, apparel, and leather.....	3,534	3,528	3,514	3,485	3,401	133	80	172	235	395	-477	630	-532
Petroleum refining.....	2,123	2,199	2,198	2,228	2,238	-115	-65	-69	79	-138	-234	-59	-116
Chemicals and rubber.....	2,533	2,528	2,527	2,539	2,549	-16	66	-24	168	-40	-178	-208	-431
Other nondurable goods.....	1,903	1,898	1,948	1,939	1,929	-26	12	38	19	90	-268	109	-415
Mining, including crude petroleum and natural gas.....	6,658	6,675	6,685	6,659	6,568	90	-165	123	332	448	789	780	1,065
Trade: Commodity dealers.....	1,432	1,437	1,414	1,466	1,519	-8	-249	101	121	65	340	186	477
Other wholesale.....	5,947	5,941	5,981	6,008	5,956	-9	111	74	49	357	-103	406	-517
Retail.....	6,245	6,257	6,283	6,324	6,196	49	-123	203	394	133	-208	527	-181
Transportation.....	5,289	5,311	5,293	5,284	5,357	-68	-327	-110	-153	-231	127	-384	-3
Communication.....	1,576	1,622	1,658	1,654	1,619	-43	-135	38	59	-289	49	-230	-158
Other public utilities.....	5,820	5,848	5,981	6,114	6,188	-368	-37	162	113	-885	33	-772	-198
Construction.....	4,275	4,253	4,252	4,238	4,234	41	-8	7	-177	-706	-381	-883	-436
Services.....	10,384	10,355	10,381	10,415	10,404	-20	-178	-34	-306	69	285	-237	-15
All other domestic loans.....	7,134	7,040	7,192	7,095	7,335	-201	355	-263	-857	-2,566	628	-3,423	643
Bankers' acceptances.....	2,875	2,892	2,766	2,826	2,652	223	-306	86	-337	-1,050	2,855	-1,987	2,685
Foreign commercial and industrial loans.....	5,775	5,735	5,685	5,428	5,443	332	-233	-37	306	82	222	388	757
Total classified loans.....	91,337	91,414	91,649	91,563	91,645	-308	-1,673	679	-907	-5,805	1,863	-6,712	-422
Comm. paper included in total classified loans ¹	342				373	-31	-95	112	24	7	153	31	197
Total commercial and industrial loans of large commercial banks.....	110,688	110,782	111,391	111,316	111,256	-568	-1,647	883	-757	-6,994	1,680	-7,751	-942

For notes see table below.

"TERM" COMMERCIAL AND INDUSTRIAL LOANS OF LARGE COMMERCIAL BANKS

(In millions of dollars)

Industry	Outstanding								Net change during—					
	1976								1975		1976		1975	
	Aug. 25	July 28	June 30	May 26	Apr. 28	Mar. 31	Feb. 25	Jan. 28	Dec. 31	II	I	IV	III	1st half
Durable goods manufacturing:														
Primary metals.....	1,146	1,191	1,241	1,293	1,283	1,291	1,335	1,341	1,372	-50	-81	34	50	-131
Machinery.....	2,748	2,901	3,029	3,088	3,055	3,144	3,072	3,117	3,313	-115	-169	-424	-240	-284
Transportation equipment.....	1,357	1,399	1,505	1,488	1,632	1,691	1,643	1,686	1,615	-186	76	-78	-47	-110
Other fabricated metal products.....	765	767	799	879	919	909	1,035	1,041	1,024	-110	-115	-244	46	-225
Other durable goods.....	1,758	1,763	1,815	1,843	1,871	1,793	1,838	1,874	1,823	22	-30	-189	-78	-8
Nondurable goods manufacturing:														
Food, liquor, and tobacco.....	1,463	1,444	1,403	1,334	1,366	1,391	1,536	1,547	1,578	12	-187	107	-43	-175
Textiles, apparel, and leather.....	1,159	1,123	1,116	1,075	1,044	993	1,055	1,032	995	123	-2	-108	8	121
Petroleum refining.....	1,606	1,659	1,707	1,781	1,785	1,685	1,886	1,859	1,831	'22	-146	-136	258	'-124
Chemicals and rubber.....	1,460	1,444	1,466	1,462	1,495	1,540	1,603	1,588	1,622	-74	-82	-43	-97	-156
Other nondurable goods.....	948	982	986	961	979	962	942	925	888	24	74	-168	-87	98
Mining, including crude petroleum and natural gas.....	5,144	5,125	5,227	5,117	5,015	4,904	4,731	4,528	4,484	'323	420	637	113	'743
Trade: Commodity dealers.....	186	191	207	206	180	190	182	196	172	17	18	22	2	35
Other wholesale.....	1,340	1,308	1,308	1,355	1,312	1,344	1,279	1,290	1,276	-36	68	-43	-10	32
Retail.....	2,080	2,061	2,032	2,031	2,036	2,008	1,987	2,007	1,996	'24	12	-157	17	'36
Transportation.....	3,941	4,032	4,237	4,246	4,252	4,250	4,329	4,291	4,390	'-13	-140	-1	-34	'-153
Communication.....	948	937	990	1,008	984	998	1,095	1,101	1,081	'-8	-83	-51	-1	'-91
Other public utilities.....	3,689	3,895	3,908	3,811	3,770	3,898	3,940	3,995	3,979	10	-81	13	-79	-71
Construction.....	1,716	1,690	1,744	1,755	1,876	1,915	2,141	2,258	2,181	-171	-266	-178	45	-437
Services.....	4,917	4,948	5,097	5,240	5,317	5,368	5,147	5,038	5,135	'-271	233	13	-18	'-38
All other domestic loans.....	2,356	2,415	2,350	2,349	2,507	2,700	3,093	3,396	3,299	'-350	-599	55	-14	'-949
Foreign commercial and industrial loans.....	3,462	3,141	3,157	3,121	3,085	2,984	3,001	2,999	2,921	173	63	158	169	236
Total loans.....	44,189	44,416	45,324	45,443	45,763	45,958	46,870	47,109	46,975	'-634	-1,017	-781	-40	'-1,861

¹ Reported the last Wednesday of each month. NOTE.—For description of series see article "Revised Series on Commercial and Industrial Loans by Industry," Feb. 1967 BULLETIN, p. 209.

Commercial and industrial "term" loans are all outstanding loans with an original maturity of more than 1 year and all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

GROSS DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS¹

(In billions of dollars)

Class of bank, and quarter or month	Type of holder					Total deposits, IPC
	Financial business	Nonfinancial business	Consumer	Foreign	All other	
All insured commercial banks:						
1970—Dec.	17.3	92.7	53.6	1.3	10.3	175.1
1971—Dec.	18.5	98.4	58.6	1.3	10.7	187.5
1972—Dec.	18.9	109.9	65.4	1.5	12.3	208.0
1973—June.	18.6	106.6	67.3	2.0	11.8	206.3
Sept.	18.8	108.3	69.1	2.1	11.9	210.3
Dec.	19.1	116.2	70.1	2.4	12.4	220.1
1974—Mar.	18.9	108.4	70.6	2.3	11.0	211.2
June.	18.2	112.1	71.4	2.2	11.1	215.0
Sept.	17.9	113.9	72.0	2.1	10.9	216.8
Dec.	19.0	118.8	73.3	2.3	11.7	225.0
1975—Mar.	18.6	111.3	73.2	2.3	10.9	216.3
June.	19.4	115.1	74.8	2.3	10.6	222.2
Sept.	19.0	118.7	76.5	2.2	10.6	227.0
Dec.	20.1	125.1	78.0	2.4	11.3	236.9
1976—Mar.	19.9	116.9	77.2	2.4	11.4	227.9
June.	20.3	121.2	78.8	2.5	11.4	234.2
Weekly reporting banks:						
1971—Dec.	14.4	58.6	24.6	1.2	5.9	104.8
1972—Dec.	14.7	64.4	27.1	1.4	6.6	114.3
1973—Dec.	14.9	66.2	28.0	2.2	6.8	118.1
1974—Dec.	14.8	66.9	29.0	2.2	6.8	119.7
1975—July.	15.0	65.3	29.8	2.2	6.5	118.7
Aug.	14.4	64.6	29.1	2.0	5.9	116.1
Sept.	14.7	65.5	29.6	2.1	6.2	118.1
Oct.	15.1	66.7	29.0	2.2	6.3	119.3
Nov.	15.4	68.1	29.4	2.2	6.4	121.6
Dec.	15.6	69.9	29.9	2.3	6.6	124.4
1976—Jan.	15.2	68.0	30.3	2.2	6.7	122.4
Feb.	15.3	65.6	29.2	2.2	6.4	118.7
Mar.	15.4	65.2	30.8	1.8	6.2	119.5
Apr.	15.1	65.5	33.6	1.8	6.0	122.0
May.	15.7	67.8	26.4	2.2	6.1	118.2
June.	16.1	67.3	31.2	2.0	6.1	122.6
July ²	16.3	64.8	33.3	2.3	5.8	122.5

¹ Including cash items in process of collection.

NOTE.—Daily-average balances maintained during month as estimated

from reports supplied by a sample of commercial banks. For a detailed description of the type of depositor in each category, see June 1971 BULLETIN, p. 466.

DEPOSITS ACCUMULATED FOR PAYMENT OF PERSONAL LOANS

(In millions of dollars)

Class of bank	Dec. 31, 1973	Dec. 31, 1974	June 30, 1975	Dec. 31, 1975	Class of bank	Dec. 31, 1973	Dec. 31, 1974	June 30, 1975	Dec. 31, 1975
	All commercial.	507	389	338		280	All member—Cont.		
Insured.	503	387	335	280	Other large banks ¹	58	69	74	76
National member.	288	236	223	188	All other member ¹	294	206	186	146
State member.	64	39	36	35	All nonmember.	155	115	79	58
All member.	352	275	260	223	Insured.	152	112	76	58
					Noninsured.	3	3	3	.....

¹ Beginning Nov. 9, 1972, designation of banks as reserve city banks for reserve-requirement purposes has been based on size of bank (net demand deposits of more than \$400 million), as described in the BULLETIN for July 1972, p. 626. Categories shown here as "Other large" and "All other member" parallel the previous "Reserve City" (other than in New York City and the City of Chicago) and "Country" categories, respectively (hence the series are continuous over time).

NOTE.—Hypothecated deposits, as shown in this table, are treated one way in monthly and weekly series for commercial banks and in another way in call-date series. That is, they are excluded from "Time deposits" and "Loans" in the monthly (and year-end) series as shown on p. A-14; from the figures for weekly reporting banks as shown on pp. A-18-A-22 (consumer instalment loans); and from the figures in the table at the bottom of p. A-13. But they are included in the figures for "Time deposits" and "Loans" for call dates as shown on pp. A-14-A-17.

LOANS SOLD OUTRIGHT BY LARGE COMMERCIAL BANKS

(Amounts outstanding; in millions of dollars)

Date	To selected related institutions ¹			
	Total	By type of loan		
		Commercial and industrial	Real estate	All other
1976—May 5	4,174	2,567	195	1,412
12	4,346	2,727	193	1,426
19	4,307	2,704	192	1,411
26	4,356	2,707	205	1,444
June 2	4,432	2,757	204	1,471
9	4,424	2,767	205	1,452
16	4,478	2,839	205	1,434
23	4,442	2,810	205	1,427
30	4,491	2,837	206	1,448
July 7	4,530	2,862	219	1,449
14	4,518	2,826	212	1,480
21	4,549	2,825	207	1,517
28	4,529	2,823	209	1,497
Aug. 4	4,598	2,886	209	1,503
11	4,298	2,613	209	1,476
18	4,103	2,538	211	1,354
25	3,990	2,508	213	1,269

¹ To bank's own foreign branches, nonconsolidated non-bank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

NOTE.—Series changed on Aug. 28, 1974. For a comparison of the old and new data for that date, see p. 741 of the Oct. 1974 BULLETIN. Revised figures received since Oct. 1974 that affect that comparison are shown in note 2 to this table in the Dec. 1974 BULLETIN, p. A-27.

COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

(In millions of dollars)

End of period	Commercial paper						Dollar acceptances									
	All issuers	Financial companies ¹		Non-financial companies ⁴	Bank-related ⁵		Total	Held by—						Based on—		
		Dealer-placed ²	Directly-placed ³		Dealer-placed	Directly-placed		Accepting banks			F.R. Banks		Others	Imports into United States	Exports from United States	All other
								Total	Own bills	Bills bought	Own acct.	Foreign corr. ⁶				
1966	13,645	2,332	10,556	757	.....	3,603	1,198	983	215	193	191	2,022	997	829	1,778	
1967	17,085	2,790	12,184	2,111	.....	4,317	1,906	1,447	459	164	156	2,090	1,086	989	2,241	
1968	21,173	4,427	13,972	2,774	.....	4,428	1,544	1,344	200	58	109	2,717	1,423	952	2,053	
1969	32,600	6,503	20,741	5,356	1,160	3,134	5,451	1,567	1,318	249	64	146	3,674	1,889	1,153	2,408
1970	33,071	5,514	20,424	7,133	352	1,997	7,058	2,694	1,960	735	57	250	4,057	2,601	1,561	2,895
1971	32,126	5,297	20,582	6,247	524	1,449	7,889	3,480	2,689	791	261	254	3,894	2,834	1,546	3,509
1972	34,721	5,655	22,098	6,968	1,226	1,411	6,898	2,706	2,006	700	106	179	3,907	2,531	1,909	2,458
1973	41,073	5,487	27,204	8,382	1,938	2,943	8,892	2,837	2,318	519	68	581	5,406	2,273	3,499	3,120
1974	49,144	4,611	31,839	12,694	1,814	6,518	18,484	4,226	3,685	542	999	1,109	12,150	4,023	4,067	10,394
1975—June	48,765	5,604	31,115	12,045	1,561	7,230	17,740	4,774	4,224	550	682	319	11,965	3,466	4,080	10,193
July	49,352	6,018	31,263	12,072	1,649	7,038	16,930	4,778	4,275	503	685	329	11,138	3,474	3,865	9,591
Aug.	49,810	5,645	32,172	11,993	1,511	7,392	16,456	4,546	4,988	558	840	304	10,766	3,305	3,806	9,344
Sept.	48,257	5,574	30,496	12,187	1,482	7,316	16,790	5,002	4,190	812	948	302	10,538	3,313	3,783	9,693
Oct.	50,394	6,360	32,308	11,726	1,634	7,114	17,304	5,213	4,288	924	1,047	284	10,760	3,467	3,947	9,890
Nov.	49,512	6,389	32,003	11,120	1,715	6,974	17,875	6,497	5,684	813	727	279	10,372	3,545	3,888	10,443
Dec.	47,690	6,239	31,276	10,175	1,762	6,892	18,727	7,333	5,899	1,435	1,126	293	9,975	3,726	4,001	11,000
1976—Jan.	48,858	6,072	31,305	11,481	1,657	6,918	18,677	6,294	5,367	927	1,230	248	10,904	3,891	3,906	10,880
Feb.	49,927	6,401	31,534	11,992	1,567	6,753	19,060	5,950	5,255	695	1,051	231	11,827	3,977	4,039	11,044
Mar.	49,300	6,428	31,239	11,633	1,654	6,773	18,901	6,340	5,651	689	883	245	11,433	4,027	4,193	10,681
Apr.	49,572	6,246	31,143	12,183	1,658	6,304	19,559	6,126	5,305	821	995	344	12,094	4,258	4,258	11,043
May	50,537	6,443	31,866	12,228	1,724	5,974	19,681	6,175	5,397	778	875	440	12,147	4,267	4,304	11,110
June	50,011	6,075	31,198	12,738	1,710	6,297	19,782	6,171	5,378	793	1,027	427	12,157	4,384	4,308	11,091

¹ Financial companies are 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 As reported by dealers; includes all financial company paper sold in the open market.

³ As reported by financial companies that place their paper directly with investors.

⁴ Nonfinancial companies include public utilities and firms engaged primarily in activities such as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

⁵ Included in dealer- and directly-placed financial company columns. Coverage of bank-related companies was expanded in Aug. 1974. Most of the increase resulting from this expanded coverage occurred in directly-placed paper.

⁶ Beginning November 1974, the Board of Governors terminated the System guarantee on acceptances purchased for foreign official accounts.

PRIME RATE CHARGED BY BANKS

(Per cent per annum)

Effective date	Rate	Effective date	Rate	Effective date	Rate	Monthly average rate
1974—Apr. 11.....	10	1975—Jan. 9.....	10¼	1975—July 18.....	7¼	1975—July 7.15
19.....	10¼	15.....	10	28.....	7½	Aug. 7.66
25.....	10½	20.....	9¾	Aug. 12.....	7¾	Sept. 7.88
May 2.....	10¾	28.....	9½	Sept. 15.....	8	Oct. 7.96
6.....	11	Feb. 3.....	9¼	Oct. 27.....	7¾	Nov. 7.53
10.....	11¼	10.....	9	Nov. 5.....	7½	Dec. 7.26
17.....	11½	18.....	8¾	Dec. 2.....	7¼	1976—Jan. 7.00
June 26.....	11¾	24.....	8½	1976—Jan. 12.....	7	Feb. 6.75
July 5.....	12	Mar. 5.....	8¼	21.....	6¾	Mar. 6.75
Oct. 7.....	11¾	10.....	8	June 1.....	7	Apr. 6.75
21.....	11½	18.....	7¾	7.....	7¼	May 6.75
28.....	11¼	24.....	7½	Aug. 2.....	7	June 7.20
Nov. 4.....	11	May 20.....	7¼			July 7.25
14.....	10¾	June 9.....	7			Aug. 7.01
25.....	10½					

RATES ON BUSINESS LOANS OF BANKS

Center	All sizes		Size of loan (in thousands of dollars)									
			1-9		10-99		100-499		500-999		1,000 and over	
	May 1976	Feb. 1976	May 1976	Feb. 1976	May 1976	Feb. 1976	May 1976	Feb. 1976	May 1976	Feb. 1976	May 1976	Feb. 1976
	Short-term											
35 centers.....	7.44	7.54	8.91	9.03	8.38	8.44	7.78	7.80	7.52	7.55	7.18	7.33
New York City.....	6.99	7.14	8.84	8.64	8.29	8.20	7.65	7.52	7.29	7.40	6.83	7.03
7 Other Northeast.....	7.79	7.93	9.24	9.46	8.58	8.69	7.99	8.06	7.95	7.77	7.45	7.71
8 North Central.....	7.44	7.50	8.39	8.51	8.21	8.21	7.62	7.63	7.46	7.50	7.29	7.37
7 Southeast.....	7.66	7.86	9.20	9.44	8.65	8.78	7.84	8.16	7.20	7.62	7.25	7.29
8 Southwest.....	7.51	7.56	8.75	8.76	8.13	8.16	7.71	7.57	7.48	7.44	7.11	7.35
4 West Coast.....	7.75	7.77	9.14	9.17	8.51	8.60	8.00	8.06	7.71	7.70	7.61	7.61
	Revolving credit											
35 centers.....	7.36	7.50	9.23	9.50	8.12	8.40	7.59	7.79	7.35	7.74	7.32	7.42
New York City.....	7.42	7.51	8.56	7.73	8.31	7.49	7.68	7.29	7.46	7.43	7.50	
7 Other Northeast.....	7.78	8.06	8.92	10.66	7.84	7.57	7.44	7.47	7.58	7.80	7.83	8.16
8 North Central.....	7.48	7.64	9.19	9.88	8.69	9.23	7.99	8.34	7.74	7.46	7.34	7.53
7 Southeast.....	8.01	7.49	9.85	9.59	8.95	9.02	8.35	8.09	8.15	8.43	7.69	6.75
8 Southwest.....	7.50	7.73	8.93	8.81	8.23	8.14	7.67	7.89	7.23	8.02	7.48	7.49
4 West Coast.....	7.15	7.32	8.61	8.69	7.84	8.15	7.39	7.59	7.14	7.87	7.12	7.20
	Long-term											
35 centers.....	8.02	8.02	9.21	9.44	8.80	8.96	8.16	8.40	8.33	8.26	7.92	7.89
New York City.....	7.85	7.68	7.68	7.43	8.45	8.08	8.45	8.01	8.51	7.25	7.76	7.68
7 Other Northeast.....	7.35	8.16	9.10	9.36	9.19	9.32	8.52	8.38	8.10	8.10	6.64	7.98
8 North Central.....	8.59	7.96	8.38	9.23	8.28	8.56	7.94	8.35	9.08	7.90	8.65	7.86
7 Southeast.....	8.03	8.90	9.49	9.69	8.90	9.69	7.70	9.20	7.75	7.97	8.01	8.57
8 Southwest.....	7.89	8.14	10.53	10.65	8.92	8.69	8.40	8.10	7.64	8.79	7.74	7.84
4 West Coast.....	8.23	8.46	9.43	8.63	8.97	9.33	7.73	8.85	8.29	9.12	8.26	8.28

MONEY MARKET RATES

(Per cent per annum)

Period	Prime commercial paper ¹		Finance co. paper placed directly, 3 to 6 months ²	Prime bankers' acceptances, 90 days ³	Federal funds rate ⁴	U.S. Government securities ⁵						
	90-119 days	4 to 6 months				3-month bills ⁶		6-month bills ⁶		9- to 12-month issues		3- to 5-year issues ⁷
			Rate on new issue	Market yield	Rate on new issue	Market yield	1-year bill (market yield) ⁶	Other ⁷				
1967.....		5.10	4.89	4.75	4.22	4.321	4.29	4.630	4.61	4.71	4.84	5.07
1968.....		5.90	5.69	5.75	5.66	5.339	5.34	5.470	5.47	5.46	5.62	5.59
1969.....		7.83	7.16	7.61	8.21	6.677	6.67	6.853	6.86	6.79	7.06	6.85
1970.....		7.72	7.23	7.31	7.17	6.458	6.39	6.562	6.51	6.49	6.90	7.37
1971.....		5.11	4.91	4.85	4.66	4.348	4.33	4.511	4.52	4.67	4.75	5.77
1972.....	4.66	4.69	4.52	4.47	4.44	4.071	4.07	4.466	4.49	4.77	4.86	5.85
1973.....	8.20	8.15	7.40	8.08	8.74	7.041	7.03	7.178	7.20	7.01	7.30	6.92
1974.....	10.05	9.87	8.62	9.92	10.51	7.886	7.84	7.926	7.95	7.71	8.25	7.81
1975.....	6.26	6.33	6.16	6.30	5.82	5.838	5.80	6.122	6.11	6.30	6.70	7.55
1975—Aug.....	6.59	6.70	6.39	6.74	6.14	6.463	6.44	6.940	6.94	7.16	7.55	8.12
Sept.....	6.79	6.86	6.53	6.83	6.24	6.383	6.42	6.870	6.92	7.20	7.54	8.22
Oct.....	6.35	6.48	6.43	6.28	5.82	6.081	5.96	6.385	6.25	6.48	6.89	7.80
Nov.....	5.78	5.91	5.79	5.79	5.22	5.468	5.48	5.751	5.80	6.07	6.40	7.51
Dec.....	5.88	5.97	5.86	5.72	5.20	5.504	5.44	5.933	5.85	6.16	6.51	7.50
1976—Jan.....	5.15	5.27	5.16	5.08	4.87	4.961	4.87	5.238	5.14	5.44	5.71	7.18
Feb.....	5.13	5.23	5.09	4.99	4.77	4.852	4.88	5.144	5.20	5.53	5.78	7.18
Mar.....	5.25	5.37	5.27	5.18	4.84	5.047	5.00	5.488	5.44	5.82	6.12	7.25
Apr.....	5.08	5.23	5.14	5.03	4.82	4.878	4.86	5.201	5.18	5.54	5.85	6.99
May.....	5.44	5.54	5.38	5.53	5.29	5.185	5.20	5.600	5.62	5.98	6.36	7.35
June.....	5.83	5.94	5.78	5.77	5.48	5.443	5.41	5.784	5.77	6.12	6.52	7.40
July.....	5.54	5.67	5.53	5.50	5.31	5.278	5.23	5.597	5.53	5.82	6.21	7.24
Aug.....	5.35	5.47	5.46	5.32	5.29	5.153	5.14	5.416	5.40	5.64	5.99	7.04
Week ending—												
1976—May 1.....	5.03	5.15	5.13	5.07	4.93	4.909	4.88	5.230	5.24	5.61	5.90	7.04
8.....	5.20	5.30	5.15	5.21	5.03	4.921	4.91	5.339	5.30	5.68	5.98	7.11
15.....	5.30	5.43	5.30	5.39	5.02	5.072	5.11	5.426	5.51	5.89	6.21	7.28
22.....	5.53	5.63	5.45	5.67	5.28	5.250	5.33	5.726	5.79	6.11	6.56	7.46
29.....	5.73	5.83	5.63	5.87	5.50	5.495	5.47	5.908	5.89	6.26	6.68	7.56
June 5.....	5.88	6.00	5.78	5.92	5.54	5.578	5.53	5.952	5.90	6.27	6.66	7.52
12.....	5.88	6.00	5.88	5.82	5.44	5.459	5.44	5.768	5.75	6.11	6.55	7.42
19.....	5.90	6.00	5.88	5.74	5.47	5.380	5.38	5.695	5.74	6.07	6.50	7.38
26.....	5.78	5.90	5.75	5.69	5.48	5.356	5.34	5.722	5.71	6.06	6.44	7.32
July 3.....	5.70	5.80	5.50	5.69	5.58	5.368	5.36	5.754	5.75	6.08	6.46	7.36
10.....	5.72	5.81	5.63	5.66	5.37	5.412	5.34	5.768	5.61	5.90	6.35	7.30
17.....	5.53	5.65	5.53	5.48	5.27	5.190	5.15	5.430	5.44	5.72	6.13	7.18
24.....	5.48	5.65	5.50	5.47	5.30	5.226	5.23	5.536	5.54	5.84	6.17	7.26
31.....	5.38	5.50	5.50	5.34	5.28	5.194	5.17	5.497	5.45	5.74	6.12	7.21
Aug. 7.....	5.38	5.50	5.50	5.34	5.36	5.151	5.16	5.473	5.46	5.72	6.11	7.12
14.....	5.38	5.50	5.50	5.34	5.25	5.181	5.17	5.422	5.42	5.65	6.04	7.06
21.....	5.38	5.50	5.50	5.33	5.29	5.143	5.15	5.390	5.40	5.64	5.95	7.04
28.....	5.30	5.43	5.40	5.30	5.28	5.138	5.11	5.380	5.35	5.59	5.92	6.98

¹ Averages of the most representative daily offering rate quoted by dealers.

² Averages of the most representative daily offering rate published by finance companies, for varying maturities in the 90-179 day range.

³ Beginning Aug. 15, 1974, the rate is the average of the midpoint of the range of daily dealer closing rates offered for domestic issues; prior data are averages of the most representative daily offering rate quoted by dealers.

⁴ Seven-day averages of daily effective rates for week ending Wednesday. Since July 19, 1973, the daily effective Federal funds rate is an average of the rates on a given day weighted by the volume of transactions at these

rates. Prior to this date, the daily effective rate was the rate considered most representative of the day's transactions, usually the one at which most transactions occurred.

⁵ Except for new bill issues, yields are averages computed from daily closing bid prices.

⁶ Bills quoted on bank-discount-rate basis.

⁷ Selected note and bond issues.

NOTE.—Figures for Treasury bills are the revised series described on p. A-35 of the Oct. 1972 BULLETIN.

BOND AND STOCK YIELDS

(Per cent per annum)

Period	Government bonds					Corporate bonds						Stocks			
	United States (long-term)	State and local			Aaa utility		Total ¹	By selected rating		By group			Dividend/price ratio		Earnings/price ratio
		Total ¹	Aaa	Baa	New issue	Recently offered		Aaa	Baa	Industrial	Railroad	Public utility	Preferred	Common	Common
1970.....	6.59	6.42	6.12	6.75	8.68	8.71	8.51	8.04	9.11	8.26	8.77	8.68	7.22	3.83	6.46
1971.....	5.74	5.62	5.22	5.89	7.62	7.66	7.94	7.39	8.56	7.57	8.38	8.13	6.75	3.14	5.41
1972.....	5.63	5.30	5.04	5.60	7.31	7.34	7.63	7.21	8.16	7.35	7.99	7.74	7.27	2.84	5.50
1973.....	6.30	5.22	4.99	5.49	7.74	7.75	7.80	7.44	8.24	7.60	8.12	7.83	7.23	3.06	7.12
1974.....	6.99	6.19	5.89	6.53	9.33	9.34	8.98	8.57	9.50	8.78	8.98	9.27	8.23	4.47	11.60
1975.....	6.98	7.05	6.42	7.62	9.40	9.41	9.46	8.83	10.39	9.25	9.39	9.88	8.38	4.31	9.03
1975—Aug.....	7.06	7.12	6.40	7.71	9.46	9.49	9.51	8.95	10.35	9.29	9.41	9.93	8.41	4.36	.....
Sept.....	7.29	7.40	6.70	7.96	9.68	9.57	9.55	8.95	10.38	9.35	9.42	9.98	8.56	4.39	9.12
Oct.....	7.29	7.40	6.67	8.01	9.45	9.43	9.51	8.86	10.37	9.32	9.40	9.94	8.58	4.22	.....
Nov.....	7.21	7.41	6.64	8.08	9.20	9.26	9.44	8.78	10.33	9.27	9.36	9.83	8.50	4.07	.....
Dec.....	7.17	7.29	6.50	7.96	9.36	9.21	9.45	8.79	10.35	9.26	9.37	9.87	8.57	4.14	8.61
1976—Jan.....	6.94	7.08	6.22	7.81	8.70	8.79	9.33	8.60	10.24	9.16	9.32	9.68	8.16	3.80	8.22
Feb.....	6.92	6.94	6.04	7.76	8.63	8.63	9.23	8.55	10.10	9.12	9.25	9.50	8.00	3.67	.....
Mar.....	6.87	6.87	5.99	7.72	8.62	8.61	9.18	8.52	9.99	9.10	9.16	9.43	8.07	3.65	.....
Apr.....	6.73	6.61	5.68	7.50	8.48	8.52	9.04	8.40	9.83	8.98	9.05	9.27	8.04	3.66	.....
May.....	6.99	6.85	5.88	7.75	8.82	8.77	9.06	8.58	9.76	9.00	8.96	9.31	8.06	3.76	.....
June.....	6.92	6.83	5.85	7.75	8.72	8.73	9.05	8.62	9.72	8.96	8.88	9.36	8.10	3.75	.....
July.....	6.85	6.71	5.71	7.64	8.63	8.63	8.97	8.56	9.63	8.90	8.81	9.26	8.08	3.64	.....
Aug.....	6.79	6.53	5.51	7.48	8.52	8.50	8.85	8.45	9.49	8.79	8.75	9.07	7.99	3.74	.....
Week ending—															
1976—July 3..	6.90	6.79	5.81	7.72	8.72	8.67	9.03	8.63	9.70	8.95	8.82	9.35	8.09	3.67	.....
10..	6.86	6.74	5.75	7.66	8.58	8.57	8.99	8.57	9.68	8.92	8.79	9.32	8.09	3.62	.....
17..	6.83	6.71	5.70	7.64	8.53	8.55	8.96	8.53	9.63	8.90	8.79	9.26	8.10	3.57	.....
24..	6.86	6.69	5.67	7.62	8.66	8.68	8.95	8.55	9.60	8.88	8.81	9.24	8.07	3.64	.....
31..	6.85	6.64	5.62	7.58	8.72	8.69	8.95	8.55	9.61	8.88	8.82	9.21	8.05	3.73	.....
Aug. 7..	6.80	6.57	5.54	7.52	8.60	8.60	8.92	8.51	9.58	8.85	8.80	9.16	8.01	3.70	.....
14..	6.75	6.53	5.50	7.47	8.49	8.49	8.87	8.48	9.50	8.82	8.75	9.10	8.02	3.73	.....
21..	6.82	6.53	5.52	7.47	8.46	8.46	8.82	8.42	9.45	8.77	8.75	9.02	8.01	3.71	.....
28..	6.79	6.50	5.49	7.44	8.47	8.44	8.80	8.42	9.44	8.74	8.71	9.02	7.90	3.81	.....
Number of issues ²	16	20	5	5	.....	.....	121	20	30	41	30	40	14	500	500

¹ Includes bonds rated Aa and A, data for which are not shown separately. Because of a limited number of suitable issues, the number of corporate bonds in some groups has varied somewhat. As of Dec. 23, 1967, there is no longer an Aaa-rated railroad bond series.

² Number of issues varies over time; figures shown reflect most recent count.

NOTE.—Annual yields are averages of weekly, monthly, or quarterly data.

Bonds: Monthly and weekly yields are computed as follows: (1) U.S. Govt., averages of daily figures for bonds maturing or callable in 10 years or more; from Federal Reserve Bank of New York. (2) State and local

govt., general obligations only, based on Thurs. figures, from Moody's Investors Service. (3) Corporate, rates for "New issue" and "Recently offered" Aaa utility bonds, weekly averages compiled by the Board of Governors of the Federal Reserve System; and rates for seasoned issues, averages of daily figures from Moody's Investors Service.

Stocks: Standard and Poor's corporate series. Dividend/price ratios are based on Wed. figures. Earnings/price ratios as of end of period. Preferred stock ratio based on 8 median yields for a sample of non-callable issues—12 industrial and 2 public utility. Common stock ratios on the 500 stocks in the price index. Quarterly earnings are seasonally adjusted at annual rates.

NOTES TO TABLES ON OPPOSITE PAGE:

Security Prices:

¹ Standard and Poor's corporate series. Effective July 1976, Standard and Poor added a new financial group, including banks and insurance companies, to the index. Stocks in this revised group are 400 industrials (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

NOTE.—Annual data are averages of daily or weekly figures. Monthly and weekly data are averages of daily figures unless otherwise noted and are computed as follows: U.S. Govt. bonds, derived from average market yields in table on p. A-28 on basis of an assumed 3 per cent, 20-year bond. Municipal and corporate bonds, derived from average yields as computed by Standard and Poor's Corp., on basis of a 4 per cent, 20-year bond; Wed. closing prices. Common stocks, derived from component common stock prices. Average daily volume of trading, presently conducted 5 days per week for 6 hours per day.

Stock Market Customer Financing:

¹ Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock (Dec. 1970 BULLETIN, p. 920). Credit extended by brokers is end-of-month data for member firms of the New York Stock Exchange. June data for banks are universe totals; all other data for banks represent estimates for all commercial banks based on reports by a reporting sample, which accounted for 60 per cent of security credit outstanding at banks on June 30, 1971.

² 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 Nonmargin stocks are those not listed on a national securities exchange and not included on the Federal Reserve System's list of over the counter margin stocks. At banks, loans to purchase or carry nonmargin stocks are unregulated; at brokers, such stocks have no loan value.

⁴ Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

SECURITY PRICES

Period	Bond prices (per cent of par)			Common stock prices											Volume of trading in stocks (thousands of shares)	
				New York Stock Exchange												
	U.S. Govt. (long-term)	State and local	Corporate AAA	Standard and Poor's index (1941-43=10)					New York Stock Exchange index (Dec. 31, 1965=50)					American Stock Exchange total index (Aug. 31, 1973=100)	NYSE	AMEX
				Total	Industrial	Transportation	Public utility	Finance	Total	Industrial	Transportation	Utility	Finance			
1970.....	60.52	72.3	61.6	83.22	91.29	.....	54.48	.....	45.72	48.03	32.14	37.24	54.64	96.63	10,532	3,376
1971.....	67.73	80.0	65.0	98.29	108.35	.....	59.33	.....	54.22	57.92	44.35	39.53	70.38	113.40	15,381	4,234
1972.....	68.71	84.4	65.9	109.20	121.79	.....	56.90	.....	60.29	65.73	50.17	38.48	78.35	129.10	16,487	4,447
1973.....	62.80	85.4	63.7	107.43	120.44	.....	53.47	.....	57.42	63.08	37.74	37.69	70.12	103.80	16,374	3,003
1974.....	57.45	76.3	58.8	82.85	92.91	.....	38.91	.....	43.84	48.08	31.89	29.82	49.67	79.97	13,883	1,908
1975.....	57.44	68.9	56.2	85.17	96.15	.....	41.21	.....	45.73	51.88	30.73	31.45	46.62	83.15	18,568	2,150
1975—Aug.....	56.84	68.3	55.6	85.71	96.21	.....	41.04	.....	45.71	50.71	30.08	31.02	46.55	85.74	13,404	1,476
Sept.....	55.23	66.1	55.8	84.62	94.96	.....	40.53	.....	44.97	50.05	29.46	30.65	43.38	84.26	12,717	1,439
Oct.....	55.23	66.1	56.0	88.57	99.29	.....	42.59	.....	46.87	52.26	30.79	31.87	44.36	83.46	15,893	1,629
Nov.....	55.77	66.2	56.3	90.07	100.86	.....	43.77	.....	47.64	52.91	32.09	32.99	45.10	85.60	16,795	1,613
Dec.....	56.03	67.4	56.1	88.74	94.89	.....	43.25	.....	46.78	51.89	31.61	32.75	43.86	82.50	15,859	1,977
1976—Jan.....	57.75	69.7	57.0	96.86	108.45	.....	46.99	.....	51.31	57.00	35.78	35.23	48.83	91.47	32,794	3,070
Feb.....	57.86	68.8	57.1	100.64	113.43	.....	47.22	.....	53.73	59.79	38.53	36.12	52.06	100.58	31,375	4,765
Mar.....	58.23	69.2	57.3	101.08	113.73	.....	45.67	.....	54.01	60.30	39.17	35.43	52.61	104.04	23,069	3,479
Apr.....	59.33	71.3	58.2	101.93	114.67	.....	46.07	.....	54.28	60.62	38.66	35.69	52.71	103.00	18,770	2,368
May.....	57.38	69.1	56.5	101.16	113.76	.....	45.70	.....	53.87	60.22	39.71	35.40	50.99	103.65	17,796	2,127
June.....	57.86	69.3	56.8	101.78	114.50	.....	45.61	.....	54.23	60.70	40.41	35.16	51.82	103.57	18,965	2,177
July.....	58.38	71.1	57.1	104.20	117.01	14.94	47.48	11.83	55.70	62.10	42.12	36.49	54.06	105.24	18,977	2,280
Aug.....	58.88	74.1	57.9	103.29	115.63	14.47	48.81	11.97	55.06	61.09	40.63	37.56	54.22	102.79	15,758	1,605
Week ending—																
1976—Aug. 7..	58.82	73.7	57.8	103.79	116.20	14.82	48.36	11.99	55.46	61.64	41.31	37.48	54.39	103.41	13,930	1,700
14..	59.15	74.3	57.7	104.25	116.70	14.77	48.92	12.02	55.69	61.46	41.12	37.73	54.79	103.80	13,930	1,640
21..	58.67	74.3	57.9	102.37	114.53	14.39	49.17	12.23	54.17	61.47	39.93	37.65	53.92	101.79	14,920	1,600
28..	58.87	74.3	58.3	101.48	113.58	14.04	48.71	11.73	54.23	59.97	39.73	37.41	52.94	101.43	12,120	1,510

For notes see opposite page.

STOCK MARKET CUSTOMER FINANCING

(In millions of dollars)

End of period	Margin credit at brokers and banks ¹											Free credit balances at brokers ⁴
	By source			Regulated ²						Unregulated ³		
				By type			Nonmargin stock credit at banks		Margin accts.	Cash accts.		
	Total	Brokers	Banks	Margin stock		Convertible bonds		Subscription issues				
			Brokers	Banks	Brokers	Banks	Brokers	Banks				
1975—June.....	5,984	5,140	844	4,990	805	146	28	4	11	2,434	520	1,790
July.....	6,266	5,446	820	5,300	780	143	29	3	10	2,387	555	1,710
Aug.....	6,197	5,365	832	5,220	791	142	30	3	11	2,457	515	1,500
Sept.....	6,251	5,399	852	5,250	811	145	30	4	10	2,520	470	1,455
Oct.....	6,455	5,448	1,007	5,300	956	144	36	4	15	2,311	545	1,495
Nov.....	6,527	5,519	1,008	5,370	958	146	37	3	13	2,270	490	1,470
Dec.....	6,500	5,540	960	5,390	909	147	36	3	15	2,281	475	1,525
1976—Jan.....	6,568	5,568	1,000	5,420	946	146	34	2	20	2,321	655	1,975
Feb.....	7,152	6,115	1,037	5,950	984	162	34	3	20	2,333	685	2,065
Mar.....	7,617	6,575	1,042	6,410	988	162	34	3	20	2,355	595	1,935
Apr.....	7,932	6,856	1,076	6,690	1,023	163	32	3	21	2,325	570	1,740
May.....	8,110	7,103	1,007	6,940	957	161	31	2	19	2,357	540	1,655
June.....	8,276	7,248	1,028	7,080	976	166	33	2	19	2,368	540	1,680
July.....	8,417	7,519	898	7,340	854	176	28	3	16	2,317	530	1,635

For notes see opposite page.

EQUITY STATUS OF MARGIN ACCOUNT DEBT AT BROKERS

(Per cent of total debt, except as noted)

End of period	Total debt (millions of dollars) ¹	Equity class (per cent)					
		80 or more	70-79	60-69	50-59	40-49	Under 40
1975—July..	5,300	6.0	8.3	13.9	23.6	30.4	17.9
Aug..	5,220	5.5	6.8	11.3	20.7	31.0	24.7
Sept..	5,250	5.1	7.3	10.6	19.6	31.0	26.5
Oct..	5,300	5.5	6.7	11.2	21.8	29.7	25.2
Nov..	5,370	5.2	6.7	12.2	23.2	28.6	24.0
Dec..	5,390	5.3	6.9	11.6	22.3	28.8	25.0
1976—Jan..	5,420	7.0	9.4	18.3	21.3	28.8	15.5
Feb..	5,950	6.8	8.9	17.4	29.0	22.6	15.3
Mar..	6,410	6.0	8.7	16.0	29.0	25.0	16.0
Apr..	6,690	6.1	7.7	12.9	27.7	30.2	15.4
May..	6,940	5.8	7.2	12.4	23.8	34.2	16.6
June..	7,080	6.3	7.7	14.4	32.2	25.4	14.1
July..	7,340	6.1	8.0	13.0	27.7	31.1	14.0

¹ Note 1 appears at the bottom of p. A-28.

NOTE.—Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

SPECIAL MISCELLANEOUS ACCOUNT BALANCES AT BROKERS, BY EQUITY STATUS OF ACCOUNTS

(Per cent of total, except as noted)

End of period	Net credit status	Equity class of accounts in debit status		Total balance (millions of dollars)
		60 per cent or more	Less than 60 per cent	
1975—July..	45.6	41.1	13.1	7,772
Aug..	43.5	40.6	16.0	7,494
Sept..	45.3	38.9	15.8	7,515
Oct..	44.4	40.1	15.5	7,362
Nov..	45.3	40.2	14.5	7,425
Dec..	43.8	40.8	15.4	7,290
1976—Jan..	45.8	44.0	10.3	7,770
Feb..	44.4	44.7	10.9	8,040
Mar..	44.0	46.0	10.4	8,050
Apr..	43.0	45.0	12.0	7,990
May..	41.4	46.2	12.4	8,030
June..	40.6	49.0	10.4	8,150
July..	40.5	48.7	10.8	8,300

NOTE.—Special miscellaneous accounts contain credit balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.

MUTUAL SAVINGS BANKS

(In millions of dollars)

End of period	Loans		Securities			Cash	Other assets	Total assets—Total liabilities and general reserve accts.	Deposits	Other liabilities	General reserve accounts	Mortgage loan commitments ² classified by maturity (in months)				
	Mortgage	Other	U.S. Govt.	State and local govt.	Corporate and other ¹							3 or less	3-6	6-9	Over 9	Total
1971.....	62,069	2,808	3,334	385	17,674	1,389	1,711	89,369	81,440	1,810	6,118	1,047	627	463	1,310	3,447
1972 ³	67,563	2,979	3,510	873	21,906	1,644	2,117	100,593	91,613	2,024	6,956	1,593	713	609	1,624	4,539
1973.....	73,231	3,871	2,957	926	21,383	1,968	2,314	106,651	96,496	2,566	7,589	1,250	598	405	1,008	3,261
1974.....	74,891	3,812	2,555	930	22,550	2,167	2,645	109,550	98,701	2,888	7,961	664	418	232	726	2,040
1975.....	77,127	4,028	4,777	1,541	27,964	2,367	3,195	120,999	109,796	2,770	8,433	896	301	203	403	1,803
1975—June..	75,763	4,492	3,744	1,240	26,470	2,088	2,954	116,751	105,993	2,594	8,164	973	510	195	565	2,243
July..	76,097	4,396	3,965	1,436	26,976	1,835	3,004	117,709	106,533	2,970	8,208	957	463	266	526	2,212
Aug..	76,310	4,405	4,187	1,451	27,104	1,730	3,067	118,254	106,745	3,255	8,254	981	431	237	573	2,222
Sept..	76,429	4,487	4,279	1,495	27,033	1,783	3,136	118,643	107,560	2,778	8,304	1,011	372	256	499	2,138
Oct..	76,655	4,481	4,368	1,523	27,106	1,805	3,152	119,089	107,812	2,950	8,328	950	368	275	394	1,987
Nov..	76,855	4,550	4,601	1,551	27,421	1,872	3,223	120,073	108,480	3,215	8,378	972	323	222	379	1,896
Dec..	77,221	4,023	4,740	1,545	27,992	2,330	3,205	121,056	109,873	2,755	8,428	896	301	203	403	1,803
1976—Jan..	77,308	4,839	4,918	1,581	28,473	1,961	3,245	122,325	110,979	2,892	8,455	923	315	195	426	1,859
Feb..	77,413	5,243	5,211	1,765	29,035	1,853	3,301	123,821	112,019	3,275	8,527	930	352	184	401	1,867
Mar..	77,738	5,366	5,452	1,867	30,043	1,740	3,321	125,526	114,090	2,859	8,577	1,092	360	251	427	2,130
Apr..	78,046	5,027	5,533	2,149	30,707	1,647	3,361	126,470	114,752	3,106	8,612	1,175	398	281	436	2,290
May..	78,286	5,103	5,660	2,318	31,179	1,539	3,385	127,470	115,521	3,296	8,654	1,237	419	290	480	2,426
June..	78,735	5,158	5,578	2,357	31,537	1,532	3,425	128,324	116,774	2,847	8,703	1,174	438	215	575	2,402

¹ Also includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. Govt. agencies.

² Commitments outstanding of banks in New York State as reported to the Savings Banks Assn. of the State of New York. Data include building loans.

³ Balance sheet data beginning 1972 are reported on a gross-of-valuation-reserves basis.

The data differ somewhat from balance sheet data previously reported by National Assn. of Mutual Savings Banks, which were net of valuation reserves. For most items, however, the differences are relatively small.

NOTE.—NAMSB estimates for all savings banks in the United States.

LIFE INSURANCE COMPANIES

(In millions of dollars)

End of period	Total assets	Government securities				Business securities			Mortgages	Real estate	Policy loans	Other assets
		Total	United States ¹	State and local	Foreign ²	Total	Bonds	Stocks				
1971	222,102	10,373	3,828	3,363	3,182	100,432	79,825	20,607	75,496	6,904	17,065	11,832
1972	239,730	10,637	3,827	3,367	3,443	113,720	86,875	26,845	76,948	7,295	18,003	13,127
1973	252,436	10,519	3,444	3,412	3,663	118,599	92,680	25,919	81,369	7,693	20,199	14,057
1974	263,349	10,900	3,372	3,667	3,861	119,637	97,717	21,920	86,234	8,331	22,862	15,385
1975	289,304	13,758	4,736	4,508	4,514	135,317	107,256	28,061	89,167	9,621	24,467	16,974
1975—June ³	278,649	11,633	3,712	3,783	4,138	130,732	102,084	28,648	87,967	8,978	23,708	15,631
July	279,550	11,894	3,788	3,934	4,172	131,130	103,586	27,544	88,060	9,048	23,892	15,589
Aug.	280,700	12,140	3,819	4,106	4,215	131,473	104,434	27,039	88,208	9,104	23,963	15,812
Sept.	282,065	12,253	3,821	4,165	4,267	132,037	105,440	26,597	88,331	9,197	24,099	16,148
Oct.	285,015	12,858	4,342	4,193	4,323	133,865	106,250	27,615	88,481	9,342	24,242	16,227
Nov.	287,122	13,243	4,613	4,260	4,370	134,961	107,040	27,921	88,657	9,450	24,343	16,468
Dec.	289,304	13,758	4,736	4,508	4,514	135,317	107,256	28,061	89,167	9,621	24,467	16,974
1976—Jan.	293,870	14,036	5,102	4,652	4,282	140,309	109,474	30,835	89,395	9,661	24,498	15,971
Feb.	296,479	14,816	5,132	4,790	4,894	141,658	110,647	31,011	89,543	9,726	24,633	16,103
Mar.	298,625	15,701	5,093	5,016	5,592	142,310	110,816	31,494	89,474	9,798	24,754	16,588
Apr.	299,983	15,917	5,198	5,100	5,619	143,197	111,757	31,440	89,489	9,852	24,873	16,655
May	301,754	15,975	5,141	5,146	5,688	144,496	113,087	31,409	89,529	9,909	24,978	16,867
June ⁴	304,728	15,947	4,863	5,196	5,888	147,193	114,583	32,610	89,691	10,004	25,142	16,751

¹ Direct and guaranteed obligations. Excludes Federal agency securities, which are included here with business securities.

² Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE.—Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Figures are annual statement values, with bonds carried on an amortized basis and stocks at market value.

SAVINGS AND LOAN ASSOCIATIONS

(In millions of dollars)

End of period	Assets				Total assets—Total liabilities	Liabilities					Mortgage loan commitments outstanding at end of period ⁴
	Mortgages	Investment securities ¹	Cash	Other		Savings capital	Net worth ²	Borrowed money ³	Loans in process	Other	
1971	174,250	18,185	2,857	10,731	206,023	174,197	13,592	8,992	5,029	4,213	7,328
1972	206,182	21,574	2,781	12,590	243,127	206,764	15,240	9,782	6,209	5,132	11,515
1973	231,733	21,055		19,117	271,905	226,968	17,056	17,172	4,667	6,042	9,526
1974	249,293	23,240		22,991	295,524	242,959	18,436	24,780	3,244	6,105	7,454
1975	278,693	30,900		28,802	338,395	286,042	19,776	20,730	5,187	6,659	10,675
1975—July	264,458	32,054		26,311	322,823	272,032	19,266	18,744	4,771	8,010	12,611
Aug.	267,717	31,694		27,127	326,538	273,504	19,495	19,216	4,995	9,328	12,673
Sept.	270,600	30,786		27,745	329,131	277,201	19,414	20,031	5,128	7,357	12,585
Oct.	273,596	31,652		28,145	333,393	279,465	19,663	20,306	5,207	8,752	11,748
Nov.	275,919	32,498		28,610	337,027	281,711	19,919	20,413	5,164	9,820	11,365
Dec.	278,693	30,900		28,802	338,395	286,042	19,776	20,709	5,187	6,680	10,675
1976—Jan.	280,071	34,271		29,716	344,058	291,418	19,948	19,630	5,051	8,011	11,111
Feb.	282,487	36,128		30,251	348,866	295,364	20,162	18,746	5,134	9,460	12,878
Mar.	286,556	36,722		30,462	353,740	302,436	20,211	18,220	5,379	7,494	14,445
Apr.	290,727	36,437		30,663	357,827	305,234	20,475	17,759	5,787	8,572	15,512
May	294,759	37,005		31,268	363,032	308,284	20,688	17,670	6,156	10,234	16,620
June	299,574	35,316		31,708	366,598	313,326	20,761	18,251	6,464	7,796	16,639
June ⁴	303,812	36,038		32,096	371,946	316,508	20,994	18,455	6,644	9,345	16,343

¹ Excludes stock of the Federal Home Loan Bank Board. Compensating changes have been made in "Other" assets.

² Includes net undistributed income, which is accrued by most, but not all, associations.

³ Advances from FHLBB and other borrowing.

⁴ Data comparable with those shown for mutual savings banks (on opposite page) except that figures for loans in process are not included above but are included in the figures for mutual savings banks.

⁵ Beginning 1973, participation certificates guaranteed by the Federal Home Loan Mortgage Corporation, loans and notes insured by the Farmers Home Administration, and certain other Govt.-insured mortgage-type investments, previously included in mortgage loans, are included

in other assets. The effect of this change was to reduce the mortgage total by about \$0.6 billion.

Also, GNMA-guaranteed, mortgage-backed securities of the pass-through type, previously included in "Cash" and "Investment securities" are included in "Other" assets. These amounted to about \$2.4 billion at the end of 1972.

NOTE.—FHLBB data; figures are estimates for all savings and loan assns. in the United States. Data are based on monthly reports of insured assns. and annual reports of noninsured assns. Data for current and preceding year are preliminary even when revised.

FEDERAL FISCAL OPERATIONS: SUMMARY

(In millions of dollars)

Period	U.S. budget			Means of financing								Other means of financing, net ²	
	Receipts	Outlays	Surplus or deficit (-)	Public debt securities	Borrowings from the public				Less: Cash and monetary assets				
					Agency securities	Less: Investments by Govt. accounts		Less: Special notes ¹	Equals: Total	Treasury operating balance	Other		
					Special issues	Other							
Fiscal year:													
1973.....	232,225	246,526	-14,301	30,881	216	11,712	109	19,275	2,459	-1,613	-4,129		
1974.....	264,932	268,392	-3,460	16,918	903	13,673	1,140	3,009	-3,417	889	-2,077		
1975.....	280,997	324,601	-43,604	58,953	-1,069	8,112	-1,081	50,853	-1,570	1,890	-6,920		
1976.....	300,005	365,610	-65,605	87,244	-90	6,581	-2,239	82,813	7,246	550	-9,412		
Half year:													
1974—July—Dec.....	139,607	153,147	-13,540	18,429	-689	2,840	150	14,751	-3,228	557	-3,881		
1975—Jan—June.....	141,189	171,202	-30,013	40,524	-423	5,272	-1,231	36,059	1,657	1,643	-2,746		
1976—Jan—June.....	139,453	184,545	-45,092	43,460	-39	4,739	-1,186	49,347	866	-980	-4,368		
1976—Jan—June.....	160,552	181,066	-20,513	43,784	-51	11,320	-1,053	33,466 ¹	6,380	1,530	5,044		
Month:													
1975—July.....	20,056	31,108	-11,052	5,051	-23	-2,427	346	7,800 ¹	-3,390	-1,368	-1,506		
Aug.....	23,584	30,634	-7,050	9,472	6	2,384	-94	7,189	-630	-263	-1,032		
Sept.....	28,615	29,044	-429	5,935	9	-2,151	-367	8,463	6,961	446	627		
Oct.....	19,316	32,425	-13,109	8,352	-5	-3,656	260	11,743	-203	-348	815		
Nov.....	21,745	29,401	-7,656	4,800	-3	-749	-390	5,936	-3,844	392	-1,732		
Dec.....	25,995	31,792	-5,797	9,850	-24	1,860	-249	8,215	1,971	166	-281		
1976—Jan.....	25,634	30,725	-5,091	7,757	-2	-393	328	7,820	3,532	114	918		
Feb.....	20,845	29,833	-8,987	9,465	5	1,062	-564	8,972	64	-125	-46		
Mar.....	20,431	29,054	-8,623	6,620	-6	-623	-83	7,320	-4,032	-288	-3,018		
Apr.....	33,348	32,476	872	1,483	-32	50	4	1,398	3,517	545	1,792		
May.....	22,679	28,410	-5,731	8,699	-9	5,130	-549	4,109	-3,383	502	-1,259		
June.....	37,615	30,567	7,048	9,760	-8	6,094	-189	3,847	6,682	782	-3,431		
July.....	22,660	33,906	-11,247	4,114	-139	-1,645	-345	5,964	-4,784	-229	270		

End of period	Selected balances										Memo: Debt of Govt.-sponsored corps.—Now private ⁴
	Treasury operating balance				Borrowing from the public						
	F.R. Banks	Tax and loan accounts	Other depositories ³	Total	Public debt securities	Agency securities	Less: Investments of Govt. accounts		Less: Special notes ¹	Equals: Total	
						Special issues	Other				
Fiscal year:											
1971.....	1,274	7,372	109	8,755	398,130	12,163	82,740	22,400	825	304,328	37,086
1972.....	2,344	7,634	139	10,117	427,260	10,894	89,536	24,023	825	323,770	41,814
1973.....	4,038	8,433	106	12,576	458,142	11,109	101,248	24,133	825	343,045	51,325
1974.....	2,919	6,152	88	9,159	475,060	12,012	114,921	25,273	825	346,053	65,411
1975.....	5,773	1,475	343	7,591	533,188	10,943	123,031	24,192	(⁵)	396,906	76,092
1976.....	11,972	2,856	7	14,835	620,432	10,853	129,614	21,952		479,719	
Calendar year:											
1973.....	2,543	7,760	70	10,374	469,898	11,586	106,624	24,978	825	349,058	59,857
1974.....	3,113	2,745	70	5,928	492,664	11,323	117,761	25,423	(⁵)	360,804	76,459
1975.....	7,286	1,159	7	8,452	576,649	10,904	118,294	23,006		446,253	78,842
Month:											
1975—July.....	2,776	878	444	4,098	538,240	10,920	120,606	23,847		404,707	77,173
Aug.....	2,349	1,214	-141	3,423	547,711	10,926	122,990	23,752		411,895	76,659
Sept.....	8,074	2,162	529	10,765	553,647	10,935	120,839	23,385		420,358	77,026
Oct.....	8,517	1,251	559	10,327	561,999	10,931	117,183	23,645		432,102	78,016
Nov.....	4,919	1,558	9	6,485	566,799	10,928	116,434	23,255		438,037	78,451
Dec.....	7,286	1,159	7	8,452	576,649	10,904	118,294	23,006		446,253	78,842
1976—Jan.....	10,077	1,899	7	11,982	584,405	10,902	117,901	23,333		454,072	79,355
Feb.....	10,350	1,682	7	12,039	584,405	10,902	117,901	23,333		463,045	78,359
Mar.....	7,145	864	7	8,016	600,490	10,901	118,340	22,686		470,365	78,712
Apr.....	9,808	1,723	7	11,537	601,973	10,870	118,390	22,690		471,763	80,039
May.....	6,746	1,407	7	8,159	610,672	10,861	123,520	22,140		475,872	77,665
June.....	11,972	2,856	7	14,835	620,432	10,853	129,614	21,952		479,719	79,325
July.....	8,739	1,312		10,051	624,546	10,714	127,969	21,607		485,683	

¹ Represents non-interest-bearing public debt securities issued to the International Monetary Fund and international lending organizations. New obligations to these agencies are handled by letters of credit.

² Includes accrued interest payable on public debt securities until June 1973 and total accrued interest payable to the public thereafter; deposit funds; miscellaneous liability (includes checks outstanding) and asset accounts; seigniorage; increment on gold; fiscal 1974 conversion of interest receipts of Govt. accounts to an accrual basis; gold holdings, gold certificates and other liabilities, and gold balance beginning Jan. 1974; and net gain/loss for U.S. currency valuation adjustment beginning June 1975.

³ As of Jan. 3, 1972, the Treasury operating balance was redefined to exclude the gold balance and to include previously excluded "Other depositories"

(deposits in certain commercial depositories that have been converted from a time to a demand basis to permit greater flexibility in Treasury cash management).

⁴ Includes debt of Federal home loan banks, Federal land banks, R.F.K. Stadium Fund, FNMA (beginning Sept. 1968), and Federal intermediate credit banks and banks for cooperatives (both beginning Dec. 1968).

⁵ Beginning July 1974, public debt securities excludes \$825 million of notes issued to International Monetary Fund to conform with Office of Management and Budget's presentation of the budget.

NOTE.—Half years may not add to fiscal year totals due to revisions in notes that are not yet available on a monthly basis.

GROSS PUBLIC DEBT, BY TYPE OF SECURITY

(In billions of dollars)

End of period	Total gross public debt ¹	Public issues (interest-bearing)										Special issues ⁵
		Total	Marketable					Con-vertible bonds	Nonmarketable			
			Total	Bills	Certi-ficates	Notes	Bonds ²		Total ³	Foreign issues ⁴	Savings bonds and notes	
1968—Dec.....	358.0	296.0	236.8	75.0	.....	76.5	85.3	2.5	56.7	4.3	52.3	59.1
1969—Dec.....	368.2	295.2	235.9	80.6	.....	85.4	69.9	2.4	56.9	3.8	52.2	71.0
1970—Dec.....	389.2	309.1	247.7	87.9	.....	101.2	58.6	2.4	59.1	5.7	52.5	78.1
1971—Dec.....	424.1	336.7	262.0	97.5	.....	114.0	50.6	2.3	72.3	16.8	54.9	85.7
1972—Dec.....	449.3	351.4	269.5	103.9	.....	121.5	44.1	2.3	79.5	20.6	58.1	95.9
1973—Dec.....	469.9	360.7	270.2	107.8	.....	124.6	37.8	2.3	88.2	26.0	60.8	107.1
1974—Dec.....	492.7	373.4	282.9	119.7	.....	129.8	33.4	2.3	88.2	22.8	63.8	118.2
1975—Aug.....	547.7	423.5	331.1	138.1	.....	155.2	37.8	2.3	90.1	21.6	66.6	123.3
Sept.....	553.6	431.5	338.9	142.8	.....	158.5	37.7	2.3	90.3	21.5	66.9	121.1
Oct.....	562.0	443.6	350.9	147.1	.....	166.3	37.6	2.3	90.5	21.2	67.2	117.4
Nov.....	566.8	447.5	355.9	151.1	.....	166.1	38.7	2.3	89.3	21.3	67.6	116.7
Dec.....	576.6	457.1	363.2	157.5	.....	167.1	38.6	2.3	91.7	21.6	67.9	118.5
1976—Jan.....	584.4	463.8	369.3	159.6	.....	171.1	38.6	2.3	92.2	21.6	68.2	118.1
Feb.....	593.9	473.7	378.8	162.1	.....	177.6	39.1	2.3	92.7	21.7	68.6	119.2
Mar.....	600.5	480.7	385.3	163.1	.....	183.1	39.0	2.3	93.1	21.7	69.0	118.5
Apr.....	602.0	482.4	386.4	161.8	.....	185.8	38.9	2.3	93.6	21.6	69.4	118.6
May.....	610.7	484.4	388.0	161.8	.....	186.5	39.7	2.3	94.1	21.5	69.8	123.7
June.....	620.4	489.5	392.6	161.2	.....	191.8	39.6	2.3	94.6	21.5	70.1	129.8
July.....	624.5	495.5	397.7	161.4	.....	197.2	39.1	2.3	95.5	21.4	70.8	128.1
Aug.....	633.3	502.5	404.3	161.4	.....	203.0	39.9	2.3	95.9	21.0	71.5	129.8

¹ Includes non-interest-bearing debt (of which \$613 million on August 31, 1976, was not subject to statutory debt limitation).

² Includes Treasury bonds and minor amounts of Panama Canal and postal savings bonds.

³ Includes (not shown separately): depository bonds, retirement plan bonds, Rural Electrification Administration bonds, State and local government bonds, and Treasury deposit funds.

⁴ Nonmarketable certificates of indebtedness, notes, and bonds in the Treasury foreign series and foreign-currency-series issues.

⁵ Held only by U.S. Govt. agencies and trust funds and the Federal home loan banks.

NOTE.—Based on *Monthly Statement of the Public Debt of the United States*, published by U.S. Treasury. See also second paragraph in NOTE to table below.

OWNERSHIP OF PUBLIC DEBT

(Par value, in billions of dollars)

End of period	Total gross public debt	Held by—		Held by private investors									
		U.S. Govt. agencies and trust funds	F.R. Banks	Total	Com-mercial banks	Mutual savings banks	Insur-ance companies	Other corporations	State and local govts.	Individuals		Foreign and international ¹	Other misc. investors ²
										Savings bonds	Other securities		
1968—Dec.....	358.0	76.6	52.9	228.5	66.0	3.8	8.4	14.2	24.9	51.9	23.3	14.3	21.9
1969—Dec.....	368.2	89.0	57.2	222.0	56.8	3.1	7.6	10.4	27.2	51.8	29.0	11.2	25.0
1970—Dec.....	389.2	97.1	62.1	229.9	62.7	3.1	7.4	7.3	27.8	52.1	29.1	20.6	19.9
1971—Dec.....	424.1	106.0	70.2	247.9	65.3	3.1	7.0	11.4	25.4	54.4	18.8	46.9	15.6
1972—Dec.....	449.3	116.9	69.9	262.5	67.7	3.4	6.6	9.8	28.9	57.7	16.2	55.3	17.0
1973—Dec.....	469.9	129.6	78.5	261.7	60.3	2.9	6.4	10.9	29.2	60.3	16.9	55.6	19.3
1974—Dec.....	492.7	141.2	80.5	271.0	55.6	2.5	6.1	11.0	29.2	63.4	21.5	58.4	23.2
1975—June.....	533.2	145.3	84.7	303.2	69.2	3.5	7.1	13.2	29.6	65.5	21.6	66.0	27.4
July.....	538.2	142.5	81.9	313.8	71.4	3.7	7.3	16.2	31.3	65.9	21.8	66.7	29.5
Aug.....	547.2	144.8	82.5	320.4	75.4	3.9	7.4	16.0	31.2	66.2	22.6	67.3	30.5
Sept.....	553.6	142.3	87.0	324.4	78.4	4.0	7.6	15.0	32.2	66.5	23.0	65.5	32.3
Oct.....	562.0	138.8	87.2	336.0	80.5	4.2	7.9	17.5	33.8	66.8	23.2	66.9	35.2
Nov.....	566.8	137.7	85.1	343.9	82.6	4.4	8.8	20.0	33.9	67.1	23.5	66.1	37.5
Dec.....	576.6	137.4	87.9	349.4	85.8	4.5	9.3	20.2	33.8	67.3	23.6	66.5	38.3
1976—Jan.....	584.4	139.3	89.8	355.3	87.0	4.7	9.9	21.2	34.6	67.7	23.6	68.3	38.3
Feb.....	593.9	139.7	89.0	365.1	88.0	4.9	10.0	23.2	36.4	68.0	24.5	69.6	40.3
Mar.....	600.5	139.1	89.8	371.7	92.7	5.1	10.4	23.0	37.8	68.4	24.6	68.1	41.4
Apr.....	602.0	139.1	91.8	371.0	92.2	5.1	10.2	23.8	37.7	68.8	24.4	70.2	38.6
May.....	610.7	143.7	90.5	376.4	92.0	5.3	10.3	26.0	37.6	69.2	24.5	71.0	40.5
June ^p	620.4	149.6	94.4	376.4	92.3	5.1	10.5	25.0	39.5	69.6	24.5	69.8	40.1

¹ Consists of investments of foreign and international accounts in the United States.

² Consists of savings and loan assns., nonprofit institutions, corporate pensions trust funds, and dealers and brokers. Also included are certain Govt. deposit accounts and Govt.-sponsored agencies.

NOTE.—Reported data for F.R. Banks and U.S. Govt. agencies and trust funds; Treasury estimates for other groups.

The debt and ownership concepts were altered beginning with the Mar. 1969 BULLETIN. The new concepts (1) exclude guaranteed securities and (2) remove from U.S. Govt. agencies and trust funds and add to other miscellaneous investors the holdings of certain Govt.-sponsored but privately owned agencies and certain Govt. deposit accounts. Beginning in July 1974, total gross public debt includes Federal Financing Bank bills and excludes notes issued to the IMF (\$825 million).

OWNERSHIP OF MARKETABLE SECURITIES, BY MATURITY

(Par value, in millions of dollars)

Type of holder and date	Total	Within 1 year			1-5 years	5-10 years	10-20 years	Over 20 years
		Total	Bills	Other				
All holders:								
1973—Dec. 31	270,224	141,571	107,786	33,785	81,715	25,134	15,659	6,145
1974—Dec. 31	282,891	148,086	119,747	28,339	85,311	27,897	14,833	6,764
1975—Dec. 31	366,191	199,692	157,483	42,209	112,270	26,436	14,264	10,530
1976—May 31	388,021	205,431	161,840	43,591	121,112	35,573	14,025	11,881
June 30	392,581	204,167	161,198	42,969	127,017	35,561	13,979	11,857
U.S. Govt. agencies and trust funds:								
1973—Dec. 31	20,962	2,220	631	1,589	7,714	4,389	5,019	1,620
1974—Dec. 31	21,391	2,400	588	1,812	7,823	4,721	4,670	1,777
1975—Dec. 31	19,347	2,769	207	2,562	7,058	3,283	4,233	2,053
1976—May 31	18,562	2,528	442	2,086	6,582	3,039	4,298	2,115
June 30	18,354	2,402	418	1,984	6,500	3,039	4,298	2,115
Federal Reserve Banks:								
1973—Dec. 31	78,516	46,189	36,928	9,261	23,062	7,504	1,577	184
1974—Dec. 31	80,501	45,388	36,990	8,399	23,282	9,664	1,453	713
1975—Dec. 31	87,934	46,845	38,018	8,827	30,518	6,463	1,507	2,601
1976—May 31	90,530	49,439	38,722	10,717	28,287	8,198	1,556	3,050
June 30	94,446	51,469	40,833	10,636	29,939	8,353	1,595	3,090
Held by private investors:								
1973—Dec. 31	170,746	93,162	70,227	22,935	50,939	13,241	9,063	4,341
1974—Dec. 31	180,999	100,298	82,168	18,130	54,206	13,512	8,710	4,274
1975—Dec. 31	255,860	150,078	119,258	30,820	74,694	16,690	8,524	5,876
1976—May 31	278,929	153,464	122,626	30,838	86,243	24,336	8,171	6,716
June 30	279,781	150,296	119,947	30,349	90,578	24,169	8,086	6,652
Commercial banks:								
1973—Dec. 31	45,737	17,499	7,901	9,598	22,878	4,022	1,065	272
1974—Dec. 31	42,755	14,873	6,952	7,921	22,717	4,151	733	280
1975—Dec. 31	64,398	29,875	17,481	12,394	29,629	4,071	552	271
1976—May 31	68,962	28,163	16,601	11,562	35,359	4,647	509	283
June 30	69,162	28,177	16,749	11,428	35,909	4,324	494	258
Mutual savings banks:								
1973—Dec. 31	1,955	562	222	340	750	211	300	131
1974—Dec. 31	1,477	399	207	192	614	174	202	88
1975—Dec. 31	3,300	983	554	429	1,524	448	232	112
1976—May 31	4,001	1,000	477	523	2,119	540	213	129
June 30	3,885	953	410	543	2,114	546	197	74
Insurance companies:								
1973—Dec. 31	4,956	779	312	467	1,073	1,278	1,301	523
1974—Dec. 31	4,741	722	414	308	1,061	1,310	1,297	351
1975—Dec. 31	7,565	2,024	1,513	511	2,359	1,592	1,154	436
1976—May 31	8,551	1,582	1,095	487	3,393	1,955	1,133	488
June 30	8,670	1,483	961	522	3,502	2,020	1,134	530
Nonfinancial corporations:								
1973—Dec. 31	4,905	3,295	1,695	1,600	1,281	260	54	15
1974—Dec. 31	4,246	2,623	1,859	764	1,423	115	26	59
1975—Dec. 31	9,365	7,105	5,829	1,276	1,967	175	61	57
1976—May 31	13,610	11,068	9,411	1,657	2,327	127	57	33
June 30	13,025	10,467	8,804	1,663	2,285	189	54	31
Savings and loan associations:								
1973—Dec. 31	2,103	576	121	455	1,011	320	151	45
1974—Dec. 31	1,663	350	87	263	835	282	173	23
1975—Dec. 31	2,793	914	518	396	1,558	216	82	22
1976—May 31	4,388	1,895	1,362	533	2,211	178	83	21
June 30	4,318	1,767	1,224	543	2,274	177	81	20
State and local governments:								
1973—Dec. 31	9,829	5,845	4,483	1,362	1,870	778	1,003	332
1974—Dec. 31	7,864	4,121	3,319	802	1,796	815	800	332
1975—Dec. 31	9,285	5,288	4,566	722	1,761	782	896	558
1976—May 31	14,868	10,425	9,616	809	2,111	879	804	649
June 30	13,174	8,339	7,460	879	2,271	971	802	790
All others:								
1973—Dec. 31	101,261	64,606	55,493	9,113	22,076	6,372	5,189	3,023
1974—Dec. 31	118,253	77,210	69,330	7,880	25,760	6,664	5,479	3,141
1975—Dec. 31	159,154	103,889	88,797	15,092	35,894	9,405	5,546	4,420
1976—May 31	164,550	99,332	84,115	15,217	38,723	16,009	5,373	5,114
June 30	167,548	99,110	84,338	14,772	42,223	15,943	5,325	4,948

Note.—Direct public issues only. Based on Treasury Survey of Ownership.

Data complete for U.S. Govt. agencies and trust funds and F.R. Banks, but data for other groups include only holdings of those institutions that report. The following figures show, for each category, the number and proportion reporting: (1) 5,518 commercial banks, 470 mutual savings

banks, and 729 insurance companies combined, each about 90 per cent; (2) 452 nonfinancial corporations and 486 savings and loan assns., each about 50 per cent; and (3) 501 State and local govts., about 40 per cent. "All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

DAILY-AVERAGE DEALER TRANSACTIONS

(Par value, in millions of dollars)

Period	U.S. Government securities									U.S. Govt. agency securities
	Total	By maturity				By type of customer				
		Within 1 year	1-5 years	5-10 years	Over 10 years	U.S. Govt. securities dealers	U.S. Govt. securities brokers	Commercial banks	All other ¹	
1975—July.....	4,675	3,301	1,131	172	71	669	1,294	1,100	1,613	778
Aug.....	5,183	3,375	1,340	333	134	742	1,405	1,185	1,851	845
Sept.....	5,566	4,032	1,315	128	91	931	1,405	1,198	2,033	787
Oct.....	8,714	5,929	2,332	309	144	1,271	2,675	1,839	2,929	1,250
Nov.....	7,594	5,519	1,353	534	189	1,070	2,176	1,875	2,474	1,217
Dec.....	7,586	5,919	1,270	278	120	1,190	2,217	1,977	2,202	1,059
1976—Jan.....	9,509	7,049	1,765	569	126	1,265	3,118	2,192	2,935	1,417
Feb.....	8,329	5,863	1,553	755	158	951	2,389	2,196	2,793	1,163
Mar.....	9,044	6,763	1,807	358	116	1,308	2,777	2,276	2,683	1,185
Apr.....	10,293	7,667	2,186	306	134	1,341	3,154	2,426	3,372	1,665
May.....	8,557	6,002	1,593	700	263	952	2,907	2,128	2,571	1,131
June.....	8,582	6,415	1,616	426	126	1,312	2,543	1,983	2,743	1,118
July.....	9,663	6,846	1,771	946	99	1,356	3,230	2,078	2,999	1,371
Week ending—										
1976—July 7.....	9,421	6,914	1,136	1,281	90	1,430	2,795	2,099	3,099	1,253
14.....	10,692	7,271	2,022	1,260	139	1,660	3,784	2,322	2,926	1,808
21.....	8,030	5,670	1,488	784	88	1,175	2,756	1,545	2,554	1,460
28.....	10,411	7,730	2,078	524	80	1,350	3,499	2,239	3,322	1,096
Aug. 4.....	9,175	5,972	2,235	856	113	1,041	3,004	2,035	3,096	946
11.....	10,757	5,581	2,208	2,522	446	1,478	3,106	2,454	3,719	1,432
18.....	11,018	6,034	2,754	1,777	453	1,488	3,289	2,557	3,684	1,499
25.....	11,111	7,066	2,750	1,003	293	1,370	3,542	2,409	3,791	1,949

¹ Since Jan. 1972 has included transactions of dealers and brokers in securities other than U.S. Govt.

NOTE.—The transactions data combine market purchases and sales of U.S. Govt. securities dealers reporting to the F.R. Bank of New York.

They do not include allotments of, and exchanges for, new U.S. Govt. securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase agreement, reverse repurchase (resale), or similar contracts. Averages of daily figures based on the number of trading days in the period.

DAILY-AVERAGE DEALER POSITIONS

(Par value, in millions of dollars)

Period	U.S. Government securities, by maturity					U.S. Govt. agency securities
	All maturities	Within 1 year	1-5 years	5-10 years	Over 10 years	
1975—July.....	5,736	4,978	775	47	-64	626
Aug.....	5,501	4,491	609	262	138	610
Sept.....	5,718	5,214	410	56	39	529
Oct.....	7,322	6,019	1,091	111	102	491
Nov.....	6,752	5,011	640	594	506	953
Dec.....	6,061	5,274	322	218	247	982
1976—Jan.....	6,305	5,287	449	398	170	694
Feb.....	6,263	5,477	381	224	183	602
Mar.....	6,884	6,360	286	122	116	537
Apr.....	6,733	6,328	190	131	84	508
May.....	5,272	4,852	232	126	62	183
June.....	5,895	5,489	251	144	11	335
July.....	7,118	6,370	254	466	29	568
Week ending—						
1976—June 2.....	5,827	5,853	-28	16	-14	61
9.....	6,040	5,569	391	74	5	164
16.....	6,531	6,146	265	97	24	315
23.....	5,306	4,904	277	112	14	451
30.....	5,669	5,115	192	350	11	520
July 7.....	6,971	5,915	75	975	6	481
14.....	7,014	6,184	163	609	58	517
21.....	6,800	6,304	186	272	38	703
28.....	7,626	6,935	461	209	21	558

NOTE.—The figures include all securities sold by dealers under repurchase contracts regardless of the maturity date of the contract, unless the contract is matched by a reverse repurchase (resale) agreement or delayed delivery sale with the same maturity and involving the same amount of securities. Included in the repurchase contracts are some that more clearly represent investments by the holders of the securities rather than dealer trading positions.
Average of daily figures based on number of trading days in the period.

DAILY-AVERAGE DEALER FINANCING

(In millions of dollars)

Period	All sources	Commercial banks		Corporations ¹	All other
		New York City	Elsewhere		
1975—July.....	6,594	1,365	1,435	929	2,865
Aug.....	6,167	1,009	1,148	1,120	2,890
Sept.....	6,576	1,160	1,640	972	2,804
Oct.....	6,940	1,658	1,792	817	2,673
Nov.....	7,215	1,958	1,393	991	2,873
Dec.....	7,107	2,001	1,304	1,086	2,716
1976—Jan.....	6,766	1,757	1,337	1,147	2,526
Feb.....	6,700	1,705	1,850	1,017	3,128
Mar.....	7,175	1,865	1,138	1,225	2,947
Apr.....	7,587	1,966	1,734	1,126	2,761
May.....	6,089	1,346	1,026	975	2,742
June.....	7,326	1,819	1,494	1,258	2,756
July.....	7,772	1,496	1,522	1,569	3,185
Week ending—					
1976—June 2.....	6,351	1,404	974	1,390	2,583
9.....	7,251	1,747	1,574	1,333	2,597
16.....	9,344	3,199	2,049	1,404	2,692
23.....	6,953	1,455	1,370	1,220	2,908
30.....	5,887	826	1,050	1,037	2,973
July 7.....	6,614	1,276	1,170	1,170	2,998
14.....	7,852	1,947	1,802	1,577	2,526
21.....	8,280	1,572	1,748	1,494	3,464
28.....	7,870	1,263	1,335	1,807	3,466

¹ All business corporations, except commercial banks and insurance companies.

NOTE.—Averages of daily figures based on the number of calendar days in the period. Both bank and nonbank dealers are included. See also NOTE to the table on the left.

TOTAL NEW ISSUES

(In millions of dollars)

Period	Gross proceeds, all issues ¹										
	Total	Noncorporate				Total	Corporate				
		U.S. Govt. ²	U.S. Govt. agency ³	State and local (U.S.) ⁴	Other ⁵		Bonds			Stock	
							Total	Publicly offered	Privately placed	Preferred	Common
1972.....	84,792	17,080	12,825	23,070	1,589	40,228	26,132	17,425	8,706	3,370	10,725
1973.....	99,050	19,057	23,883	22,700	1,385	32,025	21,049	13,244	7,802	3,337	7,642
1974.....						38,311	32,066	25,903	6,160	2,253	3,994
1975.....						53,629	42,766	32,603	10,162	3,458	7,405
1975—May.....						5,798	4,298	3,796	502	346	1,154
June.....						5,596	4,594	3,943	651	230	772
July.....						4,327	3,673	2,658	1,014	198	456
Aug.....						2,399	1,836	1,356	480	129	434
Sept.....						2,836	1,999	1,414	585	308	529
Oct.....						4,705	3,158	2,389	769	332	1,215
Nov.....						4,068	3,296	1,666	1,630	444	328
Dec.....						4,316	3,519	1,761	1,758	462	335
1976—Jan. r.....						3,373	2,804	2,189	614	139	431
Feb. r.....						3,827	2,900	2,127	773	173	754
Mar. r.....						6,632	4,577	3,238	1,347	443	1,604
Apr. r.....						3,482	2,961	2,350	611	58	463
May.....						4,124	2,934	1,959	975	291	899

Period	Gross proceeds, major groups of corporate issuers											
	Manufacturing		Commercial and miscellaneous		Transportation		Public utility		Communication		Real estate and financial	
	Bonds	Stocks	Bonds	Stocks	Bonds	Stocks	Bonds	Stocks	Bonds	Stocks	Bonds	Stocks
1972.....	4,560	1,833	2,526	2,786	1,258	148	6,349	4,966	3,709	1,126	7,728	3,242
1973.....	4,199	638	1,318	1,532	1,084	26	5,578	4,691	3,523	1,348	5,344	2,745
1974.....	9,867	544	1,845	940	1,550	22	8,873	3,964	3,710	217	6,218	562
1975.....	17,006	1,670	2,751	1,470	3,430	1	9,658	6,235	3,464	1,002	6,459	488
1975—May.....	2,266	384	242	141	415	1	845	704	153	260	379	10
June.....	2,195	123	384	194	211		838	640	362		603	45
July.....	1,056	64	229	227	338		715	324	254	16	1,081	22
Aug.....	580	101	141	70	17		719	305	93	19	286	68
Sept.....	512	107	57	37	154		723	541	249	48	304	105
Oct.....	810	142	335	152	626		571	676	373	555	443	23
Nov.....	874	229	81	53	1,000		851	424	45	10	444	57
Dec.....	1,295	130	473	193	330		539	363	205	27	679	83
1976—Jan. r.....	1,025	39	330	87	299		662	435	16		472	9
Feb. r.....	733	435	319	132	650		487	302	151	20	559	37
Mar. r.....	1,840	405	221	84	323		747	1,411	577	1	876	146
Apr. r.....	507	60	630	115	329		329	312	448		718	35
May.....	1,176	484	199	136	118	1	643	505	10		790	63

¹ Gross proceeds are derived by multiplying principal amounts or number of units by offering price.

² Includes guaranteed issues.

³ Issues not guaranteed.

⁴ See NOTE to table at bottom of preceding page.

⁵ Foreign governments and their instrumentalities, International Bank for Reconstruction and Development, and domestic nonprofit organizations.

NOTE.—Securities and Exchange Commission estimates of new issues maturing in more than 1 year sold for cash in the United States.

NET CHANGE IN OUTSTANDING CORPORATE SECURITIES

(In millions of dollars)

Period	Derivation of change, all issuers ¹								
	All securities			Bonds and notes			Common and preferred stocks		
	New issues	Retirements	Net change	New issues	Retirements	Net change	New issues	Retirements	Net change
1972.....	42,306	10,224	32,082	27,065	8,003	19,062	15,242	2,222	13,018
1973.....	33,559	11,804	21,754	21,501	8,810	12,691	12,057	2,993	9,064
1974.....	39,334	9,935	29,399	31,554	6,255	25,098	7,980	3,678	4,302
1975.....	53,255	10,991	42,263	40,468	8,583	31,886	12,787	2,408	10,377
1975—I.....	15,211	2,088	13,123	12,759	1,587	11,172	2,452	501	1,951
II.....	15,602	3,211	12,390	11,460	2,336	9,124	4,142	875	3,266
III.....	9,079	2,576	6,503	6,654	2,111	4,543	2,425	465	1,960
IV.....	13,363	3,116	10,247	9,595	2,549	7,047	3,768	567	3,200
1976—I.....	13,671	2,315	11,356	9,404	1,403	8,001	4,267	912	3,355

Period	Type of issues											
	Manu- facturing		Commercial and other ²		Transpor- tation ³		Public utility		Communi- cation		Real estate and financial ¹	
	Bonds and notes	Stocks	Bonds and notes	Stocks	Bonds and notes	Stocks	Bonds and notes	Stocks	Bonds and notes	Stocks	Bonds and notes	Stocks
1972.....	1,995	2,094	1,409	2,471	711	254	5,137	4,844	3,343	1,260	7,045	2,096
1973.....	801	658	-109	1,411	1,044	-93	4,265	4,509	3,165	1,399	3,523	1,181
1974.....	7,404	17	1,116	-135	341	-20	7,308	3,834	3,499	398	5,428	207
1975.....	13,219	1,607	1,605	1,137	2,165	65	7,236	6,015	2,980	1,084	4,682	468
1975—I.....	5,134	262	373	77	1	1	2,653	1,569	1,269	24	1,742	18
II.....	4,574	500	483	490	429	7	1,977	1,866	810	359	852	43
III.....	1,442	412	221	108	147	53	1,395	1,043	472	97	866	247
IV.....	2,069	433	528	462	1,588	4	1,211	1,537	429	604	1,222	160
1976—I.....	2,966	838	203	149	985	5	1,820	2,174	498	47	1,530	203

¹ Excludes investment companies.

² Extractive and commercial and miscellaneous companies.

³ Railroad and other transportation companies.

NOTE.—Securities and Exchange Commission estimates of cash transactions only. As contrasted with data shown on preceding page, new issues

exclude foreign sales and include sales of securities held by affiliated companies, special offerings to employees, and also new stock issues and cash proceeds connected with conversions of bonds into stocks. Retirements are defined in the same way and also include securities retired with internal funds or with proceeds of issues for that purpose.

OPEN-END INVESTMENT COMPANIES

(In millions of dollars)

Year	Sales and redemption of own shares			Assets (market value at end of period)			Month	Sales and redemption of own shares ⁴			Assets (market value at end of period)		
	Sales ¹	Redemptions	Net sales	Total ²	Cash position ³	Other		Sales ¹	Redemptions	Net sales	Total ²	Cash position ³	Other
1963.....	2,460	1,504	952	25,214	1,341	23,873	1975—July...	813	1,052	-239	42,896	3,591	39,305
1964.....	3,404	1,875	1,528	29,116	1,329	27,787	Aug...	753	788	-35	41,672	3,660	38,012
1965.....	4,359	1,962	2,395	35,220	1,803	33,417	Sept...	760	874	-114	40,234	3,664	36,570
1966.....	4,671	2,005	2,665	34,829	2,971	31,858	Oct...	914	995	-81	41,860	3,601	38,259
1967.....	4,670	2,745	1,927	44,701	2,566	42,135	Nov...	786	911	-125	42,460	3,733	38,727
1968.....	6,820	3,841	2,979	52,677	3,187	49,490	Dec...	1,040	1,093	-53	42,179	3,748	38,431
1969.....	6,717	3,661	3,056	48,291	3,846	44,445	1976—Jan....	411	538	-127	46,529	3,287	43,242
1970.....	4,624	2,987	1,637	47,618	3,649	43,969	Feb....	262	577	-315	46,540	3,084	43,456
1971.....	5,145	4,751	394	55,045	3,038	52,007	Mar....	326	677	-351	46,866	2,881	43,985
1972.....	4,892	6,563	-1,671	59,831	3,035	56,796	Apr....	305	620	-315	45,956	2,683	42,273
1973.....	4,358	5,651	-1,261	46,518	4,002	42,516	May....	241	589	-348	45,122	2,769	42,353
1974.....	5,346	3,937	1,409	35,777	5,637	30,140	June...	321	599	-278	46,801	2,679	44,122
1975.....	10,057	9,571	486	42,179	3,748	38,431	July...	281	596	-315	45,986	2,547	43,439

¹ Includes contractual and regular single-purchase sales, voluntary and contractual accumulation plan sales, and reinvestment of investment income dividends; excludes reinvestment of realized capital gains dividends.

² Market value at end of period less current liabilities.

³ Cash and deposits, receivables, all U.S. Govt. securities, and other short-term debt securities, less current liabilities.

⁴ Beginning Jan. 1976, sales and redemption figures exclude money market funds.

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.

CORPORATE PROFITS, TAXES, AND DIVIDENDS

(In billions of dollars)

Year	Profits before taxes	Income taxes	Profits after taxes	Cash dividends	Undistributed profits	Quarter	Profits before taxes	Income taxes	Profits after taxes	Cash dividends	Undistributed profits
1969.....	83.5	39.7	43.8	22.6	21.2	1974—II.....	126.4	53.0	73.3	30.7	42.6
1970.....	71.5	34.5	37.0	22.9	14.1	1974—III.....	138.6	57.6	81.0	31.3	49.7
1971.....	82.0	37.7	44.3	23.0	21.3	1974—IV.....	119.2	48.6	70.6	31.1	39.5
1972.....	96.2	41.4	54.6	24.6	30.0	1975—I.....	94.2	40.2	54.0	31.7	22.3
1973.....	115.8	48.7	67.1	27.8	39.3	1975—II.....	105.8	44.8	61.0	31.9	29.1
1974.....	127.6	52.4	75.2	30.8	44.4	1975—III.....	126.9	54.8	72.1	32.6	39.5
1975.....	114.5	49.2	65.3	32.1	33.2	1975—IV.....	131.3	57.2	74.2	32.2	41.9
						1976—I.....	141.1	61.4	79.7	33.1	46.6

NOTE.—Dept. of Commerce estimates. Quarterly data are at seasonally adjusted annual rates.

CURRENT ASSETS AND LIABILITIES OF NONFINANCIAL CORPORATIONS

(In billions of dollars)

End of period	Net working capital	Current assets							Current liabilities				
		Total	Cash	U.S. Govt. securities	Notes and accts. receivable		Inventories	Other	Total	Notes and accts. payable		Accrued Federal income taxes	Other
					U.S. Govt. ¹	Other				U.S. Govt. ¹	Other		
1970.....	187.4	492.3	50.2	7.7	4.2	201.9	193.3	35.0	304.9	6.6	204.7	10.0	83.6
1971.....	203.6	529.6	53.3	11.0	3.5	217.6	200.4	43.8	326.0	4.9	215.6	13.1	92.4
1972.....	221.3	574.4	57.5	10.2	3.4	240.0	215.2	48.1	352.2	4.0	230.4	15.1	102.6
1973—IV.....	242.3	643.2	61.6	11.0	3.5	266.1	246.7	54.4	401.0	4.3	261.6	18.1	117.0
1974—I.....	250.1	666.2	59.4	12.1	3.2	276.2	258.4	56.9	416.1	4.5	266.5	20.6	124.5
1974—II.....	253.9	685.4	58.8	10.7	3.4	289.8	269.2	53.5	431.5	4.7	278.5	19.0	129.1
1974—III.....	259.5	708.6	60.3	11.0	3.5	295.5	282.1	56.1	449.1	5.1	287.0	22.7	134.3
1974—IV.....	261.5	712.2	62.7	11.7	3.5	289.7	288.0	56.6	450.6	5.2	287.5	23.2	134.8
1975—I.....	260.4	698.4	60.6	12.1	3.2	281.9	285.2	55.4	438.0	5.3	271.2	21.8	139.8
1975—II.....	269.0	703.2	63.7	12.7	3.3	284.8	281.4	57.3	434.2	5.8	270.1	17.7	140.6
1975—III.....	271.8	716.5	65.6	14.3	3.3	294.7	279.6	59.0	444.7	6.2	273.4	19.4	145.6
1975—IV.....	274.1	731.6	68.1	19.4	3.6	294.6	285.8	60.0	457.5	6.4	281.6	20.7	148.8
1976—I.....	287.6	753.5	68.4	21.7	3.6	307.3	288.8	63.6	465.9	6.4	280.5	23.9	155.0

¹ Receivables from, and payables to, the U.S. Govt. exclude amounts offset against each other on corporations' books.

NOTE.—Securities and Exchange Commission estimates.

BUSINESS EXPENDITURES ON NEW PLANT AND EQUIPMENT

(In billions of dollars)

Period	Total	Manufacturing		Mining	Transportation			Public utilities		Communications	Other ¹	Total (S.A. A.R.)
		Durable	Non-durable		Railroad	Air	Other	Electric	Gas and other			
1972.....	88.44	15.64	15.72	2.45	1.80	2.46	1.46	14.48	2.52	11.89	20.07	.....
1973.....	99.74	19.25	18.76	2.74	1.96	2.41	1.66	15.94	2.76	12.85	21.40	.....
1974.....	112.40	22.62	23.39	3.18	2.54	2.00	2.12	17.63	2.92	13.96	22.05	.....
1975.....	112.78	21.84	26.11	3.79	2.53	1.84	3.18	17.00	3.14	12.74	20.60	.....
1974—II.....	28.16	5.59	5.69	.78	.64	.61	.49	4.56	.75	3.60	5.46	111.40
1974—III.....	28.23	5.65	5.96	.80	.64	.43	.58	4.42	.78	3.39	5.57	113.99
1974—IV.....	31.92	6.64	6.99	.91	.78	.48	.71	4.80	.87	3.78	5.97	116.22
1975—I.....	25.82	5.10	5.74	.91	.59	.44	.62	3.84	.58	3.11	4.88	114.57
1975—II.....	28.43	5.59	6.55	.97	.71	.47	.77	4.15	.79	3.22	5.19	112.46
1975—III.....	27.79	5.16	6.51	.94	.62	.50	.85	4.16	.91	3.14	5.00	112.16
1975—IV.....	30.74	5.99	7.30	.97	.62	.43	.93	4.85	.85	3.26	5.52	111.80
1976—I.....	25.87	4.78	6.18	.92	.49	.26	.72	4.18	.62	2.92	4.82	114.72
1976—II.....	29.70	5.61	7.05	.99	.68	.42	1.02	4.74	.76	3.21	5.21	118.12
1976—III.....	30.54	5.90	7.35	.95	.54	.34	.96	4.90	.98	8.62	5.21	122.96

¹ Includes trade, service, construction, finance, and insurance.
² Anticipated by business.

NOTE.—Dept. of Commerce estimates for corporate and noncorporate business; excludes agriculture, real estate operators, medical, legal, educational, and cultural service, and nonprofit organizations.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION AND FEDERAL HOME LOAN MORTGAGE CORPORATION—
SECONDARY MORTGAGE MARKET ACTIVITY**

(In millions of dollars)

End of period	FNMA							FHLMC						
	Mortgage holdings			Mortgage transactions (during period)		Mortgage commitments		Mortgage holdings			Mortgage transactions (during period)		Mortgage commitments	
	Total ¹	FHA-insured	VA-guaranteed	Purchases	Sales	Made during period	Out-standing	Total	FHA-VA	Conventional	Purchases	Sales	Made during period	Out-standing
1971.....	17,791	12,681	5,110	3,574	336	9,828	6,497	968	821	147	778	64	.....	182
1972.....	19,791	14,624	5,112	3,699	211	8,797	8,124	1,789	1,503	286	1,297	409	1,606	198
1973.....	24,175	16,852	6,352	6,127	71	8,914	7,889	2,604	1,743	861	1,334	409	1,629	186
1974.....	29,578	19,189	8,310	6,953	5	10,765	7,960	4,586	1,904	2,682	2,191	52	4,553	2,390
1975.....	31,824	19,732	9,573	4,263	2	6,106	4,126	4,987	1,824	3,163	1,716	1,020	982	111
1975—July..	30,351	19,385	8,693	538	.....	575	6,119	5,015	1,943	3,072	161	63	139	530
Aug...	30,777	19,507	8,942	594	.....	814	5,888	4,942	1,863	3,080	98	145	132	509
Sept...	31,055	19,560	9,122	488	.....	575	5,399	5,033	1,852	3,181	148	31	79	403
Oct...	31,373	19,641	9,309	508	.....	282	4,685	5,119	1,843	3,276	176	59	45	201
Nov...	31,552	19,648	9,430	372	.....	332	4,385	4,971	1,834	3,137	104	225	50	124
Dec...	31,824	19,732	9,573	451	.....	517	4,126	4,987	1,824	3,163	69	30	71	111
1976—Jan...	31,772	19,674	9,554	76	.....	189	3,170	4,958	1,816	3,142	47	57	42	99
Feb...	31,618	19,541	9,521	56	55	355	3,201	4,686	1,802	2,884	51	296	43	87
Mar...	31,482	19,431	9,473	85	22	405	3,120	4,602	1,787	2,815	95	98	93	128
Apr...	31,389	19,368	9,431	103	184	213	2,788	4,520	1,768	2,752	43	86	209	289
May...	32,052	19,296	9,390	877	.....	1,305	3,732	4,486	1,752	2,735	73	64	178	376
June...	32,028	19,238	9,391	240	.....	857	4,153	4,529	1,729	2,801	163	75	72	285
July.....	.....	.....	.....	.....	.....	.....	.....	4,551	1,713	2,838	152	84	39	154

¹ Includes conventional loans not shown separately.
NOTE.—Data from FNMA and FHLMC, respectively.
For FNMA: Holdings include loans used to back bond issues guaranteed by GNMA. Commitments include 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.

For FHLMC: Holdings and transactions cover participations as well as whole loans. Holdings include loans used to back bond issues guaranteed by GNMA. Commitments cover the conventional and Govt.-underwritten loan programs.

FEDERAL NATIONAL MORTGAGE ASSOCIATION AUCTIONS OF COMMITMENTS TO BUY HOME MORTGAGES

Item	Date of auction											
	1976											
	Apr. 5	Apr. 19	May 3	May 17	June 1	June 14	June 28	July 12	July 26	Aug. 9	Aug. 23	Sept. 7
Amounts (millions of dollars):												
Govt.-underwritten loans												
Offered.....	106.2	132.1	483.3	634.3	349.5	146.6	261.2	148.3	311.8	190.1	171.3	121.9
Accepted.....	56.2	60.1	222.3	321.4	224.7	98.8	157.5	88.4	212.0	107.4	107.0	68.8
Conventional loans												
Offered ¹	56.4	55.3	110.7	128.8	131.4	77.3	93.6	90.7	130.5	136.7	162.1	170.6
Accepted.....	31.8	33.4	60.1	68.9	90.5	70.3	59.2	82.0	105.2	93.4	115.3	117.8
Average yield (per cent) on short-term commitments ²												
Govt.-underwritten loans.....	8.94	8.83	8.94	9.13	9.20	9.14	9.12	9.05	9.04	9.01	8.97	8.92
Conventional loans.....	9.05	9.00	9.09	9.24	9.31	9.30	9.31	9.27	9.23	9.17	9.14	9.13

¹ Mortgage amounts offered by bidders are total bids received.
² Average accepted bid yield (before deduction of 38 basis-point fee paid for mortgage servicing) for home mortgages assuming a prepayment

period of 12 years for 30-year loans, without special adjustment for FNMA commitment fees and FNMA stock purchase and holding requirements. Commitments mature in 4 months.

MAJOR HOLDERS OF FHA-INSURED AND VA-GUARANTEED RESIDENTIAL MORTGAGE DEBT

(End of period, in billions of dollars)

Holder	Sept. 30, 1974	Dec. 31, 1974	Mar. 31, 1975	June 30, 1975	Sept. 30, 1975	Dec. 31, 1975	Mar. 31, 1976
All holders	138.6	140.3	142.0	143.0	144.9	147.0	148.3
FHA	84.1	84.1	84.3	85.0	85.1	85.4	85.4
VA	54.5	56.2	57.7	58.0	59.8	61.6	62.9
Commercial banks	10.7	10.4	10.5	9.6	9.7	9.4	9.5
FHA	7.4	7.2	7.2	6.4	6.4	6.3	6.3
VA	3.3	3.2	3.3	3.2	3.3	3.1	3.2
Mutual savings banks	27.8	27.5	27.3	27.2	27.0	27.4	27.7
FHA	15.0	14.8	14.7	14.7	14.5	14.7	14.7
VA	12.8	12.7	12.6	12.5	12.5	12.7	13.0
Savings and loan assns.							
FHA	29.9	29.9	29.9	30.2	30.4	30.6	
VA							
Life insurance cos.	12.9	12.7	12.5	12.2	12.1	11.8	11.6
FHA	8.7	8.6	8.4	8.2	8.1	7.9	7.8
VA	4.2	4.2	4.1	4.0	4.0	3.9	3.8
Others	57.4	59.9	61.6	62.2	65.7	67.8	
FHA							
VA							

NOTE.—VA-guaranteed residential mortgage debt is for 1- to 4-family properties while FHA-insured includes some debt in multifamily structures. Detail by type of holder partly estimated by Federal Reserve for first and third quarters, and for most recent quarter.

COMMITMENTS OF LIFE INSURANCE COMPANIES FOR INCOME PROPERTY MORTGAGES

Period	Number of loans	Total amount committed (millions of dollars)	Averages						
			Loan amount (thousands of dollars)	Contract interest rate (per cent)	Maturity (yrs./mos.)	Loan-to-value ratio (per cent)	Capitalization rate (per cent)	Debt coverage ratio	Per cent constant
1972	2,132	4,986.5	2,339	8.57	23/3	75.2	9.6	1.29	9.8
1973	2,140	4,833.3	2,259	8.76	23/3	74.3	9.5	1.29	10.0
1974	1,166	2,603.0	2,232	9.47	21/3	74.3	10.1	1.29	10.6
1975	599	1,717.0	2,866	10.22	21/9	73.8	10.8	1.33	11.2
1975—Apr.	32	108.4	3,386	10.02	23/0	75.6	10.8	1.36	10.8
May	73	227.5	3,116	10.23	20/9	74.7	10.8	1.30	11.1
June	61	167.5	2,745	10.11	21/9	73.0	10.5	1.29	11.2
July	53	178.6	3,370	10.19	20/7	74.6	10.9	1.31	11.3
Aug.	44	106.5	2,420	10.26	21/2	72.7	10.8	1.32	11.4
Sept.	57	123.8	2,172	10.24	22/8	73.6	10.7	1.37	11.1
Oct.	57	144.7	2,538	10.29	20/10	74.3	10.7	1.28	11.3
Nov.	47	252.8	5,378	10.24	22/7	72.7	10.9	1.35	11.2
Dec.	52	159.4	3,065	10.15	23/4	73.7	11.0	1.34	11.0
1976—Jan.	32	99.2	3,099	10.25	20/11	74.3	10.7	1.29	11.2
Feb.	40	140.2	3,506	10.08	20/6	74.2	10.5	1.26	11.0
Mar.	71	294.6	4,150	10.04	21/11	73.8	10.6	1.30	11.0

NOTE.—American Life Insurance Association data for new commitments of \$100,000 and over each on mortgages for multifamily and nonresidential nonfarm properties located largely in the United States. The 15 companies account for a little more than one-half of both the total assets and the nonfarm mortgages held by all U.S. life insurance companies. Averages, which are based on number of loans, vary in part with loan composition by type and location of property, type and purpose of loan, and loan amortization and prepayment terms. Data for the following are limited

to cases where information was available or estimates could be made: capitalization rate (net stabilized property earnings divided by property value); debt coverage ratio (net stabilized earnings divided by debt service); and per cent constant (annual level payment, including principal and interest, per \$100 of debt). All statistics exclude construction loans, increases in existing loans in a company's portfolio, reapprovals, and loans secured by land only.

TERMS AND YIELDS ON NEW HOME MORTGAGES

Period	Conventional mortgages							FHLBB series ³	HUD series ⁴	FHA-insured loans—Yield in private secondary market ⁵
	Terms ¹					Yields (per cent) in primary market				
	Contract rate (per cent)	Fees and charges (per cent) ²	Maturity (years)	Loan/price ratio (per cent)	Purchase price (thous. of dollars)	Loan amount (thous. of dollars)				
1971.....	7.60	.87	26.2	74.3	36.3	26.5	7.74	7.75	7.70	
1972.....	7.45	.88	27.2	76.8	37.3	28.1	7.60	7.64	7.53	
1973.....	7.78	1.11	26.3	77.3	37.1	28.1	7.95	8.30	8.19	
1974.....	8.71	1.30	26.3	75.8	40.1	29.8	8.92	9.22	9.55	
1975.....	8.75	1.54	26.8	76.1	44.6	33.3	9.01	9.10	9.19	
1975—July.....	8.66	1.40	26.0	75.9	44.1	32.9	8.89	9.00	9.13	
Aug.....	8.63	1.56	26.7	77.0	44.6	33.7	8.89	9.15	9.32	
Sept.....	8.70	1.46	26.7	75.9	45.6	34.1	8.94	9.25	9.74	
Oct.....	8.75	1.59	27.3	77.5	43.9	33.2	9.01	9.25	9.53	
Nov.....	8.74	1.65	27.6	76.5	46.4	34.8	9.01	9.20	9.41	
Dec.....	8.74	1.65	27.8	76.9	45.9	34.7	9.01	9.15	9.32	
1976—Jan.....	8.71	1.74	27.4	76.9	47.2	35.4	8.99	9.05	9.06	
Feb.....	8.67	1.56	26.0	75.1	45.2	33.4	8.93	9.00	9.04	
Mar.....	8.67	1.60	27.1	76.4	46.8	35.0	8.93	8.95	8.95	
Apr.....	8.67	1.52	27.3	75.3	48.5	35.8	8.92	8.90	8.82	
May.....	8.75	1.35	26.5	77.5	46.3	35.3	8.97	9.00	9.01	
June.....	8.69	1.27	26.5	75.1	48.9	36.2	8.89	9.05	9.05	
July ^p	8.78	1.30	27.4	76.4	49.5	37.1	8.99	9.05	8.99	

¹ Weighted averages based on probability sample survey of characteristics of mortgages originated by major institutional lender groups (including mortgage companies) for purchase of single-family homes, as compiled by Federal Home Loan Bank Board in cooperation with Federal Deposit Insurance Corporation. Data are not strictly comparable with earlier figures beginning Jan. 1973.

² Fees and charges—related to principal mortgage amount—include loan commissions, fees, discounts, and other charges, but exclude closing costs related solely to transfer of property ownership.

³ Effective rate, reflecting fees and charges as well as contract rates

(as shown in first column of this table) and an assumed prepayment at end of 10 years.

⁴ Rates on first mortgages, unweighted and rounded to the nearest 5 basis points.

⁵ Based on opinion reports submitted by field offices of prevailing local conditions as of the first of the succeeding month. Yields are derived from weighted averages of private secondary market prices for Sec. 203, 30-year mortgages with minimum downpayment and an assumed prepayment at the end of 15 years. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract interest rates.

FINANCE RATES ON SELECTED TYPES OF INSTALMENT CREDIT

(Per cent per annum)

Month	Commercial banks					Finance companies				
	New automobiles (36 mos.)	Mobile homes (84 mos.)	Other consumer goods (24 mos.)	Personal loans (12 mos.)	Credit-card plans	Automobiles		Mobile homes	Other consumer goods	Personal loans
						New	Used			
1974—July.....	10.96	11.46	13.14	13.42	17.20	12.58	17.18	13.22	19.25	20.74
Aug.....	11.15	11.71	13.10	13.45	17.21	12.67	17.32	13.43	19.31	20.87
Sept.....	11.31	11.72	13.20	13.41	17.15	12.84	17.61	13.60	19.49	21.11
Oct.....	11.53	11.94	13.28	13.60	17.17	12.97	17.78	13.60	19.49	21.11
Nov.....	11.57	11.87	13.16	13.47	17.16	13.06	17.88	13.60	19.49	21.11
Dec.....	11.62	11.71	13.27	13.60	17.21	13.10	17.89	13.60	19.49	21.11
1975—Jan.....	11.61	11.66	13.28	13.60	17.12	13.08	17.27	13.60	19.80	21.09
Feb.....	11.51	12.14	13.20	13.44	17.24	13.07	17.39	13.59	20.00	20.82
Mar.....	11.46	11.66	13.07	13.40	17.15	13.07	17.52	13.59	20.00	20.82
Apr.....	11.44	11.78	13.22	13.55	17.17	13.07	17.58	13.57	19.63	20.72
May.....	11.39	11.57	13.11	13.41	17.21	13.09	17.65	13.57	19.63	20.72
June.....	11.26	12.02	13.10	13.40	17.10	13.12	17.67	13.78	19.87	20.93
July.....	11.30	11.94	13.13	13.49	17.15	13.09	17.69	13.78	19.87	20.93
Aug.....	11.31	11.80	13.05	13.37	17.14	13.10	17.70	13.78	19.69	21.16
Sept.....	11.33	11.99	13.06	13.41	17.14	13.18	17.73	13.78	19.69	21.16
Oct.....	11.24	12.05	13.00	13.38	17.11	13.15	17.79	13.43	19.66	21.09
Nov.....	11.24	11.76	12.96	13.40	17.06	13.17	17.82	13.43	19.66	21.09
Dec.....	11.25	11.83	13.11	13.46	17.13	13.19	17.86	13.43	19.66	21.09
1976—Jan.....	11.21	11.76	13.14	13.40	17.08	13.18	17.25	13.18	19.58	21.13
Feb.....	11.18	11.77	13.02	13.24	17.14	13.14	17.37	13.18	19.58	21.13
Mar.....	11.13	11.82	13.02	13.13	16.99	13.13	17.48	13.35	19.37	20.87
Apr.....	11.08	11.66	12.95	13.16	17.04	13.13	17.58	13.35	19.37	20.87
May.....	11.00	11.61	12.96	13.27	17.02	13.15	17.64	13.35	19.37	20.87
June.....	11.02	11.82	12.99	13.32	17.04	13.17	17.68	13.35	19.37	20.87
July.....	11.06	11.80	13.02	13.38	16.91	13.17	17.68	13.35	19.37	20.87

NOTE.—Rates are reported on an annual percentage rate basis as specified in Regulation Z (Truth in Lending) of the Board of Governors. Commercial bank rates are "most common" rates for direct loans with

specified maturities; finance company rates are weighted averages for purchased contracts (except personal loans). For back figures and description of the data, see BULLETIN for Sept. 1973.

INSTALMENT CREDIT—TOTAL OUTSTANDING, AND NET CHANGE

(In millions of dollars)

Holder, and type of credit	1973	1974	1975	1976						
				Jan.	Feb.	Mar.	Apr.	May	June	July
Amounts outstanding (end of period)										
TOTAL	146,434	155,384	162,237	160,824	160,402	160,729	162,334	164,101	166,664	168,674
By holder:										
Commercial banks.....	71,871	75,846	78,703	78,293	77,957	78,039	78,982	79,785	80,850	81,930
Finance companies.....	35,404	36,208	36,695	36,528	36,458	36,450	36,745	37,022	37,490	38,026
Credit unions.....	19,609	22,116	25,354	25,250	25,492	26,025	26,403	26,975	27,842	28,234
Retailers ¹	16,395	17,933	18,002	17,133	16,769	16,375	16,448	16,465	16,633	16,660
Others ²	3,155	3,281	3,483	3,620	3,726	3,840	3,756	3,854	3,849	3,824
By type of credit:										
Automobile, total	50,065	50,392	53,028	52,832	53,044	53,650	54,572	55,484	56,667	57,639
Commercial banks.....	31,502	30,994	31,534	31,305	31,322	31,580	32,162	32,664	33,269	33,877
Purchased.....	18,997	18,687	18,353	18,227	18,135	18,200	18,472	18,671	18,912	19,151
Direct.....	12,505	12,306	13,181	13,078	13,187	13,381	13,690	13,993	14,358	14,726
Finance companies.....	10,718	10,618	11,439	11,503	11,579	11,695	11,903	12,080	12,333	12,573
Credit unions.....	7,456	8,414	9,653	9,612	9,704	9,908	10,051	10,269	10,601	10,749
Others.....	389	366	402	412	439	467	456	471	464	460
Mobile homes:										
Commercial banks.....	8,340	8,972	8,704	8,605	8,532	8,485	8,439	8,408	8,390	8,384
Finance companies.....	3,358	3,524	3,451	3,411	3,384	3,363	3,351	3,336	3,343	3,333
Home improvement, total	6,950	7,754	8,004	7,976	7,973	8,026	8,089	8,209	8,367	8,452
Commercial banks.....	4,083	4,694	4,965	4,928	4,907	4,924	4,978	5,048	5,129	5,192
Revolving credit:										
Bank credit cards.....	6,838	8,281	9,501	9,576	9,408	9,221	9,343	9,402	9,531	9,725
Bank check credit.....	2,254	2,797	2,810	2,802	2,803	2,769	2,775	2,777	2,805	2,835
All other, total	68,629	73,664	76,738	75,621	75,258	75,215	75,765	76,485	77,561	78,286
Commercial banks, total.....	18,854	20,108	21,188	21,076	20,985	21,060	21,285	21,486	21,726	21,917
Personal loans.....	12,873	13,771	14,629	14,589	14,549	14,578	14,743	14,871	15,034	15,148
Finance companies, total.....	20,914	21,717	21,655	21,465	21,348	21,247	21,350	21,466	21,675	21,983
Personal loans.....	16,483	16,961	17,681	17,523	17,500	17,434	17,528	17,631	17,811	18,079
Credit unions.....	11,564	13,037	14,937	14,878	15,020	15,333	15,557	15,894	16,402	16,635
Retailers.....	16,395	17,933	18,002	17,133	16,769	16,375	16,448	16,465	16,633	16,660
Others.....	902	869	956	1,069	1,136	1,200	1,125	1,174	1,125	1,091
Net change (during period)³										
TOTAL	19,676	8,952	6,843	1,103	1,123	1,473	1,427	1,474	1,330	1,303
By holder:										
Commercial banks.....	11,001	3,975	2,851	129	467	552	575	713	409	619
Finance companies.....	4,006	806	483	148	160	282	326	157	230	264
Credit unions.....	2,696	2,507	3,238	387	420	514	392	521	482	365
Retailers.....	1,632	1,538	69	185	58	108	177	5	214	116
Others.....	341	126	202	254	17	16	-42	78	-5	-61
By type of credit:										
Automobile, total	5,968	327	2,631	539	614	663	732	652	526	556
Commercial banks.....	4,197	-508	535	44	303	237	356	340	229	327
Purchased.....	2,675	-310	-340	26	35	99	162	110	32	60
Direct.....	1,523	-198	875	18	267	138	194	230	197	267
Finance companies.....	1,740	-100	821	238	146	240	224	122	116	108
Credit unions.....	1,024	958	1,239	203	165	192	151	181	186	135
Other.....	7	-23	36	54	-6	-6	2	9	-4	-13
Mobile homes:										
Commercial banks.....	1,933	632	-268	-62	-53	-18	-52	-37	-42	-28
Finance companies.....	444	168	-73	-31	-35	-11	-11	-17	*	-9
Home improvement, total	1,033	804	248	109	58	69	39	70	79	19
Commercial banks.....	482	611	271	28	29	41	26	36	29	22
Revolving credit:										
Bank credit cards.....	1,430	1,443	1,220	106	132	192	139	193	98	171
Bank check credit.....	478	543	14	-11	18	16	35	44	14	27
All other, total	8,389	5,036	3,072	452	389	550	546	570	655	567
Commercial banks, total.....	2,480	1,255	1,080	24	40	84	70	138	81	101
Personal loans.....	1,492	898	858	42	27	51	69	112	86	70
Finance companies, total.....	2,564	803	-64	-60	50	43	119	53	115	170
Personal loans.....	1,746	479	717	-7	128	62	116	21	95	143
Credit unions.....	1,591	1,473	1,900	173	241	307	228	326	282	220
Retailers.....	1,632	1,538	69	185	58	108	177	5	214	116
Others.....	122	-33	87	129	1	7	-49	48	-38	-39

¹ Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.² Mutual savings banks, savings and loan associations, and auto dealers.³ Figures for all months are seasonally adjusted and equal extensions minus liquidations (repayments, charge-offs, and other credits).

INSTALMENT CREDIT EXTENSIONS AND LIQUIDATIONS

(In millions of dollars)

Holder, and type of credit	1973	1974	1975	1976						
				Jan.	Feb.	Mar.	Apr.	May	June	July
Extensions¹										
TOTAL	160,228	160,008	163,483	15,132	15,045	15,521	15,003	15,041	15,592	15,240
By holder:										
Commercial banks.....	72,216	72,605	77,131	6,870	7,196	7,352	6,989	7,223	7,289	7,358
Finance companies.....	38,922	35,644	32,582	2,975	3,018	2,945	2,913	2,776	2,986	2,861
Credit unions.....	21,143	22,403	24,151	2,253	2,248	2,389	2,386	2,448	2,456	2,329
Retailers ²	25,440	27,034	27,049	2,578	2,347	2,596	2,544	2,313	2,650	2,533
Others ³	2,507	2,322	2,570	456	236	238	171	280	211	159
By type of credit:										
Automobile, total.....	46,105	43,209	48,103	4,505	4,523	4,689	4,583	4,471	4,600	4,477
Commercial banks.....	29,369	26,406	28,333	2,446	2,672	2,609	2,677	2,616	2,660	2,680
Purchased.....	17,497	15,576	15,761	1,356	1,435	1,514	1,475	1,413	1,386	1,417
Direct.....	11,872	10,830	12,572	1,091	1,238	1,185	1,202	1,204	1,274	1,263
Finance companies.....	9,303	8,630	9,598	896	930	990	975	914	935	891
Credit unions.....	7,009	7,788	9,702	1,068	881	964	891	892	968	879
Others.....	424	385	470	95	40	35	40	49	36	27
Mobile homes:										
Commercial banks.....	4,438	3,486	2,681	211	211	233	186	182	204	223
Finance companies.....	1,573	1,413	771	61	55	63	61	49	68	59
Home improvement, total.....	4,414	4,571	4,398	440	405	414	413	385	410	381
Commercial banks.....	2,487	2,789	2,722	235	244	253	259	233	235	240
Revolving credit:										
Bank credit cards.....	13,863	17,098	20,428	1,921	2,012	2,118	1,985	2,103	2,088	2,152
Bank check credit.....	3,373	4,227	4,024	361	392	380	394	422	435	401
All other, total.....	86,462	86,004	83,079	7,633	7,447	7,624	7,382	7,429	7,786	7,546
Commercial banks, total.....	18,686	18,599	18,944	1,697	1,665	1,669	1,489	1,667	1,666	1,661
Personal loans.....	12,928	13,176	13,386	1,184	1,179	1,182	1,081	1,203	1,221	1,174
Finance companies, total.....	27,627	25,316	22,135	2,014	2,030	1,890	1,874	1,810	1,981	1,907
Personal loans.....	17,885	16,691	17,333	1,643	1,685	1,551	1,545	1,465	1,641	1,535
Credit unions.....	13,768	14,228	13,992	1,141	1,319	1,376	1,446	1,511	1,440	1,403
Retailers.....	25,440	27,034	27,049	2,578	2,347	2,596	2,544	2,313	2,650	2,533
Others.....	941	827	959	204	86	93	29	127	50	43
Liquidations¹										
TOTAL	140,552	151,056	156,640	14,029	13,923	14,048	13,576	13,566	14,261	13,937
By holder:										
Commercial banks.....	61,215	68,630	74,280	6,741	6,729	6,800	6,414	6,510	6,879	6,739
Finance companies.....	34,916	34,838	32,099	2,827	2,858	2,663	2,587	2,619	2,756	2,597
Credit unions.....	18,447	19,896	20,913	1,866	1,828	1,975	1,994	1,927	1,974	1,964
Retailers ²	23,808	25,496	26,980	2,393	2,289	2,488	2,367	2,308	2,436	2,417
Others ³	2,166	2,196	2,368	202	219	222	214	202	216	220
By type of credit:										
Automobile, total.....	40,137	42,883	45,472	3,966	3,909	4,026	3,851	3,819	4,074	3,922
Commercial banks.....	25,172	26,915	27,798	2,402	2,370	2,463	2,321	2,276	2,432	2,354
Purchased.....	14,823	15,886	16,101	1,329	1,399	1,416	1,313	1,303	1,354	1,357
Direct.....	10,349	11,029	11,697	1,073	970	1,047	1,008	973	1,077	996
Finance companies.....	8,563	8,730	8,777	658	783	750	751	792	819	784
Credit unions.....	5,985	6,830	8,463	865	716	772	740	711	783	745
Others.....	417	408	434	41	40	42	39	39	40	39
Mobile homes:										
Commercial banks.....	2,505	2,854	2,949	273	264	251	237	219	247	251
Finance companies.....	1,129	1,245	844	91	89	63	72	67	68	68
Home improvement, total.....	3,381	3,767	4,150	331	348	344	374	314	330	362
Commercial banks.....	2,005	2,178	2,451	207	216	212	232	197	206	218
Revolving credit:										
Bank credit cards.....	12,433	15,655	19,208	1,815	1,881	1,926	1,846	1,911	1,990	1,981
Bank check credit.....	2,894	3,684	4,010	372	374	364	359	378	421	374
All other, total.....	78,072	80,969	80,007	7,181	7,058	7,074	6,836	6,859	7,132	6,979
Commercial banks, total.....	16,205	17,345	17,864	1,673	1,625	1,584	1,418	1,529	1,585	1,560
Personal loans.....	11,435	12,278	12,528	1,143	1,151	1,131	1,012	1,091	1,135	1,104
Finance companies, total.....	25,063	24,814	22,199	2,073	1,981	1,846	1,756	1,758	1,866	1,737
Personal loans.....	16,139	16,212	16,616	1,650	1,556	1,489	1,429	1,445	1,546	1,392
Credit unions.....	12,177	12,755	12,092	968	1,077	1,069	1,218	1,185	1,158	1,183
Retailers.....	23,808	25,496	26,980	2,393	2,289	2,488	2,367	2,308	2,436	2,417
Others.....	819	860	872	75	86	86	77	79	87	82

¹ Monthly figures are seasonally adjusted.

² Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

³ Mutual savings banks, savings and loan associations, and auto dealers.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

(In thousands of persons, except as noted)

Period	Total non-institutional population (N.S.A.)	Not in labor force (N.S.A.)	Total labor force (S.A.)	Civilian labor force (S.A.)					Unemployment rate ² (per cent; S.A.)
				Total	Employed ¹			Unemployed	
					Total	In nonagricultural industries	In agriculture		
1970.....	140,182	54,280	85,903	82,715	78,627	75,165	3,462	4,088	4.9
1971.....	142,596	55,666	86,929	84,113	79,120	75,732	3,387	4,993	5.9
1972.....	145,775	56,785	88,991	86,542	81,702	78,230	3,472	4,840	5.6
1973.....	148,263	57,222	91,040	88,714	84,409	80,957	3,452	4,304	4.9
1974.....	150,827	57,587	93,240	91,011	85,935	82,443	3,492	5,076	5.6
1975.....	153,449	58,655	94,793	92,613	84,783	81,403	3,380	7,830	8.5
1975—Aug.....	153,824	57,331	95,397	93,212	85,288	81,824	3,464	7,924	8.5
Sept.....	154,052	59,087	95,298	93,128	85,158	81,646	3,512	7,970	8.6
Oct.....	154,256	58,825	95,377	93,213	85,151	81,743	3,408	8,062	8.6
Nov.....	154,476	59,533	95,272	93,117	85,178	81,877	3,301	7,939	8.5
Dec.....	154,700	59,812	95,286	93,129	85,394	82,158	3,236	7,735	8.3
1976—Jan.....	154,915	60,110	95,624	93,484	86,194	82,851	3,343	7,290	7.8
Feb.....	155,106	60,163	95,601	93,455	86,319	83,149	3,170	7,136	7.6
Mar.....	155,325	60,065	95,866	93,719	86,692	83,513	3,179	7,027	7.5
Apr.....	155,516	59,898	96,583	94,439	87,399	83,982	3,417	7,040	7.5
May.....	155,711	59,988	96,699	94,557	87,697	84,368	3,329	6,860	7.3
June.....	155,925	57,674	96,780	94,643	87,500	84,206	3,294	7,143	7.3
July.....	156,142	56,817	97,473	95,333	87,907	84,566	3,341	7,426	7.8
Aug.....	156,367	57,530	97,634	95,487	87,981	84,557	3,424	7,506	7.9

¹ Includes self-employed, unpaid family, and domestic service workers.² Per cent of civilian labor force.

NOTE.—Bureau of Labor Statistics. Information relating to persons 16 years of age and over is obtained on a sample basis. Monthly data relate

to the calendar week that contains the 12th day; annual data are averages of monthly figures. Description of changes in series beginning 1967 is available from Bureau of Labor Statistics.

EMPLOYMENT IN NONAGRICULTURAL ESTABLISHMENTS, BY INDUSTRY DIVISION

(In thousands of persons)

Period	Total	Manufacturing	Mining	Contract construction	Transportation and public utilities	Trade	Finance	Service	Government
1970.....	70,920	19,349	623	3,536	4,504	15,040	3,687	11,621	12,561
1971.....	71,216	18,572	603	3,639	4,457	15,352	3,802	11,903	12,887
1972.....	73,711	19,090	622	3,831	4,517	15,975	3,943	12,392	13,340
1973.....	76,896	20,068	644	4,015	4,644	16,674	4,091	13,021	13,739
1974.....	78,413	20,046	694	3,957	4,696	17,017	4,208	13,617	14,177
1975.....	76,987	18,342	745	3,462	4,499	16,949	4,473	13,996	14,771
SEASONALLY ADJUSTED									
1975—Aug.....	77,023	18,254	749	3,415	4,466	17,016	4,218	14,054	14,855
Sept.....	77,310	18,417	752	3,432	4,467	17,045	4,239	14,113	14,845
Oct.....	77,555	18,493	774	3,402	4,476	17,043	4,246	14,157	14,964
Nov.....	77,574	18,482	766	3,409	4,496	17,010	4,248	14,188	14,975
Dec.....	77,796	18,568	769	3,406	4,477	17,080	4,264	14,229	15,003
1976—Jan.....	78,179	18,722	764	3,428	4,494	17,233	4,266	14,307	14,965
Feb.....	78,368	18,763	763	3,375	4,517	17,326	4,266	14,360	14,998
Mar.....	78,630	18,877	770	3,366	4,498	17,386	4,276	14,422	15,035
Apr.....	78,963	18,973	772	3,399	4,510	17,444	4,293	14,498	15,074
May.....	78,923	18,964	773	3,386	4,498	17,439	4,278	14,514	15,071
June.....	78,943	18,950	779	3,362	4,477	17,460	4,297	14,557	15,061
July.....	79,192	18,937	788	3,369	4,492	17,559	4,300	14,617	15,130
Aug.....	79,431	19,021	749	3,343	4,495	17,612	4,312	14,694	15,205
NOT SEASONALLY ADJUSTED									
1975—Aug.....	76,900	18,450	763	3,688	4,493	16,959	4,273	14,162	14,112
Sept.....	77,614	18,694	758	3,659	4,503	17,084	4,243	14,113	14,560
Oct.....	78,193	18,687	763	3,620	4,503	17,136	4,238	14,185	15,061
Nov.....	78,339	18,635	763	3,522	4,509	17,313	4,235	14,174	15,188
Dec.....	78,527	18,584	763	3,338	4,477	17,737	4,243	14,158	15,227
1976—Jan.....	77,091	18,495	756	3,061	4,440	17,026	4,223	14,049	15,041
Feb.....	77,339	18,545	752	3,014	4,445	16,926	4,228	14,188	15,241
Mar.....	77,906	18,679	759	3,103	4,462	17,028	4,246	14,307	15,322
Apr.....	78,688	18,813	766	3,270	4,474	17,295	4,276	14,498	15,296
May.....	79,115	18,872	775	3,386	4,494	17,405	4,278	14,616	15,289
June.....	79,090	19,117	795	3,523	4,531	17,552	4,344	14,775	15,168
July.....	78,900	18,820	804	3,578	4,532	17,509	4,365	14,778	14,514
Aug.....	79,280	19,213	763	3,610	4,522	17,553	4,368	14,812	14,439

NOTE.—Bureau of Labor Statistics; data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th of the month. Proprietors, self-employed persons,

domestic servants, unpaid family workers, and members of Armed Forces are excluded.

Beginning with 1973, series has been adjusted to Mar. 1974 benchmark.

GROSS NATIONAL PRODUCT

(In billions of dollars)

Item	1950	1970	1972	1973	1974	1975	1975			1976	
							II	III	IV	I	II
Gross national product.....	286.2	982.4	1,171.1	1,306.6	1,413.2	1,516.3	1,482.3	1,548.7	1,588.2	1,636.2	1,674.1
Final purchases.....	279.4	978.6	1,161.7	1,288.6	1,402.5	1,531.0	1,512.3	1,550.6	1,592.5	1,621.4	1,658.1
Personal consumption expenditures.....	192.0	618.8	733.0	809.9	887.5	973.2	960.3	987.3	1,012.0	1,043.6	1,064.7
Durable goods.....	30.8	84.9	111.2	123.7	121.6	131.7	127.0	136.0	141.8	151.4	155.0
Nondurable goods.....	98.2	264.7	299.3	333.8	376.2	409.1	405.8	414.6	421.6	429.1	434.8
Services.....	63.0	269.1	322.4	352.3	389.6	432.4	427.4	436.7	448.6	463.2	474.9
Gross private domestic investment.....	53.8	140.8	188.3	220.0	215.0	183.7	164.4	196.7	201.4	229.6	239.2
Fixed investment.....	47.0	137.0	178.8	202.1	204.3	198.3	194.3	198.6	205.7	214.7	223.2
Nonresidential.....	27.1	100.5	116.8	136.0	149.2	147.1	145.8	146.1	148.7	153.4	157.9
Structures.....	9.3	37.7	42.5	49.0	54.1	52.0	51.2	51.8	52.1	53.2	54.9
Producers' durable equipment.....	17.8	62.8	74.3	87.0	95.1	95.1	94.6	94.3	96.6	100.2	103.0
Residential structures.....	19.9	36.6	62.0	66.1	55.1	51.2	48.6	52.6	57.0	61.3	65.3
Nonfarm.....	18.7	35.1	60.3	64.3	52.7	49.0	46.7	50.2	54.2	58.6	62.9
Change in business inventories.....	6.8	3.8	9.4	17.9	10.7	-14.6	-30.0	-2.0	-4.3	14.8	16.0
Nonfarm.....	6.0	3.7	8.8	14.7	12.2	-17.6	-31.2	-4.2	-9.5	12.7	17.3
Net exports of goods and services.....	1.9	3.9	-3.3	7.1	7.5	20.5	24.4	21.4	21.0	8.4	8.1
Exports.....	13.9	62.5	72.7	101.6	144.4	148.1	142.9	148.2	153.7	154.1	159.1
Imports.....	12.0	58.5	75.9	94.4	136.9	127.6	118.5	126.8	132.7	145.7	151.0
Government purchases of goods and services.....	38.5	218.9	253.1	269.5	303.3	339.0	333.2	343.2	353.8	354.7	362.0
Federal.....	18.7	95.6	102.1	102.2	111.6	124.4	122.4	124.0	130.4	129.2	131.2
National defense.....	14.0	73.5	73.5	73.5	77.3	84.3	83.4	84.6	87.1	86.2	86.9
Other.....	4.7	22.1	28.6	28.7	34.3	40.1	39.0	40.0	43.2	42.9	44.2
State local.....	19.8	123.2	151.0	167.3	191.6	214.5	210.9	218.6	223.4	225.5	230.9
Gross national product in 1972 dollars.....	533.5	1,075.3	1,171.1	1,235.0	1,214.0	1,191.7	1,177.1	1,209.3	1,219.2	1,246.3	1,259.4

NOTE.—Dept. of Commerce estimates. Quarterly data are seasonally adjusted totals at annual rates. For back data and explanation of series, see the *Survey of Current Business*, Jan. 1976.

NATIONAL INCOME

(In billions of dollars)

Item	1950	1970	1972	1973	1974	1975	1975			1976	
							II	III	IV	I	II
National income.....	236.2	798.4	951.9	1,064.6	1,135.7	1,207.6	1,182.7	1,233.4	1,264.6	1,304.7	1,336.3
Compensation of employees.....	154.8	609.2	715.1	799.2	875.8	928.8	912.9	935.2	963.1	994.4	1,017.2
Wages and salaries.....	147.0	546.5	633.8	701.2	764.5	806.7	792.8	811.7	836.4	861.5	881.1
Private.....	124.4	430.5	496.2	552.6	604.1	630.8	619.0	634.4	654.1	676.1	692.4
Government and govt. enterprises.....	22.6	116.0	137.6	148.6	160.4	175.8	173.8	177.3	182.2	185.4	188.7
Supplements to wages and salaries.....	7.8	62.7	81.4	98.0	111.3	122.1	120.1	123.5	126.7	132.9	136.2
Employer contributions for social insurance.....	4.2	30.7	39.4	49.3	55.8	59.7	58.7	60.2	61.6	65.9	67.1
Other labor income.....	3.7	32.0	42.0	48.7	55.5	62.5	61.4	63.3	65.2	67.1	69.0
Proprietors' income with inventory valuation and capital consumption adjustments.....	38.4	65.1	76.1	92.4	86.9	90.2	86.8	95.5	97.2	93.2	100.3
Business and professional.....	24.9	51.2	58.1	60.4	61.1	65.3	62.7	66.3	69.0	71.4	72.8
Farm.....	13.5	13.9	18.0	32.0	25.8	24.9	24.1	29.2	28.3	21.9	27.5
Rental income of persons with capital consumption adjustment.....	7.1	18.6	21.5	21.6	21.0	22.4	22.3	22.4	22.9	23.3	23.1
Corporate profits and inventory valuation adjustment and without capital consumption adjustment.....	37.6	66.4	89.6	97.2	87.8	103.1	97.9	117.9	119.1	129.6	130.7
Profits before tax.....	42.6	71.5	96.2	115.8	127.6	114.5	105.8	126.9	131.3	141.1	145.3
Profits tax liability.....	17.9	34.5	41.5	48.7	52.4	49.2	44.8	54.8	57.2	61.4	64.1
Profits after tax.....	24.7	37.0	54.6	67.1	75.2	65.3	61.0	72.1	74.1	79.7	81.1
Dividends.....	8.8	22.9	24.6	27.8	30.8	32.1	31.9	32.6	32.2	33.1	34.4
Undistributed profits.....	15.9	14.1	30.0	39.3	44.4	33.2	29.1	39.5	41.9	46.6	46.8
Inventory valuation adjustment.....	-5.0	-5.1	-6.6	-18.6	-39.8	-11.4	-7.8	-9.0	-12.3	-11.5	-14.6
Capital consumption adjustment.....	-4.0	1.5	2.5	1.9	-3.0	-11.6	-11.4	-12.6	-13.5	-14.5	-15.4
Net interest.....	2.3	37.5	47.0	52.3	67.1	74.6	74.0	74.9	75.8	78.6	80.3

NOTE.—Dept. of Commerce estimates. Quarterly data are seasonally adjusted totals at annual rates. See also NOTE to table above.

RELATION OF GROSS NATIONAL PRODUCT, NATIONAL INCOME, AND PERSONAL INCOME AND SAVING

(In billions of dollars)

Item	1950	1970	1972	1973	1974	1975	1975			1976	
							II	III	IV	I	II
Gross national product	286.2	982.4	1,171.1	1,306.6	1,413.2	1,516.3	1,482.3	1,548.7	1,588.2	1,636.2	1,674.1
Less: Capital consumption allowances with capital consumption adjustment	23.9	90.8	105.4	117.7	137.7	161.4	158.7	164.4	169.5	173.6	177.7
Indirect business tax and nontax liability	23.4	94.0	111.0	120.2	128.4	138.7	136.5	141.5	144.1	144.9	148.2
Business transfer payments	.8	4.0	4.7	5.4	5.6	6.3	6.2	6.4	6.6	6.8	7.0
Statistical discrepancy	2.0	-2.1	1.7	2.6	6.6	4.4	.1	5.1	6.1	7.2	5.7
Plus: Subsidies less current surplus of government enterprises	.1	2.7	3.6	3.9	.8	2.0	1.9	2.1	2.7	.9	.7
Equals: National income	236.2	798.4	951.9	1,064.6	1,135.7	1,207.6	1,182.7	1,233.4	1,264.6	1,304.7	1,336.3
Less: Corporate profits with inventory valuation and capital consumption adjustments	33.7	67.9	92.1	99.1	84.8	91.6	86.6	105.3	105.6	115.1	115.3
Net interest	2.3	37.5	47.0	52.3	67.1	74.6	74.0	74.9	75.8	78.6	80.3
Contributions for social insurance	7.1	58.7	73.6	91.5	103.4	109.7	108.1	110.3	112.6	119.3	121.4
Wage accruals less disbursements											
Plus: Government transfer payments to persons	14.4	75.9	99.4	113.5	134.6	168.9	169.3	172.7	176.0	181.8	180.6
Personal interest income	8.9	64.3	74.6	84.1	101.4	110.7	109.0	111.0	114.4	118.0	120.7
Dividends	8.8	22.9	24.6	27.8	30.8	32.1	31.9	32.6	32.2	33.1	34.4
Business transfer payments	.8	4.0	4.7	5.4	5.6	6.3	6.2	6.4	6.6	6.8	7.0
Equals: Personal income	226.1	801.3	942.5	1,052.4	1,153.3	1,249.7	1,230.3	1,265.5	1,299.7	1,331.3	1,362.0
Less: Personal tax and nontax payments	20.6	115.3	141.2	150.8	170.4	168.8	142.2	174.0	179.8	183.8	189.5
Equals: Disposable personal income	205.5	685.9	801.3	901.7	982.9	1,080.9	1,088.2	1,091.5	1,119.9	1,147.6	1,172.5
Less: Personal outlays	194.7	635.4	751.9	831.3	910.7	996.9	983.6	1,011.1	1,036.2	1,068.0	1,089.6
Personal consumption expenditures	192.0	618.8	733.0	809.9	887.5	973.2	960.3	987.3	1,012.0	1,043.6	1,064.7
Interest paid by consumer to business	2.3	15.5	17.9	20.2	22.2	22.8	22.4	22.8	23.3	23.4	23.9
Personal transfer payments to foreigners (Net)	.4	1.1	1.0	1.3	1.0	.9	.9	.9	.9	1.0	1.0
Equals: Personal saving	10.8	50.6	49.4	70.3	72.2	84.0	104.5	80.5	83.7	79.5	82.9
Disposable personal income in (1972) dollars	361.9	741.6	801.3	854.7	840.8	855.5	869.7	857.1	867.5	880.4	890.5

NOTE.—Dept. of Commerce estimates. Quarterly data seasonally adjusted totals at annual rates. See also NOTE to table at top of opposite page.

PERSONAL INCOME

(In billions of dollars)

Item	1974	1975	1975					1976							
			July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July ^a
Total personal income	1153.3	1249.7	1252.0	1267.5	1277.1	1290.8	1300.2	1308.2	1320.8	1331.4	1341.9	1352.5	1362.9	1370.4	1384.3
Wage and salary disbursements	765.0	806.7	802.9	813.0	819.1	828.5	836.6	844.0	854.2	861.4	868.8	876.9	883.3	883.1	891.3
Commodity-producing industries	273.9	275.3	272.5	276.4	279.8	282.9	285.7	288.6	292.8	294.9	298.4	301.7	303.5	303.4	305.4
Manufacturing only	211.4	211.7	209.2	212.9	215.5	218.1	220.1	222.8	227.2	229.4	232.2	234.8	235.8	236.2	237.3
Distributive industries	184.4	195.6	194.4	197.9	198.2	200.9	202.5	203.5	206.5	208.8	209.8	212.3	213.9	212.4	215.2
Service industries	145.9	159.9	160.0	161.6	162.4	163.6	166.0	168.8	170.8	172.4	174.1	175.3	177.2	177.7	180.1
Government	160.9	175.8	176.0	177.1	178.8	181.1	182.4	183.2	184.2	185.4	186.6	187.6	188.7	189.6	190.5
Other labor income	55.5	62.5	62.6	63.3	63.9	64.5	65.2	65.8	66.4	67.1	67.7	68.4	69.0	69.7	70.5
Proprietors' income with inventory valuation and capital consumption adjustments	86.9	90.2	94.0	96.1	96.4	97.5	97.1	97.2	95.2	92.4	92.2	96.0	100.0	105.0	103.6
Business and professional	61.1	65.3	65.4	66.5	67.0	68.3	68.7	69.9	70.6	71.3	72.2	72.7	72.5	73.4	74.0
Farm	25.8	24.9	28.6	29.6	29.4	29.2	28.4	27.3	24.6	21.1	20.0	23.3	27.5	31.6	29.6
Rental income of persons with capital consumption adjustment	21.0	22.4	22.5	22.5	22.4	22.9	22.9	22.9	23.2	23.4	23.3	23.3	23.4	22.7	23.5
Dividends	30.8	32.1	32.3	32.6	32.9	32.9	32.9	30.8	32.9	33.3	33.0	33.4	33.9	35.9	35.2
Personal interest income	101.4	110.7	110.1	110.9	112.1	113.2	114.4	115.5	116.7	117.9	119.3	120.0	120.7	121.5	122.8
Transfer payments	140.3	175.2	177.3	179.3	180.7	182.1	182.1	183.4	185.3	189.2	191.3	188.7	187.1	186.8	192.5
Less: Personal contributions for social insurance	47.6	50.0	49.8	50.2	50.4	50.7	51.0	51.4	53.1	53.4	53.7	54.1	54.4	54.3	54.9
Nonagricultural income	1117.3	1213.4	1212.2	1226.5	1236.1	1249.9	1260.0	1269.1	1284.4	1298.6	1310.1	1317.3	1323.3	1326.6	1342.5
Agricultural income	36.0	36.3	39.8	41.0	41.0	40.9	40.2	39.1	36.4	32.8	31.8	35.2	39.6	43.8	41.9

NOTE.—Dept. of Commerce estimates. Monthly data seasonally adjusted totals at annual rates. See also NOTE to table at top of opposite page.

1. U.S. INTERNATIONAL TRANSACTIONS—SUMMARY

(In millions of dollars. Quarterly figures are seasonally adjusted except as noted.)

Line	Credits (+), debits (-)	1973	1974	1975	1975				1976
					I	II	III	IV	
1	Merchandise exports	71,410	98,310	107,133	27,020	25,848	26,610	27,655	26,939
2	Merchandise imports	70,499	103,679	98,150	25,585	22,598	24,511	25,456	28,447
3	Merchandise trade balance ²	911	-5,369	8,983	1,435	3,250	2,099	2,199	-1,508
4	Military transactions, net	-2,287	-2,083	-883	-402	-378	-115	12	-4
5	Investment income, net	5,178	10,227	6,007	1,124	1,531	1,682	1,670	2,129
6	Other service transactions, net	102	812	2,163	438	648	619	455	441
7	Balance on goods and services ³	3,905	3,586	16,269	2,595	5,051	4,285	4,336	1,058
8	Unilateral transfers	-3,883	-7,185	-4,620	-1,179	-1,146	-1,044	-1,251	-1,138
9	Remittances, pensions, and other transfers	-1,945	-1,710	-1,727	-431	-434	-429	-433	-480
10	U.S. Government grants (excluding military)	-1,938	-5,475	-2,893	-748	-712	-615	-818	-658
11	Balance on current account	22	-3,598	11,650	1,416	3,905	3,241	3,085	-80
12	Not seasonally adjusted				2,934	3,903	529	4,284	1,467
13	U.S. Govt. capital transactions, other than official reserve assets, net (outflow, -)	-1,492	1,089	-1,731	-455	-422	-401	-453	795
14	Change in U.S. official reserve assets (increase, -)	209	-1,434	-607	-325	-29	-342	89	-773
15	Gold	9	-172	-66	-4	-16	-25	-21	-45
16	SDR's	3	-1,265	-466	-307	-7	-95	-57	-237
17	Reserve position in IMF	233	3	-75	-14	-6	-222	167	-491
18	Foreign currencies								
19	Change in U.S. private assets abroad (increase, -)	-13,998	-32,323	-27,061	-6,777	-7,074	-3,109	-10,101	-8,065
20	Bank-reported claims	-5,980	-19,494	-13,238	-3,702	-3,820	-429	-5,287	-3,714
21	Long-term	-933	-1,183	-2,351	-441	-381	-586	-943	-245
22	Short-term	-5,047	-18,311	-10,887	-3,261	-3,439	-157	-4,344	-3,469
23	Nonbank-reported claims	-2,378	-3,221	-1,309	363	59	-972	-759	-264
24	Long-term	-396	-474	-384	22	55	-139	-322	-84
25	Short-term	-1,982	-2,747	-925	341	4	-833	-437	-180
26	U.S. purchase of foreign securities, net	-671	-1,854	-6,206	-1,928	-979	-938	-2,361	-2,507
27	U.S. direct investments abroad, net	-4,968	-7,753	-6,307	-1,510	-2,334	-770	-1,694	-1,580
28	Change in foreign official assets in the United States (increase, +)	5,145	10,257	4,603	2,958	1,913	-2,356	2,088	1,856
29	U.S. Treasury securities	114	3,282	4,312	5,298	818	-2,880	1,076	1,713
30	Other U.S. Govt. obligations	582	902	891	494	65	25	307	65
31	Other U.S. liabilities reported by U.S. banks	4,126	5,818	-2,474	-3,203	591	17	121	-571
32	Other foreign official assets	323	254	1,874	369	439	482	584	649
33	Change in foreign private assets in the United States (increase, +)	12,220	21,452	8,544	-565	1,576	4,384	3,148	1,693
34	U.S. bank-reported liabilities	4,702	16,017	653	-2,459	776	1,634	702	881
35	Long-term	227	9	-355	-45	-287	-114	91	166
36	Short-term	4,475	16,008	1,008	-2,414	1,063	1,748	611	715
37	U.S. nonbank-reported liabilities	1,035	1,615	78	322	58	141	-161	24
38	Long-term	298	-212	313	357	77	-99	-22	-170
39	Short-term	737	1,827	-235	-35	-19	-42	-139	194
40	Foreign private purchases of U.S. Treasury securities, net	-214	697	2,649	752	-423	2,158	162	451
41	Foreign purchases of other U.S. securities, net	4,041	378	2,727	344	385	781	1,217	1,026
42	Foreign direct investments in the United States, net	2,656	2,745	2,437	476	780	-48	1,229	-689
43	Allocations of SDR's								
44	Discrepancy	-2,107	4,557	4,602	3,748	131	-1,417	2,143	4,574
45	Owing to seasonal adjustments				1,330	-37	-2,565	1,275	1,357
46	Statistical discrepancy in recorded data before seasonal adjustment	-2,107	4,557	4,602	2,418	168	1,148	868	3,217
	Memoranda:								
47	Changes in official assets:								
48	U.S. official reserve assets (increase, -)	209	-1,434	-607	-325	-29	-342	89	-773
49	Foreign official assets in the U.S. (increase, +)	5,145	10,257	4,603	2,958	1,913	-2,356	2,088	1,856
	Transfers under military grant programs (excluded from lines 1, 4, and 10 above)	2,809	1,817	2,232	797	1,202	56	177	50

¹ Seasonal factors are no longer calculated for capital transactions—lines 14 through 49.

² Adjusted to a balance of payments basis; among other adjustments, excludes military transactions and includes imports into the Virgin Islands.

³ Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition

excludes special military sales from exports and U.S. Govt. interest payments from imports.

NOTE.—Data are from U.S. Dept. of Commerce, Bureau of Economic Analysis, *Survey of Current Business*. A detailed description of items in this revised format of U.S. International Transactions will appear in a future issue of the BULLETIN.

2. MERCHANDISE EXPORTS AND IMPORTS

(Seasonally adjusted; in millions of dollars)

	Exports ¹				Imports ²				Trade balance			
	1973	1974	1975	1976	1973	1974 ³	1975	1976	1973	1974 ³	1975	1976
Month:												
Jan.....	4,955	7,150	9,374	9,103	5,244	6,498	9,633	9,176	-289	+652	-259	-73
Feb.....	5,070	7,549	8,756	8,800	5,483	7,318	7,927	8,941	-413	+231	+829	-141
Mar.....	5,311	7,625	8,681	8,956	5,414	7,742	7,467	9,607	-103	-117	+1,215	-651
Apr.....	5,494	8,108	8,649	9,394	5,360	8,025	7,959	9,596	+133	-183	-690	-202
May.....	5,561	7,652	8,222	9,578	5,703	8,265	7,263	9,182	+142	-612	-958	+396
June.....	5,728	8,317	8,716	9,716	5,775	8,577	7,103	10,094	-47	-260	-1,613	377
July.....	5,865	8,307	8,871	10,022	5,829	8,922	7,832	10,849	+37	-615	+1,039	-827
Aug.....	6,042	8,379	8,980	.....	6,011	9,267	7,877	.....	-132	888	+1,103	.....
Sept.....	6,420	8,399	9,104	.....	5,644	8,696	8,196	.....	-1,776	-297	-908	.....
Oct.....	6,585	8,673	9,226	.....	5,996	8,773	8,169	.....	-589	-100	+1,056	.....
Nov.....	6,879	8,973	9,409	.....	6,684	8,973	8,201	.....	-195	.....	+1,208	.....
Dec.....	6,949	8,862	9,250	.....	6,291	9,257	8,522	.....	-658	395	+728	.....
Quarter:												
I.....	15,336	22,325	26,811	26,859	16,140	21,558	25,026	27,723	-804	+1,767	+1,785	-864
II.....	16,783	24,077	25,586	28,688	16,839	24,867	22,325	28,872	-56	-790	+3,261	-184
III.....	18,327	25,085	26,955	.....	17,483	26,885	23,904	.....	-1,844	-1,800	+3,051	.....
IV.....	20,413	26,508	27,885	.....	18,972	27,003	24,892	.....	+1,441	-495	+2,993	.....
Year ⁴	70,823	97,908	107,130	.....	69,476	100,251	96,116	.....	+1,347	-2,343	+1,014	.....

¹ Exports of domestic and foreign merchandise (f.a.s. value basis); excludes Department of Defense shipments under military grant-aid programs.

² General imports, which includes imports for immediate consumption plus entries into bonded warehouses. See also note 3.

³ Beginning with 1974 data, imports are reported on an f.a.s. transactions value basis; prior data are reported on a Customs import value

basis. For calendar year 1974, the f.a.s. import transactions value was \$100.3 billion, about 0.7 per cent less than the corresponding Customs import value of \$101.0 billion.

⁴ Sum of unadjusted figures.

NOTE.—Bureau of the Census data. Details may not add to totals because of rounding.

3. U.S. RESERVE ASSETS

(In millions of dollars)

End of year	Total	Gold stock ¹		Convertible foreign currencies	Reserve position in IMF	SDR's ³	End of month	Total	Gold stock		Convertible foreign currencies	Reserve position in IMF	SDR's ³
		Total ²	Treasury						Total ²	Treasury			
1961...	18,753	16,947	16,889	116	1,690	.....	1975...	16,117	11,599	11,599	28	2,169	2,321
1962...	17,220	16,057	15,978	99	1,064	.....	Aug.....	16,291	11,599	11,599	247	2,144	2,301
1963...	16,843	15,596	15,513	212	1,035	.....	Sept.....	16,569	11,599	11,599	413	2,192	2,365
1964...	16,672	15,471	15,388	432	769	.....	Oct.....	16,592	11,599	11,599	423	2,234	2,336
1965...	15,450	13,836	13,733	781	863	.....	Nov.....	16,226	11,599	11,599	80	2,212	2,335
1966...	14,882	13,235	13,159	1,321	326	.....	Dec.....	.....	.....	.....	.....	.....	.....
1967...	14,830	12,065	11,982	2,345	420	.....	1976	.....	.....	.....	.....	.....	.....
1968...	15,710	10,892	10,367	3,528	1,290	.....	Jan.....	16,622	11,599	11,599	333	2,314	2,376
1969...	16,964	11,859	10,367	4,271	2,324	.....	Feb.....	16,661	11,599	11,599	296	2,390	2,376
1970...	14,487	11,072	10,732	629	1,935	851	Mar.....	16,941	11,599	11,599	571	2,420	2,351
1971...	512,167	10,206	10,132	5,276	585	1,100	Apr.....	17,437	11,598	11,598	936	2,578	2,325
1972 ⁶ ...	13,151	10,487	10,410	241	465	1,958	May.....	17,958	11,598	11,598	938	3,113	2,309
1973 ⁷ ...	14,378	11,652	11,567	8	552	2,166	June.....	18,477	11,598	11,598	1,365	3,198	2,316
1974 ⁸ ...	15,883	11,652	11,652	5	1,852	2,374	July.....	18,246	11,598	11,598	864	3,466	2,318
							Aug.....	18,586	11,598	11,598	845	3,818	2,325

¹ Includes (a) gold sold to the United States by the IMF with the right of repurchase, and (b) gold deposited by the IMF to mitigate the impact on the U.S. gold stock of foreign purchases for the purpose of making gold subscriptions to the IMF under quota increases. For corresponding liabilities, see Table 5.

² Includes gold in Exchange Stabilization Fund.

³ Includes allocations by the IMF of Special Drawing Rights as follows: \$867 million on Jan. 1, 1970; \$717 million on Jan. 1, 1971; and \$710 million on Jan. 1, 1972; plus net transactions in SDR's.

⁴ Includes gain of \$67 million resulting from reevaluation of the German mark in Oct. 1969, of which \$13 million represents gain on mark holdings at time of reevaluation.

⁵ Includes \$28 million increase in dollar value of foreign currencies revalued to reflect market exchange rates as of Dec. 31, 1971.

⁶ Total reserve assets include an increase of \$1,016 million resulting from change in par value of the U.S. dollar on May 8, 1972; of which,

total gold stock is \$828 million (Treasury gold stock \$822 million), reserve position in IMF \$33 million, and SDR's \$155 million.

⁷ Total reserve assets include an increase of \$1,436 million resulting from change in par value of the U.S. dollar on Oct. 18, 1973; of which, total gold stock is \$1,165 million (Treasury gold stock \$1,157 million), reserve position in IMF \$54 million, and SDR's \$217 million.

⁸ 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 are also valued on this basis beginning July 1974. At valuation used prior to July 1974 (SDR 1 = \$1.20635) SDR holdings at end of August amounted to \$2,435 million, reserve position in IMF, \$3,583 million, and total U.S. reserves assets, \$18,800.

NOTE.—See Table 20 for gold held under earmark at F.R. Banks for foreign and international accounts. Gold under earmark is not included in the gold stock of the United States.

4. GOLD RESERVES OF CENTRAL BANKS AND GOVERNMENTS

(In millions of dollars; valued at \$35 per fine ounce through Apr. 1972, at \$38 from May 1972–Sept. 1973, and at \$42.22 thereafter)

End of period	Estimated total world ¹	Intl. Monetary Fund	United States	Estimated rest of world	Algeria	Argentina	Australia	Austria	Belgium	Canada	China, Rep. of (Taiwan)	Denmark	Egypt
1970	41,275	4,339	11,072	25,865	191	140	239	707	1,470	791	82	65	85
1971	41,160	4,732	10,206	26,220	192	90	259	729	1,544	792	80	64	85
1972	44,890	5,830	10,487	28,575	208	152	281	791	1,638	834	87	69	92
1973	49,850	6,478	11,652	31,720	231	169	312	881	1,781	927	97	77	103
1974	49,800	6,478	11,652	31,670	231	169	312	882	1,781	927	97	76	103
1975—Aug.		6,478	11,599		231	169	312	882	1,781	927	97	76	103
Sept.	49,750	6,478	11,599	31,675	231	169	312	882	1,781	927	97	76	103
Oct.		6,478	11,599		231	169	312	882	1,781	927	97	76	103
Nov.		6,478	11,599		231	169	312	882	1,781	927	97	76	103
Dec.	49,740	6,478	11,599	31,665	231	169	312	882	1,781	927	97	76	103
1976—Jan.		6,478	11,599		231	169	312	882	1,781	927	97	76	103
Feb.		6,478	11,599		231	169	312	882	1,781	927	97	76	103
Mar.	49,490	6,478	11,599	31,415	231	169	312	882	1,781	916	94	76	103
Apr.		6,478	11,598		231	169	312	882	1,781	916	94	76	103
May		6,478	11,598		231	169	312	882	1,781	916	94	76	103
June	49,565	6,448	11,598	31,520	231		312	882	1,781	916	98	76	
July ²		6,412	11,598		231		312	882	1,781	916		76	
End of period	France	Germany	Greece	India	Iran	Iraq	Italy	Japan	Kuwait	Lebanon	Libya	Mexico	Netherlands
1970	3,532	3,980	117	243	131	144	2,887	532	86	288	85	176	1,787
1971	3,523	4,077	98	243	131	144	2,884	679	87	322	85	184	1,909
1972	3,826	4,459	133	264	142	156	3,130	801	94	350	93	188	2,059
1973	4,261	4,966	148	293	159	173	3,483	891	120	388	103	196	2,294
1974	4,262	4,966	152	293	158	173	3,483	891	148	389	103	154	2,294
1975—Aug.	4,262	4,966	153	293	158	173	3,483	891	154	389	103	154	2,294
Sept.	4,262	4,966	153	293	158	173	3,483	891	160	389	103	154	2,294
Oct.	4,262	4,966	153	293	158	173	3,483	891	160	389	103	154	2,294
Nov.	4,262	4,966	153	293	158	173	3,483	891	160	389	103	154	2,294
Dec.	4,262	4,966	153	293	158	173	3,483	891	169	389	103	154	2,294
1976—Jan.	4,262	4,966	153	293	158	173	3,483	891	169	389	103	152	2,294
Feb.	4,262	4,966	153	293	158	173	3,483	891	176		103	152	2,294
Mar.	4,262	4,966	153	293	158	173	3,483	891	176		103	152	2,294
Apr.	4,262	4,966	153	293	158	173	3,483	891	183		103		2,294
May	4,262	4,966	153	293	158	173	3,483	891	214		103		2,294
June	4,263	4,966	153		158	173	3,483	891	192		103		2,294
July ²	4,266	4,966	153		158	173	3,483	891	192		103		2,294
End of period	Pakistan	Portugal	Saudi Arabia	South Africa	Spain	Sweden	Switzerland	Thailand	Turkey	United Kingdom	Uruguay	Venezuela	Bank for Intl. Settlements ²
1970	54	902	119	666	498	200	2,732	82	126	1,348	162	384	-282
1971	55	921	108	410	498	200	2,909	82	130	777	148	391	310
1972	60	1,021	117	681	541	217	3,158	89	136	801	133	425	218
1973	67	1,163	129	802	602	244	3,513	99	151	887	148	472	235
1974	67	1,175	129	771	602	244	3,513	99	151	888	148	472	250
1975—Aug.	67	1,175	129	744	602	244	3,513	99	151	888	135	472	264
Sept.	67	1,175	129	762	602	244	3,513	99	151	888	135	472	254
Oct.	67	1,175	129	754	602	244	3,513	99	151	888	135	472	256
Nov.	67	1,175	129	752	602	244	3,513	99	151	888	135	472	259
Dec.	67	1,170	129	749	602	244	3,513	99	151	888	135	472	246
1976—Jan.	67	1,170	129	753	602	244	3,513	99	151	888	135	472	213
Feb.	67	1,170	129	749	602	244	3,513	99	151	888	135	472	205
Mar.	67	1,170	129	543	602	244	3,513	99	151	888	135	472	206
Apr.	69	1,170	129	539	602	244	3,513	99	151		135	472	231
May	69	1,170	129	538	602	244	3,513	99	151		135	472	245
June	69	1,170	129	540	602	244	3,514	99	151			472	290
July ²	69	1,170	129	540	602	244	3,514	99	151			472	298

¹ Includes reported or estimated gold holdings of international and regional organizations, central banks and govts. of countries listed in this table, and also of a number not shown separately here, and gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold; excludes holdings of the U.S.S.R., other Eastern European countries, and People's Republic of China.
The figures included for the Bank for International Settlements are

the Bank's gold assets net of gold deposit liabilities. This procedure avoids the overstatement of total world gold reserves since most of the gold deposited with the BIS is included in the gold reserves of individual countries.

² Net gold assets of BIS, i.e., gold assets minus gold deposit liabilities.

³ Reflects South African Reserve Bank sale of gold spot and repurchase forward.

5. U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS, AND LIQUID LIABILITIES TO ALL OTHER FOREIGNERS

(In millions of dollars)

End of period	Total	Liquid liabilities to IMF arising from gold transactions ¹	Liabilities to foreign countries									Liquid liabilities to non-monetary intl. and regional organizations ⁸
			Total	Official institutions ²				Liquid liabilities to commercial banks abroad ⁶	Liquid liabilities to other foreigners		Marketable U.S. Treas. bonds and notes ^{3,7}	
				Short-term liabilities reported by banks in U.S.	Marketable U.S. Treas. bonds and notes ³	Non-marketable U.S. Treas. bonds and notes ⁴	Other readily marketable liabilities ⁵		Short-term liabilities reported by banks in U.S.	Marketable U.S. Treas. bonds and notes ^{3,7}		
1964.....	29,364	800	15,786	13,220	1,125	1,283	158	7,303	3,753	3,377	376	1,722
1965.....	29,568	834	15,825	13,066	1,105	1,534	120	7,419	4,059	3,587	472	1,431
1966 ⁹	{ 31,144 31,019	{ 1,011 1,011	{ 14,840 14,895	{ 12,484 12,539	{ 860 860	{ 583 583	{ 913 913	{ 10,116 9,936	{ 4,271 4,272	{ 3,743 3,744	{ 528 528	{ 906 905
1967 ⁹	{ 35,819 35,667	{ 1,033 1,033	{ 18,201 18,194	{ 14,034 14,027	{ 908 908	{ 1,452 1,452	{ 1,807 1,807	{ 11,209 11,085	{ 4,685 4,678	{ 4,127 4,120	{ 558 558	{ 691 677
1968 ⁹	{ 38,687 38,473	{ 1,030 1,030	{ 17,407 17,340	{ 11,318 11,318	{ 529 462	{ 3,219 3,219	{ 2,341 2,341	{ 14,472 14,472	{ 5,053 4,909	{ 4,444 4,444	{ 609 465	{ 725 722
1969 ⁹	{ 45,755 45,914	{ 1,109 1,019	{ 15,975 15,998	{ 11,054 11,077	{ 346 346	{ 3,070 3,070	{ 1,505 1,505	{ 23,638 23,645	{ 4,464 4,589	{ 3,939 4,064	{ 525 525	{ 659 663
1970—Dec.....	{ 47,009 46,960	{ 566 566	{ 23,786 23,775	{ 19,333 19,333	{ 306 295	{ 3,452 3,452	{ 695 695	{ 17,137 17,169	{ 4,676 4,604	{ 4,029 4,039	{ 647 565	{ 844 846
1971—Dec. 11.....	{ 67,681 67,808	{ 544 544	{ 21,209 50,651	{ 39,679 39,018	{ 1,955 1,955	{ 9,431 9,534	{ 144 144	{ 10,262 10,949	{ 4,138 4,141	{ 3,691 3,694	{ 447 447	{ 1,528 1,523
1972—Dec.....	82,862		61,526	40,000	5,236	15,747	543	14,666	5,043	4,618	425	1,627
1973—Dec.....	92,490		66,861	1243,923	5,701	1215,564	1,673	17,694	5,932	5,502	430	2,003
1974—Dec. ⁹	{ 119,240 119,204		{ 76,801 76,823	{ 53,057 53,079	{ 5,059 5,059	{ 16,339 16,339	{ 2,346 2,346	{ 30,314 30,146	{ 8,803 8,913	{ 8,305 8,415	{ 498 498	{ 3,322 3,322
1975—July.....	123,312		80,340	50,545	6,296	19,616	3,999	29,037	9,337	8,627	710	4,598
Aug.....	124,843		79,911	50,150	6,472	19,466	3,999	30,422	9,621	8,950	671	4,889
Sept.....	123,949		78,762	48,594	6,644	19,666	4,030	30,360	9,854	9,153	701	4,973
Oct.....	124,101		80,676	50,111	6,485	19,666	4,255	28,527	9,971	9,232	739	4,927
Nov.....	127,208		80,198	49,634	6,640	19,976	4,353	32,266	10,200	9,490	710	4,544
Dec.....	126,593		80,650	49,513		19,976	4,521	29,556	10,759	10,028	731	5,628
1976—Jan.....	128,196		81,198	49,487	6,851	20,051	4,809	30,964	10,504	9,766	738	5,530
Feb.....	131,841		82,326	50,429	7,027	20,051	4,819	33,149	10,808	10,060	748	5,558
Mar.....	129,724		82,561	49,634	7,757	20,051	5,119	30,512	10,922	10,118	804	5,729
Apr.....	136,714		84,205	50,538	8,187	20,151	5,329	35,256	11,579	10,758	821	5,674
May.....	139,126		85,630	51,606	8,450	20,151	5,423	36,476	11,361	10,557	804	5,659
June.....	135,278		85,138	50,022	9,167	20,251	5,698	32,681	11,512	10,654	858	5,947
July ⁹	139,365		85,735	50,447	9,417	20,151	5,785	35,047	11,835	10,947	888	6,683

¹ Includes (a) liability on gold deposited by the IMF to mitigate the impact on the U.S. gold stock of foreign purchases for gold subscriptions to the IMF under quota increases, and (b) U.S. Treasury obligations at cost value and funds awaiting investment obtained from proceeds of sales of gold by the IMF to the United States to acquire income-earning assets.

² Includes Bank for International Settlements; also includes European Fund through Dec. 1972.

³ Derived by applying reported transactions to benchmark data.

⁴ Excludes notes issued to foreign official nonreserve agencies.

⁵ Includes long-term liabilities reported by banks in the United States and debt securities of U.S. Federally sponsored agencies and U.S. corporations.

⁶ Includes short-term liabilities payable in dollars to commercial banks abroad and short-term liabilities payable in foreign currencies to commercial banks abroad and to other foreigners.

⁷ Includes marketable U.S. Treasury bonds and notes held by commercial banks abroad.

⁸ Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks.

⁹ Data on the 2 lines shown for this date differ because of changes in reporting coverage. Figures on first line are comparable with those

shown for the preceding date; figures on second line are comparable with those shown for the following date.

¹⁰ Includes \$101 million increase in dollar value of foreign currency liabilities resulting from revaluation of the German mark in Oct. 1969.

¹¹ Data on the second line differ from those on first line because certain accounts previously classified as official institutions are included with banks; a number of reporting banks are included in the series for the first time; and U.S. Treasury securities payable in foreign currencies issued to official institutions of foreign countries have been increased in value to reflect market exchange rates as of Dec. 31, 1971.

¹² Includes \$162 million increase in dollar value of foreign currency liabilities revalued to reflect market exchange rates, as follows: short-term liabilities, \$15 million; and nonmarketable U.S. Treasury notes, \$147 million.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks and brokers in the United States. Table excludes IMF holdings of dollars, and U.S. Treasury letters of credit and non-negotiable, non-interest-bearing special U.S. notes held by other international and regional organizations.

6. U.S. LIABILITIES TO OFFICIAL INSTITUTIONS OF FOREIGN COUNTRIES, BY AREA

(Amounts outstanding; in millions of dollars)

End of period	Total foreign countries	Western Europe ¹	Canada	Latin American republics	Asia	Africa	Other countries ²
1972.....	61,526	34,197	4,279	1,733	17,577	777	2,963
1973.....	66,861	45,764	3,853	2,544	10,887	788	3,025
1974--Dec. ^{r 3}	(76,801 76,823)	44,328 44,328	3,662 3,662	4,419 4,419	18,604 18,626	3,161 3,161	2,627 2,627
1975--July ^r	80,340	44,466	2,962	4,765	21,694	3,319	3,134
Aug. ^r	79,911	44,301	2,929	4,937	21,379	3,392	2,973
Sept. ^r	78,762	43,858	3,003	4,840	21,153	3,145	2,763
Oct. ^r	80,676	45,354	3,044	4,254	22,406	3,018	2,600
Nov. ^r	80,198	45,095	3,218	4,056	22,263	2,951	2,615
Dec. ^r	80,650	45,676	3,132	4,448	22,514	2,983	1,897
1976--Jan. ^r	81,198	45,741	3,416	3,552	23,780	2,724	1,985
Feb. ^r	82,326	45,091	3,645	3,377	25,462	2,731	2,020
Mar. ^r	82,561	45,583	3,663	3,779	26,911	2,718	1,907
Apr. ^r	84,205	43,581	3,600	3,850	28,596	2,805	1,773
May ^r	85,630	43,247	3,590	3,827	30,047	3,141	1,777
June ^p	85,138	42,426	3,578	4,109	29,880	3,247	1,899
July ^p	85,800	42,311	3,410	3,908	30,899	3,134	2,065

¹ Includes Bank for International Settlements; also includes European Fund through 1972.

² Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.

³ See note 9 to Table 5.

institutions of foreign countries, as reported by banks in the United States; foreign official holdings of marketable and nonmarketable U.S. Treasury securities with an original maturity of more than 1 year, except for nonmarketable notes issued to foreign official nonreserve agencies; and investments by foreign official reserve agencies in debt securities of U.S. Federally sponsored agencies and U.S. corporations.

NOTE.—Data represent short- and long-term liabilities to the official

7. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY TYPE

(Amounts outstanding; in millions of dollars)

End of period	To all foreigners							IMF gold investment	To nonmonetary international and regional organizations ⁵				
	Total ¹	Payable in dollars					Payable in foreign currencies		Deposits				
		Total	Deposits		U.S. Treasury bills and certificates ³	Other short-term liab. ⁴			Total	Deposits		U.S. Treasury bills and certificates	Other short-term liab. ⁶
			Demand	Time ²						Demand	Time ²		
1972.....	60,696	60,200	8,290	5,603	31,850	14,457	496	1,412	86	202	326	799	
1973.....	69,074	68,477	11,310	6,882	31,886	18,399	597	1,955	101	83	296	1,474	
1974.....	94,811	94,044	14,051	9,932	35,662	34,399	766	3,171	139	111	497	2,424	
1975--July.....	92,653	92,092	12,208	10,052	38,564	31,267	560	4,444	146	134	2,518	1,646	
Aug.....	94,325	93,763	12,211	10,394	38,529	32,629	562	4,804	110	148	3,156	1,389	
Sept.....	93,008	92,454	13,402	10,170	36,653	32,230	554	4,901	107	127	3,008	1,659	
Oct.....	92,453	91,818	12,128	10,259	37,728	31,702	635	4,583	132	150	2,397	1,903	
Nov.....	95,861	95,221	12,810	10,076	37,268	35,068	637	4,471	145	156	1,605	2,563	
Dec.....	94,390	93,833	13,564	10,348	37,414	32,506	549	5,293	139	148	2,554	2,451	
1976--Jan.....	95,151	94,542	12,271	10,483	38,789	32,998	600	4,933	114	217	2,498	2,103	
Feb.....	98,159	97,505	13,350	10,222	39,763	34,169	642	4,520	118	162	2,435	1,806	
Mar.....	95,033	94,462	13,091	10,488	37,977	32,907	565	4,768	130	192	2,495	1,952	
Apr.....	102,070	101,303	14,244	10,235	39,430	37,394	763	5,519	140	193	2,739	2,446	
May ^p	104,151	103,419	13,846	10,104	40,258	39,211	727	5,512	91	185	2,876	2,361	
June ^p	98,722	98,031	14,115	9,990	38,257	35,668	687	5,365	258	160	2,236	2,711	
July.....	102,057	101,384	14,897	10,256	39,645	36,650	667	5,616	483	192	3,129	1,813	

For notes see opposite page.

7. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY TYPE—Continued

(Amounts outstanding; in millions of dollars)

End of period	Total to official, banks and other foreigners						To official institutions ⁸						Payable in foreign currencies
	Total	Payable in dollars				Payable in foreign currencies	Total	Payable in dollars					
		Deposits		U.S. Treasury bills and certificates ³	Other short-term liab. ⁴			Deposits		U.S. Treasury bills and certificates ³	Other short-term liab. ⁶		
		Demand	Time ²					Demand	Time ²				
1973.....	67,119	11,209	6,799	31,590	16,925	597	43,923	2,125	3,911	31,511	6,248	127	
1974—Dec.7.....	91,676 91,640	13,928 13,912	9,995 9,821	35,165 35,165	31,822 31,975	766 766	53,057 53,079	2,951 2,951	4,257 4,167	34,656 34,656	11,066 11,178	127 127	
1975—July ⁷	88,209	12,062	9,918	36,046	29,622	560	50,545	2,488	4,051	35,805	8,200		
Aug. ⁷	89,522	12,101	10,245	35,373	31,240	562	50,150	2,493	4,102	35,102	8,453		
Sept. ⁷	88,107	13,295	10,043	33,645	30,571	554	48,594	2,444	3,886	33,339	8,925		
Oct. ⁷	87,870	11,996	10,109	35,330	29,800	635	50,111	2,448	3,877	35,004	8,782		
Nov. ⁷	91,390	12,665	9,920	35,663	32,506	637	49,634	2,242	3,579	35,242	8,571		
Dec. ⁷	89,097	13,426	10,200	34,860	30,063	549	49,513	2,644	3,423	34,182	9,264		
1976—Jan. ⁷	90,217	12,158	10,266	36,291	30,903	600	49,487	2,445	3,291	35,645	8,106		
Feb. ⁷	93,638	13,233	10,060	37,328	32,376	642	50,429	2,695	2,908	36,761	8,066		
Mar. ⁷	90,264	12,962	10,296	35,482	30,959	565	49,634	2,671	2,767	34,989	9,207		
Apr. ⁷	96,551	14,104	10,042	36,691	34,951	763	50,538	2,782	2,319	36,196	9,241		
May ⁷	98,638	13,755	9,919	37,382	36,855	727	51,606	2,799	2,400	36,859	9,547		
June ⁷	93,357	13,858	9,830	36,021	32,962	687	50,022	2,632	2,413	35,531	9,447		
July ⁷	96,441	14,415	10,064	36,452	34,844	667	50,382	2,911	2,251	35,964	9,255		

End of period	To banks ⁹						To other foreigners						To banks and other foreigners: Payable in foreign currencies
	Total	Payable in dollars				Total	Payable in dollars						
		Total	Deposits		U.S. Treasury bills and certificates		Other short-term liab. ⁴	Total	Deposits		U.S. Treasury bills and certificates	Other short-term liab. ⁶	
			Demand	Time ²					Demand	Time ²			
1973.....	23,196	17,224	6,941	529	11	9,743	5,502	2,143	2,359	68	933	469	
1974—Dec.7.....	38,619 38,560	29,676 29,507	8,248 8,231	1,942 1,910	232	19,254 19,134	8,304 8,414	2,729 2,729	3,796 3,744	277 277	1,502 1,664	639 639	
1975—July ⁷	37,664	28,477	6,877	1,619	91	19,890	8,627	2,698	4,248	150	1,531	560	
Aug. ⁷	39,371	29,860	6,903	1,623	88	21,245	8,950	2,705	4,520	183	1,542	562	
Sept. ⁷	39,513	29,806	7,962	1,656	89	20,099	9,153	2,889	4,501	217	1,547	554	
Oct. ⁷	37,759	27,891	6,780	1,565	100	19,446	9,232	2,769	4,666	226	1,572	635	
Nov. ⁷	41,756	31,630	7,584	1,544	135	22,367	9,490	2,839	4,797	287	1,568	637	
Dec. ⁷	39,584	29,006	7,534	1,942	335	19,195	10,029	3,248	4,835	342	1,604	549	
1976—Jan. ⁷	40,730	30,364	6,809	1,979	369	21,208	9,766	2,904	4,996	277	1,588	600	
Feb. ⁷	43,209	32,507	7,418	2,036	275	22,777	10,060	3,120	5,116	293	1,532	642	
Mar. ⁷	40,630	29,947	7,248	2,268	217	20,215	10,118	3,044	5,261	276	1,538	565	
Apr. ⁷	46,014	34,493	7,883	2,317	134	24,160	10,757	3,439	5,406	361	1,551	763	
May ⁷	47,033	35,749	7,737	2,092	151	25,769	10,557	3,219	5,427	372	1,538	727	
June ⁷	43,335	31,994	8,099	1,879	154	21,862	10,654	3,127	5,538	336	1,653	687	
July ⁷	46,060	34,381	8,181	2,274	155	23,771	11,012	3,322	5,540	398	1,753	667	

¹ Data exclude IMF holdings of dollars.
² Excludes negotiable time certificates of deposit, which are included in "Other short-term liabilities."
³ Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
⁴ Includes liabilities of U.S. banks to their foreign branches, liabilities of U.S. agencies and branches of foreign banks to their head offices and foreign branches, bankers' acceptances, commercial paper, and negotiable time certificates of deposit.
⁵ Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks.
⁶ Principally bankers' acceptances, commercial paper, and negotiable time certificates of deposit.
⁷ Data on the 2 lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable in coverage with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.
⁸ Foreign central banks and foreign central govts. and their agencies, Bank for International Settlements, and European Fund through Dec. 1972.
⁹ Excludes central banks, which are included in "Official institutions."
 NOTE.—"Short term" obligations are those payable on demand or having an original maturity of 1 year or less. For data on long-term liabilities reported by banks, see Table 9. Data exclude International Monetary Fund holdings of dollars; these obligations to the IMF constitute contingent liabilities, since they represent essentially the amount of dollars available for drawings from the IMF by other member countries. Data exclude also U.S. Treasury letters of credit and nonnegotiable, noninterest-bearing special U.S. notes held by the Inter-American Development Bank and the International Development Association.

**8. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS
IN THE UNITED STATES, BY COUNTRY—Continued**

(End of period. Amounts outstanding; in millions of dollars)

 Supplementary data⁷

Area and country	1974		1975		1976	Area and country	1974		1975		1976
	Apr.	Dec.	Apr.	Dec.	Apr. ⁸		Apr.	Dec.	Apr.	Dec.	Apr. ⁸
Other Western Europe:						Other Asia--Cont.:					
Cyprus.....	10	7	17	61	38	Cambodia.....	4	4	4	4	
Iceland.....	11	21	20	33		Jordan.....	6	22	30	39	20
Ireland, Rep. of.....	53	29	29	75	39	Laos.....	3	3	5	2	2
Other Latin American republics:						Other Africa:					
Bolivia.....	102	96	93	110	104	Ethiopia (incl. Eritrea).....	118	95	76	60	70
Costa Rica.....	88	118	120	125	69	Ghana.....	22	18	13	23	
Dominican Republic.....	137	128	214	169	149	Kenya.....	20	31	32	19	37
Ecuador.....	90	122	157	120		Liberia.....	29	39	33	53	61
El Salvador.....	129	129	144	171	128	Southern Rhodesia.....	1	2	3	1	1
Guatemala.....	245	219	255	260	177	Sudan.....	2	4	14	12	17
Haiti.....	28	35	34	38	36	Tanzania.....	12	11	21	30	18
Honduras.....	71	88	92	99	69	Tunisia.....	17	19	23	29	33
Jamaica.....	52	69	62	41	49	Uganda.....	11	13	38	22	
Nicaragua.....	119	127	125	133	89	Zambia.....	66	22	18	78	
Paraguay.....	40	46	38	43	43	All other:					
Trinidad and Tobago.....	21	107	31	131		New Zealand.....	33	47	36	42	29
Other Latin America:											
Bermuda.....	201	116	100	170							
British West Indies.....	354	449	627	1,311							
Other Asia:											
Afghanistan.....	11	18	19	41	54						
Burma.....	42	65	49	31							

¹ Data in the 2 columns shown for this date differ because of changes in reporting coverage. Figures in the first column are comparable in coverage with those for the preceding date; figures in the second column are comparable with those shown for the following date.

² Includes Bank for International Settlements.

³ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

⁴ Comprises Algeria, Gabon, Libya, and Nigeria.

⁵ Data exclude holdings of dollars of the International Monetary Fund.

⁶ Asian, African, and European regional organizations, except BIS, which is included in "Europe."

⁷ Represent a partial breakdown of the amounts shown in the other categories (except "Other Eastern Europe").

**9. LONG-TERM LIABILITIES TO FOREIGNERS REPORTED
BY BANKS IN THE UNITED STATES**

(Amounts outstanding; in millions of dollars)

End of period	Total	To intl. and regional	To foreign countries			Country or area							
			Total	Official institutions	Banks ¹	Other foreigners	Germany	United Kingdom	Total Europe	Total Latin America	Middle East ²	Other Asia ³	All other countries
1972.....	1,018	580	439	93	259	87	165	63	260	136		33	10
1973.....	1,462	761	700	310	291	100	159	66	470	132		83	16
1974.....	1,285	822	464	124	261	79	146	43	227	115	94	8	20
1975—July ⁴	1,633	432	1,200	861	262	77	121	61	221	121	829	7	24
Aug. ⁵	1,586	372	1,214	871	263	81	120	61	222	123	839	7	23
Sept. ⁶	1,608	395	1,213	873	261	79	118	61	221	121	841	7	23
Oct. ⁷	1,525	311	1,212	868	261	83	118	61	226	126	832	6	24
Nov. ⁸	1,561	297	1,263	894	286	83	115	66	231	147	857	12	24
Dec. ⁹	1,812	415	1,395	931	364	100	214	66	331	140	894	8	24
1976—Jan. ¹⁰	1,935	306	1,627	1,027	477	123	314	70	448	142	990	16	41
Feb. ¹¹	1,919	286	1,631	1,050	473	107	312	69	444	141	1,009	12	26
Mar. ¹²	2,132	182	1,949	1,342	492	115	306	78	443	147	1,305	16	40
Apr. ¹³	2,137	197	1,938	1,372	435	131	309	87	457	108	1,335	14	25
May. ¹⁴	2,134	135	1,997	1,429	431	137	306	87	453	104	1,399	16	26
June ¹⁵	2,313	189	2,123	1,500	459	164	308	90	468	134	1,458	19	45
July ¹⁶	2,363	285	2,076	1,484	450	143	307	89	463	116	1,448	22	28

¹ Excludes central banks, which are included with "Official institutions."

² Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq,

Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

³ Until Dec. 1974 includes Middle East oil-exporting countries.

10. ESTIMATED FOREIGN HOLDINGS OF MARKETABLE U.S. TREASURY BONDS AND NOTES

(End of period; in millions of dollars)

Area and country	1974		1975					1976						
	Dec.	July ^r	Aug. ^r	Sept. ^r	Oct. ^r	Nov. ^r	Dec. ^r	Jan. ^r	Feb. ^r	Mar. ^r	Apr.	May ^p	June ^p	July ^p
Europe:														
Belgium-Luxembourg.....	10	14	14	14	14	13	13	13	13	13	14	13	12	11
Germany.....	9	209	210	217	216	216	215	212	238	247	228	225	227	221
Sweden.....	251	252	278	275	275	275	276	276	276	276	276	281	291	291
Switzerland.....	30	37	41	44	54	58	55	68	72	75	89	99	101	132
United Kingdom.....	493	536	520	501	441	414	363	374	370	386	389	349	380	368
Other Western Europe.....	88	98	102	114	152	165	159	209	213	381	465	472	551	577
Eastern Europe.....	5	5	5	5	5	4	4	4	4	4	4	4	4	4
Total.....	885	1,151	1,169	1,170	1,157	1,145	1,085	1,156	1,186	1,382	1,465	1,443	1,566	1,604
Canada.....	713	408	406	404	400	402	395	395	418	419	425	340	340	341
Latin America:														
Latin American republics.....	12	13	13	13	13	33	33	33	33	33	33	34	34	39
Netherlands Antilles ¹	83	178	149	149	158	160	161	159	131	121	120	125	141	157
Other Latin America.....	5	5	5	5	6	6	6	7	7	7	7	7	7	7
Total.....	100	196	167	168	177	199	200	200	171	161	160	166	182	203
Asia:														
Japan.....	3,498	3,496	3,496	3,502	3,520	3,269	3,271	3,268	3,212	3,217	3,217	3,074	3,075	3,077
Other Asia.....	212	1,438	1,518	1,668	1,818	1,869	2,099	2,229	2,436	2,987	3,330	3,800	4,391	4,578
Total.....	3,709	4,934	5,014	5,170	5,339	5,138	5,370	5,497	5,648	6,204	6,547	6,874	7,466	7,655
Africa.....	151	201	211	261	311	311	321	340	350	396	411	431	471	501
All other.....														
Total foreign countries.....	5,557	6,890	6,967	7,173	7,383	7,195	7,372	7,589	7,775	8,561	9,009	9,254	10,026	10,305
International and regional:														
International.....	97	128	66	51	324	59	321	593	1,034	957	153	149	583	1,059
Latin American regional.....	53	25	20	20	20	14	14	4	4	5	3	-1	-1	9
Total.....	150	153	86	71	344	73	335	597	1,038	961	155	148	581	1,067
Grand total.....	5,708	7,044	7,053	7,245	7,727	7,268	7,707	8,185	8,812	9,521	9,163	9,401	10,607	11,372

¹ Includes Surinam until Jan. 1976.

NOTE.—Data represent estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1

year, and are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports (see Table 14).

11. SHORT-TERM CLAIMS ON FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY TYPE

(Amounts outstanding; in millions of dollars)

End of period	Total	Payable in dollars							Payable in foreign currencies				
		Total	Loans to—			Collections outstanding	Acceptances made for acct. of foreigners	Other	Total	Deposits with foreigners	Foreign govt. securities, coml. and finance paper	Other	
			Total	Official institutions	Banks ¹								Others ²
1972.....	15,676	14,830	5,671	163	2,970	2,538	3,276	3,226	2,657	846	441	223	182
1973.....	20,723	20,061	7,660	284	4,538	2,838	4,307	4,160	3,935	662	428	119	115
1974.....	39,056	37,859	11,296	381	7,337	3,579	5,637	11,237	9,689	1,196	669	289	238
1975—July ^r	45,676	44,498	11,740	574	6,875	4,292	5,383	10,204	17,170	1,178	611	296	271
Aug. ^r	45,962	44,807	13,474	628	8,352	4,495	5,314	9,977	16,040	1,155	616	240	299
Sep. ^r	45,843	44,706	12,822	574	7,638	4,610	5,314	10,071	16,499	1,138	581	236	320
Oct. ^r	48,169	46,848	12,811	649	7,642	4,519	5,465	10,134	18,438	1,321	749	231	341
Nov. ^r	48,752	47,432	13,562	697	8,392	4,472	5,363	10,610	17,898	1,319	652	340	327
Dec. ^r	50,248	48,938	13,287	614	7,733	4,939	5,467	11,135	19,049	1,309	633	301	376
1976—Jan. ^r	51,583	50,338	13,495	697	8,147	4,652	5,311	11,047	20,485	1,246	696	263	286
Feb. ^r	54,173	52,773	14,303	754	8,762	4,788	5,191	10,994	22,285	1,401	728	241	431
Mar. ^r	53,580	52,259	13,640	765	8,059	4,817	5,367	11,148	22,105	1,321	794	145	382
Apr. ^r	55,668	54,219	14,549	769	8,824	4,956	5,325	11,297	23,048	1,449	920	156	373
May ^r	57,658	56,240	15,819	1,014	9,532	5,272	5,379	11,310	23,733	1,419	878	141	399
June ^r	57,907	56,347	15,166	815	9,110	5,240	5,517	11,540	24,125	1,560	916	158	487
July ^r	59,294	57,836	16,572	841	10,575	5,157	5,397	11,451	24,416	1,457	845	132	480

¹ Excludes central banks which are included with "Official institutions."² Includes international and regional organizations.

13. LONG-TERM CLAIMS ON FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES

(Amounts outstanding; in millions of dollars)

End of period	Total	Type						Country or area						
		Payable in dollars						Total Europe	Canada	Total Latin America	Japan	Middle East ³	Other Asia ⁴	All other countries ²
		Loans to—				Other long-term claims	Payable in foreign currencies							
Total	Official institutions	Banks ¹	Other foreigners ²											
1972.....	5,063	4,588	844	430	3,314	435	40	853	406	2,020	353	.....	918	514
1973.....	5,996	5,446	1,160	591	3,694	478	72	1,272	490	2,116	251	.....	1,331	536
1974.....	7,179	6,490	1,328	931	4,231	609	80	1,907	501	2,614	258	.....	977	537
1975—July ^p	8,289	7,406	1,281	1,297	4,829	792	90	461	1,914	471	2,992	241	1,222	718
Aug. ^p	8,328	7,456	1,278	1,343	4,835	787	85	485	1,938	438	3,010	237	1,223	739
Sept. ^p	8,607	7,705	1,343	1,371	4,991	809	93	504	1,955	508	3,139	237	1,214	785
Oct. ^p	8,948	7,994	1,281	1,536	5,177	840	114	571	1,996	595	3,175	222	1,233	865
Nov. ^p	9,158	8,137	1,318	1,567	5,253	903	118	583	1,979	569	3,287	249	1,237	961
Dec. ^p	9,550	8,499	1,375	1,712	5,412	934	116	621	2,074	555	3,497	220	1,276	1,011
1976—Jan. ^p	9,432	8,369	1,293	1,653	5,423	945	118	645	2,052	552	3,382	205	1,277	1,030
Feb. ^p	9,531	8,372	1,268	1,652	5,452	1,012	148	652	1,970	576	3,471	210	1,270	1,093
Mar. ^p	9,800	8,641	1,316	1,740	5,584	1,011	149	692	2,010	570	3,605	296	1,195	1,140
Apr. ^p	9,980	8,783	1,337	1,842	5,603	1,081	116	745	1,991	558	3,785	196	1,279	1,118
May ^p	10,252	9,004	1,381	1,933	5,689	1,133	115	848	1,983	607	3,973	196	1,263	1,075
June ^p	10,138	8,858	1,360	1,939	5,558	1,159	121	753	1,969	575	4,050	182	1,255	1,032
July ^p	10,463	9,179	1,344	2,072	5,763	1,151	133	781	2,090	660	4,095	183	1,290	1,027

¹ Excludes central banks, which are included with "Official institutions."² Includes international and regional organizations.³ Comprises Middle East oil-exporting countries as follows: Bahrain,

Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

⁴ Until Dec. 1974 includes Middle East oil-exporting countries.

14. PURCHASES AND SALES BY FOREIGNERS OF LONG-TERM SECURITIES, BY TYPE

(In millions of dollars)

Period	Marketable U.S. Treas. bonds and notes ¹					U.S. corporate securities ^{2,3}			Foreign bonds ³			Foreign stocks ³		
	Net purchases or sales (—)					Purchases	Sales	Net purchases or sales (—)	Purchases	Sales	Net purchases or sales (—)	Purchases	Sales	Net purchases or sales (—)
	Total	Intl. and regional	Foreign											
		Total ⁴	Official	Other										
1973.....	305	-165	470	465	6	18,574	13,810	4,764	1,474	2,467	-993	1,729	1,554	176
1974.....	-472	101	-573	-642	69	16,207	14,679	1,529	1,036	3,254	-2,218	1,907	1,723	184
1975.....	1,994	180	1,814	1,596	233	20,741	15,321	5,421	2,383	8,683	-6,301	1,541	1,730	-189
1976—Jan.—July ^p	3,664	732	2,932	2,776	157	15,475	12,168	3,307	2,673	8,212	-5,540	1,158	1,454	-296
1975—July.....	192	95	96	56	56	2,280	1,292	988	315	1,008	-693	109	120	-11
Aug. ^p	9	-67	77	117	-40	1,466	1,345	121	158	318	-160	90	257	-167
Sept. ^p	192	-14	206	175	31	1,288	1,131	157	194	285	-91	91	81	10
Oct. ^p	482	272	210	173	38	2,133	1,382	751	195	678	-483	138	162	-24
Nov. ^p	-459	-270	-189	-159	-29	1,674	1,249	426	248	991	-743	108	79	28
Dec. ^p	439	262	177	156	21	1,894	964	930	281	1,471	-1,190	148	97	51
1976—Jan. ^p	478	261	217	210	7	2,834	2,078	756	462	800	-339	145	142	3
Feb. ^p	627	441	186	176	10	2,503	2,086	417	402	1,547	-1,145	162	222	-60
Mar. ^p	709	-77	786	731	55	2,524	1,972	552	360	1,293	-933	193	246	-53
Apr. ^p	-358	-805	447	430	18	2,260	1,689	571	341	763	-422	182	143	40
May ^p	238	-7	245	263	-18	1,636	1,501	135	373	822	-450	198	240	-42
June ^p	1,205	434	772	717	55	1,820	1,328	492	295	813	-518	147	204	-57
July ^p	765	486	279	249	30	1,899	1,514	385	440	2,173	-1,734	130	257	-127

¹ Excludes nonmarketable U.S. Treasury bonds and notes issued to official institutions of foreign countries.² Includes State and local govt. securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.³ Includes transactions of international and regional organizations.⁴ Includes transactions (in millions of dollars) of oil-exporting countries in Middle East and Africa as shown in the tabulation in the opposite column:

	Middle East	Africa
1975 ^p	1,797	170
1976—Jan.—July ^p	2,431	150
1975—July.....	1	20
Aug. ^p	80	10
Sept. ^p	150	50
Oct. ^p	150	50
Nov. ^p	51	.....
Dec. ^p	179	10
1976—Jan. ^p	116	20
Feb. ^p	191	10
Mar. ^p	532	45
Apr. ^p	320	15
May ^p	460	20
June ^p	611	40
July ^p	200	.....

15. NET PURCHASES OR SALES BY FOREIGNERS OF U.S. CORPORATE STOCKS, BY COUNTRY

(In millions of dollars)

Period	Purchases	Sales	Net purchases or sales (-)	France	Germany	Netherlands	Switzerland	United Kingdom	Total Europe	Canada	Total America Latin	Middle East ¹	Other Asia ²	Other ³
1973.....	12,767	9,978	2,790	439	2	339	686	366	2,104	99	4		577	5
1974.....	7,636	7,096	540	203	39	330	36	377	281	-6	-33		288	17
1975.....	15,347	10,678	4,669	262	251	359	899	594	2,491	361	-7	1,640	142	33
1976—Jan.—July ^p	12,238	9,735	2,504	204	93	-51	102	292	661	199	162	1,347	108	17
1975—July.....	1,691	1,094	598	55	35	80	139	80	404	20	13	152	3	5
Aug.....	1,186	718	468	52	54	47	83	39	304	21	-7	108	25	16
Sept.....	898	646	252	10	6	22	64	7	122	20	-15	83	34	7
Oct.....	1,475	1,047	428	16	-6	17	36	48	143	60	7	190	22	6
Nov.....	1,155	817	338	22	42	-5	42	44	134	36	-1	157	8	2
Dec.....	1,380	691	689	28	38	64	122	32	295	103	-9	289	13	-3
1976—Jan.....	2,087	1,546	541	1	136	-48	-2	88	208	40	76	222	-6	1
Feb.....	2,095	1,724	371	15	12	-14	63	41	133	48	11	175	5	2
Mar.....	2,137	1,555	582	79	26	-6	147	69	327	16	28	153	42	9
Apr.....	1,690	1,279	411	10	10	31	-21	49	84	23	25	254	22	-1
May.....	1,209	1,096	113	3	-44	4	21	20	-11	30	7	67	16	4
June ^p	1,429	1,174	255	24	-27	2	-47	20	-47	-2	11	266	20	3
July.....	1,592	1,360	232	72	-20	-22	-58	5	-33	45	4	209	10	-1

¹ Comprises Middle East oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

² Until 1975 includes Middle East oil-exporting countries.

³ Includes international and regional organizations.

16. NET PURCHASES OR SALES BY FOREIGNERS OF U.S. CORPORATE BONDS, BY COUNTRY

(In millions of dollars)

Period	Total	France	Germany	Netherlands	Switzerland	United Kingdom	Total Europe	Canada	Total Latin America	Middle East ¹	Other Asia ²	Total Africa	Other countries	Intl. and regional
1973.....	1,948	201	-33	-19	307	275	1,204	49	44		588	*	10	52
1974.....	988	96	33	183	96	395	741	45	43		632	*	10	-483
1975.....	752	82	-11	15	117	87	106	128	31	1,553	-42	5	1	-1,030
1976—Jan.—July ^p	804	31	56	4	141	-38	12	47	17	831	-104	11	-20	8
1975—July.....	391	27	16	6	35	80	183	33	2	186	4	*	*	-17
Aug.....	-347	14	-3	-18	-5	70	-73	6	1	11	1	*	*	-293
Sept.....	-94	-14	6	26	-7	*	-19	-5	5	94	-6	*	*	-162
Oct.....	323	1	50	2	12	78	40	38	11	247	-4	3	*	-11
Nov.....	88	39	8	-17	9	-41	-25	-1	6	93	4	1	*	11
Dec.....	242	2	3	3	8	56	74	6	6	150	-11	1	*	16
1976—Jan.....	215	5	-1	1	36	-30	7	29	3	221	-20	-2	-10	-14
Feb.....	47	2	-1	2	20	-2	23	4	6	30	-34	1	*	18
Mar.....	-31	3	-56	-3	5	-11	-70	9	1	35	-20	4	-10	20
Apr.....	160	3	9	-5	4	-26	-25	7	3	179	-13	7	*	4
May.....	22	3	-2	*	23	19	-2	-3	-3	37	6	*	*	-13
June ^p	237	6	-1	-2	18	8	30	1	*	224	-19	*	*	*
July.....	153	10	-3	4	35	3	49	2	7	104	-2	1	*	-8

¹ See note 1 to Table 15.

² See note 2 to Table 15.

NOTE.—Statistics include State and local gov. securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

17. NET PURCHASES OR SALES BY FOREIGNERS OF LONG-TERM FOREIGN SECURITIES, BY AREA

(In millions of dollars)

Period	Total	Intl. and regional	Total foreign countries	Europe	Canada	Latin America	Asia	Africa	Other countries
1973.....	-818	139	-957	-141	-569	-120	-168	3	37
1974.....	-2,034	-60	-1,974	-546	-1,508	-93	142	7	22
1975.....	-6,490	-2,192	-4,299	-53	-3,178	-306	-622	15	-155
1976—Jan.—July ^p	-5,835	-1,101	-4,734	-443	-3,713	-81	-306	44	-236
1975—July.....	704	-475	-230	-26	-113	-25	-70	*	4
Aug.....	-327	12	-339	24	-202	-164	*	1	2
Sept.....	-81	18	-99	-20	-129	25	24	-1	1
Oct.....	-508	5	-513	48	-460	-48	-55	-3	6
Nov.....	-715	-62	-653	-27	-584	6	2	-2	-48
Dec.....	-1,139	-839	-300	79	-310	9	-79	-1	1
1976—Jan.....	-335	94	-429	-109	-304	-9	-7	-3	2
Feb.....	-1,205	-139	-1,066	33	-973	5	-113	-4	-14
Mar.....	986	9	-995	-168	-738	-72	-14	-5	2
Apr.....	-382	-94	-288	*	-286	6	-15	4	2
May.....	-491	-158	-333	*	-233	-39	-77	32	3
June ^p	-574	6	-580	-52	-328	10	13	11	-234
July.....	-1,860	-819	-1,042	-129	-852	19	-93	9	3

18. FOREIGN CREDIT AND DEBIT BALANCES IN BROKERAGE ACCOUNTS

(Amounts outstanding; in millions of dollars)

End of period	Credit balances (due to foreigners)	Debit balances (due from foreigners)
1973—Sept.....	290	255
Dec.....	333	231
1974—Mar.....	383	225
June.....	354	241
Sept.....	298	178
Dec.....	293	194
1975—Mar.....	349	209
June.....	380	233
Sept.....	343	258
Dec.....	365	319
1976—Mar.....	411	333

NOTE.—Data represent the money credit balances and money debit balances appearing on the books of reporting brokers and dealers in the United States, in accounts of foreigners with them, and in their accounts carried by foreigners.

20. DEPOSITS, U.S. TREAS. SECURITIES, AND GOLD HELD AT F.R. BANKS FOR FOREIGN OFFICIAL ACCOUNT

(In millions of dollars)

End of period	Deposits	Assets in custody	
		U.S. Treas. securities ¹	Earmarked gold
1972.....	325	50,934	215,530
1973.....	251	52,070	217,068
1974.....	418	55,600	16,838
1975—Aug....	342	60,120	16,803
Sept....	324	58,420	16,795
Oct....	297	60,307	16,751
Nov....	346	60,512	16,745
Dec....	352	60,019	16,745
1976—Jan....	294	61,796	16,669
Feb....	412	62,640	16,666
Mar....	305	61,271	16,660
Apr....	305	62,527	16,657
May....	303	63,225	16,647
June....	349	63,212	16,633
July....	295	62,955	16,607
Aug....	254	63,457	16,575

¹ Marketable U.S. Treasury bills, certificates of indebtedness, notes, and bonds and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

² The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972, and in Oct. 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.

21. SHORT-TERM LIQUID CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS

(Amounts outstanding; in millions of dollars)

End of period	Total	Payable in dollars		Payable in foreign currencies		United Kingdom	Canada
		Deposits	Short-term investments ¹	Deposits	Short-term investments ¹		
1972.....	2,374	1,910	55	340	68	911	536
1973.....	3,164	2,588	37	435	105	1,118	765
1974.....	3,357	2,591	68	429	268	1,350	967
1975—May....	3,298	2,253	66	453	526	931	1,254
June....	3,250	2,177	214	427	432	997	1,142
July....	3,334	2,207	246	479	402	925	1,122
Aug....	3,562	2,291	239	512	520	1,052	1,322
Sept....	3,696	2,456	266	478	496	1,139	1,261
Oct....	3,527	2,498	351	429	249	1,199	1,167
Nov....	3,922	2,709	468	461	284	1,308	1,382
Dec....	3,782	2,699	332	510	241	1,304	1,148
1976—Jan....	4,206	3,081	374	476	274	1,506	1,312
Feb....	4,416	3,265	377	449	325	1,508	1,357
Mar....	4,410	3,352	393	437	228	1,690	1,325
Apr....	4,936	3,851	412	435	238	2,061	1,354
May....	5,175	4,087	426	455	207	1,912	1,495
June ²	4,923	3,962	345	435	181	1,910	1,257

¹ Negotiable and other readily transferable foreign obligations payable on demand or having a contractual maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

NOTE.—Data represent the liquid assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in Table 22.

22. SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS, BY TYPE

(Amount outstanding; in millions of dollars)

End of period	Liabilities			Claims			
	Total	Payable in dollars	Payable in foreign currencies	Total	Payable in dollars	Payable in foreign currencies	
						Deposits with banks abroad in reporter's name	Other
1972—Sept.....	2,933	2,435	498	5,487	4,833	426	228
Dec. 1.....	3,119	2,635	484	5,721	5,074	410	237
	3,417	2,948	469	6,302	5,643	393	267
1973—Mar....	3,320	2,848	472	7,017	6,147	456	414
June....	3,295	2,772	523	7,290	6,448	493	349
Sept....	3,579	2,931	648	7,625	6,698	528	399
Dec....	4,006	3,290	716	8,482	7,569	493	421
1974—Mar....	4,414	3,590	823	10,475	9,541	407	526
June....	5,139	4,184	955	11,046	10,122	429	496
Sept....	5,605	4,656	949	10,698	9,730	430	537
Dec....	5,916	5,007	909	11,276	10,219	473	584
1975—Mar....	5,930	5,068	862	10,929	9,798	453	678
June....	5,924	5,091	834	10,886	9,606	479	801
Sept....	5,997	5,149	849	11,712	10,364	529	819
Dec....	5,958	5,353	605	12,244	11,069	565	611
1976—Mar. ²	6,264	5,598	666	12,808	11,759	487	562

¹ Data on the 2 lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

23. SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS

(End of period. Amounts outstanding; in millions of dollars)

Area and country	Liabilities to foreigners					Claims on foreigners				
	1975				1976	1975				1976
	Mar.	June	Sept.	Dec.	Mar. ^a	Mar.	June	Sept.	Dec.	Mar. ^a
Europe:										
Austria.....	26	22	18	14	6	15	13	15	16	17
Belgium-Luxembourg.....	480	340	336	294	291	137	132	131	133	116
Denmark.....	23	14	8	9	12	35	22	24	39	35
Finland.....	16	12	14	14	10	77	87	114	91	36
France.....	151	137	150	148	204	328	287	311	300	372
Germany.....	352	293	276	151	153	276	346	319	357	306
Greece.....	35	27	21	19	25	59	69	56	33	40
Italy.....	109	110	156	173	126	309	300	380	382	408
Netherlands.....	122	143	154	115	165	157	135	139	172	182
Norway.....	9	8	13	20	23	35	41	48	41	58
Portugal.....	13	13	13	4	3	42	32	39	44	45
Spain.....	55	60	75	82	70	360	324	315	408	514
Sweden.....	32	30	47	24	25	66	74	100	62	80
Switzerland.....	155	168	167	130	159	86	113	220	242	207
Turkey.....	12	14	22	25	14	33	28	31	27	27
United Kingdom.....	1,192	1,054	945	970	923	1,655	1,555	1,781	1,905	2,291
Yugoslavia.....	52	45	60	76	91	33	32	24	36	30
Other Western Europe.....	5	4	5	6	6	23	16	19	14	18
Eastern Europe.....	45	49	38	31	33	114	154	170	219	186
Total.....	2,875	2,545	2,518	2,304	2,339	3,838	3,761	4,238	4,519	4,970
Canada.....	263	283	299	295	314	1,859	1,954	2,102	2,124	2,236
Latin America:										
Argentina.....	31	30	28	31	35	76	63	52	58	48
Bahamas.....	387	357	290	270	376	615	631	686	662	882
Brazil.....	121	127	116	96	91	378	349	385	403	470
Chile.....	23	15	13	14	11	69	57	41	38	28
Colombia.....	12	12	14	17	16	54	50	47	49	47
Cuba.....	*	*	*	*	*	1	1	1	1	1
Mexico.....	69	71	81	82	92	336	322	317	352	331
Panama.....	18	27	19	24	17	110	128	103	92	86
Peru.....	18	16	19	23	24	46	50	48	41	36
Uruguay.....	3	3	2	3	2	15	5	5	4	4
Venezuela.....	39	45	56	100	163	180	166	153	167	147
Other L.A. republics.....	65	67	69	71	72	193	179	165	157	167
Neth. Antilles and Surinam.....	56	60	76	35	58	16	13	12	12	7
Other Latin America.....	134	145	142	138	214	196	159	192	301	292
Total.....	975	973	924	903	1,171	2,286	2,171	2,205	2,337	2,546
Asia:										
China, People's Republic of (China Mainland).....	8	6	2	6	5	19	32	45	65	35
China, Rep. of (Taiwan).....	102	100	101	97	111	122	125	152	164	100
Hong Kong.....	19	30	29	18	24	83	85	85	111	67
India.....	10	21	22	7	9	32	39	48	39	60
Indonesia.....	63	87	104	137	137	117	147	137	169	194
Israel.....	62	62	45	29	23	46	60	63	54	42
Japan.....	327	273	279	296	308	1,326	1,250	1,269	1,141	1,170
Korea.....	47	43	63	69	54	165	178	207	265	108
Philippines.....	19	17	15	14	19	83	91	93	99	106
Thailand.....	9	6	8	18	18	30	25	21	22	21
Other Asia.....	642	841	908	1,027	958	394	465	532	555	643
Total.....	1,308	1,488	1,575	1,717	1,667	2,416	2,497	2,652	2,683	2,546
Africa:										
Egypt.....	5	34	34	37	30	24	15	15	22	22
South Africa.....	54	65	79	100	112	104	104	78	93	79
Zaire.....	17	9	9	6	7	18	17	22	28	28
Other Africa.....	137	209	212	240	347	236	218	263	287	239
Total.....	217	323	341	391	502	387	364	388	440	378
Other countries:										
Australia.....	60	37	52	55	47	97	99	79	101	96
All other.....	31	18	21	17	18	45	39	48	39	37
Total.....	91	55	73	73	65	141	138	127	140	133
International and regional.....	201	257	267	276	219	1	1	*	1	1
Grand total.....	5,930	5,924	5,997	5,958	6,277	10,929	10,886	11,712	12,244	12,810

NOTE.—Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States.

Data exclude claims held through U.S. banks, and intercompany accounts between U.S. companies and their foreign affiliates.

24. LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS

(Amounts outstanding; in millions of dollars)

End of period	Total liabilities	Claims										
		Total	Country or area									
			United Kingdom	Other Europe	Canada	Brazil	Mexico	Other Latin America	Japan	Other Asia	Africa	All other
1971—Dec.	3,138	3,068	128	704	717	174	60	653	136	325	86	84
1972—Sept.	3,448	3,187	128	695	757	177	63	662	132	390	89	96
Dec. 1	3,540	3,312	163	715	775	184	60	658	156	406	87	109
	3,603	3,666	191	745	1,141	187	64	703	133	378	86	38
1973—Mar.	3,781	3,798	156	802	1,151	165	63	796	123	393	105	45
June	3,785	3,853	180	805	1,163	146	65	825	124	390	108	48
Sept.	4,000	3,999	216	822	1,166	147	73	832	134	449	108	51
Dec.	3,886	4,057	290	761	1,172	145	79	829	125	488	115	53
1974—Mar.	3,836	4,194	369	737	1,210	194	81	809	123	488	122	61
June	3,536	4,191	363	699	1,226	184	138	756	123	515	126	61
Sept.	3,371	4,324	370	704	1,256	181	145	796	119	571	122	59
Dec.	3,850	4,544	364	644	1,290	187	153	1,045	112	569	127	54
1975—Mar.	4,129	4,523	340	655	1,334	182	169	1,008	102	540	139	54
June	4,230	4,454	299	634	1,328	182	161	982	98	556	146	68
Sept.	4,180	4,590	366	620	1,347	177	228	930	95	608	154	67
Dec.	4,232	4,971	396	589	1,426	171	216	1,251	90	604	168	61
1976—Mar. #	4,046	5,162	348	586	1,474	182	199	1,386	91	621	214	62

¹ Data on the 2 lines shown for this data differ because of changes in reporting coverage. Figures on the first line are comparable with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

25. OPEN MARKET RATES

(Per cent per annum)

Month	Canada		United Kingdom			France	Germany, Fed. Rep. of		Netherlands		Switzerland	
	Treasury bills, 3 months ¹	Day-to-day money ²	Prime bank bills, 3 months	Treasury bills, 3 months	Day-to-day money	Clearing banks' deposit rates	Day-to-day money ³	Treasury bills, 60-90 days ⁴	Day-to-day money ⁵	Treasury bills, 3 months	Day-to-day money	Private discount rate
1973	5.43	5.27	10.45	9.40	8.27	7.96	8.92	6.40	10.18	4.07	4.94	5.09
1974	7.63	7.69	12.99	11.36	9.85	9.48	12.87	6.06	8.76	6.90	8.21	6.67
1975	7.36	7.34	10.57	10.16	10.13	7.23	7.89	3.51	4.23	4.41	3.65	6.25
1975—Aug.	7.72	7.42	10.59	10.43	8.59	6.43	7.16	3.38	1.93	2.89	1.51	6.00
Sept.	8.37	7.74	10.43	10.36	9.40	6.50	6.91	3.38	4.25	2.60	.94	5.50
Oct.	8.28	7.92	11.38	11.42	9.88	6.93	6.53	3.13	3.27	4.22	4.35	5.50
Nov.	8.44	8.29	11.21	11.10	11.34	7.00	6.74	3.13	3.36	4.67	4.19	5.50
Dec.	8.59	8.66	10.88	10.82	9.61	7.00	6.42	3.13	3.84	4.88	4.34	5.50
1976—Jan.	8.59	8.75	9.83	9.87	9.08	5.75	6.38	3.13	3.58	4.52	3.76	5.00
Feb.	8.70	8.74	8.86	8.81	8.42	6.50	7.27	3.13	3.08	2.86	3.05	5.00
Mar.	9.04	9.05	8.66	8.46	6.25	6.50	7.63	3.13	3.62	2.50	2.12	4.78
Apr.	8.97	8.65	9.10	8.97	7.69	6.50	7.56	3.13	2.76	2.96	2.50	4.50
May	8.93	8.96	10.31	10.45	10.16	6.50	7.53	3.13	3.68	3.60	3.98	4.50
June	8.99	9.04	11.05	10.94	10.69	6.50	7.63	3.13	4.23	5.68	4.82	4.50
July	9.02	8.98	11.00	10.89	10.88	6.50	8.33	3.13	4.38	6.94	.....	4.50
Aug.	9.12	9.22	10.94	10.88	10.53	6.50	9.50	3.13	4.08	.....	.....	4.50

¹ Based on average yield of weekly tenders during month.² Based on weekly averages of daily closing rates.³ Rate shown is on private securities.⁴ Rate in effect at end of month.⁵ Monthly averages based on daily quotations.NOTE.—For description and back data, see "International Finance," Section 15 of *Supplement to Banking and Monetary Statistics, 1962*.

NOTES TO TABLES 19a AND 19b ON PAGES A-70 AND A-71, RESPECTIVELY:

¹ Cayman Islands included beginning Aug. 1973.² Total assets and total liabilities payable in U.S. dollars amounted to \$53,365 million and \$53,834 million, respectively, on June 30, 1976.

NOTE.—Components may not add to totals due to rounding.

For a given month, total assets may not equal total liabilities because some branches do not adjust the parent's equity in the branch to reflect unrealized paper profits and paper losses caused by changes in exchange rates, which are used to convert foreign currency values into equivalent dollar values.

26. CENTRAL BANK RATES FOR DISCOUNTS AND ADVANCES TO COMMERCIAL BANKS

(Per cent per annum)

Country	Rate as of Aug. 31, 1976		Country	Rate as of Aug. 31, 1976	
	Per cent	Month effective		Per cent	Month effective
Argentina.....	18.0	Feb. 1972	Italy.....	12.0	Mar. 1976
Austria.....	4.0	June 1976	Japan.....	6.5	Oct. 1975
Belgium.....	9.0	Aug. 1976	Mexico.....	4.5	June 1942
Brazil.....	28.0	May 1976	Netherlands.....	7.0	Aug. 1976
Canada.....	9.5	Mar. 1976	Norway.....	5.0	Oct. 1975
Denmark.....	8.5	Mar. 1976	Sweden.....	6.0	June 1976
France.....	9.5	July 1976	Switzerland.....	2.0	June 1976
Germany, Fed. Rep. of.....	3.5	Sept. 1975	United Kingdom.....	11.5	May 1976
			Venezuela.....	5.0	Oct. 1970

NOTE.—Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or govt. securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations. Other rates for some of these countries follow:

Argentina—3 and 5 per cent for certain rural and industrial paper, depending on type of transaction;
Brazil—8 per cent for secured paper and 4 per cent for certain agricultural paper;

Japan—Penalty rates (exceeding the basic rate shown) for borrowings from the central bank in excess of an individual bank's quota;
United Kingdom—The bank's minimum lending rate, which is the average rate of discount for Treasury bills established at the most recent tender plus one-half per cent rounded to the nearest one-quarter per cent above;
Venezuela—2 per cent for rediscounts of certain agricultural paper, 4½ per cent for advances against government bonds, and 5½ per cent for rediscounts of certain industrial paper and on advances against promissory notes or securities of first-class Venezuelan companies.

27. FOREIGN EXCHANGE RATES

(In cents per unit of foreign currency)

Period	Australia (dollar)	Austria (schilling)	Belgium (franc)	Canada (dollar)	Denmark (krone)	France (franc)	Germany (deutsche mark)	India (rupee)	Ireland (pound)	Italy (lira)	Japan (yen)
1972.....	119.23	4.3228	2.2716	100.937	14.384	19.825	31.364	13.246	250.08	17132	32995
1973.....	141.94	5.1649	2.5761	99.977	16.603	22.536	37.758	12.071	245.10	17192	36915
1974.....	143.89	5.3564	2.5713	102.257	16.442	20.805	38.723	12.460	234.03	15372	34302
1975.....	130.77	5.7467	2.7253	98.297	17.437	23.354	40.729	11.926	222.16	15328	33705
1975—Aug.....	128.15	5.4991	2.6129	96.581	16.783	22.848	38.857	11.379	211.43	14963	33560
Sept.....	126.87	5.4029	2.5485	97.437	16.445	22.367	38.191	11.281	208.34	14740	33345
Oct.....	126.26	5.4586	2.5662	97.557	16.601	22.694	38.737	11.244	205.68	14745	33076
Nov.....	126.26	5.4535	2.5618	98.631	16.564	22.684	38.619	11.238	204.84	14721	33053
Dec.....	125.38	5.3986	2.5311	98.627	16.253	22.428	38.144	11.134	202.21	14645	32715
1976—Jan.....	125.65	5.4300	2.5443	99.359	16.231	22.339	38.425	11.178	202.86	14245	32826
Feb.....	125.85	5.4628	2.5554	100.652	16.278	22.351	39.034	11.186	202.62	13021	33157
Mar.....	124.79	5.4383	2.5480	101.431	16.273	21.657	39.064	11.157	194.28	12113	33276
Apr.....	123.72	5.4964	2.5667	101.668	16.553	21.411	39.402	11.123	184.63	11371	33433
May.....	123.37	5.4535	2.5517	102.02	16.487	21.272	39.035	11.080	180.79	11676	33444
June.....	122.75	5.4136	2.5220	102.71	16.314	21.109	38.797	10.980	176.40	11780	33424
July.....	123.59	5.4500	2.5182	102.86	16.225	20.651	38.842	11.205	178.50	11943	33940
Aug.....	124.18	5.5645	2.5632	101.49	16.448	20.131	39.538	11.143	178.28	11936	34410
Period	Malaysia (ringgit)	Mexico (peso)	Netherlands (guilder)	New Zealand (dollar)	Norway (krone)	Portugal (escudo)	South Africa (rand)	Spain (peseta)	Sweden (krona)	Switzerland (franc)	United Kingdom (pound)
1972.....	35.610	8.0000	31.153	119.35	15.180	3.7023	129.43	1.5559	21.022	26.193	250.08
1973.....	40.988	8.0000	35.977	136.04	17.406	4.1080	143.88	1.7178	22.970	31.700	245.10
1974.....	41.682	8.0000	37.267	140.02	18.119	3.9506	146.98	1.7337	22.563	33.688	234.03
1975.....	41.753	8.0000	39.632	121.16	19.180	3.9286	136.47	1.7424	24.141	38.743	222.16
1975—Aug.....	39.779	8.0000	37.887	111.79	18.304	3.7700	139.72	1.7140	23.174	37.332	211.43
Sept.....	38.219	8.0000	37.229	105.50	17.834	3.7048	131.40	1.6914	22.501	36.905	208.35
Oct.....	38.931	8.0000	37.658	104.74	18.089	3.7359	114.84	1.6883	22.769	37.555	205.68
Nov.....	38.929	8.0000	37.638	104.75	18.116	3.7318	114.69	1.6869	22.788	37.683	204.84
Dec.....	38.670	8.0000	37.234	103.77	17.988	3.6836	114.75	1.6765	22.685	37.970	202.21
1976—Jan.....	38.696	8.0000	37.429	104.06	17.992	3.6562	114.80	1.6751	22.831	38.418	202.86
Feb.....	38.998	8.0000	37.529	104.25	18.098	3.6394	114.79	1.5523	22.861	38.912	202.62
Mar.....	39.047	8.0000	37.149	102.42	18.022	3.4987	114.83	1.4947	22.702	38.980	194.28
Apr.....	39.032	8.0000	37.215	100.19	18.201	3.3759	114.84	1.4864	22.709	39.531	184.63
May.....	39.079	8.0000	36.811	99.33	18.184	3.3195	114.85	1.4788	22.653	40.205	180.79
June.....	39.148	8.0000	36.524	98.09	18.020	3.2145	114.94	1.4724	22.475	40.484	176.40
July.....	39.589	8.0000	36.643	99.05	17.899	3.1810	114.83	1.4685	22.379	40.242	178.50
Aug.....	40.077	8.0000	37.393	99.66	18.150	3.1982	114.84	1.4651	22.660	40.302	178.28

NOTE.—Averages of certified noon buying rates in New York for cable transfers. For description of rates and back data, see "International Finance," Section 15 of the Board's Supplement to Banking and Monetary Statistics, 1962.

Board of Governors of the Federal Reserve System

ARTHUR F. BURNS, *Chairman*
 HENRY C. WALLICH
 PHILIP C. JACKSON, JR.

STEPHEN S. GARDNER, *Vice Chairman*
 PHILIP E. COLDWELL
 DAVID M. LILLY

J. CHARLES PARTEE

OFFICE OF STAFF DIRECTOR FOR MANAGEMENT

JOHN M. DENKLER, *Staff Director*
 ROBERT J. LAWRENCE, *Deputy Staff
Director*
 GORDON B. GRIMWOOD, *Assistant Director
and Program Director for
Contingency Planning*
 WILLIAM W. LAYTON, *Director of Equal
Employment Opportunity*
 BRENTON C. LEAVITT, *Program Director for
Banking Structure*

DIVISION OF FEDERAL RESERVE BANK EXAMINATIONS AND BUDGETS

WILLIAM H. WALLACE, *Director*
 ALBERT R. HAMILTON, *Associate Director*
 CLYDE H. FARNSWORTH, JR., *Assistant Director*
 P. D. RING, *Assistant Director*

OFFICE OF BOARD MEMBERS

THOMAS J. O'CONNELL, *Counsel to the
Chairman*
 JOSEPH R. COYNE, *Assistant to the Board*
 KENNETH A. GUENTHER, *Assistant to the Board*
 JAY PAUL BRENNEMAN, *Special Assistant to the
Board*
 FRANK O'BRIEN, JR., *Special Assistant to the
Board*
 DONALD J. WINN, *Special Assistant to the
Board*

LEGAL DIVISION

JOHN D. HAWKE, JR., *General Counsel*
 BALDWIN B. TUTTLE, *Deputy General
Counsel*
 ROBERT E. MANNION, *Assistant General
Counsel*
 ALLEN L. RAIKEN, *Assistant General Counsel*
 GARY M. WELSH, *Assistant General Counsel*
 CHARLES R. MCNEILL, *Assistant to the
General Counsel*

OFFICE OF STAFF DIRECTOR FOR MONETARY POLICY

STEPHEN H. AXILROD, *Staff Director*
 ARTHUR L. BROIDA, *Deputy Staff Director*
 MURRAY ALTMANN, *Assistant to the Board*
 PETER M. KEIR, *Assistant to the Board*
 STANLEY J. SIGEL, *Assistant to the Board*
 NORMAND R. V. BERNARD, *Special Assistant to
the Board*

DIVISION OF RESEARCH AND STATISTICS

LYLE E. GRAMLEY, *Director*
 JAMES L. KICHLINE, *Associate Director*
 JOSEPH S. ZEISEL, *Associate Director*
 EDWARD C. ETTIN, *Adviser*
 JOHN H. KALCHBRENNER, *Adviser*
 JAMES B. ECKERT, *Associate Adviser*
 † JOHN J. MINGO, *Associate Adviser*
 ELEANOR J. STOCKWELL, *Associate Adviser*
 HELMUT F. WENDEL, *Associate Adviser*
 JAMES R. WETZEL, *Associate Adviser*
 JAMES M. BRUNDY, *Assistant Adviser*
 JARED J. ENZLER, *Assistant Adviser*
 ROBERT M. FISHER, *Assistant Adviser*
 J. CORTLAND G. PERET, *Assistant Adviser*
 STEPHEN P. TAYLOR, *Assistant Adviser*
 LEVON H. GARABEDIAN, *Assistant Director*

DIVISION OF
FEDERAL RESERVE BANK OPERATIONS

JAMES R. KUDLINSKI, *Director*
WALTER A. ALTHAUSEN, *Assistant Director*
BRIAN M. CAREY, *Assistant Director*
HARRY A. GUNTER, *Assistant Director*

DIVISION OF DATA PROCESSING

CHARLES L. HAMPTON, *Director*
BRUCE M. BEARDSLEY, *Associate Director*
UYLESS D. BLACK, *Assistant Director*
GLENN L. CUMMINS, *Assistant Director*
ROBERT J. ZEMEL, *Assistant Director*

DIVISION OF PERSONNEL

CHARLES W. WOOD, *Assistant Director*

OFFICE OF THE CONTROLLER

JOHN KAKALEC, *Controller*
TYLER E. WILLIAMS, JR., *Assistant Controller*

DIVISION OF ADMINISTRATIVE SERVICES

WALTER W. KREIMANN, *Director*
DONALD E. ANDERSON, *Assistant Director*
JOHN D. SMITH, *Assistant Director*

OFFICE OF
SAVER AND CONSUMER AFFAIRS

JANET O. HART, *Director*
JERAULD C. KLUCKMAN, *Assistant Director*
ROBERT S. PLOTKIN, *Assistant Director*

OFFICE OF THE SECRETARY

THEODORE E. ALLISON, *Secretary*
*RICHARD D. ABRAHAMSON, *Assistant Secretary*
GRIFFITH L. GARWOOD, *Assistant Secretary*

DIVISION OF BANKING
SUPERVISION AND REGULATION

BRENTON C. LEAVITT, *Director*
RALPH H. GELDER, *Associate Director*
JOHN E. RYAN, *Associate Director*
WILLIAM W. WILES, *Associate Director*
PETER E. BARNA, *Assistant Director*
FREDERICK R. DAHL, *Assistant Director*
JACK M. EGERTSON, *Assistant Director*
JOHN N. LYON, *Assistant Director*
JOHN T. MCCLINTOCK, *Assistant Director*
THOMAS E. MEAD, *Assistant Director*
THOMAS A. SIDMAN, *Assistant Director*

*On loan from the Federal Reserve Bank of Chicago.

DIVISION OF INTERNATIONAL FINANCE

JOHN E. REYNOLDS, *Acting Director*
ROBERT F. GEMMILL, *Adviser*
REED J. IRVINE, *Adviser*
†HELEN B. JUNZ, *Adviser*
SAMUEL PIZER, *Adviser*
GEORGE B. HENRY, *Associate Adviser*
CHARLES J. SIEGMAN, *Associate Adviser*
EDWIN M. TRUMAN, *Associate Adviser*

†On leave of absence.

Federal Open Market Committee

ARTHUR F. BURNS, *Chairman*

PAUL A. VOLCKER, *Vice Chairman*

JOHN J. BAILLES

STEPHEN S. GARDNER

J. CHARLES PARTEE

ROBERT P. BLACK

PHILIP C. JACKSON, JR.

HENRY C. WALLICH

PHILIP E. COLDWELL

MONROE KIMBREL

WILLIS J. WINN

DAVID M. LILLY

ARTHUR L. BROIDA, *Secretary*

LYLE E. GRAMLEY, *Economist*

MURRAY ALTMANN, *Deputy Secretary*

(*Domestic Business*)

NORMAND R. V. BERNARD, *Assistant*

HARRY BRANDT, *Associate Economist*

Secretary

RICHARD G. DAVIS, *Associate Economist*

THOMAS J. O'CONNELL, *General Counsel*

WILLIAM J. HOCTER, *Associate Economist*

EDWARD G. GUY, *Deputy General Counsel*

MICHAEL W. KERAN, *Associate Economist*

BALDWIN B. TUTTLE, *Assistant General*

JAMES L. KICHLINE, *Associate Economist*

Counsel

JAMES PARTHEMOS, *Associate Economist*

STEPHEN H. AXILROD, *Economist*

JOHN E. REYNOLDS, *Associate Economist*

(*Domestic Finance*)

JOSEPH S. ZEISEL, *Associate Economist*

ALAN R. HOLMES, *Manager, System Open Market Account*

PETER D. STERNLIGHT, *Deputy Manager for Domestic Operations*

SCOTT E. PARDEF, *Deputy Manager for Foreign Operations*

Federal Advisory Council

ELLMORE C. PATTERSON, SECOND FEDERAL RESERVE DISTRICT, *President*

WILLIAM F. MURRAY, SEVENTH FEDERAL RESERVE DISTRICT, *Vice President*

RICHARD D. HILL, FIRST FEDERAL
RESERVE DISTRICT

EDWIN S. JONES, EIGHTH FEDERAL
RESERVE DISTRICT

JAMES F. BODINE, THIRD FEDERAL
RESERVE DISTRICT

DONALD R. GRANGAARD, NINTH
FEDERAL RESERVE DISTRICT

M. BROCK WEIR, FOURTH FEDERAL
RESERVE DISTRICT

EUGENE H. ADAMS, TENTH FEDERAL
RESERVE DISTRICT

JOHN H. LUMPKIN, FIFTH FEDERAL
RESERVE DISTRICT

BEN F. LOVE, ELEVENTH FEDERAL
RESERVE DISTRICT

LAWRENCE A. MERRIGAN, SIXTH
FEDERAL RESERVE DISTRICT

GILBERT F. BRADLEY, TWELFTH
FEDERAL RESERVE DISTRICT

HERBERT V. PROCHNOW, *Secretary*

WILLIAM J. KORSVIK, *Associate Secretary*

Federal Reserve Banks, Branches, and Offices

FEDERAL RESERVE BANK, branch, or facility	Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*	02106	Louis W. Cabot Robert M. Solow	Frank E. Morris James A. McIntosh	
NEW YORK*	10045	Frank R. Milliken Robert H. Knight	Paul A. Volcker Thomas M. Timlen	John T. Keane
Buffalo	14240	Rupert Warren		
PHILADELPHIA	19105	John R. Coleman John W. Eckman	David P. Eastburn Mark H. Willes	
CLEVELAND*	44101	Horace A. Shepard Robert E. Kirby	Willis J. Winn Walter H. MacDonald	Robert E. Showalter Robert D. Duggan
Cincinnati	45201	Lawrence H. Rogers, II		
Pittsburgh	15230	G. Jackson Tankersley		
RICHMOND*	23261	E. Angus Powell E. Craig Wall, Sr.	Robert P. Black George C. Rankin	Jimmie R. Monhollon Stuart P. Fishburne
Baltimore	21203	James G. Harlow		
Charlotte	28230	Charles W. DeBell		
<i>Culpeper Communications and Records Center.</i>	<i>22701</i>			Albert D. Tinkelenberg
ATLANTA	30303	H. G. Pattillo Clifford M. Kirtland, Jr.	Monroe Kimbrel Kyle K. Fossum	Hiram J. Honea Edward C. Rainey W. M. Davis Jeffrey J. Wells George C. Guynn
Birmingham	35202	Harold B. Blach, Jr.		
Jacksonville	32203	Egbert R. Beall		
Miami	33152	Castle W. Jordan		
Nashville	37203	James W. Long		
New Orleans	70161	Edwin J. Caplan		
CHICAGO*	60690	Peter B. Clark Robert H. Strotz	Robert P. Mayo Daniel M. Doyle	William C. Conrad
Detroit	48231	Jordan B. Tatter		
ST. LOUIS	63166	Edward J. Schnuck William B. Walton	Lawrence K. Roos Eugene A. Leonard	John F. Breen Donald L. Henry L. Terry Britt
Little Rock	72203	Ronald W. Bailey		
Louisville	40201	William H. Stroube		
Memphis	38101	Robert E. Healy		
MINNEAPOLIS	55480	James P. McFarland Stephen F. Keating	Bruce K. MacLaury Clement A. Van Nice	John D. Johnson
Helena	59601	James C. Garlington		
KANSAS CITY	64198	Robert T. Person Harold W. Andersen	Roger Guffey John T. Boysen	J. David Hamilton William G. Evans Robert D. Hamilton
Denver	80217	Maurice B. Mitchell		
Oklahoma City	73125	James G. Harlow, Jr.		
Omaha	68102	Durward B. Varner		
DALLAS	75222	John Lawrence Charles T. Beard	Ernest T. Baughman T. W. Plant	Fredric W. Reed James L. Cauthen Carl H. Moore
El Paso	79999	J. Luther Davis		
Houston	77001	Thomas J. Barlow		
San Antonio	78295	Margaret Scarbrough Wilson		
SAN FRANCISCO	94120	O. Meredith Wilson Joseph F. Alibrandi	John J. Balles John B. Williams	Richard C. Dunn Angelo S. Carella A. Grant Holman James J. Curran
Los Angeles	90051	Joseph R. Vaughan		
Portland	97208	Loran L. Stewart		
Salt Lake City	84110	Sam Bennion		
Seattle	98124	Lloyd E. Cooney		

* Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Columbus, Ohio 43216; Columbia, South Carolina 29210; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

Federal Reserve Board Publications

Available from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Where a charge is indicated, remittance should accompany

- request and be made payable to the order of the Board of Governors of the Federal Reserve System in a form collectible at par in U.S. currency. (Stamps and coupons are not accepted.)
- THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1974. 125 pp. \$1.00 each; 10 or more to one address, \$.75 each.
- ANNUAL REPORT
- FEDERAL RESERVE BULLETIN. Monthly. \$20.00 per year or \$2.00 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, \$18.00 per year or \$1.75 each. Elsewhere, \$24.00 per year or \$2.50 each.
- BANKING AND MONETARY STATISTICS, 1914-1941. (Reprint of Part 1 only) 1976. 682 pp. \$5.00.
- BANKING AND MONETARY STATISTICS, 1941-1970. 1976. 1,168 pp. \$15.00.
- FEDERAL RESERVE MONTHLY CHART BOOK. Subscription includes one issue of Historical Chart Book. \$12.00 per year or \$1.25 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, \$1.00 each. Elsewhere, \$15.00 per year or \$1.50 each.
- HISTORICAL CHART BOOK. Issued annually in Sept. Subscription to Monthly Chart Book includes one issue. \$1.25 each in the United States, its possessions, Canada, and Mexico; 10 or more to one address, \$1.00 each. Elsewhere, \$1.50 each.
- CAPITAL MARKET DEVELOPMENTS. Weekly. \$15.00 per year or \$.40 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, \$13.50 per year or \$.35 each. Elsewhere, \$20.00 per year or \$.50 each.
- SELECTED INTEREST AND EXCHANGE RATES—WEEKLY SERIES OF CHARTS. Weekly. \$15.00 per year or \$.40 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, \$13.50 per year or \$.35 each. Elsewhere, \$20.00 per year or \$.50 each.
- THE FEDERAL RESERVE ACT, as amended through December 1971, with an appendix containing provisions of certain other statutes affecting the Federal Reserve System. 252 pp. \$1.25.
- REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
- PUBLISHED INTERPRETATIONS OF THE BOARD OF GOVERNORS, as of Dec. 31, 1975. \$2.50.
- THE FEDERAL FUNDS MARKET. 1959. 111 pp. \$1.00 each; 10 or more to one address, \$.85 each.
- TRADING IN FEDERAL FUNDS. 1965. 116 pp. \$1.00 each; 10 or more to one address, \$.85 each.
- INDUSTRIAL PRODUCTION—1971 EDITION. 1972. 383 pp. \$4.00 each; 10 or more to one address, \$3.50 each.
- THE PERFORMANCE OF BANK HOLDING COMPANIES. 1967. 29 pp. \$.25 each; 10 or more to one address, \$.20 each.
- BANK CREDIT-CARD AND CHECK-CREDIT PLANS. 1968. 102 pp. \$1.00 each; 10 or more to one address, \$.85 each.
- SURVEY OF FINANCIAL CHARACTERISTICS OF CONSUMERS. 1966. 166 pp. \$1.00 each; 10 or more to one address, \$.85 each.
- SURVEY OF CHANGES IN FAMILY FINANCES. 1968. 321 pp. \$1.00 each; 10 or more to one address, \$.85 each.
- REPORT OF THE JOINT TREASURY-FEDERAL RESERVE STUDY OF THE U.S. GOVERNMENT SECURITIES MARKET. 1969. 48 pp. \$.25 each; 10 or more to one address, \$.20 each.
- JOINT TREASURY-FEDERAL RESERVE STUDY OF THE GOVERNMENT SECURITIES MARKET: STAFF STUDIES—PART 1. 1970. 86 pp. \$.50 each; 10 or more to one address, \$.40 each. PART 2. 1971. 153 pp. and PART 3. 1973. 131 pp. Each volume \$1.00; 10 or more to one address, \$.85 each.
- OPEN MARKET POLICIES AND OPERATING PROCEDURES—STAFF STUDIES. 1971. 218 pp. \$2.00 each; 10 or more to one address, \$1.75 each.
- REAPPRAISAL OF THE FEDERAL RESERVE DISCOUNT MECHANISM. Vol. 1. 1971. 276 pp. Vol. 2. 1971. 173 pp. Vol. 3. 1972. 220 pp. Each volume \$3.00; 10 or more to one address, \$2.50 each.
- THE ECONOMETRICS OF PRICE DETERMINATION CONFERENCE, October 30-31, 1970, Washington, D.C. 1972. 397 pp. Cloth ed. \$5.00 each; 10 or more to one address, \$4.50 each. Paper ed. \$4.00 each; 10 or more to one address, \$3.60 each.
- FEDERAL RESERVE STAFF STUDY: WAYS TO MODERATE FLUCTUATIONS IN HOUSING CONSTRUCTION. 1972. 487 pp. \$4.00 each; 10 or more to one address, \$3.60 each.
- LENDING FUNCTIONS OF THE FEDERAL RESERVE BANKS. 1973. 271 pp. \$3.50 each; 10 or more to one address, \$3.00 each.
- INTRODUCTION TO FLOW OF FUNDS. 1975. 64 pp. \$.50 each; 10 or more to one address, \$.40 each.
- IMPROVED FUND AVAILABILITY AT RURAL BANKS (Report and study papers of the Committee on Rural Banking Problems). 1975. 133 pp. \$1.00 each; 10 or more to one address, \$.85 each.
- IMPROVING THE MONETARY AGGREGATES (Report of the Advisory Committee on Monetary Statistics). 1976. 43 pp. \$1.00 each; 10 or more to one address, \$.85 each.

STAFF ECONOMIC STUDIES

Studies and papers on economic and financial subjects that are of general interest in the field of economic research.

SUMMARIES ONLY PRINTED IN THE BULLETIN

(Limited supply of mimeographed copies of full text available upon request for single copies.)

- HOUSEHOLD-SECTOR ECONOMIC ACCOUNTS, by David F. Seiders. Jan. 1975. 84 pp.
- THE PERFORMANCE OF INDIVIDUAL BANK HOLDING COMPANIES, by Arthur G. Fraas. Aug. 1975. 27 pp.
- THE GROWTH OF MULTIBANK HOLDING COMPANIES: 1956-73, by Gregory E. Boczar. Apr. 1976. 27 pp.
- EXTENDING MERGER ANALYSIS BEYOND THE SINGLE-MARKET FRAMEWORK, by Stephen A. Rhoades. May 1976. 25 pp.
- SEASONAL ADJUSTMENT OF M_1 —CURRENTLY PUBLISHED AND ALTERNATIVE METHODS, by Edward R. Fry. May 1976. 22 pp.
- EFFECTS OF NOW ACCOUNTS ON COSTS AND EARNINGS OF COMMERCIAL BANKS IN 1974-75, by John D. Paulus. Sept. 1976. 49 pp.

PRINTED IN FULL IN THE BULLETIN

Staff Economic Studies shown in list below.

REPRINTS

(Except for Staff Papers, Staff Economic Studies, and some leading articles, most of the articles reprinted do not exceed 12 pages.)

- SEASONAL FACTORS AFFECTING BANK RESERVES. 2/58.
- MEASURES OF MEMBER BANK RESERVES. 7/63.
- RESEARCH ON BANKING STRUCTURE AND PERFORMANCE, **Staff Economic Study** by Tynan Smith. 4/66.
- A REVISED INDEX OF MANUFACTURING CAPACITY, **Staff Economic Study** by Frank de Leeuw with Frank E. Hopkins and Michael D. Sherman. 11/66.
- U.S. INTERNATIONAL TRANSACTIONS: TRENDS IN 1960-67. 4/68.
- MEASURES OF SECURITY CREDIT. 12/70.
- REVISED MEASURES OF MANUFACTURING CAPACITY UTILIZATION. 10/71.
- REVISION OF BANK CREDIT SERIES. 12/71.
- ASSETS AND LIABILITIES OF FOREIGN BRANCHES OF U.S. BANKS. 2/72.
- BANK DEBITS, DEPOSITS, AND DEPOSIT TURNOVER—REVISED SERIES. 7/72.
- YIELDS ON NEWLY ISSUED CORPORATE BONDS. 9/72.
- RECENT ACTIVITIES OF FOREIGN BRANCHES OF U.S. BANKS. 10/72.
- REVISION OF CONSUMER CREDIT STATISTICS. 10/72.
- ONE-BANK HOLDING COMPANIES BEFORE THE 1970 AMENDMENTS. 12/72.
- YIELDS ON RECENTLY OFFERED CORPORATE BONDS. 5/73.
- CAPACITY UTILIZATION IN MAJOR MATERIALS INDUSTRIES. 8/73.
- CREDIT-CARD AND CHECK-CREDIT PLANS AT COMMERCIAL BANKS. 9/73.
- RATES ON CONSUMER INSTALMENT LOANS. 9/73.
- NEW SERIES FOR LARGE MANUFACTURING CORPORATIONS. 10/73.
- U.S. ENERGY SUPPLIES AND USES, **Staff Economic Study** by Clayton Gehman. 12/73.
- CAPACITY UTILIZATION FOR MAJOR MATERIALS: REVISED MEASURES. 4/74.
- NUMERICAL SPECIFICATIONS OF FINANCIAL VARIABLES AND THEIR ROLE IN MONETARY POLICY. 5/74.
- INFLATION AND STAGNATION IN MAJOR FOREIGN INDUSTRIAL COUNTRIES. 10/74.
- THE STRUCTURE OF MARGIN CREDIT. 4/75.
- NEW STATISTICAL SERIES ON LOAN COMMITMENTS AT SELECTED LARGE COMMERCIAL BANKS. 4/75.
- RECENT TRENDS IN FEDERAL BUDGET POLICY. 7/75.
- BANKING AND MONETARY STATISTICS, 1974. Selected series of banking and monetary statistics for 1974 only. 2/75, 3/75, 4/75, and 7/75.
- RECENT DEVELOPMENTS IN INTERNATIONAL FINANCIAL MARKETS. 10/75.
- MINNIE: A SMALL VERSION OF THE MIT-PENN-SSRC ECONOMETRIC MODEL, **Staff Economic Study** by Douglas Battenberg, Jared J. Enzler, and Arthur M. Havenner. 11/75.
- AN ASSESSMENT OF BANK HOLDING COMPANIES, **Staff Economic Study** by Robert J. Lawrence and Samuel H. Talley. 1/76.
- INDUSTRIAL ELECTRIC POWER USE. 1/76.
- REVISION OF MONEY STOCK MEASURES. 2/76.
- SURVEY OF FINANCE COMPANIES, 1975. 3/76.
- CHANGING PATTERNS IN U.S. INTERNATIONAL TRANSACTIONS. 4/76.
- REVISED SERIES FOR MEMBER BANK DEPOSITS AND AGGREGATE RESERVES. 4/76.
- BANK HOLDING COMPANY FINANCIAL DEVELOPMENTS IN 1975. 4/76.
- CHANGES IN BANK LENDING PRACTICES, 1975. 4/76.
- INDUSTRIAL PRODUCTION—1976 Revision. 6/76.
- FEDERAL RESERVE OPERATIONS IN PAYMENT MECHANISMS: A SUMMARY. 6/76.
- CHANGES IN TIME AND SAVINGS DEPOSITS AT COMMERCIAL BANKS, October 1975–January 1976. 7/76.

Index to Statistical Tables

References are to pages A-2 through A-75 although the prefix "A" is omitted in this index

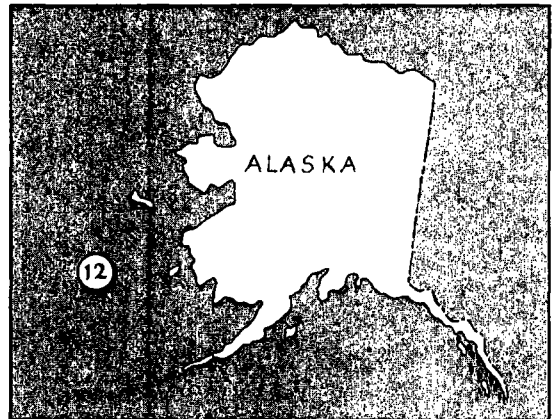
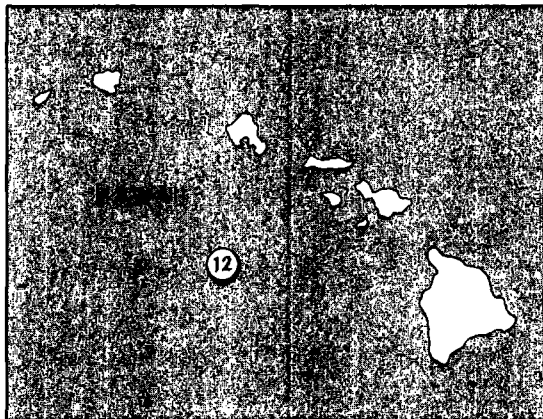
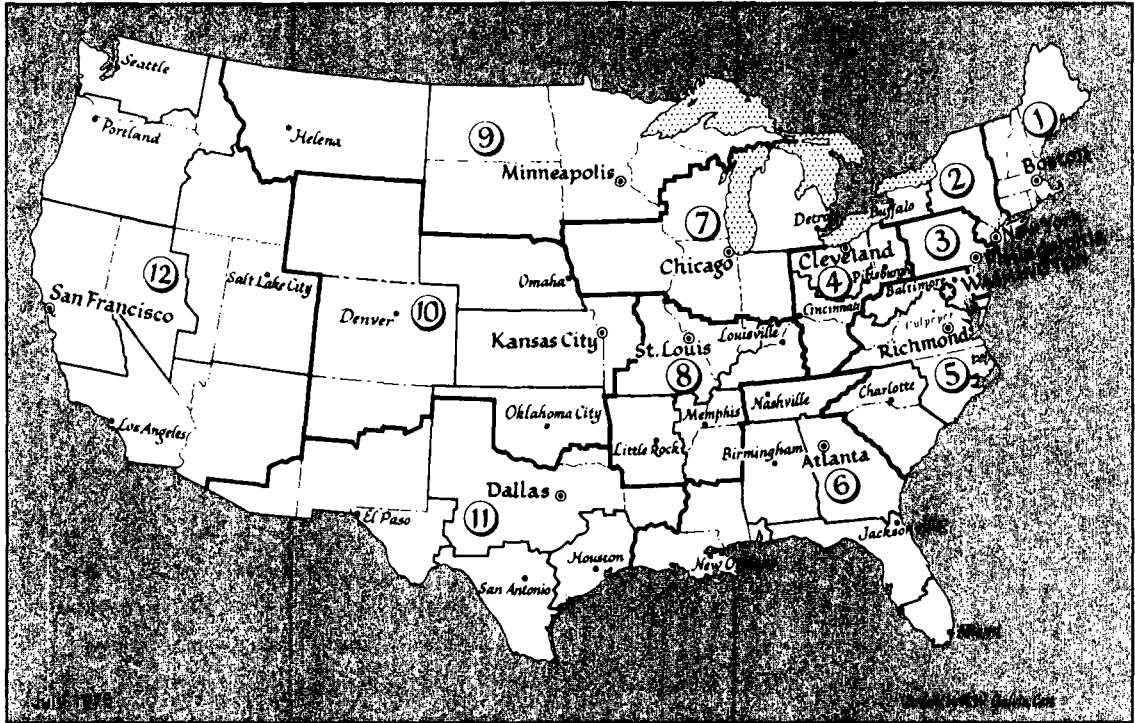
- ACCEPTANCES, bankers, 9, 25, 27
 Agricultural loans of commercial banks, 16, 18
 Assets and liabilities (*See also* Foreigners):
 Banks, by classes, 14, 16, 17, 18, 30
 Federal Reserve Banks, 10
 Nonfinancial corporations, current, 41
 Automobiles:
 Consumer instalment credit, 45, 46, 47
 Production index, 48, 49
- BANK credit proxy, 13
 Bankers balances, 16, 17, 20
 (*See also* Foreigners)
 Banks for cooperatives, 37
 Bonds (*See also* U.S. Govt. securities):
 New issues, 37, 38, 39
 Yields and prices, 28, 29
 Branch banks:
 Assets, foreign branches of U.S. banks, 70
 Liabilities of U.S. banks to their foreign branches
 and foreign branches of U.S. banks, 22, 71
 Brokerage balances, 69
 Business expenditures on new plant and equipment, 41
 Business indexes, 50
 Business loans (*See* Commercial and industrial loans)
- CAPACITY utilization, 50
 Capital accounts:
 Banks, by classes, 14, 17, 22
 Federal Reserve Banks, 10
 Central banks, 60, 75
 Certificates of deposit, 22
 Commercial and industrial loans:
 Commercial banks, 13, 16
 Weekly reporting banks, 18, 23
 Commercial banks:
 Assets and liabilities, 13, 14, 16, 17, 18
 Consumer loans held, by type, 45, 46, 47
 Deposits at, for payment of personal loans, 24
 Loans sold outright, 25
 Number, by classes, 14
 Real estate mortgages held, by type of holder and
 property, 42-44
 Commercial paper, 23, 25, 27
 Condition statements (*See* Assets and liabilities)
 Construction, 50, 51
 Consumer instalment credit, 45, 46, 47
 Consumer price indexes, 50, 53
 Consumption expenditures, 54, 55
 Corporations:
 Profits, taxes, and dividends, 41
 Sales, revenue, profits, and dividends of large
 manufacturing corporations, 40
 Security issues, 38, 39
 Security yields and prices, 28, 29
 Cost of living (*See* Consumer price indexes)
 Currency and coin, 3, 16
 Currency in circulation, 3, 12
 Customer credit, stock market, 29, 30
- DEBITS to deposit accounts, 11
 Debt (*See specific types of debt or securities*)
- Demand deposits:
 Adjusted, commercial banks, 11, 13, 17
 Banks, by classes, 14, 17, 20, 21
 Ownership by individuals, partnerships, and cor-
 porations, 24
 Subject to reserve requirements, 13
 Turnover, 11
 Deposits (*See also specific types of deposits*):
 Accumulated at commercial banks for payment of
 personal loans, 24
 Banks, by classes, 14, 17, 20, 21, 30
 Federal Reserve Banks, 10, 72
 Subject to reserve requirements, 13
 Discount rates at Federal Reserve Banks (*See* Interest
 rates)
 Discounts and advances by Reserve Banks (*See* Loans)
 Dividends, corporate, 40, 41
- EMPLOYMENT, 50, 52
- FARM mortgage loans, 42
 Federal agency obligations, 9, 10, 11
 Federal finance:
 Receipts and outlays, 32, 33
 Treasury operating balance, 32
 Federal funds, 5, 16, 18, 21, 27
 Federal home loan banks, 37
 Federal Home Loan Mortgage Corporation, 42, 43
 Federal Housing Administration, 42, 43, 44, 45
 Federal intermediate credit banks, 37
 Federal land banks, 37
 Federal National Mortgage Assn., 37, 42, 43
 Federal Reserve Banks:
 Condition statement, 10
 U.S. Govt. securities held, 2, 10, 11, 34, 35
 Federal Reserve credit, 2, 4, 10, 11
 Federal Reserve notes, 10
 Federally sponsored credit agencies, 37
 Finance companies:
 Loans, 18, 45, 46, 47
 Paper, 25, 27
 Financial institutions, loans to, 16, 18
 Float, 2
 Flow of funds, 56, 57
 Foreign:
 Currency operations, 10
 Deposits in U.S. banks, 3, 10, 17, 21, 72
 Exchange rates, 75
 Trade, 59
 Foreigners:
 Claims on, 66, 67, 68, 72, 73, 74
 Liabilities to, 22, 61, 62, 64, 65, 72, 73, 74
- GOLD:
 Certificates, 10
 Reserves of central banks and govts., 60
 Stock, 2, 59
 Government National Mortgage Assn., 42
 Gross national product, 54, 55
- HOUSING permits, 50
 Housing starts, 51

References are to pages A-2 through A-75 although the prefix "A" is omitted in this index

- INCOME, national and personal, 54, 55
 Industrial production index, 48, 49, 50
 Instalment loans, 45, 46, 47
 Insurance companies, 31, 34, 35, 42, 44
 Insured commercial banks, 14, 16, 17, 24
 Interbank deposits, 14, 20
 Interest rates:
 Bond and stock yields, 28
 Business loans of banks, 26
 Federal Reserve Banks, 6
 Foreign countries, 74, 75
 Money market rates, 27
 Mortgage yields, 43, 45
 Prime rate, commercial banks, 26
 Time and savings deposits, maximum rates, 8
 International capital transactions of U.S., 61-74
 International institutions, 60-64, 66, 67-69, 73
 Inventories, 54
 Investment companies, issues and assets, 39
 Investments (*See also specific types of investments*):
 Banks, by classes, 14, 16, 19, 30
 Commercial banks, 13
 Federal Reserve Banks, 10, 11
 Life insurance companies, 31
 Savings and loan assns., 31
- LABOR force, 52
 Life insurance companies (*See Insurance companies*)
 Loans (*See also specific types of loans*):
 Banks, by classes, 14, 16, 18, 30
 Commercial banks, 13, 14, 16, 18, 23, 25, 26
 Federal Reserve Banks, 2, 4, 6, 10, 11
 Insurance companies, 31, 44
 Insured or guaranteed by U.S., 42, 43, 44, 45
 Savings and loan assns., 31
- MANUFACTURERS:
 Capacity utilization, 50
 Production index, 49, 50
 Margin requirements, 8
 Member banks:
 Assets and liabilities, by classes, 14, 16, 17
 Borrowings at Federal Reserve Banks, 4, 10
 Number, by classes, 14
 Reserve position, basic, 5
 Reserve requirements, 7
 Reserves and related items, 2, 4, 13
 Mining, production index, 49
 Mobile home shipments, 51
 Money market rates (*See Interest rates*)
 Money stock and related data, 12
 Mortgages (*See Real estate loans and Residential mortgage loans*)
 Mutual funds (*See Investment companies*)
 Mutual savings banks, 20, 30, 34, 42, 44
- NATIONAL banks, 14, 24
 National defense expenditures, 33
 National income, 54, 55
 Nonmember banks, 15, 16, 17, 24
- OPEN market transactions, 9
- PAYROLLS, manufacturing index, 50
 Personal income, 55
 Prices:
 Consumer and wholesale commodity, 50, 53
 Security, 29
 Prime rate, commercial banks, 26
 Production, 48, 49, 50
 Profits, corporate, 40, 41
- REAL estate loans:
 Banks, by classes, 16, 18, 30, 42
 Mortgage yields, 43, 45
 Type of holder and property mortgaged, 42-44
 Reserve position, basic, member banks, 5
 Reserve requirements, member banks, 7
 Reserves:
 Central banks and govts., 60
 Commercial banks, 17, 20, 22
 Federal Reserve Banks, 10
 Member banks, 3, 4, 13, 17
 U.S. reserve assets, 59
 Residential mortgage loans, 43, 44, 45
 Retail credit, 46, 47
 Retail sales, 50
- SALES, revenue, profits, and dividends of large manufacturing corporations, 40
 Saving:
 Flow of funds series, 56, 57
 National income series, 54, 55
 Savings and loan assns., 31, 35, 42, 44
 Savings deposits (*See Time deposits*)
 Savings institutions, principal assets, 30, 31
 Securities (*See also U.S. Govt. securities*):
 Federally sponsored agencies, 37
 International transactions, 68, 69
 New issues, 37, 38, 39
 Yields and prices, 28, 29
 Special Drawing Rights, 2, 10, 58, 59
 State and local govts.:
 Deposits, 17, 20
 Holdings of U.S. Govt. securities, 34, 35
 New security issues, 37, 38
 Ownership of securities of, 16, 19, 30
 Yields and prices of securities, 28, 29
 State member banks, 15, 24
 Stock market credit, 29, 30
 Stocks (*See also Securities*):
 New issues, 38, 39
 Yields and prices, 28, 29
- TAX receipts, Federal, 33
 Time deposits, 8, 13, 14, 17, 21, 22
 Treasury currency, Treasury cash, 2, 3
 Treasury deposits, 3, 10, 32
 Treasury operating balance, 32
- UNEMPLOYMENT, 52
 U.S. balance of payments, 58
 U.S. Govt. balances:
 Commercial bank holdings, 17, 20
 Member bank holdings, 13
 Treasury deposits at Reserve Banks, 3, 10, 32
 U.S. Govt. securities:
 Bank holdings, 14, 16, 19, 30, 34, 35
 Dealer transactions, positions, and financing, 36
 Federal Reserve Bank holdings, 2, 10, 11, 34, 35
 Foreign and international holdings, 10, 66, 68, 72
 International transactions, 66, 68
 New issues, gross proceeds, 38
 Open market transactions, 9
 Outstanding, by type of security, 34, 35
 Ownership, 34, 35
 Yields and prices, 28, 29
 Utilities, production index, 49
- VETERANS Administration, 43, 44
- WEEKLY reporting banks, 18-22
- YIELDS (*See Interest rates*)

The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- ★ Board of Governors of the Federal Reserve System
- ⊙ Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility

Guide to Tabular Presentation and Statistical Releases

SYMBOLS AND ABBREVIATIONS

e	Estimated	N.S.A.	Monthly (or quarterly) figures not adjusted for seasonal variation
c	Corrected	IPC	Individuals, partnerships, and corporations
p	Preliminary	SMSA	Standard metropolitan statistical area
r	Revised	A	Assets
rp	Revised preliminary	L	Liabilities
I, II, III, IV	Quarters	S	Sources of funds
n.e.c.	Not elsewhere classified	U	Uses of funds
A.R.	Annual rate	*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
S.A.	Monthly (or quarterly) figures adjusted for seasonal variation	....	(1) Zero, (2) no figure to be expected, or (3) figure delayed

GENERAL INFORMATION

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

A heavy vertical rule is used in the following instances: (1) to the right (to the left) of a total when the components shown to the right (left) of it add to that total (totals separated by ordinary rules include more components than those shown), (2) to the right (to the left) of items that are not part of a balance sheet, (3) to the left of memorandum items.

"U.S. Govt. securities" may include guaranteed issues of U.S. Govt. agencies (the flow of funds figures

also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local govt." also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

The footnotes labeled NOTE (which always appear last) provide (1) the source or sources of data that do not originate in the System; (2) notice when figures are estimates; and (3) information on other characteristics of the data.

LIST PUBLISHED SEMIANNUALLY, WITH LATEST BULLETIN REFERENCE

Anticipated schedule of release dates for individual releases	<i>Issue</i> June 1976	<i>Page</i> A-82
---	---------------------------	---------------------