SEPTEMBER 1978

FEDERAL RESERVE BULLETIN

The Federal Budget in the 1970's

Treasury and Federal Reserve Foreign Exchange Operations

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FEDERAL RESERVE BULLETIN

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For the period January to July 1978, according to the semiannual report on foreign exchange operations, the exchange markets remained uncertain as serious economic imbalances persisted among the industrial countries.

736 STATEMENTS TO CONGRESS

Chairman Miller appeared before the Senate Finance Committee on September 6, 1978, to give the recommendations of the Board of Governors in the area of tax legislation, including the judgment that the $15 billion tax reduction being considered by the Congress for the coming calendar year would be appropriate. In addition, the Chairman recommended a 1-year deferral of the tax increases dictated by the Social Security Amendments of 1977 and a comprehensive study of the Social Security System by the Congress.

740 Governor Coldwell discussed the Board's support for simplification of the Truth in Lending Act and offered suggestions for implementing such simplication including the segregation of Truth in Lending information from other information in consumer credit contracts, simplification of the other provisions of consumer contracts, clarification of the disclosure responsibilities of creditors, and Board approval of creditors' forms for 1-year periods, before the Subcommittee on Consumer Affairs of the House Committee on Banking, Finance and Urban Affairs, September 6, 1978.

742 Governor Jackson discussed the Board's enforcement of the Equal Credit Opportunity Act and the Fair Housing Act specifically with regard to redlining regulations and monitoring, the ongoing revision of the Board's examination and enforcement program in the area of Equal Credit Opportunity and Fair Housing and its efforts to obtain voluntary compliance, and the Board's consumer education program, in testimony before the Subcommittee on Commerce, Consumer, and Monetary Affairs of the House Committee on Government Operations, September 15, 1978.

745 RECORD OF POLICY ACTIONS OF THE FEDERAL OPEN MARKET COMMITTEE

At the conclusion of its meeting on July 18, 1978, the Committee decided to retain the existing longer-run ranges for the monetary aggregates. Thus, the ranges for the period from the second quarter of 1978 to the second quarter of 1979 were 4 to 6½ per cent for *M*-1, 6½ to 9 per cent for *M*-2, and 7½ to 10 per cent for *M*-3. The associated range for growth in commercial bank credit was raised to 8½ to 11½ per cent in recognition of the greater share of borrower demands being directed toward banks.

The Committee decided that operations in the period immediately ahead should be directed toward maintaining the weekly-average Federal funds rate within a range of 7¾ to 8 per cent. The members agreed that, in deciding on the specific objective for the Federal funds rate, the Manager should be guided mainly by the relation between the latest estimates of annual rates of growth in *M*-1 and *M*-2 over the July–August period and the following ranges of tolerance: 4 to 8 per cent for *M*-1 and 6 to 10 per cent for *M*-2. It was also agreed that if, giving approximately equal weight to *M*-1 and *M*-2, their rates of growth appeared to be close to or beyond the limits of the indicated ranges, the Manager should raise or lower the objective for the funds rate in an orderly fashion within its range.

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The Board has approved an increase in the discount rate from 7¼ to 7¾ per cent, effective August 21, 1978.

The Board has announced a change in reserve requirements to make it more attractive for member banks to borrow funds in the Euro-dollar market.

The Board has denied requests for a delay in the November 1 effective date of its rule to permit the automatic transfer of funds from savings to checking accounts.

The following Truth in Lending actions have been taken: amendment to facilitate computation of the annual percentage rate in long-term credit transactions involving minor irregularities in the repayment schedule; proposed interpretation of Regulation Z that requires disclosure of loss of interest when a time deposit is used as security for a loan; and amendment regarding the disclosure of the complete payment schedule in any credit transaction with monthly repayments in varying amounts.

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An educational film describing the functions of the Nation's central bank has been released.

Recordings of all open Board meetings will be prepared.

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781 INDUSTRIAL PRODUCTION

Output increased an estimated 0.5 per cent in August.

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The Federal Budget in the 1970's

This article was prepared in the Government Finance Section of the Division of Research and Statistics.

The expanded role of the Federal sector in the U.S. economy during the 1970's has been both significant and controversial. Federal spending has outpaced the growth in the gross national product and, as a consequence, the share of Federal outlays in GNP has been higher in recent years than at any time since World War II. Moreover, Federal outlays have consistently exceeded tax receipts; and so, in every year of the 1970–78 period, the Federal budget has been in deficit.

To some degree, these budgetary imbalances have reflected the automatic responses of taxes and outlays to inflation and fluctuations in real economic activity. Beyond this, policy-makers have been willing to employ fiscal tools actively in order to promote economic growth and stability. This article reviews fiscal policy during the 1970's.

REVIEW OF BUDGET DEVELOPMENTS

TRENDS IN FEDERAL OUTLAYS

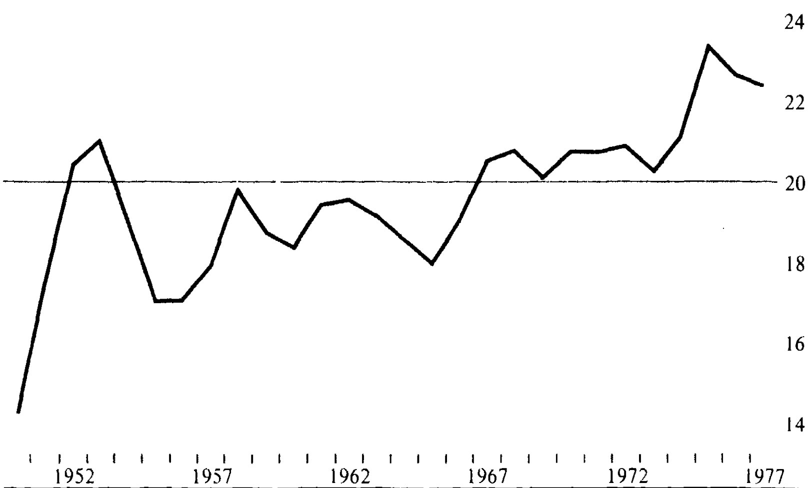
Federal outlays have advanced from approximately $200 billion in 1970 to about $450 billion in 1978. This sharp increase, at an average annual rate of 11 per cent, exceeded the 10 per cent average annual rate of growth in GNP. Thus, the ratio of Federal expenditures to GNP has risen further over this decade.

The historical relationship of Federal national income accounts (NIA) expenditures to GNP is illustrated in Chart 1. Following a temporary surge of Federal spending at the time of the Korean war, the ratio of Federal outlays to GNP remained below 20 per cent over the latter part of the 1950's and the first half of the 1960's. With the advent of major social programs and the onset of the Vietnam war, growth in Federal outlays began to outpace gains in GNP and by 1968 the ratio of outlays to GNP rose to around 21 per cent. The ratio then fluctuated around this level until the 1974–75 recession, when it rose to its highest level since World War II as Federal outlays increased sharply while growth of nominal GNP leveled off. The ratio has been edging down during the subsequent recovery period. As discussed later, the relative uptrend of Federal outlays reflects a sharp expansion of Federal transfer programs and grants to States and localities. Direct Federal purchases of goods and services have been declining relative to GNP (Table 1).

The persistent relative increase of Federal outlays has from time to time generated strong support for counteracting measures. One such measure was the Congressional Budget and Impoundment Control Act of 1974, which established new procedures for legislative control over the budget. Passage was spurred by reaction to the sharp relative rise in Federal spending in the late 1960's and subsequent disappointment over the failure of spending to decline in the early 1970's despite the end of the Vietnam conflict and the maturation of the social programs of the 1960's.

Concerns about the relative growth of Federal spending were temporarily deflected by the onset of the 1974–75 recession, as the need to promote economic recovery became paramount. Government spending in the form of income security payments—such as unemployment compensation—rose sharply, a normal occurrence during periods of rising unemployment.

1. Federal expenditures as a per cent of GNP



National income accounts data, U.S. Dept. of Commerce.

Also, in response to the severity of the recession, additional compensatory programs—countercyclical revenue sharing and public employment—were enacted even with the Federal budget in substantial deficit. Over the course of the subsequent recovery, however, Federal spending has remained large relative to GNP, and inflationary pressures have intensified. Therefore, concern regarding the adequacy of fiscal discipline has once again increased.

In their recent 1979 budget proposals, both the President and the Congress have set forth spending programs designed to reduce the ratio of Federal outlays to GNP. Federal expenditures are targeted to increase by around \$40 billion (to slightly below \$490 billion) in the coming year, and the ratio of Federal NIA outlays to GNP is projected to drop to 21.8 per cent. In addition, the administration has announced its intention to make further cuts in Federal spending relative to GNP by 1981 so that this ratio can be reduced to a level more in line with the relative size of Federal spending in the late 1950's and early 1960's.

1. Federal sector expenditures as per cent of GNP, calendar years, 1960–77

Calendar year	Purchases of goods and services	Transfer payments	Grants-in-aid to State and local governments	Net interest	Subsidies	Total expenditures
1960–69 average	10.7	5.0	1.7	1.3	.6	19.4
1970	9.7	6.5	2.5	1.5	.6	20.8
1971	9.0	7.1	2.7	1.3	.6	20.7
1972	8.7	7.1	3.2	1.2	.7	20.9
1973	7.8	7.3	3.1	1.4	.6	20.3
1974	7.9	8.3	3.1	1.5	.4	21.2
1975	8.1	9.8	3.6	1.5	.4	23.3
1976	7.6	9.5	3.6	1.6	.3	22.7
1977	7.7	9.2	3.6	1.5	.4	22.4

SOURCE.—Based on the national income accounts data, U.S. Department of Commerce.

Changing Composition and Controllability of Federal Spending

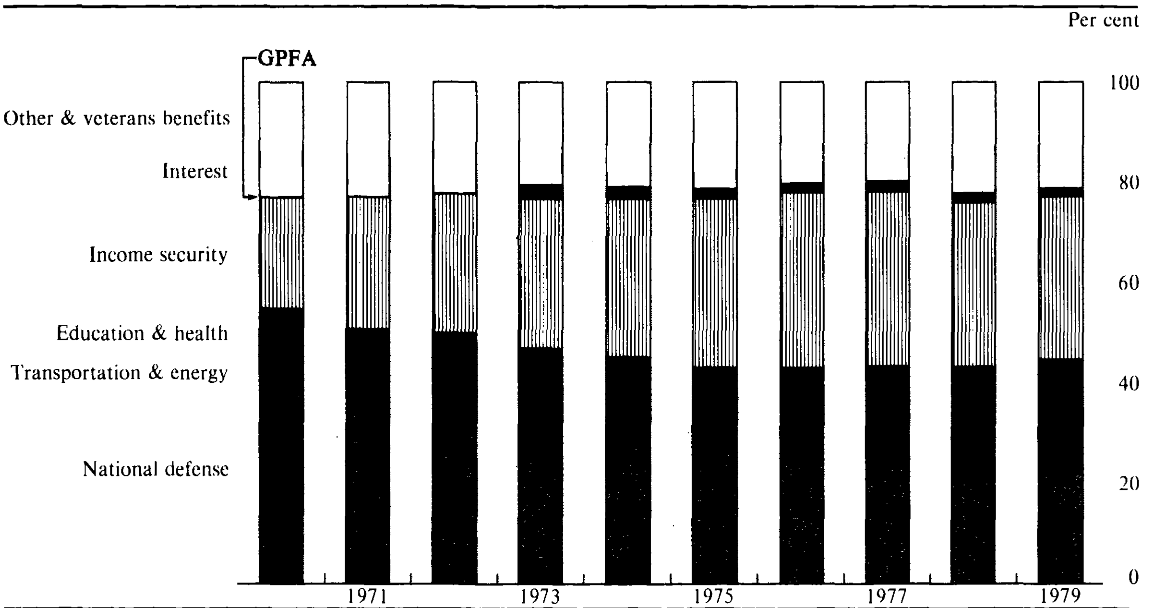
The goal of the administration and the Congress of reducing the relative size of Federal expenditures is difficult to achieve. Hard choices will have to be made among many new programs likely to be proposed in coming years. Room for new programs will be limited by longstanding trends in the composition of Federal outlays that have raised substantially the proportion of spending that cannot be readily controlled.

As indicated earlier, Federal purchases of goods and services—which are relatively controllable because a sizable portion of procurement and manpower spending is subject to the annual appropriations process—have accounted for a progressively smaller share of GNP over the present decade. This decline is largely the result of a leveling-off of defense expenditures after the end of the Vietnam conflict. Defense spending today accounts for a lower proportion of total budget outlays and GNP than it did in the period just before the Vietnam build-up.

In contrast to Federal purchases, outlays for Federal income transfer programs—which are hard to control—have been rising sharply both in absolute and in relative terms over the present decade (Chart 2). Payments of social security benefits, for example, have tripled over the 8 years of this decade to a current level of $97.7 billion. Expenditures for medicare and medicaid have risen even faster and now total $36 billion. Moreover, outlays under the much smaller food stamp program, which had shown only modest growth in the 1960's, have risen nearly nine times to more than $5.6 billion.

The growing importance of transfer payments in the budget imposes important constraints on the ability of policy-makers to control outlays because most of these programs are "open-ended"; once they are established, funds are disbursed, without specific congressional action, in response to developing economic circumstances. Under many transfer programs, for example, entitlements increase automatically

2. Functional classification of budget outlays



Data for 1969–77 are from *The Budget of the United States Government, Fiscal Year 1979*. Data for 1978 and 1979 are from the *Mid-Session Review of the 1979 Budget*.
GPFA: general purpose fiscal assistance.

with an economic downturn. Inflation also has an immediate and automatic impact on some transfer payment programs. Provisions for regular cost-of-living adjustments are incorporated into many income security programs, and rising health care costs are ordinarily passed through to the Federal Government under the medicare and medicaid programs.

Demographic factors also play a major role in transfer outlays. Since age determines eligibility for benefits under many programs, payments are subject to strong upward pressures as the proportion of older persons in the population increases, a process that has been under way for some time and that will continue over the remainder of this century.

Federal grants to States and localities have also assumed greater importance in the budget. This trend reflects, of course, the advent of general revenue sharing in the early 1970's as well as the enactment of countercyclical grants for public works and public employment programs and for general fiscal assistance.

Even though outlays for defense and Federal grants are subject to periodic review by the Congress, proposals for substantial cuts in these areas always meet strong resistance. Moreover, while most spending programs do not have specific provisions for automatic inflation adjustment, such as that built into social security, the appropriations process has often allowed for advances in costs and prices. The other spending categories also present difficult problems to fiscal managers attempting to hold down outlays. Perhaps most notable are the interest costs on the national debt.

Thus the bulk of current Federal outlays appears more or less insulated from short-run cost cutting. Nonetheless, no budget outlay is beyond the ultimate control of the Congress; and, certainly, a reduction in the relative size of the Federal sector is an attainable goal over the longer term.

Trends in Federal Receipts

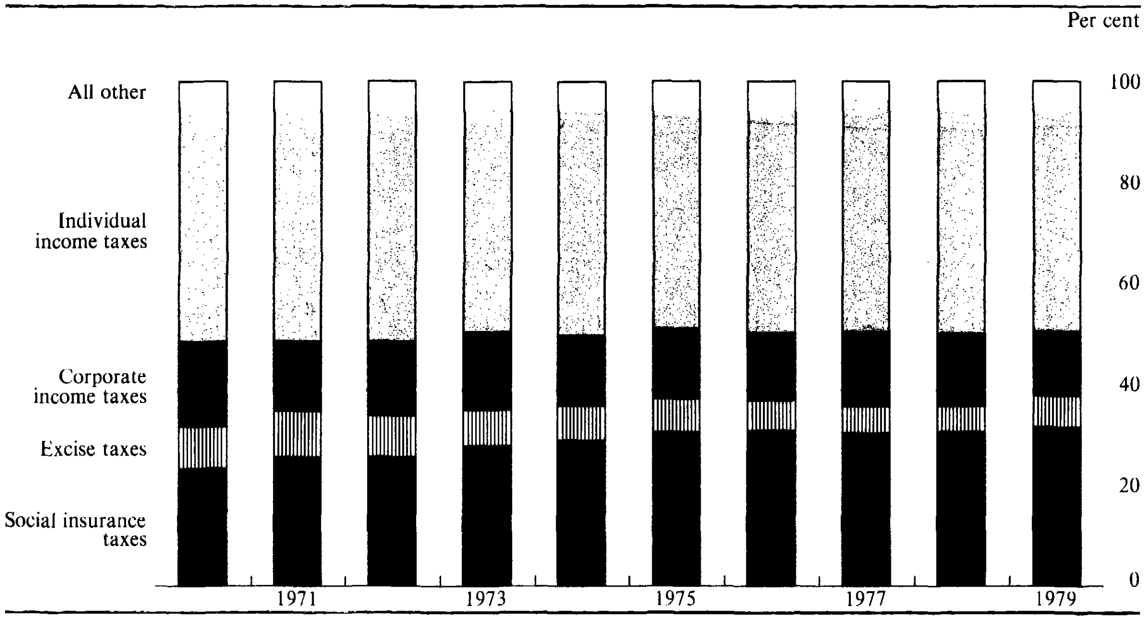
Federal receipts have increased from $194 billion in 1970 to about $400 billion in the current year. This advance, at an average annual rate of about 9 per cent, reflects the impact of both changing economic conditions and discretionary congressional measures, whose interactions have affected the relative growth of the various categories of receipts.

The individual income tax has been the mainstay of the U.S. tax system in relative as well as absolute terms since the beginning of World War II. With its broad base and progressive rate structure, this tax has a pronounced tendency (in the absence of new legislation) to increase the dollar volume of receipts more rapidly than disposable income or than revenues from other tax sources. On the other hand, payroll taxes for social insurance, which are characterized by a regressive rate structure, normally register slower rates of growth. Paradoxically, this pattern did not materialize during the 1970's (Chart 3). Instead, the share of revenue produced by the personal income tax actually declined 6 per cent from 1970 to 1977, as a number of steps were taken to reduce personal income tax liabilities so as to bolster private demands during times of depressed economic activity and to lighten tax burdens during periods of inflation. The decline in the share of income taxes in total receipts was more than offset by growth in the share of payroll taxes (for social insurance), reflecting increases both in payroll tax rates and in the taxable wage base.

Corporations benefited from a number of legislated tax reductions during the 1970's. At the same time, however, the strong inflation tended to raise the measured profits of many firms. This was particularly the case for those operating on a FIFO (first-in, first-out) inventory accounting basis, but it also applied to the effect of recording depreciation on an historical cost basis, when the costs of replacing capital had climbed with inflation. Thus, corporate income tax payments advanced about in line with total revenues. As is evident in Chart 3, the share of total revenue accounted for by indirect business taxes declined over the period, reflecting excise tax cuts implemented in the early 1970's.

The appendix tables set out the specific changes in the tax law that have affected the growth rate of Federal revenues over the decade to date.

3. Categorial classification of receipts



Data for 1969–77 are from *Budget of U.S. Government, Fiscal Year 1979*. Data for 1978 and 1979 are from the *Mid-Session Review of the 1979 Budget*.

The Federal Deficit

The rapid growth of Federal expenditures, together with the slower expansion of Federal receipts, has generated deficits in the Federal budget in every year of the current decade—a continuation of a longstanding trend. Indeed, with the exception of a modest surplus in 1969, the budget has been in deficit in every year since 1961. During the 1970's, however, Federal deficits (unified basis) have been unusually large, amounting to more than $20 billion in two of the early years of the decade, and then rising to $66 billion in fiscal 1976, $45 billion in 1977, and about $50 billion in 1978.

Recent deficits have been exceptionally large, not only in absolute terms but also when scaled by GNP (Table 2). Furthermore, the recent large deficits have had a pronounced tendency to persist well into the recovery period. This development in turn reflects the interplay of economic conditions and discretionary budget actions, which are discussed below.

2. Federal deficit (–) or surplus, as per cent of GNP, at trough and in later years, selected years, 1954–75

Business cycle trough	Year of trough	Years following economic trough		
		1	2	3
Fiscal year				
1954	.33	.79	1.00	.72
1958	.66	-2.74	.05	-.67
1961	-.67	-1.30	-.83	-.96
1971	-2.26	2.10	1.19	-.35
1975	-3.09	-4.09	-2.45	-2.50[e]

[e] Estimated.
SOURCE.—*Budget of U.S. Government* (various years) and the *Mid-Session Review of the 1979 Budget*.

Trends in Federal Debt

As a result of the series of deficits registered thus far in the 1970's, the U.S. Treasury has been confronted by a formidable financing task. Moreover, the Treasury has had to raise additional funds in order to finance indirectly the activities of a number of wholly owned Government agencies whose operations are not recorded in the budget. (The Treasury provides funds by making direct loans to the Federal Financing Bank which, in turn, lends funds to the other off-budget agencies.)

3. Federal deficits and Treasury borrowing activity, fiscal years, 1970–78

Billions of dollars

Item	1970	1971	1972	1973	1974	1975	1976	Transition quarter	1977	1978
Deficits (+):										
Unified budget	2.8	23.0	23.4	14.8	4.7	45.1	66.4	13.0	45.0	51.1[e]
Off-budget	......	......	......	0.1	1.4	8.1	7.2	1.8	8.7	11.0[e]
Total	2.8	23.0	23.4	14.9	6.1	53.2	73.6	14.8	53.7	62.1[e]
Total debt issued to the public[1]	5.4	19.4	19.4	19.3	3.0	50.9	82.8	18.5	53.5	59.2[e]
Treasury nonmarketable	1.4	7.8	10.5	13.5	−.4	2.0	3.7	1.0	16.8[2]	15.1[e]
Treasury marketable	5.5	11.8	10.0	5.6	2.5	49.8	79.1	16.8	37.9	44.1[e]
Government agency securities[3]	−1.4	*	−1.1	0.3	0.9	−1.0	*	0.7	−1.2	n.a.
MEMO:										
Outlays by Government-sponsored agencies	9.6	......	4.4	11.4	14.5	7.0	4.6	2.3	10.2	16.5[e]
Net change: Federal loan guarantees	2.3	12.2	15.6	14.0	6.2	5.7	10.3	−.1	14.1	16.5[e]

[1] Also includes matured debt and debt bearing no interest. Excludes securities held by Government accounts.

[2] Includes $2.5 billion in special certificates issued to the Federal Reserve.

[3] Securities issued by Government agencies such as Government National Mortgage Association, Export-Import Bank, and Tennessee Valley Authority.

[e] Estimated.

n.a. Not available.

* Less than $50 million.

NOTE. Total debt issued to the public does not equal the total deficit due to technical adjustments such as changes in the Treasury cash balance.

A sizable portion of total debt issued to the public in the 1970's was in nonmarketable form, including not only sales of savings bonds to individuals but also issuance of special debt certificates to foreign official institutions (Table 3). These institutions have also acquired a substantial amount of marketable debt over the period, as they invested funds obtained in currency exchange operations to support the dollar. Corresponding to the increases in the public's currency holdings and in member bank reserves, the Federal Reserve System has regularly acquired sizable amounts of marketable debt. Of the total increase in marketable debt outstanding for the period, foreign central banks acquired 32 per cent and the Federal Reserve 23 per cent.

Beyond the activities of wholly owned agencies, whether included on or off budget, the Federal sector also influences the course of economic and financial developments through institutions that, although privately owned, have Federal Government sponsorship. Sponsored agencies, such as Federal home loan banks, borrow to finance lending in the mortgage market and in the farm sector. The Federal Government is also involved in loan-guarantee programs designed to assist a wide variety of activities, including development of new energy technology, inner-city housing projects, and home purchases. The dimensions of these activities are indicated in Table 3.

THE FISCAL POLICY RECORD OF THE 1970'S

Fiscal policy can moderate fluctuations in prices, output, and employment in two ways: first, through automatic changes in taxes and expenditures in response to variations in economic activity; and second, through deliberate changes in taxes and expenditures by the Congress and the administration in an attempt to stabilize the economy. During recessions, for example, the budget automatically moves toward deficit as the growth of tax receipts falls in the wake of reduced or negative growth of personal income and corporate profits. At the same time, expenditures such as unemployment compensation and other income security payments rise as a result of the higher levels of unemployment. These cyclically induced changes in the budget help to moderate fluctuations in economic activity, but they do not necessarily impel a return to acceptable levels of employment and income with stable prices. Hence, policy-makers often decide to supplement the automatic stabilizers with discretionary action. In a recessionary period, for example, legislation may be enacted to cut taxes or to establish new expenditure programs as a spur to after-tax income or employment.

The uncertainty and controversy surrounding the effects of fiscal policy on real output and the price level complicate any assessment of such policies. The relative size of the effects on output and prices depends on a number of factors, including the gap between the economy's actual and potential output, the stance of monetary policy, the trend of economic developments, and the impact of fiscal policy on work and savings incentives, on price expectations, and on investor confidence. Some simple summary measures of the effects of discretionary policies on economic activity follow.

Summary Measures of Fiscal Actions

The simplest summary measure of the stimulative, or restrictive, effect of fiscal action on economic activity is the budget surplus or deficit. It has long been recognized, however, that the actual Federal surplus or deficit in itself is not a satisfactory measure of the effect of discretionary fiscal policy on economic activity because changes in revenues and to some extent expenditures reflect not only new policy initiatives but also the automatic responses resulting from cyclical fluctuations.

The full employment budget concept was developed to separate the automatic and discretionary components of the budget. This analytical device focuses on discretionary fiscal policy by abstracting from the impact of economic fluctuations on the budget. In particular, receipts are measured as if the economy were at a full employment level of income and thus are independent of cyclical variations in income. On the expenditures side, adjustments are made to remove cyclically related unemployment insurance benefits. Thus, any shift in the deficit or surplus position of the full employment budget is due mainly to changes in discretionary policy.

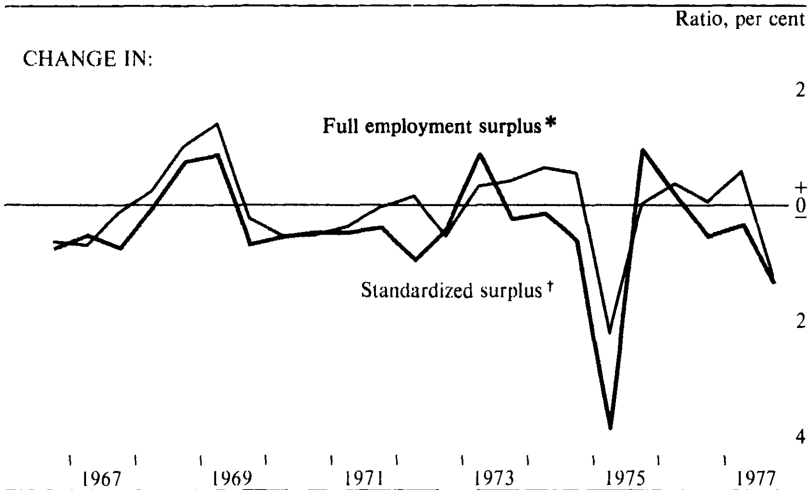
Although the full employment surplus can be a useful analytic tool, the resulting data must be interpreted with care, especially during periods of inflation. For example, the sharp shift in the full employment budget toward surplus in 1974 did not arise from discretionary fiscal actions designed to achieve greater restraint. Rather, it was attributable to an increase in effective tax rates that resulted when inflation raised nominal incomes and pushed taxpayers into higher tax brackets.

An alternative measure of the effects of discretionary fiscal policy on economic activity — the change in the standardized surplus — has recently been developed. It is the difference between the direct budgetary cost of all changes in tax law and all changes in spending other than net interest and transfer payments. Changes in net interest payments and transfer payments are not included in the change in the standardized surplus since separate measures of their automatic and discretionary components have not been developed (with the exception of discretionary changes in unemployment compensation). For example, if a cut in personal income tax rates having a direct budgetary cost of $10 billion is enacted and purchases are increased by $7 billion during a year, the change in the standardized deficit for that year would be $17 billion. This fiscal indicator thus attempts to focus on discretionary policy changes. It leaves out the growth of tax revenues due to inflation and normal economic growth. These latter items, however, are included in the full employment budget measure.

Fiscal policy is usually considered to have an expansionary impact on current dollar output when the change in the standardized surplus or the change in the full employment balance is negative. Such a change indicates that these budgets are moving toward deficit and are adding to nominal demands.

Like most summary measures, the full employment and standardized budgets have shortcomings. For one thing, the two concepts give equal weight to changes in the budget's various components: an increase of $10 billion in transfer payments will have the same effect on the full employment budget surplus or deficit as a $10 billion increase in Federal purchases of goods and services, but the economic impacts of these changes — in terms of both the ultimate size of the economic response and the time lag between the action and the response — may differ substantially.

4. Fiscal policy indicators



* The ratio of the change in the full employment surplus to potential GNP.
† The ratio of the change in the standardized surplus to GNP.

Data are Federal Reserve staff estimates and from the Council of Economic Advisors.

As indicated earlier, the major compositional change on the expenditures side of the budget has been a decline in the share of purchases of goods and services and a corresponding increase in the share of transfer payments and grants to States and localities. Economic theory and empirical evidence suggest that an increase in purchases—once it has occurred—will have both a larger and a more immediate impact on aggregate output than will an identical increase in transfer payments. Thus, the shifting emphasis in Federal spending toward transfers and grants during the 1970's may have blunted the expansionary thrust of fiscal policy as compared with the recent past.

Changes in the tax laws also can have effects on aggregate output and inflation that differ with different types of taxes. For example, approximately half of the payroll tax is paid by employers, and many economists believe that this share is largely passed on to consumers in the form of higher prices. Thus, a change in the payroll tax is likely to have a greater effect on the inflation rate than would a change in personal income taxes, which cannot be shifted directly into changes in prices. This greater effect is especially significant in light of the growing share of payroll taxes in total Federal receipts.

Even with these limitations concerning the ultimate size and timing of the policy response, the change in the full employment surplus and the change in the standardized surplus still serve as useful starting points for analyzing the effects of fiscal policy on economic stabilization. Both measures are shown relative to GNP in Chart 4 so that inter-temporal comparisons are not distorted by economic growth.

Review of Fiscal Policy Action

As measured by the full employment budget, the economy entered the 1970's under considerable fiscal restraint. The full employment budget increased from a deficit of $14 billion in the first half of 1968 to a surplus of $7.5 billion in the first half of 1969 (Table 4). The change in the standardized surplus also indicated a move to restraint. These shifts from deficit to surplus resulted from a slowdown in the growth of Government expenditures in 1969 and the enactment of a 10 per cent income tax surcharge in 1968. Each action was part of the policy response to the inflationary pressures that had been building since the mid-1960's, pressures that also led to high interest rates.

With the recession of 1970, fiscal policy moved toward expansion, as evidenced by a shift of the full employment budget from a $5

4. Selected fiscal policy indicators, 1966–77

Billions of dollars

Calendar half-year	Full employment surplus	Change: Full employment surplus	Change: Standardized surplus[1]
1966			
H2	-8.9	-4.9	-6.0
1967			
H1	-14.4	-5.5	-4.2
H2	-15.6	-1.2	-6.4
1968			
H1	-14.3	1.3	-.7
H2	-5.3	9.0	6.6
1969			
H1	7.5	12.8	8.0
H2	5.3	-2.3	-6.6
1970			
H1	0	-5.3	-5.6
H2	-5.4	-5.4	-5.0
1971			
H1	-9.6	-4.2	-5.1
H2	-10.1	-.5	-4.4
1972			
H1	-8.6	1.6	-11.3
H2	-15.1	-6.6	-5.1
1973			
H1	-11.2	4.0	11.4
H2	-5.5	5.7	-3.5
1974			
H1	3.8	9.3	-2.1
H2	11.8	8.1	-9.0
1975			
H1	-24.3	-36.1	-57.4
H2	-24.3	.1	15.0
1976			
H1	-17.7	6.6	2.9
H2	-17.0	.7	-9.1
1977			
H1	-5.6	11.5	-6.5
H2	-30.8	-25.3	-26.8

[1] The change in the standardized surplus is the difference between the direct budgetary cost of all changes in tax laws and all changes in spending other than net interest and transfer payments. Since these changes involve additions or subtractions from the actual surplus, the changes in the standardized surplus presented in the table are comparable to changes in the full employment budget.

SOURCE. Staff estimates, Council of Economic Advisers, and U.S. Department of Commerce.

billion surplus in the second half of 1969 to a $5 billion deficit in the second half of 1970. At the same time, the standardized surplus moved toward deficit by $17 billion and thus gives a similar reading. In this period, taxes were cut as the income tax surcharge was allowed to expire in two stages.

In response to persisting unemployment and inflation in the early part of 1971, the administration instituted the New Economic Policy in August 1971. The fiscal policy portion of this program included an acceleration of the phase-in of the tax reductions that had been scheduled in the Tax Reform Act of 1969. These actions tended to keep both the full employment and standardized budgets in deficit during late 1971.

In 1972 the growth of Federal expenditures also accelerated—to 10.9 per cent compared with an average of 6.9 per cent in the preceding 3 years. Vigorous economic growth in 1972 appeared to be an acceptable development at that time, but strong domestic and foreign demands started to strain industrial capacity in early 1973, contributing to shortages of materials and upward pressure on prices. At this point, the general thrust of fiscal policy entered a restrictive phase, which lasted from early 1973 through 1974. The full employment budget moderated to about an $8 billion deficit in 1973, and then, in the latter half of 1974, it moved to a $12 billion surplus.

Both the inflation rate and the full employment surplus were increasing throughout 1973 and 1974. The economy, immediately following sharp increases in the prices of oil by the Organization of Petroleum Exporting Countries, began to weaken after reaching a business cycle peak in November 1973. Even as real output began to decline, the price effects of disappointing grain harvests, of dollar devaluations, of unprecedented increases in energy costs, and of entrenched inflationary expectations pushed the inflation rate higher. One result of the virulent inflation was that individual taxpayers, whose nominal incomes were rising, moved into higher tax brackets and found less tax shelter from their exemptions and standard deductions. Corporate income tax receipts also rose as inventory profits and depreciation allowances based on historical cost tended to distort business income statements. These effects kept the full employment budget surplus rising, even as the economy moved into recession.

A comparison of the full employment and standardized budgets suggests that most of the fiscal restraint during 1973 and 1974 was the result of higher tax burdens due to inflation. In late 1973 and during 1974 the standardized budget continued to change toward larger deficits because of the higher growth rates of Government expenditures. The full employment budget, on the other hand, consistently moved toward surplus—thus suggesting greater restraint—because rapid growth in nominal income increased revenues without any legislated changes in tax rates.

As the severity of the recession became more apparent, fiscal policy, as measured by both the full employment and the standardized budgets, became highly expansionary. The full employment balance dropped from an $8 billion surplus in 1974 to a deficit of $24 billion in 1975 (Chart 4). The standardized budget registered deficits of $11 billion in 1974 and then $42 billion in 1975.

Much of the stimulus was provided by the Tax Reduction Act of 1975, which was passed in March 1975. This act provided approximately $20 billion in tax relief for 1975, about $18 billion of it to individuals. Part of this tax cut for individuals took the form of $8 billion in tax rebates on 1974 personal taxes, the bulk of which was paid in the second quarter of 1975, causing a temporary but sharp increase in the full employment and standardized deficits during that quarter. Other provisions—the increased standard deduction, the $30 tax credit per exemption, and a refundable tax credit for low income workers with dependents—were modified and extended into 1976, 1977, and 1978.

The economic situation showed persistent improvement by the spring of 1976, and the change in the full employment budget indicated a gradual backing away from the expansionary fiscal policies of 1975. For example, the full employment deficit declined from $24.3 billion in the second half of 1975 to $17 billion in the second half of 1976. The move toward less stimulus in the full employment budget continued through the first half of 1977 as slower growth in Federal spending reinforced increases in revenues due to higher nominal incomes. In the final half of 1977, fiscal policy, measured by both indicators, returned to a more expansionary posture as a result of the enactment of the 1977 Tax Reduction Act, which reduced personal withholding beginning in June 1977, and some increases on the spending side due to countercyclical public works and employment programs. With no new spending initiatives and with continued growth in income and payroll taxes in 1978, the budgets reverted toward restraint in 1978.

Fiscal Policy in Previous Recessions

The process of formulating and implementing fiscal policy has evolved in several ways. Both the Congress and the administration have shown greater flexibility in recent years in responding to economic problems, and so the time lag between the recognition of the need for fiscal action and ultimate enactment appears to have shortened in the 1970's (Table 5). For example, the major fiscal policy response to the 1960 recession was the passage of an investment tax credit in 1963; the credit was recommended 2 months after the business cycle trough and enacted 20 months after that trough. In contrast, the Tax Reduction Act of 1975 was recommended 1 month before the trough of the reces-

5. Timing of policy responses

Months

Economic development and policy response	Prior economic peak to recommendation	Recommendation to enactment	Trough to enactment
Recession in 1960			
Investment tax credit	12	18	20
Liberalized depreciation	27	(1)	17
Acceleration of inflation in 1965[2]			
Tax Adjustment Act of 1966	2	2	(2)
Suspension of investment credit	10	2	(2)
Surcharge on individual and corporate income	14	5	(2)
Recession in 1969–70			
Liberalized depreciation (introduction of asset depreciation range)	13	5	7
Revenue Act of 1971	20	4	13
Recession in 1974–75			
Tax Reduction Act of 1975	15	1	0

1. Administrative action.

2. Expansionary fiscal policy actions are dated relative to the business cycle peak and trough. No corresponding widely accepted benchmarks facilitate the dating of discretionary actions undertaken to counteract inflationary conditions. An arbitrary benchmark of late 1965, when inflation accelerated sharply, was used.

sion and passage came at the trough of the recession. Some of this reduction of the legislative lag undoubtedly was due to a more timely awareness of the need for, and a greater awareness of the potential effects of, Federal Government countercyclical policies; but some was no doubt due also to the severity of the most recent economic downturn.

Although the legislative lags associated with fiscal policy appear to have shortened in recent years, some questions have arisen about the appropriateness of fiscal policy actions over the course of the business cycle. In the three recessions since 1960, for example, the full employment budget measure shifted substantially toward surplus during the year immediately preceding the recession, an indication that the thrust of fiscal policy was probably restrictive and thus contributed in part to the recession. By contrast, in the 1950's fiscal policy seems to have been mildly stimulative in the year before the business cycle peak. This was the case especially in 1954, when the full employment budget measure continued to move into deficit up to the start of the recession. These points are illustrated in Table 6.

Between the peak in 1973:Q4 and the trough in 1975:Q1, fiscal policy continued to be restrictive because of the effect of inflation on tax receipts. Restraint also was present between the peak and the trough of the 1953–54 recession, mainly because of the decline in Korean war expenditures. These changes toward surplus in the full employment budget suggest that fiscal policy may have reinforced the downturn. Although fiscal policy seems to have moved toward restriction during the most recent recession, it should be noted that countercyclical policy was hampered by severe inflation. During the other recessions, fiscal policy appears to have been mildly stimulative.

The full employment surplus indicates that in periods immediately following the recession trough, fiscal policy became more expansive in all but the 1954–55 period, when defense expenditures continued their post-Korean war decline. The move toward a full employment deficit, relative to GNP, was strongest during the most recent economic expansion. This may reflect the severity of the preceding recession and the apparently quite restrictive fiscal policy in effect just before the 1974–1975 recession.

CONCLUSION

In this fourth year of economic expansion, strong growth in income and employment and intense inflationary pressures have led to the adoption of a fiscal policy that will be less stimulative. This stance is reflected in a somewhat slower rate of growth in Government expenditures in recent months. If these trends toward restraint on spending continue, Federal outlays will contract further, relative to GNP, from their recent peacetime high. Moreover, Federal receipts are expected to rise faster because of scheduled increases in social security taxes and the effects of high rates of growth in income on effective tax rates. Tax cuts rang-

6 Change in the full employment budget surplus ratio,[1] per cent, five recessions, 1953–75

Peak	Trough	4 quarters before peak to peak	2 quarters before peak to peak	Peak to trough	Trough to 2 quarters after trough	Trough to 4 quarters after trough
1953:Q2	1954:Q2	−1.5	−1.0	1.9	.7	1.8
1957:Q3	1958:Q1	−.5	−.1	−.7	−1.2	−.1
1960:Q1	1960:Q4	1.6	1.0	−.2	−.9	−1.0
1969:Q3	1970:Q4	1.3	−.2	−1.0	−.6	−.4
1973:Q4	1975:Q1	1.6	.3	.7	−1.7	−1.7

[1] The ratio of the full employment surplus or deficit to full employment GNP. This measure is used to keep intertemporal comparisons of the full employment budget from being distorted by the growth of GNP. A negative change represents stimulation; a positive change represents restriction.

ing between $15 billion and $20 billion have been proposed to offset some of these increases in revenues.

A number of fiscal policy questions remain unsolved. There are major uncertainties in evaluating the over-all posture of fiscal policy. Simple indicators such as the full employment budget are useful; but because of compositional shifts in spending, the effects of inflation, and variations in the lags associated with different expenditure and tax programs, such indicators are not always accurate signals of the magnitude or the timing of fiscal policy initiatives.

Limitations in the art of economic forecasting make it desirable to have great flexibility in carrying out fiscal policy in order to respond to rapid changes in economic conditions. A major additional problem is the question as to how much a "stimulative" fiscal policy will engender faster economic growth and how much it will result in more inflation. The answer here will depend to a large extent on associated economic conditions—that is, on the degree of utilization of both capital and labor. But this general statement still leaves large areas of differing interpretations. □

NOTES TO TABLE A2:

[1] First full year of operation.

[2] This amount shows the annual rate of the increase in old age, survivors, and disability insurance (OASDI) benefit payments that began April 1. In addition, in late April a lump sum retroactive payment was disbursed in the amount of $0.7 billion.

[3] This amount shows the annual rate of increase in OASDI benefits that began June 1. In addition, in late June a lump sum retroactive payment of $1.1 billion was disbursed.

[4] In accordance with limitations on the cost of health care imposed under Phase 3 of the Economic Stabilization Program, the standard premium rates for July and August 1978 were set at $5.80 and $6.10, respectively. Effective September 1973, the rate increased to $6.30.

[5] Automatic cost-of-living increases in benefits and tax rates were effective January 1, 1975.

APPENDIX

A1. Major revenue actions, 1970 77[1]

Measure	Recommended	Enacted	Change
Excise, Estate and Gift Tax Adjustment Act of 1970	May 1970	Dec. 1970	Extended the excise tax rates on automobiles and telephone services, previously scheduled for repeal at their respective 7 and 10 per cent levels until January 1972. Sped up collections of estate and gift taxes.
Treasury's Asset Depreciation Guidelines	Jan. 1971	June 1971[2]	Gave firms the option of raising or lowering the "guideline lives" of depreciable assets by up to 20 per cent. The reserve ratio test was abandoned.
Revenue Act of 1971	Aug. 1971	Dec. 1971	Accelerated by 1 year scheduled increases in personal exemptions and the standard deduction. Repealed the 7 per cent automobile excise tax retroactive to August 15, 1971. Reinstated the 7 per cent investment tax credit. Defined and granted the Domestic International Sales Corporation the option of indefinite deferral of the Federal tax due on "export related operations."
Tax Reduction Act of 1975	Feb. 1975	Mar. 1975	Provided for a 10 per cent rebate on 1974 taxes up to a maximum of $200 for individuals. Provided tax cuts retroactive to January 1975 for both individuals and corporations. Individual cuts were in the form of increased standard deductions, a $30 exemption credit, and an earned income credit for certain low-income families. Reduced the normal corporate tax rate and increased the surtax exemption. Increased the investment tax credit to 10 per cent. Phased out oil and gas depletion allowances and limited credits in connection with income derived from foreign oil and gas operations.
Revenue Adjustment Act of 1975	Oct. 1975	Dec. 1975	Provided tax reductions for the first 6 months of calendar year 1976. Extended corporate rate reductions enacted in the Tax Reduction Act of 1975. Reduced individual taxes in order to maintain the withholding rates that applied during the last 8 months of calendar year 1975.
Tax Reform Act of 1976	Nov. 1975	Oct. 1976	Provided a new general tax credit of $35 per exemption, or 2 per cent of taxable income up to $9,000. Replaced the retirement income credit with an expanded and simplified credit for the elderly. Replaced the sick pay exclusion with a disability income exclusion. Provided a tax credit in lieu of the former child-care deduction. Continued the 1975 reduction in corporate rates and the 10 per cent investment credit. Increased the holding period for long-term capital gain and loss treatment and limited losses from tax shelters to the amount "at risk." Increased the minimum tax on tax preferences from 10 per cent to 15 per cent, reduced the minimum tax exemption, and added new tax preference items.
Tax Reduction and Simplification Act of 1977	Feb. 1975	May 1977	Extended for 1 year the temporary provisions of the Tax Reform Act of 1976 including the general tax credit, the earned income credit, and the corporate rate reductions. Provided a temporary jobs tax credit. Replaced the former standard deduction with a flat amount equal to $3,200 for married persons filing jointly, $2,200 for single persons, and $1,600 for married persons filing separately. Postponed for 1 year the disability income exclusion and the reduction in the exclusion for foreign earned income, scheduled to go into effect in 1976.

[1] Excludes changes in social security tax rates shown in Table A2.
[2] This administrative action was, in large part, incorporated in legislation when the Revenue Act of 1971 was enacted.

A.2 Major changes in benefit schedules and tax rates, social security trust funds, 1970–79

Effective	Benefits	Tax rates	Billions of dollars[1]
Jan. 1970	15 per cent OASDI benefit increase and other liberalization		[2]4.4
July 1970		Voluntary supplementary medicare insurance premiums increased to $5.30 per month	.3
Jan. 1971		Combined tax rate increased to 10.40 per cent	3.3
Jan. 1971	10 per cent OASDI benefit increase		[3]3.6
July 1971		Supplementary medicare insurance premiums increased to $5.60 per month	.1
Jan. 1972		Amount of earnings subject to tax increased to $9,000	3.0
July 1972		Supplementary medicare insurance premiums increased to $5.80 monthly	.1
Sept. 1972	20 per cent OASDI benefit increase		8.5
Jan. 1973	Substantial liberalization of social security benefits, especially for widows and widowers		2.3
Jan. 1973		Maximum earnings subject to tax increased to $10,800 and combined rate increased to 11.70 per cent	11.1
July 1973	Medicare benefits increased, including liberalization of benefits		.2
July 1973		Supplementary medicare insurance premiums increased to $6.30 monthly	[4].1
Jan. 1974		Maximum earnings subject to tax increased to $13,200	5.0
Mar. 1974	7 per cent OASDI benefit increase		4.1
June 1974	4 per cent OASDI benefit increase		2.3
July 1974		Supplementary medicare insurance premiums increased to $6.70 monthly	.3
Jan. 1975[5]		Maximum earnings subject to tax increased to $14,100	1.6
June 1975	8 per cent OASDI benefit increase		5.5
Jan. 1976		Maximum earnings subject to tax increased to $15,300	2.2
June 1976	6.4 per cent OASDI benefit increase		5.0
July 1976		Supplementary medicare insurance premiums increased to $7.20 monthly	.1
Jan. 1977		Maximum earnings subject to tax increased to $16,500	2.3
June 1977	5.9 per cent OASDI benefit increase		5.3
July 1977		Supplementary medicare insurance premiums increased to $7.70 monthly	.2
Jan. 1978		Maximum earnings subject to tax increased to $17,700 and combined rate increased to 12.1 per cent	5.9
June 1978	6.5 per cent OASDI benefit increase		6.2
July 1978		Supplementary medicare insurance premiums scheduled to increase to $8.20 monthly	.2
Jan. 1979		Maximum earnings subject to tax scheduled to increase to $22,900 and combined rate scheduled to increase to 12.26 per cent	9.7

For notes, see page 712.

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 papers prepared on these studies for which copies are currently available in mimeographed form.*

STUDY SUMMARY

INTEREST RATE CEILINGS AND DISINTERMEDIATION

EDWARD F. MCKELVEY—Staff, Board of Governors

Prepared in April 1978 for the Administration's Task Force on Deposit Interest Rate Ceilings and Housing Credit

In September 1966 the Congress enacted legislation to authorize the establishment of interest rate ceilings on the deposit liabilities of thrift institutions and to require consultation among the Federal regulatory agencies in the determination of their interest rate policies. The purpose of this legislation was to protect the competitive position of nonbank depositary intermediaries in the market for small-denomination time and savings deposits and thereby to help sustain mortgage lending activity. In order to accomplish this purpose, the regulatory agencies established a differential between the maximum rates payable by thrift institutions and those payable by commercial banks. This paper provides an historical review of the developments since 1966 regarding the interest rate ceiling structure, deposit flows, mortgage lending, and earnings of depositary institutions.

The deposit rate ceilings have not insulated depositary institutions or the mortgage market from the adverse impacts of rising market rates. Deposit flows have become more cyclically unstable since 1966, although how much of this increased instability can be attributed to the deposit rate ceilings is problematical. With each cycle of interest rate fluctuations the financial system has displayed considerable ingenuity in developing alternatives for individual investors that provide market returns through the use of convenient and attractive investment vehicles. Continued development of such alternatives may significantly constrain the ability of all depositary institutions to attract funds during future periods of high market interest rates.

Changes in the liability structure of the depositary institutions and the financial innovations that have taken place since the mid-1960's will have an important influence on future rounds of disintermediation if deposit rate ceilings remain in force. For example, the importance of time deposits in the liability structure of thrift institutions should reduce the exposure of such institutions to withdrawals for short periods of time because of the large penalties for premature redemption. On the other hand, financial innovations, such as thrift notes and money market mutual funds, will help depositors circumvent the ceilings as they become more familiar with these instruments and other market alternatives. If disintermediation does develop, the larger institutions should be in a better position to offset the weakness in growth of small-denomination time and savings deposits with nondeposit sources of funds.

The Appendix to the paper (prepared by David Humphrey) reviews the literature on deposit rate elasticities and their implications for changes in interest rates and in the interest rate differential between banks and thrift institutions. □

Treasury and Federal Reserve Foreign Exchange Operations

This 33rd 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 January through July 1978. 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, the exchange markets remained in the grip of uncertainty over the outlook for major currencies as serious economic imbalances persisted among the industrial countries. These imbalances were reflected in the sluggishness of economic growth abroad relative to the strong expansion under way in the United States, the continuing current-account surpluses in countries such as Japan, Germany, and Switzerland in contrast to the U.S. current-account deficit, and the indications that inflation was still abating elsewhere while accelerating in this country.

Determined efforts to correct the imbalances were under way in most countries with further actions taken over the course of early 1978. But by midsummer the process was far from complete. At the Bonn summit on July 16-17, Germany and Japan again committed themselves to take additional stimulative measures. For its part, the United States promised to curb inflation and to press ahead on legislation to reduce its dependence on imported oil.

Against this background, market sentiment toward the dollar remained very bearish in early 1978, leaving the dollar exposed to bouts of heavy selling pressure. This was particularly true in February and March, when the dollar declined across the board in frequently disorderly trading. Between late March and mid-May, the immediate pressures on the dollar eased, as market sentiment became more posi-

1. Federal Reserve reciprocal currency arrangements
Millions of dollars

Institution	Amount of facility, July 31, 1978
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	[1]4,000
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**

[1] Increased by $2,000 million effective March 13, 1978.

2. Federal Reserve System activity under its reciprocal swap lines

Millions of dollars equivalent

Transactions with	System commitments, Jan. 1, 1978	Drawings, or repayments ( ), 1978			System commitments, July 31, 1978
		Q1	Q2	July	
German Federal Bank	800.1	1,008.5	35.2 800.1	...... 393.3	650.5
Swiss National Bank	......	69.0	4.8 69.0	18.0	22.9
Total	800.1	1,077.6	40.1 869.1	18.0 393.3	673.3

NOTE. Data are on a value-date basis with the exception of the last two columns, which include transactions executed in late July for value after the reporting period.

Because of rounding, figures may not add to totals.

tive following a series of anti-inflation steps by the administration and the Federal Reserve. The dollar thus rose on an unwinding of speculative short positions and the reversal of previously adverse commercial leads and lags. Nevertheless, in the late spring and early summer, bearish sentiment resurfaced in the absence of further progress on economic fundamentals, and by late July the dollar was again under widespread selling pressure.

In line with the more active intervention tactics adopted in early 1978, the U.S. authorities continued to respond forcefully at times when exchange markets became disorderly. As before, most U.S. intervention was in German marks. For the 6-month period as a whole, the foreign exchange trading desk of the Federal Reserve Bank of New York sold a total of $1,511.0 million net of German marks, of which $843.5 million was for the account of the Federal Reserve and $667.5 million for the U.S. Treasury. Most of this intervention was carried out in February and March.

On March 13, as part of a broader agreement between U.S. and German authorities, the Federal Reserve swap line with the German Federal Bank was doubled to $4 billion. By late March, the combined swap indebtedness of the U.S. authorities in German marks had reached a peak of $2,844 million equivalent, of which $1,844 million equivalent was drawn by the Federal Reserve and $1 billion equivalent was drawn by the Treasury on its facility with the German Federal Bank. From the end of March through mid-July the U.S. authorities were able to acquire substantial amounts of marks from correspondents and in the market to liquidate swap debt. By the end of July the System's debt in marks had been reduced by $1,193.4 million to $650.5 million, and the Treasury's debt had been cut by $803.0 million of marks to $197.0 million.

During the period, the Federal Reserve also intervened on a few occasions in Swiss francs, selling a total of $82.1 million equivalent. Of this amount, $50.1 million equivalent was sold in February, which was financed by drawings on the swap line with the Swiss National Bank, and was fully repaid by late May using francs acquired directly from the Swiss National Bank. The remaining $32.0 million equivalent of francs was sold in late June and July. Of this amount, a part came from balances acquired from correspondents and $22.9 million equivalent was financed by new drawings on the Swiss central bank.

On the repayment of swap debt incurred in

3. Federal Reserve System repayments under special swap arrangement with the Swiss National Bank

Millions of dollars equivalent

Commitments, Jan. 1, 1978	506.5
Repayments:	
1978 Q1	95.6
Q2	95.6
July	36.4
Commitments, July 31, 1978	278.8

NOTE. Data are on a value date basis with the exception of the last two entries, which include transactions executed in late July for value after the reporting period.

Because of rounding, details do not add to total.

4. Drawings and repayments on Federal Reserve System by its swap partners

Millions of dollars; drawings, or repayments ( )

Banks drawing on System	Outstanding, Jan. 1, 1978	1978 Q1	1978 Q2	1978 July	Outstanding, July 31, 1978
BIS (against German marks)[1]	......	{ 295.0 295.0	....	22.0 22.0 }	......

[1] BIS drawings and repayments of dollars against European currencies other than Swiss francs to meet temporary cash requirements.

NOTE. Data are on a value-date basis.

1977 and 1978, the policy was to repay these drawings as soon as feasible in conformity with the short-term nature of the swap facilities. Since dollar rates did not recover fully to the earlier levels at which much of the debt was incurred, the repayment resulted in net realized losses on current operations during the first 7 months of 1978. These losses amounted to $22.8 million for the System and $2.2 million for the Treasury.

Finally, during the period the Federal Reserve and the Treasury made further repayments to the Swiss National Bank of Swiss franc debt incurred prior to the suspension of gold convertibility for the dollar in August 1971. The System liquidated $191.2 million of its special swap debt, reducing the remaining total to $278.8 million. The Treasury repaid $267.6 million of foreign-currency-denominated securities, leaving $850.4 million remaining. Repayment netted losses to the Federal Reserve of $140.9 million and to the Treasury of $196.1 million in the first 7 months of 1978.

GERMAN MARK

In contrast to the strong expansion under way in the United States during 1977, economic recovery in Germany had been only moderate. To provide support to the domestic economy, the government had adopted a more stimulatory fiscal policy, undertaking to provide additional tax relief and government investment into early 1978. Monetary policy had also been accommodative. The German Federal Bank, which had intervened in the exchange markets to cushion the mark's rise, had temporarily accepted a sharp acceleration of monetary growth well beyond its target of 8 per cent for the year. Interest rates, too, had fallen to the point that the central bank's Lombard rate—which forms the upper limit of the day-to-day money rate in the interbank market—was at a historical low of 3½ per cent, and yields on outstanding bonds had plummeted to their lowest levels since World War II.

Meanwhile in the exchanges a sharp rise in the German mark late in the year had threatened to present a severe obstacle to further growth in economic activity. The mark's appreciation had also set off a wave of anticipatory orders for German goods from abroad, in the event that the mark would strengthen even more. On balance, Germany ended the year with a trade surplus even larger than in 1976 and little change in its current-account surplus.

More orderly trading conditions were established in the exchanges following the announcement on January 4 of a swap arrangement between the U.S. Treasury and the German Federal Bank and the shift to a more open and forceful intervention approach by the United States. Once these operations, together with

5. U.S. Treasury drawings and repayments under swap arrangement with the German Federal Bank

Millions of dollars equivalent; drawings, or repayments ( )

Commitments, Jan. 1, 1978	......
Transactions:	
1978 Q1	964.8
Q2	{ 35.2 533.6
July	269.5
Commitments, July 31, 1978	197.0

NOTE. Data are on a value date basis with the exception of the last two figures, which include transactions executed in late July for value after the reporting period.

Because of rounding, details do not add to total.

6. U.S. Treasury securities, foreign currency series, issued to the Swiss National Bank

Millions of dollars equivalent; issues, or redemptions (-)

Commitments, Jan. 1, 1978	1,168.9
Transactions:	
1978–Q1	133.8
Q2	133.8
July	50.9
Commitments, July 31, 1978	850.4

NOTE.—Data are on a value-date basis with the exception of the last two figures, which include transactions executed in late July for value after the reporting period.

those of foreign central banks, restored a sense of two-way risk in the market, large interest rate differentials favoring the dollar began to show through. As a result, the mark eased back some 3 per cent from its early-January peak to trade at $0.4740 by the end of January. Official intervention in the exchanges was reflected in the $979 million increase in Germany's reserves during January to $40.7 billion. Meanwhile, swap drawings by the Federal Reserve and the Treasury were, by the end of the month, up to $1,251.2 million and $407.4 million equivalent of marks, respectively.

This respite was short-lived, however. Dealers were disappointed that no new measures to bolster the dollar were announced in the administration's major policy addresses of late January. Talk in mid-February of a series of international meetings of high-level government officials served to remind the market of the continuing imbalances among the major industrial nations. Reports circulated of a renewed disagreement between the United States and Germany on the need for further stimulus in Germany. Coming at a time when the market was already caught off guard by an 8 per cent devaluation of the Norwegian krone within the European Community (EC) snake, these reports spurred heavy bidding for marks around mid-February.

As the mark's rise accelerated, rumors appeared that members of the Organization of Petroleum Exporting Countries (OPEC) had shifted substantial amounts of funds out of dollars and that the Federal Reserve and the Treasury were approaching their respective swap limits with the German Federal Bank. With this talk spreading through the exchanges, both professional and commercial bidding for marks gathered force and drove the rate higher in late February. In response to these rapidly intensifying pressures, the German Federal Bank stepped up its purchases of dollars. Also, the Federal Reserve Bank of New York operated on ten trading days between February 10 and February 28, selling a total of $714.5 million equivalent of marks net. These sales were split evenly between the Federal Reserve and the Treasury and were financed by drawings on their respective swap lines with the German Federal Bank.

By late February, the mark had risen 5 per cent. With the spot rate now approaching $0.50 (2.00 marks to the dollar), some traders feared that a clear breach of that level would trigger adoption either in the United States or in Germany of exchange controls such as Switzerland had just announced. To the extent that such measures might force a reversal of existing

7. U.S. Treasury and Federal Reserve foreign exchange operations

Millions of dollars

1978	Net profits, or losses (-): Related to current operations		Net profits, or losses (-): On liquidations of foreign currency debts outstanding as of Aug. 15, 1971	
	Federal Reserve	Exchange Stabilization Fund	Federal Reserve	Exchange Stabilization Fund
Q1	1.2	1.2	58.7	81.1
Q2	17.2	-2.9	60.6	84.8
July	-5.4	.9	21.6	-30.2

NOTE.—Data are on a value-date basis.

positions and thus a snapback in dollar rates, some dealers were hesitant to take on new positions at prevailing exchange rates while some others moved to cover their outstanding positions. Consequently, although the mark rate briefly rose above $0.50 in early March, it soon settled back without intervention by the U.S. authorities. Meanwhile, both President Carter and Chancellor Schmidt indicated that new consultations on economic and financial policy were under way between their two governments. With this sense of movement on the policy front, some selling of marks emerged.

Following their discussions, on March 13 the U.S. and German authorities issued a joint statement reaffirming that continuing forceful action would be taken to counter disorderly conditions in the exchange market and that close cooperation to that purpose would be maintained. To reassure the markets that ample resources would be available to finance U.S. intervention, the swap line between the Federal Reserve and the German Federal Bank was doubled to $4 billion. Moreover, the U.S. Treasury announced that it was prepared to sell 600 million in special drawing rights (SDR's) to Germany and, if necessary, to draw on its reserve position at the International Monetary Fund (IMF) to acquire currencies that might be needed for intervention.

The United States also indicated its commitment to conserve energy, to develop new sources of supply, and to press for congressional approval of the energy bill. For its part the German Government reaffirmed its commitment to support economic recovery at home. But, because output in the first quarter had been adversely affected by transitory factors including industrial disputes, the authorities were to wait to consider the need for new measures until a clearer picture of the state of the German economy was available.

The market's initial reaction to this statement was one of disappointment. Most participants had been looking for a more far-reaching agreement that would have had an immediate impact on current payments flows. As a result the mark, which had declined to as low as $0.4788 just prior to the release of the communique, was bid up sharply, rising more than 2 per cent to as high as $0.4898 on March 13 in New York. In coordination with the German Federal Bank, the New York Bank again intervened forcefully that day and the next, selling a further $372 million equivalent of marks financed through equal swap drawings by the System and the Treasury.

After this intervention, the market came into better balance for a while. But then toward the end of the month, news of the U.S. record monthly trade deficit of $4.5 billion for February and a rush into Japanese yen brought the German mark again into strong demand, driving the rate up as high as $0.5031 by March 31. The German and U.S. authorities stepped up their intervention once more. The trading desk in New York intervened on two more trading days in late March, selling $120.2 million equivalent of marks. Of that total, $98.7 million equivalent was financed by equal drawings by the System and by the Treasury on their respective swap lines with the German Federal Bank, and the rest came from System balances. These swap drawings raised the combined mark indebtedness of the U.S. authorities to a peak of $2,844 million equivalent, of which $1,844 million equivalent was drawn by the Federal Reserve and $1 billion equivalent by the Treasury. In Germany, official purchases of dollars in the exchanges contributed to a further $1.5 billion increase in Germany's reserves to $42.2 billion.

During April, the Federal Reserve shifted to a less accommodative stance in the domestic money market. Also, the administration strengthened its efforts to moderate price and wage increases and to reach a compromise on the energy bill. These actions prompted an improvement in market sentiment toward the dollar. As a result, a heavy reflow of funds out of marks into dollar-denominated assets developed, a tendency that was encouraged by the exceptionally wide interest differentials favoring the dollar and a dramatic rebound of the U.S. market. These flows, together with the re-emergence for the first time this year of long-term capital exports from Germany, triggered a fall in the mark, which brought the rate down some 7 per cent from its levels at the end of March to \$0.4681 by mid-May.

During this time, the Federal Reserve and the Treasury took the opportunity of a declining mark to purchase marks to liquidate outstanding swap debt with the German Federal Bank. These marks were bought mostly from correspondents, but a small amount was purchased in the market. Otherwise, the Desk intervened on only four occasions, selling \$95.9 million equivalent of marks from System balances and \$1.6 million equivalent from Treasury balances. Over all, the Federal Reserve repaid by May 18, \$493.4 million of drawings, reducing the amount the System had outstanding to \$1,350.4 million equivalent. The Treasury also repaid \$309.4 million equivalent, cutting its debt to \$690.6 million equivalent. In addition, the German Federal Bank sold dollars, particularly in connection with the conversion of foreign mark bonds but also at times when the spot mark was dropping rapidly.

In late May, however, the balance of market forces suddenly tipped in favor of the mark once more. Concern over the U.S. economic performance resurfaced as new data and forecasts were released, pointing to both a further widening of the U.S. current-account deficit and an acceleration of our inflation rate. Moreover, the excessive liquidity in the German money market had been largely absorbed by the outflows of capital and by heavy borrowings, in excess of current needs, by the government and others taking advantage of low interest rates.

As part of its efforts to provide liquidity, the German Federal Bank announced it would terminate the 100 per cent reserve requirement on the growth of commercial bank nonresident liabilities, effective June 1. But the withdrawal of this reserve requirement, which had been imposed to contain exchange-market pressures in December 1977, as well as disclosure of dollar sales by several central banks, triggered a new wave of commercial and professional bidding for the mark. The rate jumped 3 per cent, up to \$0.4820, and to maintain orderly trading conditions the German Federal Bank returned to the market as a buyer of dollars. The trading desk also intervened on two occasions, May 18 and May 31, selling \$74.4 million equivalent of marks in the market, including \$54.1 million equivalent out of System balances and \$20.3 million equivalent out of Treasury balances.

These operations, together with the continued rise in U.S. interest rates and end-of-quarter considerations, helped steady the market in early June. Thereafter, dealers became cautious about moving into marks ahead of the EC summit in Bremen on July 6–7 and the summit of industrialized countries in Bonn on July 16–17. Indeed, since Germany's production figures showed growth to be still disappointingly slow, expectations developed that the Schmidt government might cut taxes to stimulate the economy before these meetings took place.

With Germany's bond market already facing a heavy schedule of new issues by state and local governments, the need for financing an increased federal government deficit generated expectations of rises in German interest rates and triggered flows of funds out of German Government securities to avoid capital losses. Moreover, talk of an expansion of the EC snake to include the currencies of all Common Market countries also tended to divert funds flowing out of dollars away from the mark and, in this case, into the French franc, the pound, and the Italian lira—the three major candidates for membership in the snake.

As a result, the mark lost some of its earlier buoyancy. Although the mark was well bid in early July following the passing of constraints at the end of the quarter and news of the narrow decision by the Federal Reserve to raise the discount rate by ¼ percentage point to 7¼ per cent, the mark rate generally lagged behind the rapid advances of other European currencies and the yen against the dollar through midsummer. After the Bremen and Bonn summit meetings, news that a new stimulatory package would be forthcoming intensified the strains in Germany's financial markets and funds continued to be shifted out of German bonds into higher-yielding sterling and French-franc assets. But at times when the mark was caught up in the pressures surrounding the dollar's decline, the German Federal Bank bought dollars in the Frankfurt market. The Federal Reserve trading desk also intervened on 5 days in late June and during July, selling $132.4 million equivalent of marks. But, in addition, the desk continued to buy marks from correspondents, thereby reducing outstanding swap debt to the German Federal Bank to $650.5 million equivalent for the System and to $197.0 million equivalent for the Treasury by July 31.

By the end of July the mark was trading against the dollar at $0.4919, up nearly 4 per cent over the 6-month period. Against the yen and the Swiss franc, however, the mark had fallen almost 19 per cent and 10 per cent, respectively. As of July 31, Germany's external reserves stood at $41.1 billion, down $1.1 billion from end-of-March levels but up $371 million for the period under review.

JAPANESE YEN

Faced with a rapidly appreciating currency, a comparatively slow growth rate, and a further widening in an already large trade surplus, the Japanese authorities took further steps in 1977 to boost domestic demand and to turn around the balance of payments position. Following the introduction of two supplementary budgets late last year, the government was to provide for a further expansion of public works expenditures in the first half of the new fiscal year starting in April 1978.

Interest rates in Japan were lowered, both to reduce the cost of capital to Japanese firms and to promote capital outflows that would offset, at least to a degree, Japan's continuing current-account surplus. In addition, the Japanese Government responded to threats of rising protectionism abroad by finding ways to open the Japanese economy more to foreign goods. In bilateral trade negotiations with the United States before the Tokyo round of multilateral negotiations, Japan agreed to reduce tariff and nontariff barriers, to raise import quotas on several products, to stockpile commodities, and to accelerate the purchase of some imports. Following these policy initiatives in Japan and the U.S. authorities' announcement of a more active intervention approach, the previously heavy, speculative bidding for Japanese yen tapered off during January, and the spot rate eased from its early-January peak of $0.004228 to trade at $0.004140 (241.5 yen) by the end of the month.

But concern over Japan's trade imbalance persisted. In fact, the 22 per cent rise in the yen during 1977 so inflated Japan's export values through the improvement in the terms of trade that, even as the export volumes were beginning to level off, the surplus for 1977 as a whole reached $17.3 billion, up $7.4 billion from the previous year.

Meanwhile, with private forecasters still skeptical that the government's fiscal 1978 target for real growth of 7 per cent could be achieved, the market had little confidence that a "considerably reduced" trade surplus would materialize. Also, inasmuch as the rate of inflation in Japan's chief export market, the United States, showed signs of accelerating early in the year, Japanese exports were no longer so seriously threatened by the rising yen as was once feared. In this atmosphere, the market remained highly sensitive to any new development that might touch off another increase in the yen. Although a better balance was restored in the market by early February, there was little unwinding of long yen positions or of nonresident holdings of "free" yen deposits and government securities.

Then, in mid-February, a general decline in the dollar on the exchanges triggered a renewed rise in the Japanese yen. At first, the yen moved in line with the rise in European currencies. But in view of Japan's awesome trade surplus, talk spread in the market that the government would move to limit any further increase in Japanese exports. In response, exporters rushed to speed up their shipments abroad before the fiscal year-end in March, and as the yen advanced, they scrambled to cover anticipated receipts partly in the forward market. As a result, the premium on forward yen increased, providing an arbitrage incentive to move funds into yen-denominated assets. Indeed, by early March the inflows into bonds and free-yen deposits had swollen to enormous proportions.

Concerned that a further rise in the yen would hamper economic recovery and delay even longer the needed reduction in the trade surplus, the authorities tried to counter the upward pressure on the currency by intervening heavily both in Tokyo and in New York through the agency of the Federal Reserve Bank of New York. In addition, the authorities announced new measures to reduce capital inflows, to stabilize the yen, and to give a further boost to the domestic economy.

The Bank of Japan announced a cut of ¾ of a percentage point in its official discount rate to a post-World-War-II low of 3.5 per cent and a rise from 50 per cent to 100 per cent in reserve requirements on increases in nonresident free-yen accounts above the averages of daily levels for mid-February. In addition, the government announced a prohibition on sales to nonresidents of yen bonds issued by domestic entities with maturities of less than 5 years and 1 month.

Except for a brief respite following these announcements, the yen remained in heavy demand during the rest of March. To some extent, foreign funds sought outlets in longer-term Japanese bonds and the Tokyo stock market, which were not subject to the new controls. Also, despite the cost of new reserve requirements on nonresident yen balances, banks were willing to attract these funds in order to build up deposits for the fiscal year-end.

Moreover, by the end of March, the current-account surplus ballooned to a seasonally adjusted annual rate of $22 billion for the first quarter. All in all, the pressure on the yen gained momentum toward the end of the month, pushing the rate up 7⅜ per cent to $0.004445 (225.0 yen) by March 28. The Bank of Japan continued to intervene heavily in the exchanges in Tokyo and New York. Largely as a result, Japan's official reserves rose $5.8 billion from the end of January to $29.6 billion at the end of March.

However, as the upward pressures on the yen began to subside, the Bank of Japan scaled down its intervention toward the end of March. Thereafter, the rate rose 3½ per cent to as high as $0.004598 (217.5 yen) in London on April 3, before easing back as the passing of the Japanese fiscal year-end led to a reduction in the covering activity by Japanese exporters and an outflow of foreign funds from free-yen deposits.

Then, from early April to late May, the yen fell back from the record highs reached around the end of the quarter. Japanese exports declined sharply. The tightening of controls on capital inflows began to take hold. This development, along with the decline in Japanese interest rates and the rise in comparable rates in the U.S. money market, produced some easing of capital inflows to Japan. Moreover, yen borrowings by foreign governments and international financial institutions rose sharply during April. As a result, the yen declined with the other European currencies against the dollar, dropping as much as 5¼ per cent to as low as $0.004354 (229.7 yen) on May 23.

Meanwhile, the government continued to seek ways of achieving temporary reductions in exports and increases in imports until its expansionary fiscal and monetary policies had time to work through the economy and to generate an increase in consumer demand, investment, and imports. During April the authorities acted to restrain some exports through administrative guidance, to increase imports through commodity stockpiling, and to encourage a shift from dollar to yen financing by offering to refinance import settlement bills for the banks outside their regular rediscount ceilings. Also, industrial production and consumer demand picked up during the first quarter.

But Japanese trade and current-account surpluses continued to mount, reflecting the relative price effects of the yen's appreciation since February and the continued adjustments of Japanese exporters to the higher yen values. As a result, exchange market participants concluded that the yen would appreciate further against the mark and other European currencies. The yen therefore was bid up strongly, beginning in late May, on a combination of renewed professional demand and the covering of forward receipts by Japanese exporters. Within 6 weeks it had appreciated more than 14 per cent, far outstripping the rise in other strong currencies.

As the yen approached the 200-yen level and as exchange market participants focused in late June and early July on the Bremen and Bonn summit meetings, the yen's rise slowed temporarily. But, in the aftermath of those meetings, the talk of linking together all the major European currencies in an expanded joint float arrangement left the impression in the market that the yen was more vulnerable to upward pressure than those other currencies. Moreover, seasonal factors pointing to a large volume of exports in July led traders to anticipate that heavy commercial bidding for yen would persist for the next several weeks. Therefore, market professionals and Japanese exporters saw little risk on the downside for yen over the near term.

Against this background, the yen became the immediate focus of speculative pressure, and inflows into "free" yen deposits swelled to large proportions, though not to the extent of March. Thus, the yen came into demand again in July and burst through 200 yen on July 21 in the midst of a swift exchange-market reaction to news that an OPEC special advisory panel had recommended pricing oil in terms of a basket of currencies. Thereafter, the yen was bid up to successive new highs each day, as the speculative surge in the rate continued to be reinforced by another rush of Japanese exporters to cover their forward receipts. Trading volume mounted, and the yen was bid up to a high of $0.005301 (188.6 yen) on July 31. At this level the yen had advanced 28 per cent against the dollar over the 6-month period. Moreover, the yen had gained 23 per cent against the German mark. To moderate this rise in the yen, the Bank of Japan continued to intervene both in Tokyo and in New York through the Federal Reserve Bank of New York, albeit to a lesser extent than in March.

SWISS FRANC

In the face of generalized tensions in the exchange markets, the Swiss franc came into increasingly strong upward pressures during 1977, rising by the end of the year some 27¾ per cent against the dollar and significantly against the German mark as well as other currencies. At least initially, Swiss firms were able to take advantage of Switzerland's low inflation rate – running slightly above 1 per cent per year—to maintain their competitive position in world markets. Thus the current account, bolstered by Switzerland's traditionally large earnings on overseas investments, remained in sizable surplus and provided the major contribution to growth in a domestic economy just pulling out of recession. But, by late winter, economic output flagged and the prospects for further economic recovery came into question when Swiss businessmen, responding to the uncertainties generated by the accelerating appreciation of the franc, began to curtail investment spending plans.

Meanwhile, in the exchange markets, the Swiss authorities had intervened forcefully and tightened up controls on capital inflows to counter the pressures on the Swiss franc. By late winter the cumulative intervention in Swiss francs had added far more liquidity to the domestic money market than was called for by the National Bank's target for monetary growth of 5 per cent for the year. The central bank continued to absorb some of this liquidity by selling dollars to nonresident borrowers of Swiss francs under the official capital export conversion requirement. But the National Bank permitted a sharp expansion of liquidity in the short run to prevent money market strains from pushing up the Swiss franc even more, while recognizing that the persistence of such excess liquidity might generate troublesome inflationary pressures over time.

Against this background, the market sought to test the authorities' resolve to avoid a renewed rise in the Swiss franc after the announcement of more active intervention by the U.S. authorities in early January. Thus, the franc remained subject to bouts of buying that threatened to trigger broader unsettlement in the exchanges. Consequently, the Federal Reserve resumed intervention in Swiss francs during January, financing its franc sales with drawings of $18.9 million equivalent of francs that remained outstanding as of the end of the month.

In mid-February, when the dollar again came on offer generally, the franc came under a new wave of commercial and professional demand. Reports that multinational corporations were buying francs to repay Swiss franc loans gave further momentum to this rise, propelling the rate 12 per cent above early-February levels to $0.5651 against the dollar and up 6¾ per cent to 0.88 Swiss francs per mark by February 24. In response, the Swiss National Bank stepped up its intervention not only in Zurich but also in New York through the agency of the Federal

Reserve Bank of New York. The Federal Reserve also sold a further \$50.1 million equivalent of francs on February 10–17 in New York, financing these sales with additional drawings on the swap line with the Swiss National Bank.

Toward the end of the month the Swiss authorities took further steps to halt the rise of the franc. Effective February 27, the central bank cut by ½ percentage point the official discount and Lombard rates to 1 per cent and 2 per cent, respectively, the lowest levels in the history of the National Bank. Also, the Swiss authorities further tightened controls restricting foreign inflows. In particular, they reduced the amount of nonresident Swiss franc deposits exempt from the negative interest charge, extended the negative interest charge to central bank holdings of francs (at maturity of current deposit), banned nonresident purchases in primary and secondary markets of Swiss franc securities issued by domestic entities, and restricted nonresident acquisitions of franc-denominated bonds issued by foreign entities to 35 per cent of the total issue.

Following these measures, inflows of foreign funds tapered off. Moreover, the market became sensitive to the possibility that existing official franc holdings in time deposits might be liquidated as they matured and become subject to the negative interest charge. The franc, therefore, fell back sharply against both the dollar and the mark. Although it recouped some of these losses at the end of March and in early April in response to end-of-quarter liquidity pressures and news of the U.S. massive trade deficit in February, the franc resumed its downtrend in mid-April, when trading conditions in the exchange markets generally became more settled.

By mid-May, the franc dropped 11½ per cent from its early-March highs to \$0.5002. Taking advantage of this slide in the rate, the Federal Reserve bought sufficient amounts of francs directly from the Swiss National Bank to liquidate in full the swap debt it had incurred with the Swiss central bank earlier in the year.

Meanwhile, an official forecast of a current-account surplus of 9 billion Swiss francs for the year, second only to Japan's, attracted market attention. Also, as the franc moved lower, selling became increasingly hesitant on the possibility that the authorities might take advantage of a more settled exchange market to relax some of the existing or newly imposed exchange controls. As it was, the Swiss National Bank sold more dollars under its capital export conversion program than it bought in the market. When the National Bank announced it had sold dollars in the market to mop up liquidity generated by the heavy intervention earlier in the year, and, moreover, when figures were released showing a 16.7 per cent increase in the monetary aggregate for the year ended in March, market participants began to question the authorities' willingness to intervene again should the franc strengthen.

Against this background, the Swiss franc soon came into strong demand again, beginning in late May when the dollar came on offer generally. In part, the demand was generated by traders anticipating another rush of nonresident covering of franc-denominated loans. After a rapid advance in late June, the franc leveled off as the authorities provided temporary assistance at the end of the quarter to the domestic money market through swapping francs for dollars for short maturities.

But during July the franc was bid up even more after news that an OPEC advisory panel had recommended pricing oil in terms of a basket of currencies and by further signs of a pick-up in the U.S. inflation rate. In response to the franc's continued advance, the Swiss authorities adopted a more flexible limit for the expansion of central bank money and provided further assistance to relieve the money market strains. But over the course of the month, the flow of funds out of dollars and other currencies into francs gathered further steam, and the franc emerged as the lead currency in the advance against the dollar. By the end of the month, it had soared 15⅞ per cent from levels in mid-May to \$0.5797 to close the 6-month period as a whole up a net 15 per cent against the dollar and 10¾ per cent against the mark.

Under these circumstances, the Federal Reserve returned to the market on six trading days in June and July, selling \$32.0 million equivalent of Swiss francs to maintain orderly trading. Of this amount, \$9.1 million equivalent came from the System balances, which had been replenished by purchases of francs from correspondents. The remaining $22.9 million equivalent of francs was financed by drawings with the Swiss National Bank that remained outstanding as of the close of the period. The Swiss central bank also bought dollars against francs in the market both in Zurich and through the foreign exchange trading desk of the Federal Reserve Bank of New York.

During the period under review, the Federal Reserve and the U.S. Treasury continued with the program agreed to in October 1976 for an orderly repayment of pre-August 1971 franc-denominated liabilities. The Federal Reserve repaid $191.2 million equivalent of special swap indebtedness, while the Treasury redeemed $267.6 million equivalent of Swiss franc-denominated securities by the end of July. Most of the francs for these repayments were acquired directly from the Swiss National Bank against dollars. However, the Federal Reserve also bought francs from the Swiss National Bank against the sale of $57.9 million equivalent of German marks and $13.5 million equivalent of French francs, which were in turn either covered in the market or drawn from existing balances. By the end of July, the Federal Reserve's special swap debt to the Swiss National Bank stood at $278.8 million equivalent, while the Treasury's Swiss franc-denominated obligations were reduced to $850.4 million equivalent.

STERLING

By 1977, fiscal, monetary, and income restraints in the United Kingdom had produced positive results. During the second half of the year, retail prices rose by well under 10 per cent per year for the first time since 1973, and Britain's current account swung into surplus. In response to these improvements in Britain's financial position, the pound was in heavy demand, and the authorities at first took advantage of the favorable shift in market sentiment to build up official reserves by purchasing dollars in the market. But, when continuing inflows of funds threatened to undercut domestic monetary policy last fall, sterling was allowed to float upward.

In view of the pound's strength in the exchanges, Britain was identified as one of those countries that could contribute to an improved economic performance worldwide by providing some stimulus to the domestic economy. Indeed, the government took advantage of a sharp drop in the public sector borrowing requirement, well below the level anticipated in Britain's standby arrangement with the IMF, to propose in October a modest tax reduction. Thus, by the end of the year, private and official forecasters expected a strong pick-up in economic activity this year. But, unlike previous British recoveries from recession, the current-account surplus was expected to widen substantially in 1978, bolstered by a continued expansion of oil production in the North Sea. As a result, the pound soared to as high as $1.9930 on January 4, before settling back to around $1.9500 in late January. Meanwhile, the British authorities announced plans to repay and restructure external debt to reduce foreign obligations and to lengthen maturities.

During February, however, market sentiment over the outlook for the pound turned more hesitant. As the rise in retail prices slowed, the ensuing increase in real incomes together with the October tax cuts led to a faster-than-anticipated increase in imports, and the trade account showed a substantial deficit for January. Also, the tax cuts contributed to a rise in the monetary aggregates at a time when the slowdown of the inflation rates already appeared to be bottoming out. Against this background, concern surfaced over the competitiveness of British industry at prevailing exchange rates as well as over the prospects for a continuation of the pay-restraint policy. Meanwhile, further reflationary measures were widely expected to be contained in the government's April budget.

Under these circumstances, the financing of the government's borrowing needs became more difficult as bond market participants, fearing a near-term jump in British interest rates, held off acquiring new government stock and shifted portfolio investments abroad. Consequently, sterling came under occasionally heavy selling pressure in February and March, falling by 4⅜ per cent against the dollar to around $1.8650 and by 4.7 percentage points on an effective basis to 61.8 per cent. The authorities intervened, at times heavily, to moderate the decline of the rate.

In April the British Government announced a budget that was only mildly expansionary but brought the public sector borrowing requirement up quickly to the maximum suggested by the IMF. To help finance that deficit while still containing monetary growth, the Bank of England's minimum lending rate was raised a full percentage point to 7½ per cent. Even so, market participants were doubtful that further fiscal stimulus would be compatible with the new guidelines for monetary expansion, unless additional restrictive measures were imposed. Data revisions suggesting further growth in Britain's monetary aggregates, combined with a continued advance of U.S. interest rates, deepened doubts that the government would be able to finance its debt at prevailing interest rates. In addition, the imposition by Parliament of tax cuts in excess of those proposed in the budget and prospects of an early general election made this task seem increasingly difficult.

In the exchanges, dealers were wary that nonresidents who had built up large-scale portfolios last year might liquidate their holdings, should British interest rates rise further. Also, market participants had noted that Britain's trade figures, while fluctuating widely between deficit and surplus, were, on average, showing a much smaller surplus than had been implied in official forecasts, even after these forecasts had been scaled back substantially. Under these circumstances, sterling was subject to bouts of professional and commercial selling after mid-April. Against the dollar, spot sterling fell another 3⅛ per cent from levels at the end of March to a low of $1.8057 by May 17, while also falling 0.3 percentage points on an effective basis to 61.5 per cent.

To counter these selling pressures, the Bank of England sold fairly large amounts of dollars at times through early June. But at the same time the authorities proceeded to liquidate external debt while also renegotiating terms and stretching out maturities on some major loans to take advantage of more favorable borrowing conditions in the Euro-dollar market. Reflecting in part the intervention support for the pound and net repayments of external debt of $600 million, Britain's external reserves fell over the 4 months by $4.1 billion to $17.3 billion as of May 31.

Meanwhile, the Bank of England had abandoned its market-related formula adopted in 1972 for determining its minimum lending rate and reverted to its previous practice of setting the official discount rate administratively. The authorities kept the rate at 9 per cent, but market expectations of an early hike in interest rates were reflected in a considerable widening in the discounts on forward sterling.

Then in order to resume sales of gilt-edge securities and to bolster the pound, on June 8 the British Government announced a package of measures to bring the economy back on the course anticipated at the time of the budget. The authorities reintroduced the supplementary special deposit scheme restraining the growth of interest-bearing eligible liabilities of the commercial banks in order to curb the expansion of the money supply.

In addition, to offset the impact of the extra cuts in income taxes on the public sector deficit, the government increased the national insurance surcharge levied on employers and announced it would seek to limit wage increases even further in a fourth phase of voluntary pay policy to begin in July. Moreover, the authorities raised the official discount rate 1 percentage point to 10 per cent. Finally, Chancellor Healey reaffirmed the government's commitment to keep the public sector borrowing requirement and the expansion of domestic credit within the limits agreed upon with the IMF.

Following these announcements, the pressures against sterling subsided. The ensuing tightening in the domestic and Euro-sterling money markets helped attract funds from abroad. Moreover, the pound was buoyed by talk, ahead of the July 6–7 Bremen summit, of the possibilities of the pound's eventual inclusion in an expanded EC snake. The widespread press commentary over the various proposals for achieving some new form of joint floating arrangement frequently generated bidding for sterling by international investors shifting funds out of both the dollar, which was declining, and the German mark. Sterling thus advanced strongly with the other independently floating European currencies and the yen over the last 2 months of the period.

By the end of July, the pound rose to $1.9310 against the dollar, almost 7 per cent above its mid-May lows and just 1 per cent down on balance from levels at the end of January. On an effective basis, the pound rose from a low of 60.9 per cent in early June to 62.5 per cent. Meanwhile, the Bank of England was able to add dollars to its reserves in June and July while continuing to repay and to prepay its external debts. Taking these liquidations into account, Britain's official reserves rose $292 million during the last 2 months of the period to $17.6 billion as of July 31, a net decline of $3.8 billion over the 6-month period.

FRENCH FRANC

By the end of 1977, inflationary pressures in France were decelerating and France's current account had swung into surplus in response to more than a year of fiscal, monetary, and price restraints. The cost to the domestic economy had nevertheless been severe. Consequently, by September the government had taken advantage of its stronger external position to adopt selective measures to boost employment while still giving priority to the fight against inflation and to the maintenance of a sound balance of payments.

Meanwhile, performance of the economy was a key issue in the upcoming elections scheduled for March 1978 and, by the time the period under review began, opinion polls were suggesting that a coalition of the Socialist and Communist parties was in a position to win a majority in the French Parliament.

Amidst uncertainty over France's economic and political outlook, the French franc at times had come under selling pressure in both the spot and forward markets when adverse commercial leads and lags and speculative short positions built up against the franc. Such a spasm of nervousness broke out again in mid-January. As the franc came on offer, the spot rate fell to $0.2020 by February 6, while plummeting 5¾ per cent to record lows against the German mark and the Swiss franc.

The Bank of France scaled up its official dollar sales and suspended its facility for rediscounting Treasury bills and other medium-term paper, thereby setting the stage for an abrupt upward adjustment in short-term interest rates. These actions helped to steady the market, enabling the franc to rise somewhat against the dollar. But this advance was insufficient for the franc to keep pace with the German mark. In fact, just before the first round of balloting on March 12, the franc dropped to a record low of 2.3873 francs per mark, even as the Bank of France intervened in marks and in dollars to moderate the decline.

Early reports indicating that the left-wing coalition had failed to make its hoped-for electoral gains in the first round prompted some quick covering of positions. At about the same time, the market learned of a further improvement in the French trade account and of a pick-up in industrial output.

Buoyed by this news and by an unexpectedly comfortable majority the government obtained in the final vote of the parliamentary elections, the franc moved up sharply. But market sentiment toward the franc remained cautious because of expectations that the new government would now shelve the austerity program in favor of more reflationary measures to reduce unemployment and to placate the growing unrest within French labor's rank and file. Thus, following a short-lived rally, the franc leveled off against other European currencies in late March while continuing to rise against an easing dollar.

Meanwhile, during the first quarter, the current account moved strongly into surplus. Industrial production was expanding and, with the elections over, investment demand and stock building were expected to spur output even more. At this point, President Giscard d'Estaing moved quickly to reaffirm his government's commitment to continue current policies, with Premier Barre heading up the new government.

Over the course of the next month, Barre announced the government's intention to reduce the growth of public financing needs and to channel more personal savings into business investment. These objectives were to be met by increasing charges for certain public services, gradually relaxing longstanding controls on industrial prices, and providing some form of tax relief for capital gains. Although this program was expected to raise prices over the next few months, the market viewed the freeing-up of prices and the prospective slowdown in the public sector deficit as courageous moves. Moreover, news of a 1.2 billion French franc trade surplus in March pointed toward further progress in redressing the external imbalance, even as the domestic economy began to recover.

Market confidence in the franc thus strengthened generally. With French interest rates remaining relatively high, the franc benefited throughout the rest of the spring from an unwinding of the adverse commercial leads and lags and speculative short positions that had been accumulated over many months prior to the elections.

In addition, the exchange rate was aided by conversions of some foreign borrowings by French private corporations and by talk of a placement of a large amount of funds in francs by a major member of OPEC. As a result, the franc rose 8⅝ per cent above its pre-election level to $0.2215 by early April. Then as the dollar generally recovered, the franc eased back only slightly to $0.2127 during April and May, while gaining 3 to 5¾ per cent against the mark and Swiss franc. Meanwhile, after mid-March the Bank of France bought sizable amounts of dollars and marks in the market. These operations were partially reflected in a $1.4 billion rise in France's foreign currency reserves over the 3 months to almost $6 billion by the end of May.

In early June, the franc remained well bid. With interest rates remaining high even after they had declined from pre-election levels, there continued to be large flows of interest-sensitive funds from abroad. Meanwhile, the market gradually became aware of the discussion, between French President Giscard d'Estaing and German Chancellor Schmidt, on ways to reduce exchange-rate fluctuations between European currencies. A late-June report from Luxembourg, suggesting the possibility that France's rejoining the EC snake might be discussed at the EC summit meeting in Bremen on July 6 and 7, brought the franc quickly into demand, not only against the dollar but also against the mark. Although the French president denied the next day that the franc would re-enter the snake as it was then constituted, talk of various proposals for some new joint floating arrangement kept alive the possibility that the franc might be linked to other EC currencies in some manner.

As a result, a combination of speculative bidding and commercial demand to cover payments needs by the end of the half-year pushed the spot rate up sharply against both the dollar and the mark. As expectations of a near-term agreement to link the franc with the other EC currencies faded following the Bremen summit, the franc edged back briefly against both the German mark and the dollar. However, when the dollar came under renewed selling pressure, the franc was climbing again as the period came to a close. Thus, by the end of July, the franc had risen 8¾ per cent over the 6-month period to $0.2293 and 4¾ per cent on balance to 2.1452 French francs per mark. Meanwhile, the Bank of France continued to buy dollars to moderate the franc's rise. These acquisitions were reflected in a $1.2 billion increase in France's foreign-currency reserves in June and July to $7.1 billion as of July 31, a net gain of $2.3 billion over the 6-month period.

ITALIAN LIRA

Following the implementation of a comprehensive stabilization program in Italy—one that had served as the basis for a new standby arrangement with the IMF—substantial progress was made during the second half of 1977 in turning around Italy's balance of payments and slowing the rate of domestic inflation. For the year as a whole, Italy's current account had strengthened sharply, swinging from a $2.8 billion deficit in 1976 to a $2.3 billion surplus for 1977. Moreover, the inflation rate had been brought down from 19 per cent to 15 per cent in just half a year. The completion of a stabilization program and restrictions on the availability of domestic credit had paved the way for more private external borrowing in 1977.

Bolstered by both the current-account and capital inflows, the lira thus rose gradually against the dollar in the exchange markets. In fact, the authorities were able to buy substantial amounts of dollars in the market so that, even after repayment of some official borrowings, Italy's foreign currency reserves rose $4.8 billion in 1977 to nearly $8.0 billion by the end of the year.

But these improvements resulted in a considerable slowing of the domestic economy. Industrial production dropped below levels of the previous year, unemployment rose, and with corporate profits squeezed by the high cost of borrowing funds, the prospects for a strengthening of the labor market seemed dim. Consequently, by the end of the year, pressure was building up for new action to stimulate the domestic economy now that progress had been achieved on the inflation and balance of payments fronts.

At the same time, however, the public sector deficit exceeded the limit specified in the standby arrangement and subsequent discussions with the IMF. The minority government attempted to negotiate with the opposition parties and trade unions for new measures to increase public service prices and to reduce expenditures. But, when the fall of the government in January and subsequent political developments delayed the approval of the budget and the adoption of new measures, the budget deficit grew even larger, thereby playing an important role in stimulating economic activity in the early months of 1978.

These uncertainties overshadowed the market for the Italian lira early in 1978. During February, selling pressure on the French franc also spilled over to unsettle trading in lire. Flows of funds into Italy slowed, Italian banks repaid some of their external borrowings, and the lira came on offer. As a result, the lira lagged far behind the other currencies as the dollar declined generally. On occasion the Bank of Italy intervened forcefully, and these operations, together with the awareness of Italy's ample reserve position, helped keep the selling pressures from cumulating. By mid-February the lira was more nearly keeping pace with other currencies, and the Bank of Italy was able to buy dollars again.

Meanwhile, Italy's trade account remained in surplus even through the normally adverse period of the year and despite a rapid recovery of economic activity. Unlike other periods of expansion, the recovery this time was not accompanied by a large build-up of inventories and hence of imports. Instead, imports were sluggish because the recovery was expected to be only temporary in view of continuing discussion about the need to curb the public sector deficit. At the same time, exports continued to be buoyed by the existence of excess industrial capacity and by the competitive effects of the lira's previous decline against other European currencies.

Looking ahead, the current account was expected to remain strong because of the bulge in tourist receipts over the spring and summer months. Moreover, by March a compromise worked out between the two major political parties, in which the Communists would function as part of the governing coalition within the Parliament without actually being in the Cabinet, set the stage for renewed discussions on the government's economic policy. The strength of Italy's reserve position was further highlighted with the announcement of official repayments amounting to SDR 300 million to the IMF, $500 million of the gold-dollar swap to the German Federal Bank, and a planned repayment of $350 million to the EC. In addition, an extension of ceilings for domestic bank credit signaled a continuation of the cautious monetary policy.

Against this background, the lira eased back against the dollar more gradually than other currencies during April and May. The relative strength in the lira rate, combined with the continued tightness in the domestic money market, generated a new rise in Euro-dollar borrowings by Italian residents. Accordingly, the Bank of Italy bought steadily larger amounts of dollars in the market to repay external debt coming due this year.

During June and July, Italy's current-account surplus became even stronger, generating expectations that it would exceed \$3 billion for the year as a whole. At the same time the renewed selling of dollars enhanced the near-term prospects for lira stability and encouraged further capital inflows. Notwithstanding the continuing debate over ways of reducing inflation still further and of curbing the public sector deficit, the lira remained in heavy demand in the exchange markets. Thus the authorities were able to intensify their dollar purchases and continued to make substantial repayments of official debt to the IMF, the EC, and the German Federal Bank. They also liberalized foreign exchange controls by removing the requirement that 25 per cent of the financing of exports be done in foreign currencies.

Even so, the lira advanced with the other European currencies against the dollar, rising 3¾ per cent to \$0.001189 (841.04 lire) by July 31. At this level, the lira was at its peak for the 6-month reporting period and at its highest level since October 1976. Over the 6 months, Italy's foreign exchange reserves increased \$1.7 billion to \$9.3 billion even after the authorities had liquidated \$1.3 million net of external debt.

EC SNAKE

Late in 1977 the sharp rise in the German mark pulled up the other four currencies in the EC snake against the dollar. At times, these currencies had been caught at the bottom of the 2¼ per cent band, prompting the respective central banks to provide support by intervention and by tightening up on domestic liquidity. Following more forceful U.S. intervention in early 1978, the market became more settled generally and as the mark eased back against the dollar, the pressures in the snake largely dissipated. The four currencies at the bottom of the band all moved above their lower intervention limits against the mark, thereby enabling all the central banks to buy marks in the exchange market to repay debt to the German Federal Bank. In addition, the central banks of the Netherlands, Belgium, and Denmark took advantage of reflows into their currencies to buy back dollars as well.

Among the snake currencies, the Norwegian krone remained relatively weak, however. Norway's trade deficit had widened following Sweden's withdrawal from the snake in August 1977 and the subsequent rise in the joint float as a group against the dollar. To restore Norway's competitiveness, after a meeting of EC monetary officials on February 10, the Norwegian authorities announced an 8 per cent devaluation of the krone against the other snake currencies. Immediately, the krone rose to the top of the newly realigned EC snake, and funds flowed back into Norway even as the krone was pulled up further against the dollar by the rise in the mark.

But by late March, the market was concerned that some of the competitive gains from the February devaluation against currencies outside the EC band were being eroded by the snake's rise against the dollar. As a result, reflows from abroad slackened, and the krone dropped back to the bottom of the joint float, occasionally coming under light selling pressure.

Meanwhile, the Danish krone, whose parity in the joint float had remained unchanged in February, also initially experienced some difficulty in keeping up with the mark's advance and required support through sales of dollars and marks by the National Bank of Denmark. But tight restrictions on the expansion of domestic credit in Denmark prompted Danish companies to finance domestic credit needs by borrowing heavily abroad.

Thus, the pressures on the krone soon eased, and the rate rose more or less on its own with the mark against the dollar during March. Then, once the mark started easing back against the dollar in April, both the Norwegian and the Danish krone were bolstered by reflows of funds out of marks and reversals of previously adverse commercial leads and lags. The entire snake thus narrowed to a width of as little as 1 per cent, and the Danish krone was propelled to the top half of the band, where it remained for the next 2 months while the National Bank of Denmark took dollars into its reserves.

By early May, the Netherlands guilder and commercial Belgian franc eased lower in the joint float, partly in response to seasonal declines in domestic interest rates but also in reaction to growing concerns in the market over the performance of the Dutch and Belgian economies. Fueled by rising consumer spending, Dutch imports rose, exports sagged, and the Netherlands' current-account surplus thus was eroded. In Belgium, the domestic economy remained stagnant, unemployment continued high, and some within industry were in favor of a depreciation of the franc as a means of stimulating business activity. These factors influenced market sentiment toward both currencies, and the snake widened out again in the late spring and early summer as the mark moved back up above its mid-May lows against the dollar.

By June, trading relationships within the EC snake were affected first by talk and then—following the July 6–7 EC summit meeting at Bremen—by a commitment to study the idea of bringing the currencies of all EC countries back into a new joint floating arrangement. On the one hand, currencies that were new candidates for membership—sterling, the French franc, and to a lesser extent the Italian lira—were buoyed by this possibility. On the other hand, present snake members were affected by talk that the rules governing the snake might be diluted. As a result, the Dutch guilder weakened somewhat further in the joint float and the commercial Belgian franc, which had already fallen to the floor of the snake, came more heavily on offer.

Consequently, the National Bank of Belgium intervened forcefully to maintain the franc's intervention limits against the mark. In addition, both the Netherlands Bank and the National Bank of Belgium raised their official discount rates in mid-July to contain the pressures on their respective currencies. These pressures were moderated by the tendency of the mark to lag behind the advances of the independently floating currencies against the dollar until early August.

CANADIAN DOLLAR

Following the build-up of severe inflationary pressures in the early 1970's, the Canadian Government had adopted a medium-term and broad-based program of restraint that remained in force coming into the period under review. The modest stimulatory package of tax cuts, announced in October 1977, did not basically change the cautious stance of fiscal policy. The annual target for monetary expansion, also announced in October 1977, represented the second consecutive reduction—this year to a range of 7 to 11 per cent. And, although Canada's wage–price program was approaching an end, the dismantling of controls was to be more gradual than originally expected and was taking place against the backdrop of clearly decelerating wage pressures.

But after more than 2 years of this stabilization policy, the rate of economic growth in Canada slowed to a pace insufficient to absorb a rapidly expanding labor force, and unemployment continued edging up to new postwar highs. Even so, the inflationary excesses of earlier years had resulted in a deterioration of Canada's competitive position in world markets. For a time, Canada's sizable current-account deficit was more than covered by large inflows of long-term capital. By 1977, however, the mounting debt service requirement added further strain to the current account. Also, capital inflows declined from the record levels of the previous year, partly because the cash-flow requirements of Canada's largest borrowers (the provinces and municipalities) were lower.

Moreover, uncertainties arose in connection with political developments in Quebec, and a narrowing of favorable interest differentials vis-a-vis the United States reduced the incentive for Canadian borrowers to tap capital markets abroad. Thus, the Canadian dollar became exposed to downward pressure in the exchange markets. By the end of January the spot rate, at $0.9031, was down by 12½ per cent from its peak in October 1976. The Bank of Canada intervened to maintain orderly markets as the rate declined. But, since these operations resulted in large net dollar sales, they exerted a drain on Canada's reserves. Meanwhile, in response to the depreciation of the Canadian dollar, rising import as well as food prices aggravated price pressures in the domestic economy, keeping the rate of inflation around the 9 per cent level.

The Canadian dollar remained on offer in February. With the drop in long-term placements abroad and an absence of a full calendar of new foreign issues, market participants were even more sensitive than usual to rumors about the timing of conversions of the few large borrowings that were known to have been made. A renewed tightening in the U.S. money market, which drove Euro-dollar deposit rates above comparable Canadian interest rates, inhibited capital inflows even more. Reports that a major insurance company was thinking of moving its head office from Montreal to Toronto had also reinforced the market's concern about the possible political and economic consequences of having in Quebec a government committed over the long term to establishing the province's independence. In this atmosphere, professional and commercial selling gathered force, driving the rate down still further. In response, the Bank of Canada stepped up its support, and Canada's reserves fell $700 million during February to $3.7 billion at the end of the month, the lowest level since 1970.

By this time, a succession of monthly trade figures pointed to a sharp improvement in Canada's net export position in response to the rapid growth in the U.S. economy and to the large effective depreciation of the Canadian dollar. The rise in the real trade balance, together with a modest pick-up of consumer spending following the tax cuts of last fall, suggested some improvement in Canada's over-all growth performance. But the continuing decline in the Canadian dollar was by now a serious political issue. Moreover, the most recent statistics showed sharp jumps in both wholesale and consumer price indexes. The wage and price control program was being phased out. Under these circumstances the impact of further depreciation on Canada's cost structure was threatening to undermine the government's efforts to achieve noninflationary growth for the Canadian economy.

The authorities, therefore, acted to shore up the Canadian dollar. To supplement the net inflow of capital, the government announced between late February and early April an activation of the standby facility arranged with Canadian banks last October, an increase in that credit line from $1.5 billion to $2.5 billion, and a new government bond issue of $750 million in New York, its first external borrowing since 1968. Moreover, the Bank of Canada, judging that short-term interest rates could not be raised without prejudicing the achievement of an acceptable rate of monetary expansion, increased its discount rate in two successive ½ percentage point hikes to 8½ per cent by April 4 to moderate pressures on the exchange rate.

Nevertheless, market sentiment toward the Canadian dollar remained bearish. The impact of the announced government bond issue was undercut by the news of a similarly sized drop in official reserves for February. Moreover, market participants were expecting that, with unemployment stubbornly above 8 per cent and a national election to be scheduled over the next year, the upcoming budget would generally be stimulatory.

Thus, the Canadian dollar continued to come heavily on offer, with the pressures especially strong when U.S. corporations came into the market to repatriate funds to cover their needs at the end of the quarter or for mid-April tax payments. As the selling continued, the rate fell with increasing speed, declining virtually every day in early April until it hit a 45-year low of $0.8663 on April 14. At this level, the rate was 4 per cent below early-February levels.

Meanwhile, on April 10 Finance Minister Chrétien presented a budget proposing a temporary cut in the sales tax and a modest increase in an already large budget deficit. But, with these measures less stimulatory than some in the market had feared and in response to a resumption of foreign borrowings and conversions, the market for Canadian dollars came into better balance. The spot rate began to move off its lows.

Around the end of April the Canadian Government announced plans for three new medium-term placements of marks, totaling more than $700 million equivalent, and a $3 billion standby credit with a consortium of U.S. and other foreign banks. The announcement of these arrangements brought the total credits immediately available to the authorities to roughly $7 billion. In addition, the announcement by Canada of an $840 million trade surplus for March indicated an underlying improvement in that account.

These developments gave a boost to market sentiment, triggering the reversal of some short positions and previously adverse commercial leads and lags. The Canadian dollar thus advanced further to recover all of its losses since the end of January, moving back to as high as \$0.9035 by mid-May. The Bank of Canada continued to intervene, buying dollars in May, thereby replenishing some of the reserve losses of earlier months.

But before long, in the face of unsettling news about prices and the Quebec issue, the Canadian dollar eased back from its mid-May peak. An unexpected drop in Canada's trade surplus in April also contributed to the market's skeptical attitude toward the Canadian currency. Moreover, the squeezing out of interest rate differentials favorable to Canada continued as U.S. money rates rose further. Also, some U.S. corporations were again in the market to hedge their Canadian holdings before the end of the quarter for tax purposes. In this atmosphere, the Canadian dollar eased back to \$0.89 by the end of June, and the rate then fluctuated narrowly around this level through most of July.

The market became unsettled again in late July when, with the U.S. dollar coming under increasingly heavy selling pressure, participants came to expect that further increases in U.S. short-term interest rates would virtually eliminate the interest differential favoring Canada. Even after the Bank of Canada raised its discount rate another ½ of a percentage point to 9 per cent on July 26, trading remained unsettled.

The announcement that Canada's trade account fell into deficit during June (later revised to a small surplus) gave the market a further jolt. As a result, the rate declined to \$0.8813 on July 31, down 2⅜ per cent for the reporting period as a whole but still almost 2 per cent above its mid-April lows. Meanwhile, the Bank of Canada intervened more heavily again, selling dollars in June and July. But, at the same time, since March it had drawn a total of \$1.2 billion on its credit facilities with Canadian and foreign banks. Bolstered by these takedowns and the other external borrowings in marks and dollars, Canada's official reserves rose nearly \$900 million net above the lows at the end of February to \$4.6 billion as of July 31, a net increase of \$186 million for the period.

Statements to Congress

Statement by G. William Miller, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Finance, U.S. Senate, September 6, 1978.

Mr. Chairman, I am pleased to participate in the Finance Committee's hearings on tax legislation. While decisions regarding taxation fall outside the province of the Federal Reserve, the System is certainly not a disinterested observer. I hope that my appearance today will contribute to the development of a coherent set of public policies to deal equitably and effectively with the economic problems confronting the Nation.

Economic achievements and concerns. The past 3½ years of economic expansion have brought substantial gains in production and employment. Real gross national product has increased more than 18 per cent, and total employment has risen by almost 10½ million. A larger proportion of our people have jobs today than at any time in the Nation's history.

Even so, unemployment remains unacceptably high among some segments of the population—especially certain minority groups and youth. And there are areas of the country that, owing to their particular industrial mixes or to other factors, have lagged noticeably in economic recovery. We must make certain that all of our people have an opportunity to achieve a greater measure of prosperity. But in setting monetary and fiscal policy we must also recognize that many of these lingering elements of weakness in the economy reflect structural problems that will not be solved through rising levels of aggregate demand alone.

Indeed, while there is a clear need to maintain the upward momentum of economic activity, we must be increasingly alert to the need to avoid excessively rapid growth. It is desirable that the pace of expansion moderate as a business-cycle upswing matures and as the economy approaches high levels of utilization of labor and industrial capacity. At times in the past, aggregate demand overshot the level at which these resource constraints became significant, and inflationary pressures mounted dramatically. We cannot run the risk of repeating that mistake.

Inflation is the pre-eminent economic concern of our people today and the greatest threat to the vitality of the current expansion. The advance in prices has accelerated sharply this year, averaging almost 10 per cent, at an annual rate, at the consumer level. Food prices have been a major element in this step-up in inflation. While there have been signs recently of improvement in that sector, other prices are continuing to rise briskly. Across the economy, cost pressures have remained intense, reflecting in part the effects of a rise in the minimum wage and of increased employer contributions for social security and unemployment insurance. At the same time, the depreciation of the dollar in international exchange markets has raised import prices and reduced the competitive pressures on prices of domestically produced goods.

Setting the dimensions of the tax cut. Under the circumstances, the Congress must weigh with great care the size and composition of its tax program. A tax cut certainly should provide no more stimulus than is necessary to sustain moderate economic expansion; anything more could jeopardize our chances of restraining inflation. It should also be structured in a way that recognizes that our tax system exerts a powerful influence on our economy through the incentives it provides for work and for capital formation. The Congress can take a significant step toward the enhancement of our Nation's economic welfare by paying heed to these "supply-side" effects. In the remainder of my statement, I want to discuss briefly both the size and the shape of a desirable tax cut today.

It is my judgment that the tax reduction in the vicinity of $15 billion being discussed by the Congress would be appropriate for the coming calendar year. Despite some bumpiness related to strikes and weather this past winter, the recent pace of economic expansion, on balance, has been satisfactory. However, available indicators of future economic trends suggest that, in the absence of some fiscal adjustment, private demands might well prove insufficient to sustain growth that is strong enough to prevent the unemployment rate from rising in the next year.

Consumer buying sentiment remains generally favorable, but the savings rate is already at a fairly low level and debt repayment burdens are at a record high. Consequently, consumption expenditures, which up to now have been a dynamic factor in the expansion, are likely to provide little impetus to activity. Housing starts have remained at a high level thus far this year; given the tighter conditions that have developed in the mortgage market, however, it is probable that residential construction activity will begin to taper off in upcoming months. Businessmen meanwhile remain hesitant about undertaking major capacity-expanding outlays for plant and equipment. Recent data on orders for machinery and other capital goods have been on the weak side, and these data suggest that real business fixed investment may grow rather sluggishly over the next few quarters.

Against this backdrop, a reduction in Federal taxes next year would provide timely support to spendable income. It must be remembered that without a tax cut we would actually be facing a substantial tax increase in 1979. Mandated social security tax increases alone will boost Federal revenues by about $8 billion; in addition, taxes for individuals will be increased another $8 billion or more by the interaction of inflation and the progressive income tax structure. As a result, a tax cut on the order of that embodied in the House-passed bill would serve only to neutralize the impact of these other revenue changes already in train.

Of course, it is also essential to consider the expenditure side of the budget ledger when determining the size of tax cut that can be afforded. If we are to have any real hope of containing inflationary pressures, it is imperative that the budget deficit be reduced from the $50 billion level projected for the current fiscal year. Spending cuts of the dimension recommended recently by the administration would permit reasonable progress toward the longer-range objective of restoring budgetary balance - even with a tax cut. A narrowing of the deficit to the $40 billion area also would be consistent with sustained economic expansion and further sizable gains in employment.

Providing tax relief to the household sector. The next question is how a tax cut of the proper over-all size should be structured in order to make the maximum contribution to the achievement of the goals of full employment, price stability, and a sound dollar. The fact that there will be substantial contemporaneous increases in taxes on individuals suggests the desirability of allotting to this group a large share of the tax reduction. Rising prices of food and other necessities have strained the budgets of many households, and these hardships should not be intensified. In this respect, the distribution of the tax cuts between the household and corporate sectors implied by H.R. 13511 appears reasonable. However, I have some doubts regarding the particular devices employed in delivering this tax relief.

As I noted earlier, a significant portion of the tax cuts would serve only to offset the revenue impacts of scheduled social security tax increases. It might reasonably be asked, I think, whether it would not be more desirable simply to defer the 1979 social security tax changes. This course of action would have some significant advantages. Besides bolstering disposable personal income, it would avert another inflationary impulse to the structure of labor costs. The Board's staff has estimated that the scheduled increase in employer contributions to social security would add roughly ½ of a percentage point to inflation next year.

A 1-year deferral of the further tax increases dictated by the Social Security Amendments of

1977 would not place undue strain on the resources of the trust funds. Nevertheless, a deferral should be enacted only with an explicit and urgent commitment to action that deals realistically with the remaining long-range problems of the social security system. Last year's legislation did ensure the system's financial viability by making much needed corrections of the benefit computation formula and by increasing contributions. But the people of this country are faced with the prospect of a rapidly growing financial burden, and a social security tax that is both inflationary and regressive. I would recommend that the Congress undertake a comprehensive study of the social security system so that needed legislation could be enacted next year.

The need to increase business investment. In considering the corporate and capital gains tax provisions of H.R. 13511, I would hope that this committee would focus its attention particularly on how the proposed cuts would contribute to the enhancement of business fixed investment. The performance of capital spending in this economic expansion has been most unsatisfactory. Real business fixed investment reattained its previous peak level only in the second quarter of this year—much later than has been the case in other cyclical upswings. Furthermore, the growth of the Nation's capital stock has not kept pace with the increases in its work force. Indeed, throughout the 1970's the ratio of capital stock to labor has fallen ever shorter of its earlier growth-trend line, and this undoubtedly has been a significant factor in the slower growth of productivity we have experienced over this period.

Capital accumulation is a critical ingredient in the long-range growth of labor productivity and the raising of living standards. To compensate for the neglect of recent years, as well as to accommodate to the reality of scarcer and more expensive energy, a larger share of GNP must now be devoted to the expansion and modernization of the Nation's capital stock. It will not be enough simply to reach the investment proportion of 10½ to 11 per cent that has been characteristic of past periods of prosperity and low unemployment. In my opinion, the Nation must set an ambitious goal of, say, 12 per cent of GNP for an extended period—a level that would foster more rapid improvement in productivity and faster economic growth.

Some shortcomings of the capital gains and corporate income tax cuts. The capital gains and corporate income tax cuts in the House bill should provide some impetus to business capital formation and represent moves in the right direction. What must be considered is whether they are the most effective measures that might be taken at this time. I have some reservations on this score.

There is, as you know, considerable controversy about the effects of a capital gains tax cut on investment and on Federal revenues. This is not surprising. A change in capital gains treatment would work its influence through a complex and uncertain set of channels. In assessing the impact on business capital formation, one must contend with the fact that the tax change would affect investment by both households and businesses in all sorts of assets, ranging from diamonds to real estate. How much effect the tax cut would have on the price of corporate stock and thus on the cost and availability of equity capital is unclear, and how this would translate into acquisition of new plant and equipment is a further uncertainty.

Still, a reduction in capital gains taxes does have its attractions. It would, for example, bring some relief to investors who are confronted with very high effective real tax rates—ofttimes exceeding 100 per cent—because their cost bases in calculating capital gains do not rise to reflect inflation. It would also benefit young, emerging firms, which have little current income and thus are not in a position to benefit from other changes in business taxes; lower capital gains taxes would encourage equity investment in such enterprises. All things considered, I would conclude that some cut in capital gains taxes would be appropriate, but I would not assign it so high a priority as other tax actions whose impacts on investment are more direct.

My reservation about the capital gains provisions of the House bill extends to the corporate tax changes as well. Again, insofar as incentives for business investment are concerned, the bill uses a shotgun approach rather than a rifle. It does provide for a phased liberalization of the investment tax credit, with an estimated first-year impact of $500 million, but the bulk of the corporate tax reduction occurs through a lowering of the rate structure. Although lower tax rates would improve after-tax profits, the linkage between this improvement in cash flow and spending on new plant and equipment is a loose one.

The additional cash might be channeled into any of a number of uses—including the acquisition of other firms, the purchase of securities, or an increase in dividends. It thus seems quite likely that a smaller gain in real investment would be achieved for a given dollar of tax revenue loss than would be the case with tax reductions that are linked directly to capital expenditures. While some cut in corporate tax rates is desirable—in part to enhance the profitability of businesses in less capital-intensive sectors such as services and finance—greater emphasis should be placed on other, more efficient, tax incentives for investment.

The advantages of more direct tax incentives for investment. Accelerated depreciation is a very efficient way to encourage investment. The tax benefits of faster depreciation accrue to a firm only after new plant and equipment has been put in place. In addition, enlarged depreciation allowances would redress—if in an indirect way—the serious drag on real corporate profitability that has occurred in recent years as inflation has caused replacement costs to exceed depreciation deductions by a wide margin.

Larger investment tax credits also provide direct incentives to capital formation and therefore are more efficient in stimulating investment than are cuts in corporate tax rates. As with accelerated depreciation, a firm only receives a tax benefit if it acquires—or, under the current proposal, rehabilitates—a capital good. There are, however, likely to be differences in the cost-effectiveness of accelerated depreciation and investment credits—that is, in the degree of investment stimulus per dollar of tax relief. These differences will hinge on some rather technical factors, among the most critical of which is the importance that businesses attach to the time pattern of their income. When firms require very short pay-off periods for investment, accelerated depreciation will tend to be more cost-effective than tax credits in stimulating capital outlays. There unfortunately is no simple, direct way to measure the relevant variables; however, it is my judgment that at the present time, when changes affecting the environment in which firms operate seem to occur rapidly and unpredictably and businessmen are highly risk-averse, faster depreciation is likely to yield the greatest addition to investment per dollar of tax reduction.

A new challenge for fiscal policy-makers. I hope that the committee will find the foregoing remarks helpful in its deliberations on the tax bill. The issues that it must address are many and complex. The Congress has made notable progress in the past few years in bringing better order to the Nation's finances. The Congressional Budget Act has accomplished a great deal in providing a more effective means for setting the over-all levels of revenues and expenditures consistent with the prospective strength of aggregate demand. But traditional demand management policies are not sufficient to solve many of the basic problems of the economy. Thus the Congress now faces a further challenge—to structure its fiscal actions so as simultaneously to satisfy the criterion of equity, to minimize inflationary pressures, and to provide adequate incentive for capital formation to enhance growth and productivity. This is no small order, but conditions in the domestic and international economy demand that you aim for no less. □

Additional statements follow.

Statement by Philip E. Coldwell, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs of the House Committee on Banking, Finance and Urban Affairs, September 6, 1978.

I am pleased to appear before this subcommittee to present the views of the Board of Governors on the need for simplification of the Truth in Lending Act, simplification that we strongly support.

The basic purpose of Truth in Lending is to provide the consumer with information that indicates how much a particular credit transaction will cost. The consumer benefits by knowing the additional cost of using credit rather than cash and is able to compare and shop credit costs, thus maintaining a competitive discipline in credit pricing.

We believe that Truth in Lending has made great progress toward accomplishing its purpose. The Board commissioned a survey of approximately 2,500 households in July 1977 to determine whether consumers have benefited from Truth in Lending. Partial results of the survey were presented in the Board's 1977 *Annual Report* to the Congress on the Truth in Lending Act. Those results demonstrate that there has been a significant increase since the act was passed in awareness by consumers of the annual percentage rates charged in consumer credit transactions. Many more consumers are now aware of the costs involved in borrowing money and purchasing goods and services on credit.

The Board believes, however, that a simplified version of the Truth in Lending Act would operate even more effectively, would result in even greater awareness of credit costs, and would reduce the costs incurred by creditors in achieving compliance with the act's requirements. Thus, the Board believes that simplified Truth in Lending requirements would better serve the consumer.

Simplification of the Truth in Lending Act, as recommended by the Board, should result in the improved delivery of information to the consumer. One of the principal improvements would be achieved by reducing the number of items on which the consumer is asked to focus in reviewing a Truth in Lending statement.

The complexity of the many disclosures required under present law is hampering full accomplishment of the purpose of the statute to inform consumers about credit costs. The July 1977 survey indicates that consumers do not read their disclosure statements very carefully. They apparently neither are concerned with many of the items presently disclosed nor regard many of the items as particularly useful. But they do rank highly information such as the annual percentage rate, the finance charge, and the size of monthly payments. Survey results indicate, however, less consumer interest in charges imposed for late payment, rebate methods used in the event of prepayment, and descriptions of required security interests.

In the Board's view, improved delivery of disclosures also requires that Truth in Lending information be segregated from other contractual provisions and that it be presented in simple terms. At the present time, the consumer often receives lengthy and complex Truth in Lending disclosures interspersed among contractual provisions and disclosures required by State laws. We believe that Truth in Lending cannot be truly effective when the consumer is presented with discouragingly detailed and complicated disclosures. Overwhelming the consumer cannot result in a better informed, credit-conscious consumer; rather, it will result in a consumer who will often ignore all disclosures and not attempt to digest the information provided.

The information provided in accordance with a simplified Truth in Lending statute would focus on those items necessary for consumers to know the cost of credit. Simplification would not deny needed information. If Truth in Lending continues to be regarded as a vehicle for furnishing the consumer with all information relevant to a credit transaction, it will do no more than repeat large portions of the credit contract, rather than extract and highlight those terms considered most useful in shopping for credit and comparing its cost.

There are terms other than credit-cost terms that consumers need to know when entering into credit transactions. However, most of those terms are included in the underlying contract. Efforts are being made in several States—for example, California and New York—to require that consumer contracts be written in simplified, understandable language to ensure that those terms not considered relevant to the cost of credit are presented to the consumer in a coherent manner.

The present lengthy and complex disclosures that overwhelm and confuse the consumer are not the only reason for simplification of the act. Since Truth in Lending's passage approximately 10 years ago, a great deal has been learned. The practical application of its requirements to individual credit programs has often proven to be a difficult task. These difficulties have arisen in two basic contexts.

First, several of the statutory directives, although they appear to be simple and straightforward, have proven to be vague and imprecise in their application.

For example, both the Board's staff and the courts have had difficulty in interpreting the broad statutory requirement that default, delinquency, or similar charges payable *in the event* of late payment be disclosed. The staff and the courts are comfortable in applying this statutory provision to a flat \$3 charge imposed when a consumer is 10 days late in making a scheduled payment. However, they have not been so sure about requiring disclosure that interest will continue to accrue in the event of late payment in a simple interest loan, when accrual of interest is an inherent term of the loan. This is only one of many examples.

Second, the Truth in Lending Act also has proven to be difficult to apply to the wide variety of new credit programs developed over the past 10 years.

The Board and its staff, in trying to be responsive to questions about the day-to-day application of the act's requirements, have published approximately 1,300 informal staff interpretations, 150 official staff interpretations, and 55 Board interpretations. Nor have we been alone in our efforts to provide guidance with regard to Truth in Lending; the courts, too, have issued numerous opinions.

A large amount of Truth in Lending litigation continues to burden the courts. Unfortunately, compliance with a specific Truth in Lending requirement often means different things to different courts. Courts in one district may interpret a statutory requirement differently from those in another. Many creditors operating outside local areas have had to design different disclosure statements for different judicial districts or circuits. Court opinions also occasionally differ from Board or staff opinions on the same issue. The consistent, uniform interpretation of the act has become almost an impossibility. Even though creditors may make every effort to comply with the statute's requirements, multitudinous interpretations of broad statutory language make it impossible for them to know that their disclosure statements comply fully with the act's provisions.

Simplification, aside from its desirable focus on the most important aspects of credit costs, also should result in a savings to consumers. Creditors' costs in complying with Truth in Lending appear to be substantial and must necessarily be borne in large measure by the consumer.

Significant costs are incurred in the constant review and redesigning of disclosure forms in order to incorporate statutory amendments, Board and staff interpretations, judicial activity, and State law considerations. The fact that civil liability attaches to violations that are highly technical in nature compels creditors to engage in frequent and costly review procedures. Simplification, in clarifying disclosure responsibilities, should reduce the possibility of inadvertent violations and aid in reducing creditors' compliance costs, thus serving to keep consumers' credit costs down.

The Federal Paperwork Commission indicated in its July 29, 1977, report on Consumer Credit Protection that creditors would save approximately \$600 million if the Board approved creditors' forms for 1 year periods. The Commission believed that the use of a form that would not need revision for a year "would save creditors the formidable costs of printing and reprinting forms and, further, would serve to provide some measure of protection to creditors from lawsuits resulting from differences in interpretation rather than intent." Although approval of individual creditors' forms may not be feasible, the Board could, under a simplified statute, prepare model forms that would provide clear guidance to creditors.

The Board believes that the simplification of Truth in Lending not only will result in a savings to creditors and, thus, in a savings to consumers but also will improve the focus on credit-cost terms and facilitate earlier disclosure. These latter improvements will better ensure that consumers have the opportunity to review and evaluate the information provided. This opportunity, in turn, will facilitate comparison credit shopping.

We urge the Congress to enact promptly a simplified Truth in Lending statute that is clear and concise in its requirements. □

Statement by Philip C. Jackson, Jr., Governor, Board of Governors of the Federal Reserve System, before the Subcommittee on Commerce, Consumer, and Monetary Affairs of the Committee on Government Operations, U.S. House of Representatives, September 15, 1978.

Thank you for the opportunity to appear before this subcommittee on behalf of the Board of Governors of the Federal Reserve System to discuss the Board's enforcement of the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act.

The Board is firmly committed to the goal of eliminating unlawful discrimination in credit transactions and to the full exercise of its enforcement powers in order to assure that banks subject to its jurisdiction comply with these laws.

In keeping with your request, the Board has directed its testimony to the topics of redlining, recent and future enforcement, civil litigation, and consumer information. The first questions relate to redlining regulations and redlining monitoring. Unfortunately, the term "redlining" is used to describe a wide variety of credit underwriting practices. Thus, it becomes necessary to describe the practices to which the word applies before responding to questions and issues.

To some, the word "redlining" describes the refusal to consider loan applications relating to properties in a geographic area because of the area's racial or ethnic characteristics. That practice has been declared unlawful by the courts under the Fair Housing Act. It is also prohibited by Regulation B, which implements the ECOA. While it does not refer to the practice as "redlining," the regulation makes clear that it is unlawful to discriminate against an applicant because of the characteristics of persons to whom the extension of credit relates (for example, the prospective tenants in an apartment complex to be constructed with the proceeds of the credit requested) or because of the characteristics of other individuals residing in the neighborhood where the property offered as collateral is located.

To others, redlining refers to the arbitrary refusal to consider loans in a geographic area without any apparent rational economic basis for doing so. This type of lending practice, to the extent that it may exist, is not prohibited under present Federal law. While several bills on the subject have been introduced in the Congress, none has been enacted.

The Congress has addressed the problems that flow from this latter concept of redlining in a different way under the Community Reinvestment Act (CRA), which was passed in this Congress. Regulations to implement this act, to become effective November 6, 1978, have been published for comment.

The fundamental purpose of the CRA is to help the Nation's communities by emphasizing to insured financial institutions and their Federal regulators that the standards imposed by Federal banking statutes with regard to the "convenience and needs" of the community being served include credit as well as deposit and other services. The CRA objective is similar to that of the Home Mortgage Disclosure Act (HMDA) of 1975, although the approach taken by the CRA is quite different and promises to be far more effective than the HMDA approach. The HMDA, as you will recall, requires that major depositary institutions in metropolitan areas furnish to the public information about the location of the collateral securing residential real estate loans. This was required in the belief that local public officials and private citizens could take appropriate action on a local level if they had the proper information.

The CRA directs the four financial regulatory agencies to encourage the institutions they regulate to fulfill their continuing and affirmative obligation to help meet the credit needs of their communities (including low- and moderate-income neighborhoods) consistent with the safe and sound operation of those institutions. The Board believes that the CRA approach, which permits evaluation of a State member bank's credit services in the context of local circumstances and the community's perceived needs, may prove to be a more effective way to deal with the problem of geographic redlining than a legal prohibition against geographic discrimination in the extension of credit.

At the same time, the Board recognizes that a better understanding by Federal Reserve examiners and by State member banks of racial redlining and of creditor practices that result in unlawful discrimination will enhance examination techniques and will improve compliance with credit nondiscrimination laws.

As part of a review of its entire program of consumer affairs enforcement, the Board earlier this year contracted with Warren Dennis, a former member of the Civil Rights Division of the Department of Justice, for an evaluation and critique of our civil rights enforcement program. The Dennis Report on the Detection and Correction of Credit Discrimination was submitted to the Board in May. Subsequently, the Board and its staff have been engaged in a review and revision of our ECOA and Fair Housing examination and enforcement program. When the revision is complete, details of the new program will be furnished to the subcommittee.

To assist the enforcement agencies in monitoring compliance, Regulation B requires a creditor to request information about an applicant's race or national origin, sex, marital status, and age when it receives a written mortgage loan application for the purchase of residential real estate. This information is used for monitoring compliance with the ECOA and with the Fair Housing Act.

The Board has no present plans to expand the detail or scope of Regulation B monitoring information. The regulation applies to many types of creditors that are subject to the enforcement jurisdiction of different Federal agencies. It permits an enforcement agency to substitute its own monitoring program for the one specified in the regulation. The Federal Home Loan Bank Board and the Federal Deposit Insurance Corporation (FDIC) have done so. The Board of Governors believes it is preferable to evaluate the effectiveness of these current monitoring programs before considering more extensive data notation requirements for State member banks.

In reviewing our recent enforcement, we find that Federal Reserve consumer affairs examinations of 861 State member banks were conducted between April 1977 and August 1978, and that examiners found a total of almost 18,000 possible violations of the two acts. The vast majority are procedural rather than substantive violations. For example, of 17,525 possible violations relating to noncompliance with the requirements of Regulation B, almost half related to nonconforming application forms (8,000). Another one-fourth involved incomplete notifications of reasons for credit denials (4,000). Failure to comply with data notation requirements (2,000) and recordkeeping violations (700) accounted for the bulk of the remaining citations. Similarly, the Fair Housing citations (about 300) related almost exclusively to failure to display the Equal Housing Lender poster.

The major substantive violation of Regulation B (almost 2,000 instances reported) related to improper requests for the signature of a nonapplicant spouse. Other substantive violations included failure to give reasons for denials and failure to report jointly held accounts in the name of each account holder.

Second examinations of 105 banks indicated that about half of them were still not in full compliance. Again, violations were largely procedural: three-fourths related to forms (65 involved applications and 15 involved statements of adverse action). A good number of these institutions have now been brought into compliance after further clarification as to what Regulation B requires. The Federal Reserve Banks are dealing with the others on a case-by-case basis.

The Federal Reserve's enforcement program seeks to effect voluntary compliance whenever possible. In most instances, corrective action is initiated by bank management as a result of an on-site, post-examination discussion. The bank's board of directors is subsequently also apprised of the examiner's findings, and where appropriate a special follow-up examination is scheduled.

When warranted, the Federal Reserve Bank will take appropriate administrative action against a State member bank. That action includes proceedings under the Financial Institutions Supervisory Act of 1966, which empowers the Board to issue an order requiring a bank to cease and desist from the unlawful action and to correct the conditions resulting from the violation. The Board is also authorized under the ECOA to refer the matter to the Attorney General, who in turn may file an appropriate civil action.

With regard to future enforcement, the Board and four other Federal regulators (the Comptroller of the Currency, the FDIC, the Home Loan Bank Board, and the National Credit Union Administration) have published proposed guidelines for the enforcement of Regulation B and the Fair Housing Act. The guidelines indicate the corrective actions that creditors will be required to take regarding violations discovered in the course of examinations or through investigation of complaints. The proposed guidelines do not directly require a bank to inform an applicant of violations. However, some of the corrective actions that a bank would be required to take will give notice to applicants of the bank's noncompliance (for example, the required resolicitation of applicants in cases where a bank has been found to have discriminated unlawfully).

You also asked about the circumstances under which the Board would publicly name institutions that repeatedly fail to correct discriminatory practices. The Board does not now contemplate routinely publicizing violations of the ECOA, Fair Housing, or other consumer credit regulations. If repeated violations occur and voluntary compliance is not obtained, the Board could decide to make the identity of the institution public.

With regard to possible criminal prosecution against banks or their officers, there is no criminal liability provision under either the ECOA or the Fair Housing Act for any failure to eliminate discriminatory practices. Hence, the Board is without authority to seek criminal prosecution.

The ECOA and the Fair Housing Act do give private individuals the right to sue a creditor for unlawful discrimination. The Board believes that the possibility of money damages and adverse publicity resulting from a lawsuit provides creditors with an important incentive for complying voluntarily. It is impossible to establish the extent to which the civil damages provisions have deterred creditors from unlawful discrimination, but we do know that creditors are keenly aware of the potential liability. Many of them cite their exposure to the civil damages provisions when they write to ask the Board for interpretations of the regulations.

Consumers can exercise their legal rights, however, only if they know about these rights. The consumer education activities of the Federal Reserve inform consumers about laws barring credit discrimination in a variety of ways:

- Through brochures explaining the purposes and basic provisions of the statutes; about 7 million copies have been distributed through creditors, Federal agencies, schools, consumer organizations, civic associations, and other community groups.
- Through public speeches by the staff of the Reserve Banks and of the Board.
- Through the staff's responses to consumer complaints, including referrals for investigation.
- Through other means of an experimental character. The Federal Reserve Bank of Chicago, for example, has been experimenting with information booths at the national meetings of professional groups, and I understand that the response has been excellent.

In closing, I want to emphasize again that the Board is committed to the enforcement of the laws against credit discrimination and has already taken a number of steps toward this end. It is constantly seeking better ways to do so.

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON JULY 18, 1978

1. Domestic Policy Directive

The information reviewed at this meeting suggested that growth in economic activity had slowed in recent months. From the first to the second quarter, however, real output of goods and services appeared to have expanded sharply, reflecting the rebound in activity from the adverse effects of the severe winter and the lengthy coal strike. The rise in average prices—as measured by the fixed-weighted price index for gross domestic business product—accelerated markedly in the second quarter, largely because of substantial increases in food prices.

The staff continued to project moderate expansion in output from the second quarter of 1978 through the second quarter of 1979. The staff projections also suggested that the price advance would remain rapid, although not so rapid as in the second quarter of 1978, and that the unemployment rate would change little from its current level.

In June the index of industrial production rose an estimated 0.3 per cent, down from 0.6 per cent in May and much below the substantial gains in March and April. Total nonfarm payroll employment rose considerably in June, but the advance, like May's, was well below the increases in March and April. In manufacturing, employment and the average workweek were about unchanged in June. The over-all unemployment rate fell 0.4 of a percentage point to 5.7 per cent, its lowest level in nearly 4 years.

Total retail sales changed little in June for the second consecutive month, following 3 months of exceptionally large gains. Unit sales of new automobiles remained at a high level.

The advance in the index of average hourly earnings for private nonfarm production workers moderated in May and June, but it was somewhat faster over the first half of 1978 than during 1977.

Average prices of producer goods rose less rapidly in May and June than earlier in the year, but their increase over the first half was considerably faster than the pace during 1977. In May the consumer price index for all urban consumers rose sharply further, led by rises in food, housing, and energy; over the first 5 months of the year the annual rate of increase averaged slightly above 10 per cent.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies declined about 2 per cent further from mid-June to the date of this meeting, reaching its lowest point so far in 1978. The downward pressure on the dollar in recent weeks appeared to reflect heightened market concern about the high rate of inflation in the United States relative to rates abroad and about the persistence of extremely large current-account surpluses in Japan and Germany and a large deficit in the United States. In May the U.S. trade deficit was somewhat lower than its very high average rate in the first 4 months of the year.

The expansion in total credit at U.S. commercial banks slowed substantially in June from the unusually rapid rates in the preceding 2 months, as growth of business loans decelerated sharply after a surge in May. Growth of other types of loans moderated as well, but bank holdings of Treasury securities increased. Outstanding commercial paper of nonfinancial businesses increased substantially in June. Nevertheless, expansion of total short-term credit to nonfinancial businesses by banks and through the paper market was well below the exceptionally rapid pace earlier in the second quarter.

Growth of the narrowly defined money supply (*M*-1) moderated in May and June from the extraordinarily rapid pace in April, but growth from the first to the second quarter was at an annual rate of 9½ per cent. Growth in *M*-2 and *M*-3 had been moderate over recent months. In June inflows of small-denomination time deposits to banks and to nonbank thrift institutions picked up, following introduction on the first of the month of a short-term money market certificate with a ceiling interest rate for new deposits that changes weekly with the average discount rate on new issues of 6-month Treasury bills. Preliminary reports indicated relatively strong investor interest in these certificates.

Over the year from the second quarter of 1977 to the second quarter of 1978, growth in *M*-1 was about 8 per cent—above the 4 to 6½ per cent range for that period adopted by the Committee in July 1977. However, growth in *M*-2 and in *M*-3 over the period was within the ranges for those aggregates adopted at that time: *M*-2 expanded by about 8½ per cent, compared with its range of 6½ to 9 per cent; *M*-3 grew about 10 per cent, compared with its range of 8 to 10½ per cent.

At its meeting on June 20 the Committee had decided on ranges of tolerance for the annual rates of growth in *M*-1 and *M*-2 during the June–July period of 5 to 10 per cent and 6 to 10 per cent, respectively. The Committee had agreed that during the coming inter-meeting period operations should be directed initially toward a Federal funds rate of 7¾ per cent, slightly above the prevailing level of 7½ per cent. Subsequently, if the 2-month growth rates of *M*-1 and *M*-2 appeared to be significantly above or below the midpoints of the indicated ranges, the objective for the funds rate was to be raised or lowered in an orderly fashion within a range of 7½ to 8 per cent.

In accordance with the Committee's decision, the Manager of the System Open Market Account began immediately after the June meeting to seek bank reserve conditions consistent with a firming of the Federal funds rate to a weekly average of around 7¾ per cent. Incoming data throughout the inter-meeting period suggested that growth in the monetary aggregates would be well within the ranges that had been specified by the Committee, and the Manager continued to seek reserve conditions consistent with a Federal funds rate averaging about 7¾ per cent. In the final days of the period the funds rate fluctuated around a level somewhat above 7¾ per cent.

Market interest rates on both long- and short-term securities had shown further increases since the June meeting of the Committee, ranging from about ⅛ to ⅜ of a percentage point. In addition, commercial banks raised the rate on loans to prime business borrowers from 8¾ to 9 per cent. Interest rates on new commitments for conventional mortgage loans at savings and loan associations had changed little during the inter-meeting period, while yields in the secondary market for home mortgages had risen somewhat further.

On June 30 an increase in Federal Reserve discount rates from

7 to 7¼ per cent was announced by the Board of Governors. The Board stated that the action was taken in recognition of increases that had already occurred in other short-term interest rates and that it would bring the discount rate into closer alignment with short-term rates generally.

In the Committee's discussion of the economic situation and outlook, there was general agreement among the members that over the year ending in the second quarter of 1979 output of goods and services was most likely to grow at about the moderate pace projected by the staff. However, a number of the members anticipated a little less growth and a few anticipated a little more.

Despite the consensus that continuing moderate growth in real GNP was still the most likely development, some members suggested that for a number of reasons—including the high rate of inflation and developing financial stringencies—the probabilities of such an outcome were lower than they had seemed to be earlier. A few members observed that the chances of a decline in output during the period had increased. In the opinion of one of these members, the prospects for a gradual slowing of growth in output toward a rate that might be sustainable for the longer term had been diminished by the recent rapid decline in the unemployment rate and by the development of some imbalances in the economy. Another member expected that consumer buying of houses and durable goods, which had been stimulated in recent months by anticipations of further increases in prices, would weaken in the period immediately ahead. He was concerned, moreover, that financial strains might develop to the point of bringing on a downturn in activity, although he did not regard such a development as inevitable.

Other members of the Committee felt more confident that a recession would not develop during the four quarters ahead and that output would grow moderately. One of these members thought that expectations of further price increases might well sustain consumer buying—and perhaps business buying, at least to some extent—during the second half of 1978 and that reductions in Federal taxes would strengthen demands in the first half of 1979. Similarly, another member believed that expansive elements in the economy were sufficient to sustain a moderate growth in output, and that distortions were not developing to the point that they would overcome those expansive influences. In his view, it remained possible to slow growth to a rate sustainable for the longer term. Another member agreed that there was still time to achieve such a slowing of growth, given appropriate Government policies.

All members of the Committee expected a continuation of a rapid rate of inflation over the period to the second quarter of 1979—in the view of several members, even more rapid than the pace projected by the staff. It was observed that in 1979 strong pressures for large increases in wages would tend to spread throughout the economy from the many industries in which new contracts would be negotiated. It was also noted that minimum wage rates and social security taxes were scheduled to go up again at the beginning of the new year, exerting upward pressure on costs and prices.

Most members of the Committee thought that the unemployment rate a year ahead, in the second quarter of 1979, would be little changed from the average rate in recent months, which was well below the level that had been expected earlier. It was suggested that the rate of participation in the labor force would continue to rise, in part because of the pressure of inflation on family budgets.

At this meeting the Committee reviewed its 12-month ranges for growth in the monetary aggregates. At its meeting in April 1978 the Committee had specified the following ranges for the period from the first quarter of 1978 to the first quarter of 1979: *M*-1, 4 to 6½ per cent; *M*-2, 6½ to 9 per cent; and *M*-3, 7½ to 10 per cent. The associated range for growth in commercial bank credit was 7½ to 10½ per cent. The ranges being considered at this meeting were for the period from the second quarter of 1978 to the second quarter of 1979.

The Committee members differed principally in their preferences for the 12-month range for *M*-1: A majority favored retention of the existing range, while a number favored an increase in its upper limit. In the case of the broader aggregates, most members expressed a preference for retaining the existing ranges; one member suggested that the lower limits be reduced by ½ of a percentage point, yielding ranges of 6 to 9 per cent for *M*-2 and 7 to 10 per cent for *M*-3.

An increase in the upper limit of the range for *M*-1 was advocated on the expectation that, over the coming year, growth of *M*-1 would have to exceed the 6½ per cent upper limit of the existing range, as it had over the past year, if strains in the financial markets were not to be so severe as to threaten an economic downturn. That expectation was based on the probable rates of inflation and on the recent behavior of the income velocity of money. In this connection it was emphasized that the high rate of inflation in prospect for the quarters immediately ahead was attributable in part to governmental actions and to some strong forces in the private sector—including the effects of the depreciation of the dollar—that were not likely to be moderated appreciably by the stance of monetary policy. In these circumstances, it was argued, the Committee ought to raise the upper limit of the range for *M*-1 to allow for a growth rate that—given upward cost pressures on prices—was more nearly consistent with the generally anticipated rate of growth in real and nominal GNP for the year ahead and that, consequently, was more likely to be achieved.

Several arguments were advanced in favor of retaining the existing range of 4 to 6½ per cent for *M*-1. First, *M*-1 growth in the second quarter—at an annual rate of 9½ per cent, on a quarterly-average basis—had exceeded the upper limit of the Committee's range by a considerable margin, so that retention of the existing range for the year from the second quarter of 1978 to the second quarter of 1979 would allow for growth considerably faster than 6½ per cent over the five-quarter period beginning the first quarter of 1978. Second, for a considerable period of time growth in *M*-1 on the average had exceeded the range adopted by the Committee and a reduction of growth to a rate within the existing range would be an important step toward moderating inflation. Also, such a reduction would have a positive effect on the economic outlook.

Moreover, any increase in the range could be misleading: Such an action, no matter what reasons might be offered for it, was likely to be interpreted both in this country and abroad as a signal of a shift in System policy toward less emphasis on fighting inflation. Since that was not the case, it would be consistent to retain the existing range, although the rate of growth over the period might be around the upper limit of the range. The members also noted that authorization for automatic transfers of funds into checking accounts from savings deposits at commercial banks was scheduled to become effective on November 1, 1978, and that during a transition period such transfers would tend to reduce the demand for *M*-1 and increase its income velocity.

With regard to *M*-2 and *M*-3, it was observed that growth over the year ending in the second quarter of 1978 had been within the Committee's longer-run ranges. One member proposed that in formulating policy for the period ahead the Committee begin to increase the emphasis given to *M*-2 and reduce that given to *M*-1. That proposal did not attract support from other members of the Committee.

At the conclusion of its discussion the Committee decided to retain the existing ranges for the monetary aggregates. Thus, the ranges for the period from the second quarter of 1978 to the second quarter of 1979 were 4 to 6½ per cent for *M*-1, 6½ to 9 per cent for *M*-2, and 7½ to 10 per cent for *M*-3. The associated range for growth in commercial bank credit was raised to 8½ to 11½ per cent in recognition of the greater share of borrower demands being directed toward banks. It was agreed that the longer-run ranges, as well as the particular aggregates for which longer-run ranges were specified, would be subject to review and modification at subsequent meetings. It was also understood that short-run factors might cause growth rates from one month to the next to fall outside the ranges anticipated for the year ahead.

The Committee adopted the following ranges for rates of growth in monetary aggregates for the period from the second quarter of 1978 to the second quarter of 1979: *M*-1, 4 to 6½ per cent; *M*-2, 6½ to 9 per cent; and *M*-3, 7½ to 10 per cent. The associated range for bank credit is 8½ to 11½ per cent.

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Wallich, Willes, and Winn. Votes against this action: Messrs. Jackson and Partee. Absent and not voting: Mr. Gardner.

Messrs. Jackson and Partee dissented from this action because they preferred to raise the upper limit of the range for *M*-1 to a level more nearly consistent with the anticipated growth in GNP—Mr. Jackson, to 7½ per cent; Mr. Partee, to 8 per cent.

In the discussion of policy for the period immediately ahead, the members differed mainly in their views as to whether, and to what degree, additional firming in money market conditions should be sought during the next few weeks for the purpose of restraining monetary growth in coming months. No sentiment was expressed for easing money market conditions.

Several members proposed that for the time being operations be directed toward maintaining the money market conditions currently prevailing. It was argued that, in light of increased uncertainties in the economic outlook, such a "pause" would afford the Committee an opportunity to evaluate additional evidence on the current situation and outlook. It was suggested that, coming on top of the considerable firming in money market conditions over the past year or so, further significant firming would risk bringing on a recession. It was also observed that the restraining effects of the rise in interest rates over the past month had not yet been fully felt and that any additional firming that might be appropriate could be achieved at a later time.

On the other hand, a number of members favored a prompt further firming of money market conditions. Such a course was needed, it was suggested, to bring growth in *M*-1 within the Committee's longer-run range. Given the rate of inflation, it was argued, current levels of interest rates were relatively low and were much less restrictive in real terms than their nominal levels might suggest. And the point was made that failure to pursue additional firming at this time might well create a need for a greater degree of firming later.

In considering the ranges for the annual rates of growth in the monetary aggregates to be specified for the July–August period, the members took account of the indications that growth in *M*-1 might accelerate in July. Most members preferred ranges of tolerance for growth in *M*-1 over the 2-month period extending from a lower limit of 4 or 5 per cent to an upper limit of 8 or 9 per cent. One favored a higher range, from 5 to 10 per cent, and another a lower range, from 3 to 7 per cent. For *M*-2, most members favored ranges extending from 6 or 7 per cent to 10 or 11 per cent; one member preferred a range of 5 to 10 per cent.

With respect to the Federal funds rate, most members favored ranges centered either on 7¾ per cent, the midpoint of the 7½ to 8 per cent range specified at the June meeting, or on the somewhat higher level that had developed in the most recent days;

their proposals included ranges having a lower limit of 7½ per cent or slightly above, and an upper limit of 8 per cent or slightly above. However, a number of members advocated a range centered on 8 per cent and extending from 7¾ to 8¼ per cent. A majority of the members favored giving greater weight than usual to money market conditions in the conduct of open market operations until the next meeting.

At the conclusion of the discussion the Committee decided that operations in the period immediately ahead should be directed toward maintaining the weekly-average Federal funds rate within a range of 7¾ to 8 per cent. The members agreed that, in deciding on the specific objective for the Federal funds rate, the Manager should be guided mainly by the relation between the latest estimates of annual rates of growth in *M*-1 and *M*-2 over the July-August period and the following ranges of tolerance: 4 to 8 per cent for *M*-1 and 6 to 10 per cent for *M*-2. It was also agreed that if, giving approximately equal weight to *M*-1 and *M*-2, their rates of growth appeared to be close to or beyond the limits of the indicated ranges, the Manager should raise or lower the objective for the funds rate in an orderly fashion within its range.

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

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

> The information reviewed at this meeting suggests that growth in economic activity has slowed in recent months. Following substantial gains in March and April, increases in industrial production and nonfarm payroll employment moderated in May and June and retail sales changed little. In June, however, the unemployment rate dropped 0.4 of a percentage point to 5.7 per cent. Average producer prices rose somewhat less rapidly in May and June than earlier in 1978, but over the first half of this year prices increased at a considerably faster rate than they had on the average during 1977. The advance in the index of average hourly earnings also moderated in May and June but was at a somewhat faster pace over the first half of 1978 than during 1977.

Since mid-June the trade-weighted value of the dollar against major foreign currencies has declined further to its lowest level of the year. The U.S. trade deficit in May was lower than the very high rate of the first 4 months of the year.

Growth in *M*-1 moderated in May and June, but reflecting the extraordinarily rapid pace in April, growth from the first to the second quarter was relatively high. Growth in *M*-2 and *M*-3 has been moderate over recent months. In June inflows of small-denomination time deposits to commercial banks and other thrift institutions picked up, following introduction of the new 6-month certificate. Market interest rates have risen further in recent weeks. On June 30 an increase in Federal Reserve discount rates from 7 to 7¼ per cent was announced.

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

In the short run, the Committee seeks to achieve bank reserve and money market conditions that are broadly consistent with the longer-run ranges for monetary aggregates cited above, while giving due regard to developing conditions in financial markets more generally. During the period until the next regular meeting, System open market operations shall be directed at maintaining the weekly-average Federal funds rate within the range of 7¾ to 8 per cent. In deciding on the specific objective for the Federal funds rate the Manager shall be guided mainly by the relationship between the latest estimates of annual rates of growth in the July-August period of *M*-1 and *M*-2 and the following ranges of tolerance: 4 to 8 per cent for *M*-1 and 6 to 10 per cent for *M*-2. If, giving approximately equal weight to *M*-1 and *M*-2, their rates of growth appear to be close to or beyond the upper or lower limits of the indicated ranges, the objective for the funds rate shall be raised or lowered in an orderly fashion within its range.

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

> Votes for this action: Messrs. Miller, Volcker, Coldwell, Eastburn, Jackson, Partee, and Wallich. Votes against this action: Messrs. Baughman, Willes, and Winn. Absent and not voting: Mr. Gardner.

Messrs. Baughman, Willes, and Winn dissented from this action because they favored more vigorous measures to curb the rates of growth in the monetary aggregates. All three preferred a directive that would have instructed the Manager to direct operations initially toward an increase in the Federal funds rate to 8 per cent and that would have provided for a further increase in the rate to a level of 8¼ per cent, if growth in the monetary aggregates over the July-August period appeared to be strong relative to the specified ranges. In addition, Mr. Willes favored specifying a 2-month range for *M*-1 of 3 to 7 per cent, somewhat lower than the range agreed upon by the majority.

2. Authorization for Domestic Open Market Operations

Paragraph 2 of the authorization for domestic open market operations authorizes the Federal Reserve Bank of New York (and, under certain circumstances, other Reserve Banks) to purchase short-term certificates of indebtedness directly from the Treasury, subject to certain conditions. This authorization is, in turn, based on a provision of Section 14(b) of the Federal Reserve Act authorizing the Federal Reserve Banks to buy and sell obligations of specified types "directly from or to the United States," subject to certain conditions. It was noted at this meeting that, because the statutory authority in question had expired on April 30, 1978, paragraph 2 of the authorization had been in a state of *de facto* suspension since then, and that the paragraph would remain in suspension until the enactment of expected legislation extending the authority.

* * * * *

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

RESERVES OF MEMBER BANKS FOREIGN ACTIVITIES OF NATIONAL BANKS

The Board of Governors has amended its Regulations D (Reserves of Member Banks) and M (Foreign Activities of National Banks) to lower to zero per cent the reserve requirement percentage that member banks must maintain against their Eurodollar borrowings.

Effective October 5, 1978, §§ 204.5(c) of Regulation D (12 CFR 204.5(c)) and 213.7(a) of Regulation M (12 CFR 213.7(a)) are amended by substituting the word "zero" for the number "4" that appears immediately before the term "per cent," and § 213.7(b) of Regulation M (12 CFR 213.7(b)) is amended by substituting the word "zero" for the word "one" that appears immediately before the term "per cent."

RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors has amended its rules regarding delegation of authority to delegate to any three Board members designated by the Chairman authority to act on certain matters in the absence of a quorum of the Board where delay would be inconsistent with the public interest.

Effective August 2, 1978, Part 265 is amended by adding a new § 265.1a(c) to read as follows:

Section 265.1a—SPECIFIC FUNCTIONS DELEGATED TO BOARD MEMBERS

* * * * *

(c) ANY THREE BOARD MEMBERS DESIGNATED FROM TIME TO TIME BY THE CHAIRMAN (the "Action Committee") are authorized, upon certification by the Secretary of the Board of an absence of a quorum of the Board present in person, to act by unanimous vote on any matter that the Chairman of the Board has certified must be acted upon promptly in order to avoid delay that would be inconsistent with the public interest, other than (i) those relating to rulemaking, (ii) those pertaining principally to monetary and credit policies, and (iii) those for which a statute expressly requires the affirmative vote of more than three members of the Board. This delegation of authority shall terminate June 30, 1980.

RULES REGARDING PUBLIC OBSERVATION OF MEETINGS

The Board of Governors has amended its rules regarding public observation of meetings to prescribe for the treatment of certain meetings of a three member group under the Government in the Sunshine Act.

Effective August 2, 1978, Part 261b.2 is amended by adding a new subsection 261b.2(h) to read as follows:

SECTION 261b.2—DEFINITIONS

* * * * *

(h) "Committee" means the Action Committee established pursuant to 12 CFR § 265.1a(c).

Section 261b.7 (Meetings Closed to Public Observation Under Expedited Procedures) is amended by inserting "and the Committee" after "Board."

TRUTH IN LENDING

The Board of Governors has amended its provision of Regulation Z concerning disclosure of varying payments scheduled to repay the indebtedness.

Section 226.8 is amended as follows:

SECTION 226.8—CREDIT OTHER THAN OPEN END—SPECIFIC DISCLOSURES

(a) GENERAL RULE. * * *

Notwithstanding the provisions of paragraphs (1) and (2) of this subsection, a creditor may, in any transaction in which the payments scheduled to repay the indebtedness vary, satisfy the requirements of § 226.8(b)(3) with respect to the number, amount, and due dates or periods of payments by disclosing the required information on the reverse of the disclosure statement or on a separate page(s), provided that the following notice appears with the other required disclosures: "NOTICE: See [reverse side] [accompanying statement] for the schedule of payments."

INTERPRETATION OF REGULATION Z

The Board of Governors has amended a previous interpretation of Regulation Z (1969 BULLETIN 608) by adding to the end the following:

SECTION 226.503—MINOR IRREGULARITIES—MAXIMUM IRREGULAR PERIOD LIMITS

* * * * *

Notwithstanding the above or the language in § 226.5(d) that limits the *minor irregularities* provisions to transactions that are "otherwise payable in equal instalments scheduled at equal intervals," the following rule may apply.

An initial payment period of 62 days or less may be treated as though it were regular and an irregular initial payment or any portion thereof resulting from the application of a rate to the balance for such an irregular period may be disregarded if:

1) the scheduled amortization of the obligation (the date from which the finance charge begins to accrue to the date of the final scheduled payment) is at least 10 years, and

2) the obligation is otherwise payable in monthly instalments.

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

ORDERS UNDER SECTION 3 OF BANK HOLDING COMPANY ACT

Citizens Bankshares, Inc.,
Louisville, Kentucky

Order Denying
Formation of Bank Holding Company

Citizens Bankshares, Inc., Louisville, Kentucky, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 87 per cent (or more) of the voting shares of Citizens Deposit Bank, Calhoun, Kentucky ("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 non-operating corporation formed for the purpose of acquiring Bank, which holds $14.5 million in deposits, representing 0.1 per cent of deposits in commercial banks in Kentucky.[1] Bank is the largest of four banks in the banking market approximated by McLean County, Kentucky, and holds 44.2 per cent of deposits in commercial banks in the market. Applicant proposes a restructuring of Bank's ownership from individuals to a corporation owned by the same individuals. Consummation of the proposal would have no adverse effect on competition.

The Board has indicated on previous occasions that it believes that a holding company should constitute a source of financial and managerial strength to its subsidiary banks and that the Board will closely examine the condition of an applicant in each case with this consideration in mind.[2] The financial and managerial resources and future

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

[2] The Bank Holding Company Act requires that the Board in acting upon an application to acquire a bank, inquire into the financial and managerial resources of an applicant. While this proposal involves the transfer of ownership of Bank from

prospects of Applicant are entirely dependent on those of Bank. To acquire Bank, Applicant would assume debt in excess of the price of the shares acquired. Bank is presently in satisfactory condition, but Applicant's projections for the future earnings performance of Bank are optimistic when compared to its past record. Moreover, Applicant's projections of Bank's future asset growth, and therefore of its future need for capital, appear unduly low in light of Bank's past asset growth. It does not appear, using projections based on historical data or comparable data for other banks in the area, that Applicant can meet its debt service requirements while preserving the financial flexibility necessary to maintain an adequate capital position for Bank. Financial resources of Applicant and future prospects of Applicant and Bank are adverse to approval of this application.

Present management of Bank is considered satisfactory, and Applicant proposes no changes in Bank's management. However, principals of Applicant do not live in Calhoun and devote little time to the management of Bank. The managerial resources of Bank and Applicant lend no weight toward approval.

In connection with its proposal, Applicant plans to extend maturities on certain types of credit to customers of Bank. Bank's present operation is consistent with the convenience and needs of its community, but the proposed changes lend only slight weight toward approval of the application.

On the basis of all the facts of record, the Board finds that the adverse financial effects of Applicant's proposal far outweigh the slight benefits to Bank's community. Since competitive and managerial considerations lend no weight to approval of the application, the balance of factors that the Board is required to consider under § 3(c) of the Act is adverse to approval of the application. Accordingly, it is the Board's judgment that approval would not be in the public interest and that the application should be denied.

The application is denied for the reasons summarized above. By Order of the Board of Governors, effective August 11, 1978.

individuals to a corporation owned by the same individuals, the Act requires that before an organization is permitted to become a bank holding company and thus obtain the benefits associated with the holding company structure, it must secure the Board's approval. Section 3(c) of the Act provides that the Board must, in every case, consider among other things, the financial and managerial resources of both the applicant company and the bank to be acquired. The Board's action in this case is based on a consideration of such factors.

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

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

Commerce Bancshares, Inc.,
Kansas City, Missouri

Order Denying
Requests for Reconsideration and a Stay

The Manchester-Tower Grove Community Organization, an affiliate of the Missouri Association of Community Organizations for Reform Now ("ACORN"), has requested reconsideration and a stay, pending reconsideration by the Board, and Mr. William H. Kester, a resident of St. Louis, Missouri, has requested reconsideration of the Order of the Board dated June 16, 1978, approving the application of Commerce Bancshares, Inc., Kansas City, Missouri, pursuant to section 3(a)(5) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(5)) to merge with Manchester Financial Corporation, St. Louis, Missouri.

The Board has reviewed both requests for reconsideration and finds that neither ACORN nor Mr. Kester have presented relevant facts that, for good cause shown, were not previously presented to the Board. Moreover, it does not otherwise appear to the Board that reconsideration of the Board's Order of June 16, 1978, would be appropriate.

Therefore, the Board hereby denies the requests by ACORN and Mr. Kester for reconsideration of the Board's June 16, 1978 Order approving the merger of Commerce Bancshares, Inc. with Manchester Financial Corporation. In view of the Board's decision to deny the requests for reconsideration, ACORN's request for a stay, pending reconsideration by the Board, is deemed moot.

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

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

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

Holladay Bancorporation,
Salt Lake City, Utah

Order Denying
Formation of Bank Holding Company

Holladay Bancorporation, Salt Lake City, Utah, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 80 per cent of the voting shares of Holladay Bank & Trust, Salt Lake City, Utah ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company through the acquisition of Bank, which holds deposits of $13.1 million.[1] Upon acquisition of Bank, Applicant would control approximately 0.2 per cent of total deposits in commercial banks in the State of Utah.

Bank is the seventeenth largest of twenty-seven banking organizations in the relevant banking market,[2] and controls approximately 0.3 per cent of total deposits in commercial banks in the market. Inasmuch as the proposed transaction involves the transfer of ownership of Bank from individuals to a corporation owned by the same individuals and principals of Applicant and bank are not principals of any other commercial bank, it appears that consummation of this proposal would not have an adverse effect upon existing or potential competition, nor would it increase the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations of the instant proposal are consistent with approval of the application.

Section 3(c) of the Bank Holding Company Act provides that the Board must, in every application under section 3 of the Act, consider, among other things, the financial and managerial resources and future prospects of *both* the applicant company and the bank to be acquired. In this regard, the Board has indicated on previous occasions that a bank holding company should constitute a source of financial and managerial strength to its subsidiary bank(s) and that the Board will closely examine the condition of an applicant in each case with this consideration in mind.

With regard to financial considerations, the Board notes that Applicant proposes to borrow approximately $300 thousand to acquire newly issued shares of Bank, thereby increasing Bank's capital. The Board believes that borrowing by a bank holding company in order to place additional capital in its subsidiary bank(s) may be appropriate under certain circumstances. However, in this case, Applicant proposes to service the debt that it would incur in order to increase Bank's capital over a ten-year period, primarily through dividends to be paid by Bank. Although Bank's operations have been profitable since it opened for business in 1974, Applicant's projections are viewed as overly optimistic. From the record, it appears that certain practices and policies in evidence in Bank's existing operations may adversely affect the future earnings of Bank. At the same time, the asset growth projected for Bank by Applicant is much less than the annual asset growth rate of Bank since its establishment and is less than the annual asset growth rate of all banks in Utah from 1972 through 1976. In this regard, Applicant has submitted no persuasive evidence to support its projections of Bank's asset growth. In addition, Bank plans to establish branch offices which, in the Board's opinion, would increase the likelihood that Bank's assets would grow at a rate far in excess of that projected by Applicant. In summary, it is the Board's view that Bank does not have the ability to realize the earnings necessary to service the debt that Applicant would incur as a part of this proposal without adversely affecting the capital position of Bank. Therefore, the Board concludes that considerations relating to financial resources and future prospects weigh against approval of this application.

With regard to managerial considerations, the operations of Bank are currently under the direction of Applicant's principals. The Board notes that Applicant's president, who serves as president of Bank, is president of an industrial bank located in the relevant market. Other principals of Applicant are also principals of that industrial bank. The record indicates that the overall positions of both Bank and the industrial bank are the result of certain practices and policies employed by Appli-

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

[2] The relevant banking market is approximated by the Salt Lake City SMSA.

cant's principals. The operations of Bank under the direction of Applicant's principals during the last four years are such that they do not warrant a favorable finding by the Board with respect to Applicant's and Bank's managerial resources.[3] Thus the Board is of the view that the record indicates that managerial factors should be regarded as an adverse consideration. Therefore, the Board concludes that considerations relating to managerial resources weigh against approval of this application.

No significant changes in Bank's operations or in the services offered to its customers are anticipated to follow from consummation of the proposed acquisition. Consequently, convenience and needs factors lend no weight towards approval of this application.

On the basis of the circumstances concerning this application, the Board concludes that the banking factors involved in this proposal reflect adversely upon the financial and managerial resources and future prospects of Applicant and Bank.[4] Such adverse considerations are not outweighed by any procompetitive effects or by benefits that would result in better serving the convenience and needs of the community. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be denied.

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

By order of the Board of Governors, effective August 25, 1978.

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

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

[3] The Board has previously indicated that it is reasonable to expect an applicant to demonstrate a record of satisfactory managerial performance. (See, *e.g.*, the Board's Order dated November 21, 1977, denying the formation of a bank holding company by Chickasha Bancshares, Inc., Chickasha, Oklahoma, 63 FEDERAL RESERVE BULLETIN 1082 (1977).)

[4] The Board's conclusions are based upon the facts of record presently contained in the record. Should Bank's operations show improvement, the Board would be receptive to consideration of an application at some time in the future.

Mankato Bankshares, Inc.,
Mankato, Kansas

Order Approving Formation of Bank Holding Company

Mankato Bankshares, Inc., Mankato, Kansas, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 93.33 per cent of the voting shares of First National Bank in Mankato, Mankato, Kansas ("Bank").

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

Applicant, a non-operating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company through the acquisition of Bank ($5.1 million in deposits).[1] Upon consummation of the proposal, Applicant would control a bank ranking 429th out of the 615 commercial banks in Kansas with 0.05 per cent of total commercial bank deposits in the State.

Bank, which is the seventh largest of twelve banks in the Mankato banking market (the relevant market),[2] controls 7.4 per cent of total commercial bank deposits in the market. The subject proposal involves a restructuring of Bank's ownership from individuals to a corporation owned by those same individuals. In analyzing the competitive effects of the proposal, it is necessary to consider that two of the principals of Applicant are also the principal stockholders, officers and directors of two other one-bank holding companies with subsidiary banks located in the Mankato banking market.[3] These holding companies are Citizens Insurance Agency, Inc., Jewell, Kansas, which controls the sixth largest bank in the market,

[1] All banking data are as of June 30, 1977, and reflect bank holding company formations and acquisitions approved through March 31, 1978.

[2] The Mankato banking market is approximated by all of Jewell County, Kansas, the towns of Courtland and Scandia in Republic County, Kansas, the town of Lebanon in Smith County, Kansas, and the town of Superior in Nuckolls County, Nebraska.

[3] See the Board's Order of May 11, 1977, denying the application of Mahaska Investment Company, Oskaloosa, Iowa, to become a bank holding company (63 FEDERAL RE-

Citizens State Bank, Jewell, Kansas ($5.1 million in deposits) ("Citizens Bank"), and Lull and Rush Agency, Inc., Smith Center, Kansas ("Lull and Rush"), which controls the fifth largest bank in the market, First National Bank of Lebanon, Lebanon, Kansas ($5.2 million in deposits) ("Lebanon Bank"). The same individuals also serve as officers and directors of both Citizens Bank and Lebanon Bank. A third bank located outside the Mankato banking market is also controlled by these individuals.

Acquisition of control of Bank by Applicant's principals in September 1977 eliminated some competition that existed between Bank and the other two banks controlled by the same individuals in the relevant market. However, it is the Board's view that acquisition of control of Bank had only slightly adverse effects on competition in the Mankato market. The Board's finding on the competitive effects of the subject proposal is based upon the facts of record, including the following considerations. The Mankato market is not highly concentrated; the four largest banks control 55.9 per cent of total commercial bank deposits in the market. Together, the three banks controlled by Applicant's principals hold 22.5 per cent of the total commercial bank deposits in the market, a market share which is only slightly larger than the market share held by each of the market's two largest banks. Moreover, even following consummation of the proposal there will remain nine other banks in the market that are not associated with Applicant's principals and that provide alternative sources of banking services. In view of all the facts of record, it is the Board's view that consummation of the proposal would have only slightly adverse effects on competition in the relevant market.

The financial and managerial resources and future prospects of Applicant are entirely dependent upon those of Bank.[4] Although Applicant will incur debt in connection with the proposal, it appears that Applicant will be able to meet its debt servicing requirements without adversely affecting the financial condition of Bank, particularly in light of Applicant's commitment to inject additional capital into Bank. The additional capital is to be raised primarily by the issuance of nonvoting, cumulative, preferred stock of Applicant to Lull and Rush, one of the two one-bank holding companies controlled by principals of Applicant.[5] Furthermore, the financial and managerial resources of the other banking organizations with which Applicant's principals are associated are regarded as satisfactory. Therefore, considerations relating to banking factors are consistent with approval of the subject application.

Since Applicant's principals acquired Bank, in September 1977, Bank has increased the availability of loans and has offered a broader range of time deposits. Bank has also increased its banking hours and proposes to hire an agricultural representative to assist Bank's customers. These convenience and needs factors are sufficient to outweigh any slightly adverse competitive effects that might have resulted from acquisition of Bank by Applicant's principals. Based upon the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective August 28, 1978.

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

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

SERVE BULLETIN 579 (1977)), and the Board's Order of November 18, 1977, denying the application of Citizens Bancorp, Inc., Hartford City, Indiana, to become a bank holding company (63 FEDERAL RESERVE BULLETIN 1083 (1977)).

[4] Where principals of an applicant are engaged in establishing or operating a chain of one bank holding companies, the Board has indicated it is appropriate to analyze such organizations by the standards normally applied to multi-bank holding companies. See the Board's Order dated June 14, 1976, denying the application of Nebraska Banco., Inc., Ord, Nebraska, to become a bank holding company (62 FEDERAL RESERVE BULLETIN 638 (1976)).

[5] The Board has received a written commitment from Lull and Rush that it will, subsequent to the consummation of the proposal, treat Applicant as a subsidiary of Lull and Rush and comply with the provisions of Federal banking law as if Applicant were a subsidiary of Lull and Rush. In view of this commitment and the current applicability of § 23A of the Federal Reserve Act (12 U.S.C. § 371(c)) to the relationships among Lull and Rush and Applicant, it is not necessary to determine at this time whether Lull and Rush controls Applicant under § 2(a)(2)(C) of the Bank Holding Company Act.

Mercantile Texas Corporation,
Dallas, Texas

Order Approving Acquisition of Bank

Mercantile 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 section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 100 per cent of the voting shares (less directors' qualifying shares) of South Park National Bank, San Antonio, Texas ("Bank"), a proposed *de novo* bank.

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

Applicant is the fifth largest banking organization in Texas and controls seven banking subsidiaries, with aggregate deposits of approximately $2.2 billion, representing 4.0 per cent of total deposits in commercial banks in the State.[1] Since this application involves the acquisition of a proposed *de novo* bank, consummation of the proposal would not immediately increase Applicant's share of deposits in commercial banks in Texas.

Bank is to be located in the San Antonio banking market,[2] in which Applicant ranks as the third largest out of 46 banking organizations, with two subsidiary banks controlling 9.2 per cent of total market deposits. The proposed site of Bank is in the southern portion of the San Antonio market, approximately six miles from Applicant's nearest banking subsidiary, Alamo National Bank. Applicant's market share would not change initially as a result of approval of this application. Since Bank would be a *de novo* bank, there will be no elimination of existing competition. In addition, the record indicates that even after consummation of this proposal the San Antonio market, including the southern quadrants, appears to be capable of supporting additional entrants. Accordingly, it appears from the facts of record that consummation of the proposal would not result in any adverse effects upon competition in any relevant area. Thus, competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and its subsidiary banks are regarded as generally satisfactory. Bank, as a proposed *de novo* bank, has no financial or operating history; however, its prospects as a subsidiary of Applicant appear favorable. Accordingly, considerations relating to banking factors are consistent with approval of this application.

The Board has received comments in opposition to the proposal from Protestants, whose banks are the only other banks located in Bank's proposed service area. Protestants assert that the southern quadrants of the city of San Antonio, in which area Bank will be located, do not need and cannot support another bank.[3] Protestants contend that this area of San Antonio was experiencing slow economic growth at the time Bank's charter was granted in 1974 and that economic conditions in this area have not changed since that time. Furthermore, Protestants allege that the growth of Bank would occur at the expense of Protestants' banks.

The San Antonio banking market appears moderately attractive to *de novo* entry. Although the population in the southern portion of San Antonio is not growing as rapidly as in the northern portion, the southern portion of the San Antonio banking market still has far fewer banks per capita than does the market as a whole. Approximately one-half of the population of the city of San Antonio lives in the city's southern quadrants; however, only eight out of the 42 banks in San Antonio are located in this area, resulting in a population-to-banking office ratio for this area of 50,250.

[1] All deposit data are as of June 30, 1977, and reflect bank holding company formations and acquisitions approved as of April 30, 1978.

[2] The San Antonio banking market is approximated by the San Antonio Standard Metropolitan Statistical Area ("SMSA"), which includes Bexar, Comal, and Guadalupe Counties in Texas.

[3] Protestants also maintain that Bank's charter, granted by the Comptroller of the Currency on May 16, 1974, does not "authorize ownership" of Bank by Applicant since the Comptroller's charter approval was granted to Federated Capital Corporation, Houston, Texas ("FCC"), the prospective parent holding company for Bank. On December 30, 1976, FCC was merged into Applicant with the Board's prior approval. The Comptroller of the Currency, the primary regulator of Bank, has continued to grant periodic extensions, first to FCC and then to Applicant, following the merger of FCC into Applicant. After considering the submissions of the Protestants, the Comptroller, by letter of May 17, 1978, recommended approval of this application.

This ratio is five times greater than the Statewide figure and 2.6 times greater than the ratio for the San Antonio banking market. Moreover, the growth of deposits in Protestants' banks has not lagged behind that of other banks in the market. Indeed, total deposits in the market doubled from year-end 1970 to year-end 1976, and total deposits for each of Protestants' banks grew at or near the market average during this period. Thus, it appears from these and other facts of record that the market, including the southern portion of the San Antonio market, would be capable of supporting an additional bank without having a significant adverse effect upon Protestants' banks. Moreover, the establishment of a *de novo* bank, the first new entrant in the southeast quadrant of San Antonio since 1964, would provide a new and convenient banking alternative for that area's residents. As a subsidiary of Applicant, Bank would have access to Applicant's financial and managerial resources and would be able to institute and develop a full line of banking services. Thus, considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application. Accordingly, it is the Board's judgment that consummation of the transaction would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after that date, and (c) South Park National Bank, San Antonio, Texas, shall be opened for business not later than 6 months after the effective date of this Order. Each of the periods described in (b) and (c) may be 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,[4] effective August 4, 1978.

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

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

[4] This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 CFR § 261.1a(c)) by a committee of Board members.

National Detroit Corporation,
Detroit, Michigan

Order Approving Acquisition of Bank

National Detroit Corporation, Detroit, Michigan ("Applicant"), 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 80 per cent or more of the voting shares of First State Bank of Saginaw, Saginaw, Michigan ("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 Financial Institutions Bureau of the State of Michigan and Second National Corporation, Saginaw, Michigan ("Protestant"), in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the largest banking organization in Michigan, controls six banks with total deposits of \$5.3 billion,[1] representing 15.8 per cent of total deposits in commercial banks in the State. Despite Protestant's allegation that acquisition of Bank by Applicant would have a significant adverse effect upon the concentration of banking resources Statewide, it is the Board's opinion that since acquisition of Bank (\$64.5 million in deposits) would increase Applicant's shares of Statewide deposits by less than 0.2 per cent and in view of the banking structure in Michigan, such an acquisition would have no significant adverse effect upon the concentration of banking resources in Michigan.

Bank is the seventh largest of twelve banking organizations located in the Saginaw banking market, and controls approximately 3.9 per cent (or \$51.3 million) of market deposits.[2] A branch office of Bank is located in Vassar, Michigan, which is in the separate Tuscola banking market, and holds 9.1 per cent (or \$13.1 million) of market

[1] All banking data are as of June 30, 1977, and reflect bank holding company formations and acquisitions approved through June 30, 1978. On February 16, 1978, Applicant received the Board's prior approval to acquire NBD Portage Bank, Portage, Michigan, but this transaction has not been consummated to date.

[2] The Saginaw banking market is approximated by Bay, Midland and Gladwin Counties and all of Saginaw County with the exception of the southeastern corner of that County, including the town of Frankenmuth.

deposits and ranks fourth among the eleven banking organizations in that market.[3] Protestant, the largest banking organization in the Saginaw market, contends that consummation of this proposal would have adverse effects on competition in the Saginaw market and that Applicant should enter the market *de novo*. Applicant is not presently represented in either the Saginaw or Tuscola banking markets. Applicant's subsidiary bank closest to Bank is located approximately 65 miles south of Bank's Vassar office, in Oakland County. It appears that in view of the distance between Bank and Applicant's nearest subsidiary bank, and other facts of record, no significant competition exists between Bank and Applicant's banking subsidiaries. Furthermore, the Saginaw banking market is not considered to be particularly attractive for *de novo* entry since both its per capita income and its deposits per banking office are below the State average. Moreover, even after consummation of the subject proposal, there will remain in both the Tuscola and Saginaw markets a number of other points of entry for banking organizations not currently represented in these markets. Thus, consummation of this proposal would have only a slightly adverse effect on potential competition.

The financial and managerial resources of Applicant, its subsidiaries, and Bank are satisfactory and the future prospects of each appear favorable. Thus, banking factors are consistent with approval of the application. Following consummation of the proposal, Applicant will assist Bank in offering trust services to its customers. Bank will also offer continuous compounding of interest on statement savings accounts and more flexible individual retirement accounts as well as other services not presently provided by Bank. While Protestant contends that Bank could implement these services without Applicant's intervention, Bank has not done so in the past. Thus, the Board concludes that considerations relating to the convenience and needs of the communities to be served lend sufficient weight toward approval as to outweigh the slightly adverse competitive effects associated with this proposal. It is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

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

By order of the Board of Governors,[4] effective August 7, 1978.

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

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

[3] The Tuscola banking market is approximated by all of Tuscola County except the southwestern corner of that county.

[4] This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 CFR § 261.1a(c)) by a committee of Board members.

ORDER UNDER SECTIONS 3 & 4 OF BANK HOLDING COMPANY ACT

Moline Manufacturing Company,
Moline, Illinois

Order Approving Formation of Bank Holding Company and Engagement in Leasing Activity

Moline Manufacturing Company, Moline, Illinois, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 95.68 per cent of the voting shares of Southeast National Bank of Moline, Moline, Illinois ("Bank").[1] Applicant has also applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)) for permission to continue to engage in the activity of leasing real and personal property. Such activity has been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(6)(a) and (b)).

Notice of the applications, affording opportunity for interested persons to submit views and recom-

[1] The Board notes that Applicant does not engage in any nonbanking activities other than leasing real and personal property. Applicant has committed to the Board that it will change its name within 90 days of the effective date of this Order in order to avoid any confusion concerning the nature of its business.

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

Bank, with deposits of 29.4 million,[2] is the thirteenth largest of thirty-two banking organizations in the relevant banking market,[3] and holds approximately 2.2 per cent of total market deposits. Upon acquisition of Bank, Applicant would control approximately 0.4 per cent of the total deposits in commercial banks in the State of Illinois. Inasmuch as the proposed transaction to form a bank holding company is merely a reorganization whereby the shareholders who presently control Bank will control it indirectly through Applicant, consummation of the proposal would not have any adverse effects upon existing or potential competition nor would it increase the concentration of banking resources in the relevant banking market.[4] Therefore, the Board concludes that competitive considerations are consistent with approval of the application to form a bank holding company.

The financial and managerial resources of Applicant and Bank are regarded as satisfactory and their future prospects appear favorable. While Applicant will incur some debt in connection with this proposal to form a bank holding company, it appears that Applicant will be able to meet its debt service requirements through dividends from Bank and revenues derived from its leasing activity without adversely affecting the financial condition of Bank. Accordingly, the Board regards banking factors as being consistent with approval of the application. While no major changes in Bank's services are contemplated, from the record it appears that considerations relating to the convenience and needs of the community to be served are likewise consistent with approval of the application. Accordingly, it is the Board's judgment that consummation of the proposed transaction to form a bank holding company would be in the public interest and that the application should be approved.

In connection with its application to become a bank holding company, Applicant also has applied for the Board's approval to continue to engage in the activity of leasing real and personal property. Applicant presently leases real estate and manufacturing facilities to an industrial concern and at the expiration of the term of the lease it is anticipated that the property will be purchased by the lessee. Furthermore, since Applicant presently engages in such activity, it does not appear that approval of Applicant's proposal to continue to engage in the activity would have any adverse effect upon existing or potential competition. Moreover, Applicant has committed that it will not engage in any other lease transactions without obtaining the Board's prior approval. Furthermore there is no evidence in the record indicating that consummation of the proposal to continue to engage in the leasing activity would result in any undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Based on the foregoing and other facts of record, the Board has determined that the balance of public interest factors the Board must consider under section 4(c)(8) favor approval of Applicant's proposal, and that the application to continue to engage in the real and personal property leasing activity should be approved.

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, or later than three months after the effective date of this Order unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago pursuant to delegated authority. The determination as to Applicant's nonbanking activity is subject to the conditions set forth in section 225.4(c) of Regulation Y and the Board's authority to require reports by, and make examination of, holding companies and their subsidiaries and to require such modification or termination of the activities of a bank holding company or any

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

[3] The relevant banking market is approximated by the Davenport, Iowa/Rock Island, Illinois RMA, plus the remainder of Scott County, Iowa, and Durant, Iowa, located in the southeastern corner of Cedar County, Iowa.

[4] The Board notes that Applicant's principals and shareholders also own 100 per cent of the outstanding voting shares of McLaughlin Body Company, Moline, Illinois ("McLaughlin"), which in turn owns 10.5 per cent of the voting shares of First National Bank of Moline, Moline, Illinois ("First National"), and that a principal of Applicant serves as a director of First National. However, other directors of First National, who are not affiliated with McLaughlin or Applicant, hold a majority of the voting shares of that bank. Thus, from the facts of record it does not appear that First National is controlled by Applicant or McLaughlin. Furthermore, the Board has received a commitment that Applicant's principal will resign his positions as a director, officer and employee of Applicant prior to consummation of Applicant's acquisition of Bank so that a violation of the provisions of the Board's Regulation L (12 CFR § 212) will not occur.

of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors,[5] effective August 7, 1978.

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

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

[5] This action was taken pursuant to the Board's Rules Regarding Delegation of Authority (12 CFR § 261.1a(c)) by a committee of Board members.

ORDER UNDER SECTION 4 OF BANK HOLDING COMPANY ACT

Notice of Dismissal of Proceeding

On February 13, 1976, the Board of Governors of the Federal Reserve System entered an Order (41 *Federal Register* 1466) directing that a public hearing be held on the application of Citizens and Southern Holding Company, Atlanta, Georgia ("C&S Holding"), to establish Citizens and Southern Mortgage Company, Atlanta, Georgia ("C&S Mortgage"), and to engage thereby *de novo* in mortgage banking and other activities pursuant to section 4(c)(8) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1843(c)(8)). The Board had previously approved C&S Holding's application on August 31, 1973, but upon judicial review was directed by the United States Court of Appeals for the District of Columbia Circuit to conduct a hearing on the application. No request for a stay having been filed with either the Board or the Court of Appeals, C&S Holding has proceeded to engage in the mortgage banking business by opening offices at eight of the eleven locations that were the subject of its application.[1]

[1] The C&S Mortgage identified in this order is the company created by C&S Holding under authority of the Board's previous order approving the subject application. 38 *Fed. Reg.* 24932 (1973). As explained herein, substantially all of the assets of this C&S Mortgage have been transferred to Citizens & Southern Financial Corporation, an operations subsidiary of Citizens and Southern National Bank. The company within the C&S System at present that bears the title C&S Mortgage conducts mortgage banking operations outside of Georgia at locations not at issue in the present case. This order does not deal with the conduct of operations by the latter company.

Now, however, the Independent Bankers Association of Georgia ("IBAG"), which brought the suit leading to the Court of Appeals' order that a hearing be held, has indicated that it no longer desires to protest the subject application. IBAG indicates that changes made in the Code of Georgia since the Court of Appeals' decision render moot its previous claim that the activities of C&S Mortgage at the eight Georgia locations in which it commenced operations pursuant to the Board's Order violate Georgia's branch banking law. C&S Holding has indicated that it does not desire to commence mortgage banking operations at the remaining three Georgia locations (Rome, Columbus, and Dalton) and has withdrawn its request to the Board for permission to do so. In addition, as a result of a corporate reorganization entered into subsequent to the Court of Appeals' Order, the bulk of the mortgage banking activities heretofore engaged in by C&S Mortgage were transferred to an operations subsidiary of The Citizens and Southern National Bank, Atlanta, Georgia, C&S Holding's lead bank. In addition, a small portion of the mortgage loans originated by C&S Mortgage, for the most part second mortgage loans, were transferred to other subsidiaries of C&S Holding, whose status was not at issue before the Board or before the Court of Appeals. This corporate reorganization and creation of an operations subsidiary of Citizens and Southern National Bank was approved by the Comptroller of the Currency pursuant to 12 CFR § 7.7376 after appropriate consultations among C&S Holding, the Comptroller, and the Federal Reserve Bank of Atlanta.

In light of the above corporate reorganization and IBAG's withdrawal of its protest of the application, the Board believes that the underlying application is substantially moot. In reaching this conclusion, the Board is mindful of the fact that a substantial portion of the loans originated by C&S Mortgage during the period of its operations pursuant to the Board's previous order in this case remain within the C&S system. However, such operations were lawfully engaged in under authority of the Board's previous order, and nothing in the present record would lead the Board to deny the application were it not considered moot.

The Administrative Law Judge, the Honorable James W. Mast, has issued an order terminating the hearing in this matter subject to approval by the Board. C&S Holding and IBAG have presented for the Board's consideration a settlement agreement that terminates the hearing and leaves the underlying application, as amended, for determination by the Board on its merits. The Assistant Attorney General, Antitrust Division, U.S. Department of Justice, has submitted an opinion indicating that the proposed settlement would not violate the Antitrust Laws of the United States.

The Board hereby approves the Administrative Law Judge's action terminating the hearing in the captioned matter; and the Board finds that the parties' settlement agreement and the intervening corporate reorganization render this application moot. Accordingly, the proceedings in this matter are hereby terminated and the application dismissed as moot.

By Order of the Board of Governors, effective August 1, 1978.

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

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

ORDER UNDER SECTION 2 OF BANK HOLDING COMPANY ACT

Summit Home Insurance Company,
Minneapolis, Minnesota

Summit Home Insurance Company, Minneapolis, Minnesota ("Summit"), a bank holding company within the meaning of § 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et seq.*) (the "Act"), has requested a determination, pursuant to the provisions of section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)), that with respect to the sale by Summit of approximately 87 per cent of the outstanding voting shares of Colfax National Bank, Denver, Colorado ("Bank"), to Mr. Thomas A. Waters of Denver, Colorado, Summit is not in fact capable of controlling Mr. Thomas A. Waters notwithstanding the fact that Mr. Waters is indebted to Summit in connection with his purchase of Summit's stock interest in Bank.

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

Notice of an opportunity for hearing with respect to Summit's request for a determination under section 2(g)(3) was published in the *Federal Register* on April 5, 1977 (42 *Fed. Reg.* 18129 (1977)). The time provided for requesting a hearing has expired. No such request has been received by the Board. Summit has submitted to the Board evidence to show that it is not in fact capable of controlling Mr. Waters or Bank, and the Board has received no contradictory evidence. It is hereby determined that Summit is not in fact capable of controlling either Mr. Waters or Bank. This determination is based upon the evidence of record in this matter that reflects the following:

That the sale of Bank's shares by Summit was the result of arm's length negotiations, that Mr. Waters' purchase appears to have been an investment for his own account and not as a nominee or representative of any other party, that Mr. Waters had no previous relationship or affiliation with Summit or its affiliates, and that all management and director interlocks between Summit and its affiliates, on the one hand, and Bank, on the other, have been terminated. Mr. Waters executed two promissory notes to Summit secured by deeds of trust on real estate, and by securities other than those of Bank held by Mr. Waters. It further appears that Mr. Waters has sufficient personal resources to enable him to resist any attempt to control him or influence his management of Bank, and that the terms governing the debt relationship are limited to those reasonably required in accordance with sound and accepted banking practices, to protect Summit's security. Finally, Summit has undertaken that it will not attempt to exercise control over Waters or Bank, and Bank has resolved that Summit retains no interest in or control over Bank.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 CFR § 265.2(b)(1)), effective August 30, 1978.

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

CERTIFICATIONS UNDER THE BANK HOLDING COMPANY TAX ACT OF 1976

Serco Investment Company,
Prairie Village, Kansas

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

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

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

1. Effective May 30, 1978, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture of all of the 102,895 voting shares of Southgate State Bank and Trust Company, Prairie Village, Kansas ("Bank"), held by Serco, through the *pro rata* distribution of such shares to the sole shareholder of Serco. The Board's Order certified that:

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

B. the 102,895 shares of Bank that Serco proposes to distribute are all or part of the property by reason of which Serco controls (within the meaning of section 2(a) of the BHC Act) a bank or a bank holding company; and

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

2. On June 15, 1978, Serco distributed the 102,895 shares of the Bank to the sole shareholder of Serco.

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

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

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

By order of the Board of Governors, acting through its General Counsel pursuant to delegated authority (12 CFR § 265.2(b)(3)), effective August 1, 1978.

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

Time Holdings, Inc.,
Milwaukee, Wisconsin

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

Time Holdings, Inc., Milwaukee, Wisconsin ("Time") has requested a final certification pursuant to section 1101(e)(2) of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976, that it has (before the expiration of the period prohibited property is permitted under the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act") to be held by a bank holding company) ceased to be a bank holding company.

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

1. Effective December 21, 1977, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture of all of the 362,900 issued and outstanding shares of Bank of Commerce, Milwaukee, Wisconsin ("Bank"), held by Time through the *pro rata* distribution of such shares to the shareholders of Time. The Board's order certified that:

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

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

(B) The 362,900 shares of Bank that Time proposes to distribute are all or part of the property by reason of which Time controls (within the meaning of section 2(a) of the BHC Act) a bank holding company; and

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

2. On January 6, 1978, Time distributed 362,900 shares, representing 96.773 per cent of the outstanding shares, of Bank on a *pro rata* basis to Time's stockholders. At that time certain officer/directors of Time were also officer/directors of Bank. Officer/directors of Time also received approximately 25 per cent of Bank's outstanding shares in the *pro rata* distribution. As a result of the subsequent resignation of certain officer/directors of Time and its subsidiaries, however, no person holding an office or position (including an honorary or advisory position) with Time or any of its subsidiaries as an officer, director, policy making employee or consultant, or who performs, (directly, or through an agent, representative or nominee) functions comparable to those normally associated with such office or position, holds any such position with Bank, its subsidiaries, or any other bank. The current officer/directors of Time own approximately three per cent of Bank's shares.

3. On January 9, 1978, AMEV American, Inc., a wholly owned subsidiary of N.V. AMEV, a Dutch Corporation, was merged into Time. Each of Time's shareholders received cash for their shares of Time and each share of AMEV America, Inc. was converted to a share of Time. Thus, Time became a wholly owned subsidiary of N.V. AMEV.

4. Neither Time nor its subsidiaries holds any interest in Bank, any other bank or any company that controls a bank.

5. Bank does not hold any interest in Time or its subsidiaries.

6. Time has represented, that it does not, directly or indirectly, exercise, or have the power to exercise, a controlling influence over the management or policies of Bank, any other bank or any company that controls a bank.[2]

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

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

By order of the Board of Governors acting through its General Counsel pursuant to delegated authority (12 CFR § 265.2(b)(3)) effective August 3, 1978.

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

[2] Because of the facts of this case, including the fact that there are no interlocking officer, director or employee relationships between Time and Bank, including their respective subsidiaries, a formal determination pursuant to section 2(g)(3) of the BHC Act is not necessary.

Voyageur Development Corporation,
Park Falls, Wisconsin

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

Voyageur Development Corporation, Park Falls, Wisconsin ("Voyageur"), has requested a prior certification pursuant to § 6158(a) of the Internal Revenue Code ("Code"), as amended by § 3(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that the proposed sale by Voyageur of substantially all the assets of Park Falls Insurance Agency, Park Falls, Wisconsin ("Park Falls"), a general insurance agency, is necessary or appropriate to effectuate § 4 of the Bank Holding Company Act (12 U.S.C. § 1843) ("BHC Act").

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

1. Voyageur is a corporation organized under the laws of the State of Wisconsin on October 12, 1967. E. J. Aschenbrener Company, Park Falls, Wisconsin ("Aschenbrener"), was a corporation organized under the laws of the State of Wisconsin. On September 30, 1969, Voyageur merged with Aschenbrener and became the successor by merger to Aschenbrener, which ceased to exist after that date.

2. On March 5, 1964, Aschenbrener acquired 847 shares, representing 84.7 per cent of the outstanding voting shares, of Park Falls State Bank, Park Falls, Wisconsin ("Bank"). Voyageur acquired 70 shares, representing 7 per cent of the outstanding voting shares, of Bank, shortly before its merger with Aschenbrener in September 1969,

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

and succeeded to Aschenbrener's ownership of the 847 shares of Bank.

3. Voyageur succeeded to Aschenbrener's ownership of the E. J. Aschenbrener Insurance Agency, Inc., Park Falls, Wisconsin ("Agency"). In 1970, Agency changed its name to Park Falls Insurance Agency ("Park Falls").

4. Voyageur became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act by virtue of its ownership and control at that time of more than 25 per cent of the outstanding voting shares of Bank, and it registered as such with the Board on August 30, 1971. Voyageur would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of its ownership and control on that date, of more than 25 per cent of the outstanding voting shares of Bank. Voyageur presently owns 1551 shares, representing 96.9 per cent of the outstanding voting shares of Bank.

5. Voyageur holds property acquired by it on or before July 7, 1970, the disposition of which would be necessary or appropriate to effectuate § 4 of the BHC Act if Voyageur were to continue to be a bank holding company beyond December 31, 1980, which property is "prohibited property" within the meaning of §§ 6158(F)(2) and 1103(c) of the Code.

6. Voyageur proposes to sell substantially all of the assets of Park Falls that it owns to Mr. Robert Keyes in exchange for cash in an amount equal to twice the annual commissions on insurance sales plus receivables in Park Falls at the closing of the sale.

7. Mr. Keyes is not an officer, director (including honorary or advisory director), or employee with policy-making functions of Voyageur or any of its subsidiaries. Keyes does not hold any interest in Voyageur or any of its subsidiaries. Keyes is not indebted to Voyageur or any of its subsidiaries, and would not become indebted to Voyageur or any of its subsidiaries as a result of the subject proposal.

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

(A) Voyageur is a qualified bank holding corporation, within the meaning of § 6158(F)(1) and subsection (b) of section 1103 of the Code, and satisfies the requirements of that subsection:

(B) the assets of Park Falls proposed to be sold are "prohibited property" within the meaning of §§ 6158(F)(2) and 1103(c) of the Code; and

(C) the sale of substantially all the assets of Park Falls is necessary or appropriate to effectuate § 4 of the BHC Act.

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

By order of the Board of Governors acting through its Acting General Counsel, pursuant to delegated authority (12 CFR § 265.2(b)(3)), effective August 28, 1978.

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

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

BY THE BOARD OF GOVERNORS

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

Section 3

Applicant	*Bank(s)*	*Board action (Effective date)*
First Alabama Bancshares, Inc., Birmingham, Alabama	East Lauderdale Banking Company, Rogersville, Alabama First State Bank of Cullman Cullman, Alabama	August 11, 1978

Section 3—Continued

Applicant	*Bank(s)*	*Board action (Effective date)*
FIRST EVERGREEN CORPORATION, Evergreen Park, Illinois	First National Bank of Evergreen Park, Evergreen Park, Illinois	August 9, 1978
First Kansas Bancorp., Leavenworth, Kansas	First National Bank of Leavenworth, Leavenworth, Texas	August 9, 1978
Harrogate Corporation, Harrogate, Tennessee	Commercial Bank of Claiborne County, Harrogate, Tennessee	August 4, 1978
Indian Head Banks, Inc., Nashua, New Hampshire	The Carroll County Trust Company, Conway, New Hampshire	August 25, 1978

Section 4

Applicant	*Bank(s)*	*Nonbanking company (or activity)*	*Board action (Effective date)*
Bank Land Company, Denver, Colorado		agent for sale of insurance directly related to extensions of credit by its subsidiary bank	August 28, 1978
Capitol Bancorporation, Boston, Massachusetts		Globe Financial Services, Inc., Boston, Massachusetts	August 21, 1978

Sections 3 and 4

Applicant	*Bank(s)*	*Nonbanking company (or activity)*	*Board action (Effective date)*
First Chandler Corp., Chandler, Oklahoma	The First National Bank of Chandler, Oklahoma	to engage in the activity of acting as agent or broker for the sale of insurance	August 29, 1978
Forest City Limited, Des Moines, Iowa	Forest City Bank and Trust Company, Forest City, Iowa	to engage in the sale of certain types of credit-related insurance	August 16, 1978
First Corporation, Henderson, Kentucky	The First National Bank of Henderson, Henderson, Kentucky		

Section 3 and 4—Continued

Applicant	Bank(s)	Board action (Effective date)
First Corporation, Henderson, Kentucky	Peoples Security Investment, Inc., Madisonville, Kentucky Peoples Security Finance Company, Inc., Madisonville, Kentucky	August 1, 1978

ORDER APPROVED UNDER BANK MERGER ACT

Applicant	Bank(s)	Effective date
The Conway Trust Company, Conway, New Hampshire	The Carroll County Trust Company, Conway, New Hampshire	August 25, 1978

By Federal Reserve Banks

A recent application has been approved by a Federal Reserve Bank as listed below. Copies of the order are available upon request to the Reserve Bank.

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Citizens and Southern Corporation, Charleston, South Carolina	Carolina Credit Life Insurance Company, Phoenix, Arizona	Richmond	August 3, 1978

PENDING CASES INVOLVING THE BOARD OF GOVERNORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

National Automobile Dealers Association, Inc. v. *Board of Governors*, filed November 1976, U.S.C.A. for the District of Columbia.

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

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

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

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

Florida Association of Insurance Agents, Inc. v. *Board of Governors, and National Association of Insurance Agents, Inc.* v. *Board of Governors*, filed August 1975, actions consolidated in U.S.C.A. for the Fifth Circuit.

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

Bankers Trust New York Corporation v. *Board of Governors*, filed May 1973, U.S.C.A. for the Second Circuit.

Membership of the Board of Governors of the Federal Reserve System, 1913-78

APPOINTIVE MEMBERS[1]

Name	*Federal Reserve district*	*Date of initial oath of office*	*Other dates and information relating to membership*[2]
Charles S. Hamlin	Boston	Aug. 10, 1914	Reappointed in 1916 and 1926. Served until Feb. 3, 1936.[3]
Paul M. Warburg	New York	do	Term expired Aug. 9, 1918.
Frederic A. Delano	Chicago	do	Resigned July 21, 1918.
W. P. G. Harding	Atlanta	do	Term expired Aug. 9, 1922.
Adolph C. Miller	San Francisco	do	Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936.[3]
Albert Strauss	New York	Oct. 26, 1918	Resigned Mar. 15, 1920.
Henry A. Moehlenpah	Chicago	Nov. 10, 1919	Term expired Aug. 9, 1920.
Edmund Platt	New York	June 8, 1920	Reappointed in 1928. Resigned Sept. 14, 1930.
David C. Wills	Cleveland	Sept. 29, 1920	Term expired Mar. 4, 1921.
John R. Mitchell	Minneapolis	May 12, 1921	Resigned May 12, 1923.
Milo D. Campbell	Chicago	Mar. 14, 1923	Died Mar. 22, 1923.
Daniel R. Crissinger	Cleveland	May 1, 1923	Resigned Sept. 15, 1927.
George R. James	St. Louis	May 14, 1923	Reappointed in 1931. Served until Feb. 3, 1936.[3]
Edward H. Cunningham	Chicago	do	Died Nov. 28, 1930.
Roy A. Young	Minneapolis	Oct. 4, 1927	Resigned Aug. 31, 1930.
Eugene Meyer	New York	Sept. 16, 1930	Resigned May 10, 1933.
Wayland W. Magee	Kansas City	May 18, 1931	Term expired Jan. 24, 1933.
Eugene R. Black	Atlanta	May 19, 1933	Resigned Aug. 15, 1934.
M. S. Szymczak	Chicago	June 14, 1933	Reappointed in 1936 and 1948. Resigned May 31, 1961.
J. J. Thomas	Kansas City	do	Served until Feb. 10, 1936.[3]
Marriner S. Eccles	San Francisco	Nov. 15, 1934	Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951.
Joseph A. Broderick	New York	Feb. 3, 1936	Resigned Sept. 30, 1937.
John K. McKee	Cleveland	do	Served until Apr. 4, 1946.[3]
Ronald Ransom	Atlanta	do	Reappointed in 1942. Died Dec. 2, 1947.
Ralph W. Morrison	Dallas	Feb. 10, 1936	Resigned July 9, 1936.
Chester C. Davis	Richmond	June 25, 1936	Reappointed in 1940. Resigned Apr. 15, 1941.
Ernest G. Draper	New York	Mar. 30, 1938	Served until Sept. 1, 1950.[3]
Rudolph M. Evans	Richmond	Mar. 14, 1942	Served until Aug. 13, 1954.[3]
James K. Vardaman, Jr.	St. Louis	Apr. 4, 1946	Resigned Nov. 30, 1958.
Lawrence Clayton	Boston	Feb. 14, 1947	Died Dec. 4, 1949.
Thomas B. McCabe	Philadelphia	Apr. 15, 1948	Resigned Mar. 31, 1951.
Edward L. Norton	Atlanta	Sept. 1, 1950	Resigned Jan. 31, 1952.
Oliver S. Powell	Minneapolis	do	Resigned June 30, 1952.
Wm. McC. Martin, Jr.	New York	Apr. 2, 1951	Reappointed in 1956. Term expired Jan. 31, 1970.
A. L. Mills, Jr.	San Francisco	Feb. 18, 1952	Reappointed in 1958. Resigned Feb. 28, 1965.
J. L. Robertson	Kansas City	do	Reappointed in 1964. Resigned Apr. 30, 1973.

For notes, see opposite page.

Name	*Federal Reserve district*	*Date of initial oath of office*	*Other dates and information relating to membership*[2]
Paul E. Miller	Minneapolis	Aug. 13, 1954	Died Oct. 21, 1954.
C. Canby Balderston	Philadelphia	Aug. 12, 1954	Served through Feb. 28, 1966.
Chas. N. Shepardson	Dallas	Mar. 17, 1955	Retired Apr. 30, 1967.
G. H. King, Jr.	Atlanta	Mar. 25, 1959	Reappointed in 1960. Resigned Sept. 18, 1963.
George W. Mitchell	Chicago	Aug. 31, 1961	Reappointed in 1962. Served until Feb. 13, 1976.[3]
J. Dewey Daane	Richmond	Nov. 29, 1963	Served until Mar. 8, 1974.[3]
Sherman J. Maisel	San Francisco	Apr. 30, 1965	Served through May 31, 1972.
Andrew F. Brimmer	Philadelphia	Mar. 9, 1966	Resigned Aug. 31, 1974.
William W. Sherrill	Dallas	May 1, 1967	Reappointed in 1968. Resigned Nov. 15, 1971.
Arthur F. Burns	New York	Jan. 31, 1970	Term began Feb. 1, 1970. Resigned Mar. 31, 1978.
John E. Sheehan	St. Louis	Jan. 4, 1972	Resigned June 1, 1975.
Jeffrey M. Bucher	San Francisco	June 5, 1972	Resigned Jan. 2, 1976.
Robert C. Holland	Kansas City	June 11, 1973	Resigned May 15, 1976.
Henry C. Wallich	Boston	Mar. 8, 1974	
Philip E. Coldwell	Dallas	Oct. 29, 1974	
Philip C. Jackson, Jr.	Atlanta	July 14, 1975	
J. Charles Partee	Richmond	Jan. 5, 1976	
Stephen S. Gardner	Philadelphia	Feb. 13, 1976	
David M. Lilly	Minneapolis	June 1, 1976	Resigned Feb. 24, 1978.
G. William Miller	San Francisco	Mar. 8, 1978	
Nancy H. Teeters	Chicago	Sept. 18, 1978	

CHAIRMEN[4]

Charles S. Hamlin	Aug. 10, 1914–Aug. 9, 1916
W. P. G. Harding	Aug. 10, 1916–Aug. 9, 1922
Daniel R. Crissinger	May 1, 1923–Sept. 15, 1927
Roy A. Young	Oct. 4, 1927–Aug. 31, 1930
Eugene Meyer	Sept. 16, 1930–May 10, 1933
Eugene R. Black	May 19, 1933–Aug. 15, 1934
Marriner S. Eccles	Nov. 15, 1934–Jan. 31, 1948
Thomas B. McCabe	Apr. 15, 1948–Mar. 31, 1951
Wm. McC. Martin, Jr.	Apr. 2, 1951–Jan. 31, 1970
Arthur F. Burns	Feb. 1, 1970–Jan. 31, 1978
G. William Miller	Mar. 8, 1978–

VICE CHAIRMEN[4]

Frederic A. Delano	Aug. 10, 1914–Aug. 9, 1916
Paul M. Warburg	Aug. 10, 1916–Aug. 9, 1918
Albert Strauss	Oct. 26, 1918–Mar. 15, 1920
Edmund Platt	July 23, 1920–Sept. 14, 1930
J. J. Thomas	Aug. 21, 1934–Feb. 10, 1936
Ronald Ransom	Aug. 6, 1936–Dec. 2, 1947
C. Canby Balderston	Mar. 11, 1955–Feb. 28, 1966
J. L. Robertson	Mar. 1, 1966–Apr. 30, 1973
George W. Mitchell	May 1, 1973–Feb. 13, 1976
Stephen S. Gardner	Feb. 13, 1976–

EX-OFFICIO MEMBERS[1]

SECRETARIES OF THE TREASURY

W. G. McAdoo	Dec. 23, 1913–Dec. 15, 1918
Carter Glass	Dec. 16, 1918–Feb. 1, 1920
David F. Houston	Feb. 2, 1920–Mar. 3, 1921
Andrew W. Mellon	Mar. 4, 1921–Feb. 12, 1932
Ogden L. Mills	Feb. 12, 1932–Mar. 4, 1933
William H. Woodin	Mar. 4, 1933–Dec. 31, 1933
Henry Morgenthau, Jr.	Jan. 1, 1934–Feb. 1, 1936

COMPTROLLERS OF THE CURRENCY

John Skelton Williams	Feb. 2, 1914–Mar. 2, 1921
Daniel R. Crissinger	Mar. 17, 1921–Apr. 30, 1923
Henry M. Dawes	May 1, 1923–Dec. 17, 1924
Joseph W. McIntosh	Dec. 20, 1924–Nov. 20, 1928
J. W. Pole	Nov. 21, 1928–Sept. 20, 1932
J. F. T. O'Connor	May 11, 1933–Feb. 1, 1936

[1]Under the provisions of the original Federal Reserve Act the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was 10 years, and the five original appointive members had terms of 2, 4, 6, 8, and 10 years, respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to 12 years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until Feb. 1, 1936; that the appointive members in office on the date of that Act should continue to serve until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be 14 years and that the designation of Chairman and Vice Chairman of the Board should be for a term of 4 years.

[2]Date after words "Resigned" and "Retired" denotes final day of service.

[3]Successor took office on this date.

[4]Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

Announcements

NANCY H. TEETERS: Appointment as a Member of the Board of Governors

President Carter on August 28, 1978, announced his intention to appoint Nancy H. Teeters as a member of the Board of Governors of the Federal Reserve System. Mrs. Teeters' appointment was subsequently confirmed by the Senate on September 15 and her oath of office was administered on September 18 at a White House ceremony.

The text of the White House announcement follows:

> The President announced he will nominate Nancy Hays Teeters, of Indiana, to be a Member of the Board of Governors of the Federal Reserve System for the remainder of the term expiring January 31, 1984. She will replace Arthur Burns, who has resigned.
>
> Ms. Teeters is currently chief economist of the House Budget Committee, a position she has held since 1975. From 1973 to 1975, she was a senior specialist of the Congressional Research Service, Library of Congress. From 1970 to 1973, she was a senior Fellow at the Brookings Institution.
>
> She served as a fiscal economist in the Office of Management and Budget from 1966 to 1970, and from 1957 to 1966 she was an economist for the Federal Reserve Board. She also served, in 1962 and 1963, as an economist for the Council of Economic Advisers.
>
> Ms. Teeters was a Teaching Fellow at the University of Michigan from 1956 to 1957, and from 1954 to 1955. From 1955 to 1956 she was an instructor at the University of Maryland overseas division, in Stuttgart, West Germany.
>
> She was born July 29, 1930, and received an A.B. from Oberlin College in 1952. She received an M.A. from the University of Michigan in 1957. She is a member of the American Economic Association, and is a director of the American Finance Association. She is Director of the National Economist Club and a member of the Cleveland Park Club.

CHANGE IN DISCOUNT RATE

The Board of Governors announced an increase in the discount rate from 7¼ per cent to 7¾ per cent, effective August 21, 1978.

Action was taken in view of recent disorderly conditions in foreign exchange markets as well as the continuing serious domestic inflationary problem.

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

REGULATIONS D AND M: Amendment

In a further move to improve the international position of the dollar, the Board of Governors on August 28, 1978, announced a change in reserve requirements to make it more attractive for member banks to borrow funds in the Euro-dollar market. The change was the second move announced by the Board within 10 days to improve conditions in the foreign exchange markets.

On August 18, the Board had announced an increase in the discount rate from 7¼ to 7¾ per cent in view of disorderly conditions that had prevailed earlier in the month in foreign exchange markets as well as the continuing serious domestic inflationary problem.

The new action involves a reduction from 4 per cent to zero in the reserve requirement on foreign borrowings of member banks, primarily Euro-dollars, from their foreign branches and other foreign banks. The 1 per cent reserve ratio on foreign branch loans to U.S. borrowers was also reduced to zero.

Also affected by the change are U.S. offices of foreign-owned banking institutions that have voluntarily maintained reserves on increases in net foreign borrowings since mid-1973.

The reduction in reserves is intended to encourage member banks to substitute Euro-dollar borrowings for domestic borrowings as a source of funds. Such increased Euro-dollar borrowings should improve the demand in Euro-markets for dollar-denominated assets.

In taking the action, the Board re-emphasized the importance of compliance by U.S. banks with its previous requests not to solicit or to encourage deposits by U.S. residents at their foreign branches unless such deposits serve a definite international purpose.

The reduction in reserve requirements will be effective with borrowings during the 4-week computation period that began August 24.

NO DELAY IN AUTOMATIC TRANSFER

The Board of Governors has turned down requests seeking to change the effective date of its rule permitting automatic transfer of funds from savings to checking accounts at member banks. The rule is scheduled to go into effect on November 1.

In a letter to the Independent Bankers Association of New York, which petitioned the Board to delay the effective date to May 1, 1979, the Board said that the substantial public benefits of automatic transfer of funds from interest-bearing savings accounts to checking accounts outweigh the possible benefits of further delay in introducing the service.

In letters to banks making a similar request, the Board noted that when it had approved automatic transfer May 1, 1978, it gave 6 months' lead time for orderly introduction of the service and that recent communications from banks of all sizes indicated most financial institutions desiring to do so will be ready to proceed on November 1.

The Board also denied an alternative request of the Independent Bankers Association of New York that the Board create a new category of savings deposits subject to automatic transfer on which banks and thrift institutions would be subject to the same interest rate ceiling. The Board noted it had asked the Congress to authorize such rate parity and said it considered congressional action the most appropriate approach. At present, thrift institutions may pay interest on savings deposits up to ¼ of a per cent higher than may commercial banks. The Board noted it had previously indicated, in adopting automatic transfer, that it would monitor the effects of the amendment and would consider adjustments if competitive conditions indicated that adjustments were necessary.

REGULATION Z: Actions

The Board of Governors has announced the three following actions affecting its Regulation Z (Truth in Lending):

1. The Board has adopted an amendment intended to facilitate the computation of the annual percentage rate (APR) in long-term credit transactions involving minor irregularities in the repayment schedule. An example would be graduated payment mortgages, in which mortgage payments increase annually during the early years of the mortgage. The amendment adopted applies to any credit transaction of 10 years or more with minor variations in the monthly repayment schedule.

Adoption of this amendment will simplify use of APR computation tables prepared by the Department of Housing and Urban Development for homes bought on its plan for graduated payment mortgages.

The Board proposed such an amendment to Regulation Z on May 24. The proposed amendment was adopted with certain changes, chiefly to make it applicable to all long-term credit transactions (not only mortgage credit) with minor irregularities in the repayment schedule and with a maturity of 10 years or more (not 15 years).

2. The Board has proposed for comment through September 29 an interpretation of Regulation Z that requires disclosure of loss of interest when a time deposit is used as security for a loan. Under the interpretation the amount of such a loss, when caused by State law, need not be disclosed.

When a time deposit is used as security for a loan, Federal law requires that the interest on the loan be at least 1 percentage point more than the interest the customer is receiving on the time deposit. That is, if the time deposit pays 7½ per cent interest, the interest on a loan for which the time deposit is collateral must be at least 8½ per cent.

However, some State laws fix maximum interest rates. In certain cases, the State maximum would be less than the creditor would be required to charge on a loan secured by a time deposit. For example, the State interest rate maximum might be 8¼ per cent. That would be less than the 8½ per cent interest rate required to maintain the 1 percentage point differential in the example above. In such a case, the rate being paid on the time deposit must be reduced (from 7½ to 7¼ per cent). In this way, when the mandatory differential of 1 percentage point for a loan secured by a time deposit is added, the interest charged the customer on the loan will remain within the State maximum of 8¼ per cent.

Such cases have resulted in questions as to whether the consequent loss of interest on the time deposit should be disclosed as a part of the finance charge. The proposed interpretation would rule that a loss of interest need not be made a part of the finance charge or be disclosed as such, but that the creditor must disclose that there will be such a loss.

3. The Board has amended Regulation Z with respect to the disclosure of the complete payment schedule in any credit transaction with monthly repayments that are made in varying amounts (such as a mortgage with mortgage insurance in which the amount of the monthly payment declines). The amendment provides that the required disclosure may be made on a separate sheet(s) of paper to be included in the disclosure document required by Truth in Lending. A proposed revision of an interpretation (Section 226.808 of Regulation Z) on this subject that was published April 24 has been withdrawn.

FOMC APPOINTMENT

The Federal Open Market Committee has announced the appointment of Murray Altmann as its Secretary, effective August 15, 1978, to succeed Arthur L. Broida who has retired.

CHANGES IN BOARD STAFF

The Board of Governors announced the following promotions and appointments to its official staff, effective September 7, 1978:

Division of Research and Statistics

James M. Brundy, promoted from Assistant Research Division Officer to Associate Research Division Officer.

Michael J. Prell, appointed Associate Research Division Officer.

Frederick M. Struble, appointed Assistant Research Division Officer.

Division of International Finance

Jeffrey R. Shafer, appointed Associate International Division Officer.

Dale W. Henderson, appointed Assistant International Division Officer.

Larry J. Promisel, appointed Assistant International Division Officer.

Ralph W. Smith, Jr., appointed Assistant International Division Officer.

Mr. Prell holds a Ph.D. from the University of California at Berkeley. He was at the Federal Reserve Bank of Kansas City before joining the Board's staff in May 1973.

Mr. Struble holds a B.S. from the University of Kansas and a Ph.D. from the University of Colorado. Prior to joining the Board's staff in 1969, he was at the Federal Reserve Bank of Kansas City.

Mr. Shafer, a staff member of the Division of International Finance since 1972, has been on detail to the Council of Economic Advisers since April 1977. He received an A.B. from Princeton University and a Ph.D. from Yale University.

Mr. Henderson was appointed to the Board's staff in September 1971, prior to which he was at the Wharton School at the University of Pennsylvania. He was an undergraduate at Wesleyan University and did graduate work at the London School of Economics and at Yale University.

Mr. Promisel joined the Board's staff in 1968. He was an undergraduate at Cornell University and the London School of Economics and did graduate work at Yale University.

Mr. Smith joined the Board's staff in 1967. He received an A.B. from Southern Methodist University and did graduate work at the University of Maryland.

AVAILABILITY OF FILM

The Board of Governors has announced the release of "The Fed . . . Our Central Bank," an educational film describing the functions of the Nation's central bank.

The film goes behind the scenes to show how the Fed makes credit available for economic growth and jobs—managing money and credit, clearing checks, putting coin and currency into circulation, destroying old currency, supervising banks, and administering such consumer credit laws as Truth in Lending and Equal Credit Opportunity.

The film includes a sequence showing the open market operations of the New York Fed's trading room, where the Federal Reserve buys and sells Government securities to keep the amount of money and credit in the economy in line with the Nation's economic needs.

The 20-minute, 16mm. film is available on a free-loan basis from Association Films, 866 Third Avenue, New York, New York 10022, and its 10 regional film centers, as well as from the Board of Governors and the 12 Federal Reserve Banks.

RECORDINGS OF OPEN BOARD MEETINGS

Effective immediately, the Board will prepare recordings of all meetings that are open to the public under provisions of the Government in the Sunshine Act.

Facilities are available at the Board's Freedom of Information Office for interested persons to listen to taped recordings of the Board's meetings. The recordings may also be purchased for $5.00 per cassette. Requests should be directed to the: Freedom of Information Office, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Since the Government in the Sunshine Act went into effect on March 12, 1977, the Board has prepared recordings or minutes of its meetings that have been closed to the public under exemptions provided in the Act. Much of this material has been made available to the public. However, no recordings or "Sunshine" minutes were kept of open meetings since the public was invited to attend.

In changing the procedure, the Board felt that interested persons who were unable to attend an open meeting should have the opportunity to listen to a recording of the discussion.

SYSTEM MEMBERSHIP: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period July 16, 1978, through September 15, 1978:

Montana
Lewistown .... Midstate Bank of Montana
Utah
Salt Lake County .... Utah Firstbank
Virginia
Springfield .... Continental Bank & Trust Company

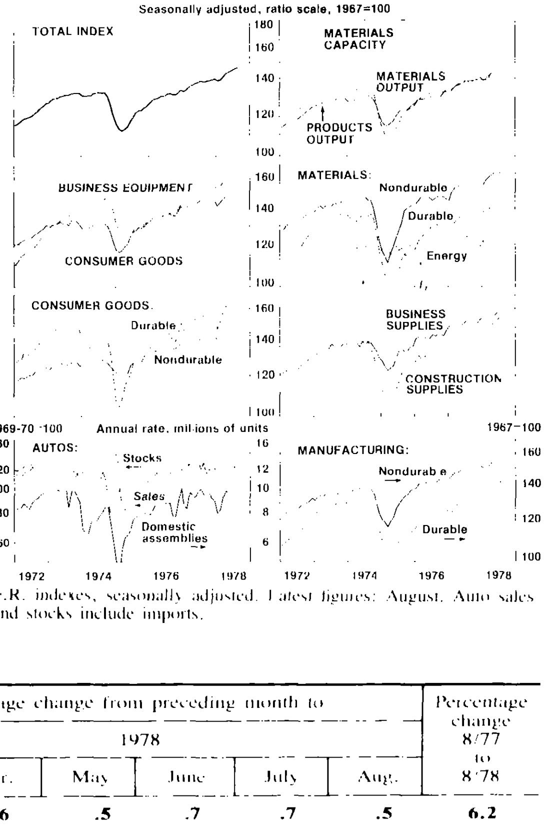
Industrial Production

Released for publication September 15

Industrial production increased an estimated 0.5 per cent in August, following revised increases of 0.7 per cent in both June and July. Output of equipment, construction supplies, and durable goods materials each rose by relatively large amounts again in August; however, production of consumer goods was about unchanged and still remains slightly below the April level. At 146.6 per cent of the 1967 average, the August 1978 index is 6.2 per cent higher than the depressed August level of last year.

Production of business equipment continued strong in August, increasing 1.1 per cent to a level 9.4 per cent higher than a year earlier. Output of intermediate products, especially construction supplies, also continued to rise appreciably. However, output of consumer goods—both durable and nondurable—changed little again in August. Auto assemblies were at a seasonally adjusted annual rate of 9.4 million units—the same rate as in July.

Output of materials increased 0.3 per cent in August. Widespread strength continued in the production of durable goods materials, with especially large gains in equipment parts and basic metals. However, production of nondurable goods materials remained at about the same level as in July and was still 0.7 per cent below the June level, in part as a result of the paper strike. Output of energy materials declined 0.1 per cent, as coal production fell in August.



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

Industrial production	1967=100, 1978		Percentage change from preceding month to, 1978						Percentage change 8/77 to 8/78
	July^p	Aug.^e	Mar.	Apr.	May	June	July	Aug.	
Total	**145.9**	**146.6**	**1.2**	**1.6**	**.5**	**.7**	**.7**	**.5**	**6.2**
Products, total	144.9	145.6	1.4	1.0	.1	.6	.7	.5	5.2
Final products	141.9	142.5	1.8	1.2	.0	.3	.7	.4	4.5
Consumer goods	147.2	147.3	1.5	1.1	.3	.1	.2	.1	1.8
Durable	160.9	160.8	4.2	2.7	1.0	.2	2	.1	3.9
Nondurable	141.7	141.9	.4	.4	.1	.1	.1	1	.9
Business equipment	163.5	165.3	2.1	1.2	.6	1.0	1.1	1.1	9.4
Intermediate products	155.8	156.8	.0	.5	.3	1.2	.8	.6	7.3
Construction supplies	153.8	155.0	.5	.4	1.3	1.1	1.1	.8	9.4
Materials	147.6	148.1	.9	2.7	1.0	.9	.8	.3	7.6

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

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1.10 MONETARY AGGREGATES AND INTEREST RATES

	Item	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July
		Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent)[12]								
	Member bank reserves									
1	Total	7.3	6.1	8.5	6.3	−8.6	9.4	10.2	14.7	14.8
2	Required	6.8	6.3	8.3	7.0	−7.3	11.1	7.9	16.2	14.2
3	Nonborrowed	1.7	3.5	14.5	.4	−6.2	1.9	−11.2	19.2	7.9
	Concepts of money [1]									
4	*M*-1	8.1	7.5	5.6	9.5	3.5	19.0	8.0	5.9	5.5
5	*M*-2	9.9	8.2	6.9	8.3	5.6	11.5	7.8	7.8	8.6
6	*M*-3	11.9	10.7	7.7	8.0	6.5	9.8	7.6	8.4	9.7
	Time and savings deposits									
	Commercial banks:									
7	Total	10.3	13.1	13.4	11.0	11.6	8.3	14.4	6.7	10.8
8	Other than large CD's	11.2	8.6	7.9	7.4	7.0	6.2	7.7	8.9	11.0
9	Thrift institutions [2]	15.0	14.4	8.9	7.6	7.7	7.3	7.2	9.2	11.2
10	Total loans and investments at commercial banks [3]	11.1	9.9	9.6	13.0	6.9	18.5	15.6	6.0	16.7

	Item	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Apr.	1978 May	1978 June	1978 July	1978 Aug.
		Interest rates (levels, per cent per annum)								
	Short-term rates									
11	Federal funds [4]	5.82	6.51	6.76	7.28	6.89	7.36	7.60	7.81	8.04
12	Federal Reserve discount [5]	5.42	5.93	6.46	6.78	6.50	6.84	7.00	7.23	7.43
13	Treasury bills (3-month market yield) [6]	5.50	6.11	6.39	6.48	6.29	6.41	6.73	7.01	7.08
14	Commercial paper (90- to 119-day) [7]	5.74	6.56	6.76	7.16	6.82	7.06	7.59	7.85	7.83
	Long-term rates									
	Bonds:									
15	U.S. Government [8]	7.60	7.78	8.19	8.43	8.32	8.44	8.53	8.69	8.45
16	State and local government [9]	5.59	5.57	5.65	6.02	5.80	6.03	6.22	6.28	6.12
17	Aaa utility (new issue) [10]	8.09	8.27	8.70	8.98	8.90	8.95	9.09	9.14	8.82
18	Conventional mortgages [11]	9.00	9.05	9.23	9.58	9.40	9.60	9.75	9.80	9.80

1 *M*-1 equals currency plus private demand deposits adjusted.
M-2 equals *M*-1 plus bank time and savings deposits other than large negotiable certificates of deposit (CD's).
M-3 equals *M*-2 plus deposits at mutual savings banks, savings and loan associations, and credit union shares.
2 Savings and loan associations, mutual savings banks, and credit unions.
3 Quarterly changes calculated from figures shown in Table 1.23.
4 Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).
5 Rate for the Federal Reserve Bank of New York.
6 Quoted on a bank-discount basis.
7 Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by these dealers.
8 Market yields adjusted to a 20-year maturity by the U.S. Treasury.
9 *Bond Buyer* series for 20 issues of mixed quality.
10 Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.
11 Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.
12 Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending—						
	1978			1978						
	June	July	Aug.*p*	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23*p*	Aug. 30*p*
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**121,992**	**126,958**	**125,984**	**128,852**	**127,255**	**126,301**	**123,399**	**124,323**	**127,156**	**127,898**
2 *U.S. Govt. securities*[1]	*104,656*	*108,626*	*109,243*	*110,095*	*109,046*	*108,607*	*106,767*	*107,720*	*110,373*	*111,595*
3 Bought outright	103,763	107,350	108,380	108,162	107,417	108,016	106,664	107,720	109,093	109,912
4 Held under repurchase agreement	893	1,276	863	1,933	1,629	591	103	....	1,280	1,683
5 *Federal agency securities*	*8,138*	*8,584*	*8,220*	*8,913*	*8,745*	*8,322*	*8,095*	*7,983*	*8,204*	*8,485*
6 Bought outright	7,897	8,166	8,016	8,168	8,164	8,162	8,084	7,983	7,981	7,981
7 Held under repurchase agreement	241	418	204	745	581	160	11	....	223	504
8 Acceptances	213	337	145	291	444	154	1	....	152	329
9 Loans	1,111	1,286	1,147	1,589	1,462	1,438	878	963	1,604	1,020
10 Float	5,297	5,399	4,855	5,293	4,701	4,920	4,790	5,066	4,878	4,498
11 Other Federal Reserve assets	2,577	2,726	2,374	2,672	2,857	2,860	2,868	2,590	1,945	1,971
12 Gold stock	11,709	11,698	11,683	11,693	11,693	11,693	11,690	11,680	11,680	11,680
13 Special Drawing Rights certificate account	1,250	1,250	1,279	1,250	1,250	1,250	1,250	1,271	1,300	1,300
14 Treasury currency outstanding	11,576	11,612	11,645	11,613	11,624	11,628	11,631	11,640	11,651	11,658
ABSORBING RESERVE FUNDS										
15 Currency in circulation	105,661	107,057	107,235	107,342	106,760	106,715	107,130	107,516	107,260	107,066
16 Treasury cash holdings	358	343	322	345	333	335	321	319	314	306
Deposits, other than member bank reserves with F.R. Banks:										
17 Treasury	7,577	10,512	10,065	10,464	11,219	10,606	8,725	8,419	10,810	11,675
18 Foreign	266	281	281	256	279	258	331	262	270	264
19 Other[2]	776	709	609	662	699	701	619	588	563	601
20 Other F.R. liabilities and capital	4,049	4,047	3,971	4,002	4,170	4,155	3,650	3,805	4,061	4,319
21 Member bank reserves with F.R. Banks	27,840	28,570	28,108	30,337	28,362	28,101	27,194	28,007	28,510	28,305

	End-of-month figures			Wednesday figures						
	1978			1978						
	June	July	Aug.*p*	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23*p*	Aug. 30*p*
SUPPLYING RESERVE FUNDS										
22 **Reserve Bank credit outstanding**	**126,893**	**126,509**	**127,043**	**135,912**	**121,518**	**130,457**	**122,658**	**126,999**	**129,871**	**130,398**
23 *U.S. Govt. securities*[1]	*110,146*	*108,885*	*111,739*	*111,615*	*103,820*	*109,921*	*105,514*	*109,512*	*112,744*	*112,303*
24 Bought outright	107,859	108,149	109,858	108,017	103,281	108,135	104,793	109,512	109,687	109,800
25 Held under repurchase agreement	2,287	736	1,881	3,598	539	1,786	721	....	3,057	2,503
26 *Federal agency securities*	*8,526*	*8,235*	*8,097*	*9,474*	*8,396*	*8,690*	*8,063*	*7,981*	*8,645*	*8,874*
27 Bought outright	8,168	8,164	7,978	8,168	8,164	8,158	7,985	7,981	7,981	7,978
28 Held under repurchase agreement	358	71	119	1,306	232	532	78	....	664	896
29 Acceptances	1,021	268	296	668	119	478	10	....	401	449
30 Loans	1,428	1,127	953	5,274	1,324	2,288	852	1,089	1,797	1,310
31 Float	3,318	5,092	3,895	6,082	4,933	6,173	5,308	6,510	4,330	5,448
32 Other Federal Reserve assets	2,454	2,902	2,063	2,799	2,926	2,907	2,911	1,907	1,954	2,014
33 Gold stock	11,706	11,693	11,679	11,693	11,693	11,692	11,683	11,680	11,680	11,680
34 Special Drawing Rights certificate account	1,250	1,250	1,300	1,250	1,250	1,250	1,250	1,300	1,300	1,300
35 Treasury currency outstanding	11,565	11,592	11,669	11,622	11,626	11,630	11,633	11,651	11,654	11,669
ABSORBING RESERVE FUNDS										
36 Currency in circulation	106,288	106,577	107,616	107,300	106,914	107,047	107,700	107,690	107,359	107,640
37 Treasury cash holdings	337	313	304	343	334	334	317	321	308	304
Deposits, other than member bank reserves with F.R. Banks:										
38 Treasury	11,614	10,331	12,068	10,201	9,964	11,573	7,701	10,435	11,460	12,162
39 Foreign	288	347	309	263	253	243	301	272	243	235
40 Other[2]	773	771	691	645	647	726	670	622	627	631
41 Other F.R. liabilities and capital	4,193	4,247	4,329	4,150	4,211	3,650	3,690	3,855	4,201	4,421
42 Member bank reserves with F.R. Banks	27,920	28,461	26,374	37,576	23,765	31,457	26,845	28,435	30,307	29,653

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

2 Includes certain deposits of foreign-owned banking institutions voluntarily held with member banks and redeposited in full with Federal Reserve Banks.

NOTE.—For amounts of currency and coin held as reserves, see Table 1.12.

1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

	Reserve classification	1976 Dec.	1977 Dec.	1978 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.p
		Monthly averages of daily figures									
	All member banks										
	Reserves:										
1	At F.R. Banks	26,430	27,057	28,129	27,337	27,155	27,776	27,890	27,840	28,570	28,108
2	Currency and coin	8,548	9,351	9,980	9,320	8,992	9,028	9,151	9,345	9,542	9,519
3	*Total held*[1]	*35,136*	*36,471*	*38,185*	*36,738*	*36,231*	*36,880*	*37,119*	*37,262*	*38,189*	*37,698*
4	Required	34,964	36,297	37,880	36,605	35,925	36,816	36,867	37,125	38,049	37,423
5	Excess[1]	172	174	305	133	306	64	252	137	140	275
	Borrowings at F.R. Banks:[2]										
6	Total	62	558	481	405	344	539	1,227	1,111	1,286	1,147
7	Seasonal	12	54	32	52	47	43	93	120	143	190
	Large banks in New York City										
8	*Reserves held*	*6,520*	*6,244*	*6,804*	*6,563*	*6,276*	*6,247*	*6,315*	*6,341*	*6,606*	*6,310*
9	Required	6,602	6,279	6,775	6,584	6,193	6,320	6,236	6,376	6,581	6,290
10	Excess	−82	−35	29	−21	83	−73	79	−35	25	20
11	Borrowings[2]	15	48	77	12	21	61	113	54	129	58
	Large banks in Chicago										
12	*Reserves held*	*1,632*	*1,593*	*1,733*	*1,623*	*1,629*	*1,670*	*1,697*	*1,668*	*1,708*	*1,639*
13	Required	1,641	1,613	1,684	1,633	1,620	1,686	1,669	1,670	1,707	1,646
14	Excess	−9	−20	49	−10	9	−16	28	−2	1	−7
15	Borrowings[2]	4	26	14	...	11	11	19	20	20	3
	Other large banks										
16	*Reserves held*	*13,117*	*13,993*	*14,487*	*13,867*	*13,729*	*14,135*	*14,106*	*14,250*	*14,553*	*14,367*
17	Required	13,053	13,931	14,504	13,861	13,662	14,077	14,079	14,225	14,569	14,421
18	Excess	64	62	−17	6	67	58	27	25	16	−54
19	Borrowings[2]	14	243	164	150	92	249	500	536	499	418
	All other banks										
20	*Reserves held*	*13,867*	*14,641*	*15,161*	*14,685*	*14,597*	*14,828*	*15,001*	*15,003*	*15,322*	*15,109*
21	Required	13,668	14,474	14,917	14,527	14,450	14,733	14,883	14,854	15,192	15,066
22	Excess	199	167	244	158	147	95	118	149	130	43
23	Borrowings[2]	29	241	226	243	220	218	595	501	638	668

	Reserve classification	1978 June 28	July 5	July 12	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23p	Aug. 30p
		Weekly averages of daily figures for weeks ending—									
	All member banks										
	Reserves:										
24	At F.R. Banks	28,038	29,457	26,978	30,337	28,362	28,101	27,194	28,007	28,510	28,305
25	Currency and coin	9,389	9,513	9,761	9,080	9,565	9,881	9,890	9,790	8,806	9,470
26	*Total held*[1]	*37,503*	*39,043*	*36,810*	*39,488*	*38,004*	*38,058*	*37,159*	*37,872*	*37,385*	*37,843*
27	Required	37,335	38,324	37,037	39,116	38,041	37,705	37,144	37,549	37,333	37,539
28	Excess[1]	168	719	−227	372	−37	353	15	323	52	304
	Borrowings at F.R. Banks:[2]										
29	Total	1,716	1,193	903	1,589	1,462	1,438	878	963	1,604	1,020
30	Seasonal	134	137	131	138	151	162	179	182	196	208
	Large banks in New York City										
31	*Reserves held*	*6,276*	*6,816*	*6,188*	*7,202*	*6,352*	*6,432*	*6,267*	*6,419*	*6,255*	*6,148*
32	Required	6,229	6,630	6,310	7,122	6,428	6,370	6,255	6,480	6,207	6,198
33	Excess	47	186	−122	80	−76	62	12	−61	48	−50
34	Borrowings[2]	116	...	...	362	9	327	...	41	25	66
	Large banks in Chicago										
35	*Reserves held*	*1,597*	*1,784*	*1,594*	*1,844*	*1,688*	*1,654*	*1,646*	*1,658*	*1,593*	*1,662*
36	Required	1,588	1,727	1,616	1,843	1,679	1,663	1,637	1,668	1,609	1,662
37	Excess	9	57	−22	1	9	−9	9	−10	−16	...
38	Borrowings[2]	2	2	19	69	...	7	...	...	4	...
	Other large banks										
39	*Reserves held*	*14,410*	*14,911*	*13,997*	*15,137*	*14,496*	*14,630*	*14,206*	*14,635*	*13,991*	*14,646*
40	Required	14,425	14,671	14,169	14,964	14,555	14,496	14,318	14,446	14,391	14,522
41	Excess	−15	240	−172	173	−59	134	−112	189	−400	124
42	Borrowings[2]	905	491	437	515	696	409	305	338	849	156
	All other banks										
43	*Reserves held*	*15,220*	*15,532*	*15,031*	*15,305*	*15,468*	*15,342*	*15,040*	*15,160*	*15,101*	*15,216*
44	Required	15,093	15,296	14,942	15,187	15,379	15,176	14,934	14,955	15,126	15,157
45	Excess	127	236	89	118	89	166	106	205	−25	59
46	Borrowings[2]	693	700	447	643	757	695	573	584	726	798

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

2 Based on closing figures.

1.13 FEDERAL FUNDS TRANSACTIONS Money Market Banks

Millions of dollars, except as noted

	Type	1978, week ending—								
		July 5	July 12	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
		Total, 46 banks								
	Basic reserve position									
1	Excess reserves[1]	385	−60	141	−7	109	39	71	43	131
	LESS:									
2	Borrowings at F.R. Banks	168	144	522	114	481	118	212	299	129
3	Net interbank Federal funds transactions	−12,149	16,201	13,573	12,827	12,965	16,499	16,804	16,079	14,334
	EQUALS: Net surplus, or deficit (−):									
4	Amount	−11,932	−16,405	−13,954	−12,949	−13,337	−16,578	−16,945	−16,335	−14,333
5	*Per cent of average required reserves*	*73.3*	*105.3*	*81.7*	*81.1*	*83.9*	*105.9*	*106.2*	*105.0*	*91.4*
	Interbank Federal funds transactions									
	Gross transactions:									
6	Purchases	22,683	24,235	23,133	21,181	21,816	23,680	24,010	23,037	22,130
7	Sales	10,534	8,033	9,560	8,354	8,851	7,181	7,206	6,957	7,796
8	Two-way transactions[2]	6,676	5,810	6,878	6,172	6,814	5,693	5,690	5,655	5,680
	Net transactions:									
9	Purchases of net buying banks	16,008	18,424	16,255	15,009	15,002	17,987	18,321	17,382	16,450
10	Sales of net selling banks	3,858	2,223	2,682	2,182	2,038	1,489	1,571	1,303	2,116
	Related transactions with U.S. Govt. securities dealers									
11	Loans to dealers[3]	3,695	3,600	2,649	3,051	2,584	4,071	3,396	2,649	2,524
12	Borrowing from dealers[4]	2,106	1,288	2,443	2,550	1,879	1,682	1,399	1,701	2,028
13	Net loans	1,589	2,312	206	502	705	2,390	1,997	948	496
		8 banks in New York City								
	Basic reserve position									
14	Excess reserves[1]	223	−7	52	−13	32	50	−33	53	3
	LESS:									
15	Borrowings at F.R. Banks	....	....	324	9	327	....	36	25	66
16	Net interbank Federal funds transactions	3,882	4,700	3,421	2,817	2,947	5,195	5,877	4,595	3,906
	EQUALS: Net surplus, or deficit (−):									
17	Amount	−3,659	−4,707	−3,693	−2,839	−3,242	−5,145	−5,946	−4,567	−3,969
18	*Per cent of average required reserves*	*60.9*	*82.3*	*57.1*	*48.9*	*56.3*	*91.0*	*101.3*	*81.5*	*70.9*
	Interbank Federal funds transactions									
	Gross transactions:									
19	Purchases	5,177	5,678	5,091	4,426	4,750	5,977	6,703	5,570	5,453
20	Sales	1,295	978	1,669	1,609	1,803	781	826	975	1,547
21	Two-way transactions[2]	1,295	978	1,324	1,529	1,778	781	825	975	1,547
	Net transactions:									
22	Purchases of net buying banks	3,882	4,700	3,767	2,897	2,972	5,195	5,877	4,595	3,906
23	Sales of net selling banks	....	....	346	80	25	....	....	....	....
	Related transactions with U.S. Govt. securities dealers									
24	Loans to dealers[3]	2,426	2,468	1,504	1,859	1,593	2,567	2,444	1,815	1,657
25	Borrowing from dealers[4]	652	677	782	866	872	961	746	731	598
26	Net loans	1,774	1,791	722	993	721	1,606	1,697	1,084	1,060
		38 banks outside New York City								
	Basic reserve position									
27	Excess reserves[1]	162	−54	89	6	77	−11	104	−10	128
	LESS:									
28	Borrowings at F.R. Banks	168	144	198	105	154	118	176	274	64
29	Net interbank Federal funds transactions	8,267	11,501	10,152	10,011	10,018	11,304	10,927	11,484	10,429
	EQUALS: Net surplus, or deficit (−):									
30	Amount	−8,273	−11,699	−10,261	−10,110	−10,095	−11,433	−10,999	−11,768	−10,364
31	*Per cent of average required reserves*	*80.6*	*118.6*	*96.6*	*99.6*	*99.6*	*114.3*	*109.1*	*118.3*	*102.8*
	Interbank Federal funds transactions									
	Gross transactions:									
32	Purchases	17,506	18,557	18,043	16,755	17,066	17,704	17,308	17,466	16,677
33	Sales	9,239	7,055	7,891	6,744	7,049	6,400	6,381	5,982	6,249
34	Two-way transactions[2]	5,381	4,832	5,555	4,643	5,036	4,912	4,864	4,679	4,133
	Net transactions:									
35	Purchases of net buying banks	12,125	13,724	12,488	12,112	12,030	12,792	12,443	12,787	12,545
36	Sales of net selling banks	3,858	2,223	2,336	2,102	2,012	1,489	1,517	1,303	2,116
	Related transactions with U.S. Govt. securities dealers									
37	Loans to dealers[3]	1,269	1,131	1,145	1,193	991	1,504	953	834	866
38	Borrowing from dealers[4]	1,454	610	1,661	1,684	1,007	720	653	970	1,431
39	Net loans	−185	521	−516	−491	−16	784	300	−136	−564

For notes see end of table.

1.13 Continued

	Type	July 5	July 12	July 19	July 26	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30
		1978, week ending								
		5 banks in City of Chicago								
	Basic reserve position									
40	Excess reserves[1]	60	−2	1	9	3	14	2	3	8
	LESS:									
41	Borrowings at F.R. Banks	....	19	68	....	7	....	....	....	....
42	Net interbank Federal funds transactions	4,702	5,311	4,753	4,402	4,666	5,031	4,618	4,845	4,356
	EQUALS: Net surplus, or deficit (−):									
43	Amount	−4,642	−5,332	−4,820	−4,393	−4,670	−5,017	−4,616	−4,842	−4,349
44	*Per cent of average required reserves*	*286.8*	*353.1*	*278.3*	*279.8*	*300.4*	*327.9*	*296.4*	*322.6*	*280.0*
	Interbank Federal funds transactions									
	Gross transactions:									
45	Purchases	6,099	6,707	6,105	5,937	6,283	6,499	6,150	6,338	5,749
46	Sales	1,396	1,395	1,352	1,535	1,617	1,468	1,532	1,494	1,393
47	Two-way transactions[2]	1,397	1,395	1,352	1,535	1,617	1,468	1,533	1,494	1,392
	Net transactions:									
48	Purchases of net buying banks	4,702	5,312	4,753	4,402	4,666	5,031	4,618	4,845	4,356
49	Sales of net selling banks	....	....	....	....	....	....	....	....	....
	Related transactions with U.S. Govt. securities dealers									
50	Loans to dealers[3]	275	161	245	296	188	335	223	188	173
51	Borrowing from dealers[4]	477	51	374	309	133	77	106	167	336
52	Net loans	−202	110	−129	−13	55	258	117	22	−163
		33 other banks								
	Basic reserve position									
53	Excess reserves[1]	102	−52	88	−4	74	−25	102	−13	120
	LESS:									
54	Borrowings at F.R. Banks	168	125	130	105	147	118	176	274	64
55	Net interbank Federal funds transactions	3,565	6,190	5,399	5,608	5,352	6,273	6,309	6,639	6,072
	EQUALS: Net surplus, or deficit (−):									
56	Amount	−3,631	−6,367	−5,441	−5,717	−5,425	−6,416	−6,383	−6,926	−6,016
57	*Per cent of average required reserves*	*42.0*	*76.2*	*61.2*	*66.6*	*63.2*	*75.7*	*74.9*	*82.0*	*70.6*
	Interbank Federal funds transactions									
	Gross transactions:									
58	Purchases	11,408	11,850	11,938	10,818	10,783	11,205	11,157	11,128	10,929
59	Sales	7,843	5,660	6,539	5,210	5,431	4,932	4,848	4,488	4,856
60	Two-way transactions[2]	3,984	3,437	4,203	3,108	3,419	3,444	3,332	3,186	2,740
	Net transactions:									
61	Purchases of net buying banks	7,423	8,413	7,735	7,710	7,364	7,761	7,825	7,942	8,188
62	Sales of net selling banks	3,858	2,223	2,336	2,102	2,012	1,489	1,517	1,303	2,116
	Related transactions with U.S. Govt. securities dealers									
63	Loans to dealers[3]	994	971	900	897	804	1,169	730	645	694
64	Borrowing from dealers[4]	977	559	1,287	1,375	874	643	547	803	1,094
65	Net loans	18	411	−387	−478	−71	526	183	−158	−401

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

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

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

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

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Per cent per annum

Current and previous levels

Federal Reserve Bank	Loans to member banks—									Loans to all others under Sec. 13, last par.[4]		
	Under Secs. 13 and 13a[1]			Under Sec. 10(b)[2]								
				Regular rate			Special rate[3]					
	Rate on 8/31/78	Effective date	Previous rate	Rate on 8/31/78	Effective date	Previous rate	Rate on 8/31/78	Effective date	Previous rate	Rate on 8/31/78	Effective date	Previous rate
Boston	7¾	8/21/78	7¼	8¼	8/21/78	7¾	8¾	8/21/78	8¼	10¾	8/21/78	10¼
New York	7¾	8/21/78	7¼	8¼	8/21/78	7¾	8¾	8/21/78	8¼	10¾	8/21/78	10¼
Philadelphia	7¾	8/21/78	7¼	8¼	8/21/78	7¾	8¾	8/21/78	8¼	10¾	8/21/78	10¼
Cleveland	7¾	8/21/78	7¼	8¼	8/21/78	7¾	8¾	8/21/78	8¼	10¾	8/21/78	10¼
Richmond	7¾	8/21/78	7¼	8¼	8/21/78	7¾	8¾	8/21/78	8¼	10¾	8/21/78	10¼
Atlanta	7¾	8/21/78	7¼	8¼	8/21/78	7¾	8¾	8/21/78	8¼	10¾	8/21/78	10¼
Chicago	7¾	8/21/78	7¼	8¼	8/21/78	7¾	8¾	8/21/78	8¼	10¾	8/21/78	10¼
St. Louis	7¾	8/21/78	7¼	8¼	8/21/78	7¾	8¾	8/21/78	8¼	10¾	8/21/78	10¼
Minneapolis	7¾	8/21/78	7¼	8¼	8/21/78	7¾	8¾	8/21/78	8¼	10¾	8/21/78	10¼
Kansas City	7¾	8/21/78	7¼	8¼	8/21/78	7¾	8¾	8/21/78	8¼	10¾	8/21/78	10¼
Dallas	7¾	8/21/78	7¼	8¼	8/21/78	7¾	8¾	8/21/78	8¼	10¾	8/21/78	10¼
San Francisco	7¾	8/21/78	7¼	8¼	8/21/78	7¾	8¾	8/21/78	8¼	10¾	8/21/78	10¼

Range of rates in recent years[5]

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

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

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

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

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

5 Rates under Secs. 13 and 13a (as described above). For description and earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941*, *Banking and Monetary Statistics, 1941–1970*, *Annual Statistical Digest, 1971–75*, and *Annual Statistical Digest, 1972–76*.

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Per cent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect August 31, 1978		Previous requirements	
	Per cent	Effective date	Per cent	Effective date
Net demand:[2]				
0–2	7	12/30/76	7½	2/13/75
2–10	9½	12/30/76	10	2/13/75
10–100	11¾	12/30/76	12	2/13/75
100–400	12¾	12/30/76	13	2/13/75
Over 400	16¼	12/30/76	16½	2/13/75
Time:[2,3]				
Savings	3	3/16/67	3½	3/2/67
Other time:				
0–5, maturing in—				
30–179 days	3	3/16/67	3½	3/2/67
180 days to 4 years	[4] 2½	1/8/76	3	3/16/67
4 years or more	[4] 1	10/30/75	3	3/16/67
Over 5, maturing in—				
30–179 days	6	12/12/74	5	10/1/70
180 days to 4 years	[4] 2½	1/8/76	3	12/12/74
4 years or more	[4] 1	10/30/75	3	12/12/74

	Legal limits, August 31, 1978	
	Minimum	Maximum
Net demand:		
Reserve city banks	10	22
Other banks	7	14
Time	3	10

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

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

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

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

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

[4] The average of reserves on savings and other time deposits must be at least 3 per cent, the minimum specified by law.

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

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

Per cent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect August 31, 1978		Previous maximum		In effect August 31, 1978		Previous maximum	
	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date
1 Savings	5	7/1/73	4½	1/21/70	5¼	(7)	5	(8)
2 Negotiable orders of withdrawal accounts[1]	5	1/1/74	(10)	....	5	1/1/74	(10)	....
3 Variable-rate time deposit of less than $100,000[2]	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
Other time (multiple- and single-maturity unless otherwise indicated)[3]								
30–89 days:								
4 Multiple-maturity	5	7/1/73	4¼	1/21/70	(10)	....	(10)	....
5 Single-maturity			5	9/26/66				
90 days to 1 year:								
6 Multiple-maturity	5½	7/1/73	5	7/20/66	[4]5¾	(7)	5¼	1/21/70
7 Single-maturity				9/26/66				
8 1 to 2 years[4]	6	7/1/73	5½	1/21/70	6½	(7)	5¾	1/21/70
9 2 to 2½ years[4]			5¾	1/21/70			6	1/21/70
10 2½ to 4 years[4]	6½	7/1/73	5¾	1/21/70	6¾	(7)	6	1/21/70
11 4 to 6 years[5]	7¼	11/1/73	(11)	....	7½	11/1/73	(11)	....
12 6 to 8 years[5]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
13 8 years or more[5]	7¾	6/1/78	(10)	....	8	6/1/78	(10)	....
14 Governmental units (all maturities)	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
15 Individual retirement accounts and Keogh (H.R. 10) plans[6]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77

[1] For authorized States only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks were first permitted to offer negotiable orders of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976.

[2] Must have a maturity of exactly 26 weeks and a minimum denomination of $10,000, and must be nonnegotiable.

[3] For exceptions with respect to certain foreign time deposits see the Federal Reserve BULLETIN for October 1962 (p. 1279), August 1965 (p. 1094), and February 1968 (p. 167).

[4] A minimum of $1,000 is required for savings and loan associations, except in areas where mutual savings banks permit lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.

[5] $1,000 minimum except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) Plan established pursuant to the Internal Revenue Code. The $1,000 minimum requirement was removed for such accounts in December 1975 and November 1976, respectively.

[6] 3-year minimum maturity.

[7] July 1, 1973, for mutual savings banks; July 6, 1973, for savings and loan associations.

[8] Oct. 1, 1966, for mutual savings banks; Jan. 21, 1970, for savings and loan associations.

[9] Ceiling rate for commercial banks is the discount rate on most recently issued 6-month U.S. Treasury bills. Ceiling rate for savings and loan associations and mutual savings banks is ¼ per cent higher than the rate for commercial banks. The rates and effective dates for August were:

	Aug. 3	Aug. 10	Aug. 17	Aug. 24	Aug. 31
Banks	7.362	7.172	7.259	7.471	7.550
Thrifts	7.612	7.422	7.509	7.721	7.800

[10] No separate account category.

[11] Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $1,000; however, the amount of such certificates that an institution could issue was limited to 5 per cent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than $1,000, were limited to the 6½ per cent ceiling on time deposits maturing in 2½ years or more.

Effective Nov. 1, 1973, the present ceilings were imposed on certificates maturing in 4 years or more with minimum denominations of $1,000. There is no limitation on the amount of these certificates that banks can issue.

NOTE—Maximum rates that can be paid by Federally insured commercial banks, mutual savings banks, and savings and loan associations are established by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board under the provisions of 12 CFR 217, 329, and 526, respectively. The maximum rates on time deposits in denominations of $100,000 or more were suspended in mid-1973. For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the Federal Reserve BULLETIN, the Federal Home Loan Bank Board *Journal*, and the *Annual Report* of the Federal Deposit Insurance Corporation.

1.161 MARGIN REQUIREMENTS

Per cent of market value; effective dates shown.

Type of security on sale	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
1 Margin stocks	70	80	65	55	65	50
2 Convertible bonds	50	60	50	50	50	50
3 Short sales	70	80	65	55	65	50

NOTE.—Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 per cent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

Regulation G and special margin requirements for bonds convertible into stocks were adopted by the Board of Governors effective Mar. 11, 1968.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

	Type of transaction	1975	1976	1977	1978 Jan.	Feb.	Mar.	Apr.	May	June	July
	U.S. GOVT. SECURITIES										
	Outright transactions (excl. matched sale-purchase transactions)										
	Treasury bills:										
1	Gross purchases	11,562	14,343	13,738	696	379	748	1,670	416	4,395	701
2	Gross sales	5,599	8,462	7,241	1,323	1,974	50	....	737	....	466
3	Redemptions	[2] 6,431	[2] 5,017	2,136	....	1,100	31	....	300	....	....
	Others within 1 year:[1]										
4	Gross purchases	3,886	472	3,017	56	....	288	100	53	135	....
5	Gross sales	....	....	....	....	....	....	....	....	....	....
6	Exchange, or maturity shift	-4	792	4,499	-511	-653	261	292	-1,915	-380	241
7	Redemptions	3,549	....	2,500	....	....	....	....	....	....	....
	1 to 5 years:										
8	Gross purchases	[2] 3,284	[2] 3,202	2,833	311	....	813	235	290	631	....
9	Gross sales	....	177	....	....	....	....	....	....	....	....
10	Exchange, or maturity shift	3,854	-2,588	6,649	511	1,109	-261	292	-507	467	241
	5 to 10 years:										
11	Gross purchases	1,510	1,048	758	89	....	370	191	101	176	....
12	Gross sales	....	....	....	....	....	....	....	....	....	....
13	Exchange, or maturity shift	-4,697	1,572	584	....	-906	....	....	1,526	-87	....
	Over 10 years:										
14	Gross purchases	1,070	642	553	100	....	147	145	74	115	....
15	Gross sales	....	....	....	....	....	....	....	....	....	....
16	Exchange, or maturity shift	848	225	1,565	....	450	....	....	895	....	....
	All maturities:[1]										
17	Gross purchases	[2] 21,313	[2] 19,707	20,898	1,252	379	2,367	2,341	935	5,451	701
18	Gross sales	5,599	8,639	7,241	1,323	1,974	50	....	737	....	466
19	Redemptions	[2] 9,980	[2] 5,017	4,636	....	1,100	31	....	300	....	....
	Matched sale-purchase transactions										
20	Gross sales	151,205	196,078	425,214	54,859	40,128	44,976	42,262	40,634	52,544	44,657
21	Gross purchases	152,132	196,579	423,841	51,016	44,270	44,129	42,799	40,362	52,557	44,712
	Repurchase agreements										
22	Gross purchases	140,311	232,891	178,683	10,229	16,057	13,155	8,044	11,517	14,956	15,822
23	Gross sales	139,538	230,355	180,535	12,130	16,057	11,468	8,999	11,819	13,100	17,374
24	Net change in U.S. Government securities	7,434	9,087	5,798	-5,815	1,447	3,127	1,923	-674	7,320	1,261
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions:										
25	Gross purchases	1,616	891	1,433	....	....	....	....	....	301	....
26	Gross sales	....	....	....	....	....	....	....	....	....	....
27	Redemptions	246	169	223	*	22	53	....	34	28	4
	Repurchase agreements:										
28	Gross purchases	15,179	10,520	13,811	1,680	1,966	2,638	1,282	3,927	3,421	5,170
29	Gross sales	15,566	10,360	13,638	2,131	1,966	2,374	1,410	4,037	3,088	5,457
	BANKERS ACCEPTANCES										
30	Outright transactions, net	163	-545	196	....	....	....	....	....	....	....
31	Repurchase agreements, net	-35	410	159	-954	....	770	-480	17	747	753
32	**Net change in total System Account**	**8,539**	**9,833**	**7,143**	**-7,220**	**1,425**	**4,107**	**1,315**	**-834**	**8,673**	**2,305**

[1] Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): 1975, 3,549; 1976, none; Sept. 1977, 2,500.

[2] In 1975, the System obtained $421 million of 2-year Treasury notes in exchange for maturing bills. In 1976 there was a similar transaction amounting to $189 million. Acquisition of these notes is treated as a purchase; the run-off of bills, as a redemption.

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

1.18 FEDERAL RESERVE BANKS Condition and F.R. Note Statements

Millions of dollars

	Account	Wednesday 1978					End of month 1978		
		Aug. 2	Aug. 9	Aug. 16	Aug. 23p	Aug. 30p	June	July	Aug.p
		Consolidated condition statement							
	ASSETS								
1	Gold certificate account	11,692	11,683	11,680	11,680	11,680	11,706	11,693	11,679
2	Special Drawing Rights certificate account	1,250	1,250	1,300	1,300	1,300	1,250	1,250	1,300
3	Coin	270	274	273	283	277	284	276	283
	Loans:								
4	Member bank borrowings	2,288	852	1,089	1,797	1,310	1,428	1,127	953
5	Other	...	...	...	...	...	...	...	...
	Acceptances:								
6	Bought outright	...	...	...	...	...	...	...	...
7	Held under repurchase agreements	478	10	...	401	449	1,021	268	296
	Federal agency obligations:								
8	Bought outright	8,158	7,985	7,981	7,981	7,978	8,168	8,164	7,978
9	Held under repurchase agreements	532	78	...	664	896	358	71	119
	U.S. Government securities								
	Bought outright:								
10	Bills	44,356	41,014	45,733	44,962	45,075	44,080	44,370	45,133
11	Certificates—Special	...	...	...	...	...	...	...	...
12	Other	...	...	...	...	...	...	...	...
13	Notes	52,997	52,997	52,397	53,229	53,229	52,997	52,997	53,229
14	Bonds	10,782	10,782	11,382	11,496	11,496	10,782	10,782	11,496
15	Total[1]	108,135	104,793	109,512	109,687	109,800	107,859	108,149	109,858
16	Held under repurchase agreements	1,786	721	...	3,057	2,503	2,287	736	1,881
17	**Total U.S. Government securities**	**109,921**	**105,514**	**109,512**	**112,744**	**112,303**	**110,146**	**108,885**	**111,739**
18	**Total loans and securities**	**121,377**	**114,439**	**118,582**	**123,587**	**122,936**	**121,121**	**118,515**	**121,085**
19	Cash items in process of collection	12,716	11,149	14,109	10,467	11,686	9,319	9,466	9,398
20	Bank premises	388	389	390	392	392	389	389	392
	Other assets:								
21	Denominated in foreign currencies	39	18	18	18	18	58	67	18
22	All other	2,480	2,504	1,499	1,544	1,604	2,007	2,446	1,653
23	**Total assets**	**150,212**	**141,706**	**147,851**	**149,271**	**149,893**	**146,134**	**144,102**	**145,808**
	LIABILITIES								
24	F.R. notes	96,020	96,658	96,638	96,296	96,553	95,345	95,571	96,534
	Deposits:								
25	Member bank reserves	31,457	26,845	28,435	30,307	29,653	27,920	28,461	26,374
26	U.S. Treasury—General account	11,573	7,701	10,435	11,460	12,162	11,614	10,331	12,068
27	Foreign	243	301	272	243	235	288	347	309
28	Other[2]	726	670	622	627	631	773	771	691
29	**Total deposits**	**43,999**	**35,517**	**39,764**	**42,637**	**42,681**	**40,595**	**39,910**	**39,442**
30	Deferred availability cash items	6,543	5,841	7,594	6,137	6,238	6,001	4,374	5,503
31	Other liabilities and accrued dividends	1,496	1,387	1,392	1,587	1,639	1,559	1,469	1,541
32	**Total liabilities**	**148,058**	**139,403**	**145,388**	**146,657**	**147,111**	**143,500**	**141,324**	**143,020**
	CAPITAL ACCOUNTS								
33	Capital paid in	1,057	1,056	1,057	1,058	1,059	1,056	1,057	1,058
34	Surplus	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029
35	Other capital accounts	68	218	377	527	694	549	692	701
36	**Total liabilities and capital accounts**	**150,212**	**141,706**	**147,851**	**149,271**	**149,893**	**146,134**	**144,102**	**145,808**
37	MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account	86,682	86,657	87,686	86,675	85,717	85,688	86,620	85,731
		Federal Reserve note statement							
38	F.R. notes outstanding (issued to Bank)	107,689	107,784	107,957	108,078	108,520	105,651	107,558	108,625
	Collateral held against notes outstanding:								
39	Gold certificate account	11,692	11,683	11,680	11,680	11,680	11,706	11,693	11,679
40	Special Drawing Rights certificate account	1,250	1,250	1,300	1,300	1,300	1,250	1,250	1,300
41	Eligible paper	1,998	814	1,041	1,718	1,117	1,368	1,056	886
42	U.S. Government securities	92,749	94,037	93,936	93,380	94,423	91,327	93,559	94,760
43	**Total collateral**	**107,689**	**107,784**	**107,957**	**108,078**	**108,520**	**105,651**	**107,558**	**108,625**

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

2 Includes certain deposits of domestic nonmember banks and foreign-owned banking institutions voluntarily held with member banks and redeposited in full with F.R. Banks.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday 1978					End of month 1978		
	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30	June 30	July 31	Aug. 31
1 **Loans**	**2,288**	**851**	**1,089**	**1,797**	**1,310**	**1,428**	**1,132**	**953**
2 Within 15 days	2,053	721	984	1,759	1,272	1,343	1,055	892
3 16 days to 90 days	235	130	105	38	38	85	77	61
4 91 days to 1 year	....	....	....	....	....	....	....	....
5 **Acceptances**	**478**	**10**	....	**401**	**449**	**1,021**	**268**	**296**
6 Within 15 days	478	10	....	401	449	1,021	268	296
7 16 days to 90 days	....	....	....	....	....	....	....	....
8 91 days to 1 year	....	....	....	....	....	....	....	....
9 **U.S. Government securities**	**109,921**	**105,514**	**109,512**	**112,744**	**112,303**	**110,146**	**108,885**	**111,739**
10 Within 15 days[1]	7,814	6,729	5,514	6,819	6,404	4,958	6,094	4,086
11 16 days to 90 days	18,964	16,175	19,412	22,001	22,059	21,179	19,449	22,058
12 91 days to 1 year	31,276	30,743	30,980	29,542	29,458	32,383	31,475	31,408
13 Over 1 year to 5 years	31,025	31,025	30,730	31,154	31,154	30,784	31,025	30,959
14 Over 5 years to 10 years	11,849	11,849	13,283	13,521	13,521	11,849	11,849	13,521
15 Over 10 years	8,993	8,993	9,593	9,707	9,707	8,993	8,993	9,707
16 **Federal agency obligations**	**8,690**	**8,063**	**7,981**	**8,645**	**8,874**	**8,526**	**8,235**	**8,097**
17 Within 15 days[1]	536	82	3	714	1,041	389	114	264
18 16 days to 90 days	299	313	310	262	258	232	299	258
19 91 days to 1 year	1,528	1,422	1,423	1,423	1,479	1,482	1,495	1,479
20 Over 1 year to 5 years	3,825	3,744	3,744	3,744	3,594	3,921	3,825	3,594
21 Over 5 years to 10 years	1,631	1,631	1,641	1,641	1,641	1,631	1,631	1,641
22 Over 10 years	871	871	860	861	861	871	871	861

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

1.20 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1975	1976	1977	1978 Mar.	Apr.	May	June	July
	Debits to demand deposits[2] (seasonally adjusted)							
1 All commercial banks	25,028.5	29,180.4	34,322.8	37,129.4	39,236.3	39,685.9	41,703.1	40,718.3
2 Major New York City banks	9,670.7	11,467.2	13,860.6	13,664.7	15,128.5	14,775.4	15,976.1	15,358.3
3 Other banks	15,357.8	17,713.2	20,462.2	23,464.6	24,107.8	24,910.5	25,727.0	25,360.1
	Debits to savings deposits[3] (not seasonally adjusted)							
4 All customers	....	....	174.0	380.8	424.5	395.6	442.8	431.7
5 Business[1]	....	....	21.7	48.1	49.3	51.2	60.3	54.8
6 Others	....	....	152.3	332.7	375.2	344.4	382.5	376.9
	Demand deposit turnover[2] (seasonally adjusted)							
7 All commercial banks	105.3	116.8	129.2	134.1	138.0	139.7	144.9	139.4
8 Major New York City banks	356.9	411.6	503.0	520.1	548.0	555.3	596.0	553.2
9 Other banks	72.9	79.8	85.9	93.6	93.9	96.8	98.6	95.9
	Savings deposit turnover[3] (not seasonally adjusted)							
10 All customers	....	....	1.6	1.7	1.9	1.8	2.0	2.0
11 Business[1]	....	....	4.1	4.6	4.7	4.7	5.5	5.1
12 Others	....	....	1.5	1.6	1.8	1.6	1.8	1.8

1 Represents corporations and other profit-seeking organizations (excluding commercial banks but including savings and loan associations, mutual savings banks, credit unions, the Export-Import Bank, and Federally sponsored lending agencies).

2 Represents accounts of individuals, partnerships, and corporations, and of States and political subdivisions.

3 Excludes negotiable orders of withdrawal (NOW) accounts and special club accounts, such as Christmas and vacation clubs.

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

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1974 Dec.	1975 Dec.	1976 Dec.	1977 Dec.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July
	Seasonally adjusted									
MEASURES[1]										
1 *M*-1	282.9	294.5	312.6	337.2	339.9	340.9	346.3	348.6	350.3	351.9
2 *M*-2	612.2	664.1	739.6	808.4	818.0	821.8	829.7	835.1	840.5	846.5
3 *M*-3	981.2	1,091.8	1,235.6	1,375.0	1,392.0	1,399.5	1,410.9	1,419.8	1,429.7	1,441.2
4 *M*-4	701.2	745.4	802.3	882.4	897.4	903.9	913.2	922.2	927.2	933.9
5 *M*-5	1,070.3	1,173.2	1,298.3	1,449.0	1,471.3	1,481.5	1,494.3	1,506.9	1,516.4	1,528.6
COMPONENTS										
6 Currency	67.8	73.7	80.7	88.6	90.1	90.7	91.3	92.2	92.9	93.4
Commercial bank deposits:										
7 Demand	215.1	220.8	231.9	248.6	249.8	250.2	255.1	256.4	257.4	258.4
8 *Time and savings*	*418.3*	*450.9*	*489.7*	*545.2*	*557.5*	*562.9*	*566.8*	*573.6*	*576.8*	*582.0*
9 Negotiable CD's[2]	89.0	81.3	62.7	74.0	79.4	82.0	83.4	87.1	86.7	87.4
10 Other	329.3	369.6	427.0	471.2	478.1	480.9	483.4	486.5	490.1	494.6
11 Nonbank thrift institutions[3]	369.1	427.8	496.0	566.6	574.0	577.7	581.2	584.7	589.2	594.7
	Not seasonally adjusted									
MEASURES[1]										
12 *M*-1	291.3	303.2	321.7	346.9	334.1	336.2	348.7	343.3	349.3	353.6
13 *M*-2	617.5	669.3	744.8	813.8	812.8	820.4	836.0	833.6	841.9	848.9
14 *M*-3	983.8	1,094.3	1,237.5	1,376.3	1,384.9	1,399.5	1,420.7	1,420.3	r1,435.1	1,448.2
15 *M*-4	708.0	752.8	809.1	889.7	889.7	900.6	917.4	918.2	928.1	936.2
16 *M*-5	1,074.3	1,177.7	1,301.8	1,452.3	1,461.8	1,479.7	1,502.0	r1,505.0	1,521.3	1,535.5
COMPONENTS										
17 Currency	69.0	75.1	82.1	90.1	89.0	90.0	91.1	92.0	93.0	94.2
Commercial bank deposits:										
18 *Demand*	*222.2*	*228.1*	*239.5*	*256.8*	*245.0*	*246.2*	*257.6*	*251.3*	*256.3*	*259.5*
19 Member	159.7	162.1	168.5	176.3	167.3	168.4	175.7	171.2	174.0	176.0
20 Domestic nonmember	58.5	62.6	67.5	76.2	73.6	73.8	77.8	76.2	78.3	79.4
21 *Time and savings*	*416.7*	*449.6*	*487.4*	*542.8*	*555.7*	*564.4*	*568.7*	*574.9*	*578.9*	*582.6*
22 Negotiable CD's[2]	90.5	83.5	64.3	75.9	76.9	80.2	81.4	84.6	86.3	87.3
23 Other	326.3	366.2	423.1	466.9	478.8	484.2	487.3	490.3	492.6	495.3
24 Nonbank thrift institutions[3]	366.3	424.9	492.7	562.5	572.1	579.1	584.6	586.7	593.2	599.3
25 U.S. Govt. deposits (all commercial banks)	4.9	4.1	4.4	5.1	4.3	4.7	4.9	3.9	6.1	4.4

1 Composition of the money stock measures is as follows:

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

M-2: *M*-1 plus savings deposits, time deposits open account, and time certificates of deposit (CD's) other than negotiable CD's of $100,000 or more at large weekly reporting banks.

M-3: *M*-2 plus the average of the beginning- and end-of-month deposits of mutual savings banks, savings and loan shares, and credit union shares (nonbank thrift).

M-4: *M*-2 plus large negotiable CD's.

M-5: *M*-3 plus large negotiable CD's.

For a description of the latest revisions in the money stock measures see "Money Stock Measures: Revision" in the April 1978 BULLETIN, pp. 338 and 339.

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

2 Negotiable time CD's issued in denominations of $100,000 or more by large weekly reporting commercial banks.

3 Average of the beginning- and end-of-month figures for deposits of mutual savings banks, for savings capital at savings and loan associations, and for credit union shares.

NOTES TO TABLE 1.23:

1 Adjusted to exclude domestic commercial interbank loans.

2 Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company. Prior to Aug. 28, 1974, the institutions included had been defined somewhat differently, and the reporting panel of banks was also different. On the new basis, both "Total loans" and "Commercial and industrial loans" were reduced by about $100 million.

3 Data beginning June 30, 1974, include one large mutual savings bank that merged with a nonmember commercial bank. As of that date there were increases of about $500 million in loans, $100 million in "Other" securities, and $600 million in "Total loans and investments."

As of Oct. 31, 1974, "Total loans and investments" of all commercial banks were reduced by $1.5 billion in connection with the liquidation of one large bank. Reductions in other items were: "Total loans," $1.0 billion (of which $0.6 billion was in "Commercial and industrial loans"), and "Other securities," $0.5 billion. In late November "Commercial and industrial loans" were increased by $0.1 billion as a result of loan reclassifications at another large bank.

4 Reclassification of loans reduced these loans by about $1.2 billion as of Mar. 31, 1976.

5 Reclassification of loans at one large bank reduced these loans by about $200 million as of Dec. 31, 1977.

NOTE.—Data are for last Wednesday of month except for June 30 and Dec. 31; data are partly or wholly estimated except when June 30 and Dec. 31 are call dates.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

Item	1974 Dec.	1975 Dec.	1976 Dec.	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July
	Seasonally adjusted											
1 **Reserves**[1]	**36.57**	**34.68**	**34.93**	**35.96**	**36.14**	**36.60**	**36.93**	**36.67**	**36.95**	**37.27**	**37.73**	**38.19**
2 Nonborrowed	35.84	34.55	34.89	35.10	35.57	36.12	36.53	36.34	36.40	36.06	36.63	36.87
3 Required	36.31	34.42	34.29	35.71	35.95	36.33	36.69	36.47	36.81	37.05	37.55	37.99
4 **Deposits subject to reserve requirements**[2]	**486.1**	**504.6**	**528.9**	**564.4**	**569.1**	**575.7**	**577.8**	**582.1**	**586.1**	**592.1**	**595.6**	**600.3**
5 Time and savings	322.1	337.1	354.3	383.5	387.0	390.5	395.4	399.2	400.7	406.0	407.1	410.5
Demand:												
6 Private	160.6	164.5	171.4	178.0	178.5	182.1	179.5	179.6	182.0	183.5	184.6	186.1
7 U.S. Government	3.3	2.9	3.2	3.0	3.6	3.1	3.0	3.4	3.3	2.6	3.9	3.7
	Not seasonally adjusted											
8 **Deposits subject to reserve requirements**[2]	**491.8**	**510.9**	**534.8**	**562.1**	**575.3**	**581.3**	**572.5**	**579.4**	**588.6**	**588.3**	**596.8**	**600.8**
9 Time and savings	321.7	337.2	353.6	380.7	386.4	390.3	393.2	399.3	401.2	406.1	408.6	411.1
Demand:												
10 Private	166.6	170.7	177.9	178.7	185.1	187.9	176.1	176.6	183.8	179.3	183.7	186.4
11 U.S. Government	3.4	3.1	3.3	2.6	3.8	3.1	3.1	3.5	3.6	2.9	4.5	3.2

1 *Series reflects actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. There are breaks in series because of changes in reserve requirements effective Dec. 12, 1974; Feb. 13, May 22, and Oct. 30, 1975; Jan. 8, and Dec. 30, 1976. In addition, effective Jan. 1, 1976, statewide branching in New York was instituted. The subsequent merger of a number of banks raised required reserves because of higher reserve requirements on aggregate deposits at these banks.*

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

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

1.23 LOANS AND INVESTMENTS All Commercial Banks

Billions of dollars; last Wednesday of month except for June 30 and Dec. 31

Category	1974 Dec. 31 3	1975 Dec. 31	1976 Dec. 31	1977 Dec. 31	1978 Mar. 29 p	1978 Apr. 26 p	1978 May 31 p	1978 June 30 p	1978 July 26 p	1978 Aug. 30 p
	Seasonally adjusted									
1 **Loans and investments**[1]	**690.4**	**721.1**	**784.4**	**870.6**	**892.2**	**906.0**	**917.9**	**922.4**	**935.2**	**939.2**
2 Including loans sold outright[2]	695.2	725.5	788.2	875.5	896.7	910.5	922.3	926.9	939.8	943.9
Loans:										
3 Total	500.2	496.9	538.9	617.0	636.5	646.3	657.9	661.2	672.0	677.2
4 Including loans sold outright[2]	505.0	501.3	542.7	621.9	641.0	650.8	662.3	665.7	676.6	681.9
5 Commercial and industrial	183.3	176.0	4 179.5	5 201.4	210.3	213.3	219.2	220.4	222.3	224.4
6 Including loans sold outright[2]	186.0	178.5	4 181.9	5 204.2	212.5	215.6	221.5	222.6	224.6	226.9
Investments:										
7 U.S. Treasury	50.4	79.4	97.3	95.6	95.6	97.6	97.1	98.4	99.7	97.0
8 Other	139.8	144.8	148.2	158.0	160.1	162.1	162.9	162.8	163.5	165.0
	Not seasonally adjusted									
9 **Loans and investments**[1]	**705.6**	**737.0**	**801.6**	**888.9**	**889.7**	**904.9**	**917.0**	**928.9**	**931.1**	**936.6**
10 Including loans sold outright[2]	710.4	741.4	805.4	893.8	894.2	909.4	921.4	933.3	935.7	941.3
Loans:										
11 Total[1]	510.7	507.4	550.2	629.9	631.6	642.3	657.1	669.2	672.6	678.0
12 Including loans sold outright[2]	515.5	511.8	554.0	634.8	636.1	646.8	661.5	673.7	677.1	682.7
13 Commercial and industrial	186.8	179.3	4 182.9	5 205.0	210.0	213.8	219.2	223.0	222.4	223.3
14 Including loans sold outright[2]	189.5	181.8	4 185.3	5 207.8	212.2	216.1	221.5	225.2	224.7	225.8
Investments:										
15 U.S. Treasury	54.5	84.1	102.5	100.2	98.6	99.6	96.6	96.1	95.2	93.9
16 Other	140.5	145.5	148.9	158.8	159.6	163.1	163.4	163.6	163.4	164.7

For notes see bottom of opposite page.

1.24 COMMERCIAL BANK ASSETS AND LIABILITIES Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

	Account	1976 Dec.[3]	1977[3] Nov.	1977[3] Dec.	1978[3] Jan.p	Feb.p	Mar.p	Apr.p	May.p	June.p	July.p	Aug.p
		All commercial										
1	**Loans and investments**	**846.4**	**916.5**	**939.1**	**921.6**	**926.0**	**936.0**	**947.7**	**967.4**	**966.8**	**972.1**	**977.0**
2	Loans, gross	594.9	659.3	680.1	664.9	668.0	677.8	685.0	707.4	707.8	713.5	718.4
	Investments:											
3	U.S. Treasury securities	102.5	98.5	100.2	97.9	99.6	98.6	99.6	96.6	95.9	95.2	93.9
4	Other	148.9	158.8	158.8	158.8	158.5	159.6	163.1	163.4	163.2	163.4	164.7
5	**Cash assets**	**136.1**	**138.6**	**168.7**	**126.9**	**145.2**	**131.5**	**134.1**	**162.7**	**142.6**	**131.8**	**139.9**
6	Currency and coin	12.1	14.6	13.9	14.0	13.8	14.3	14.1	14.3	14.6	14.6	15.0
7	Reserves with F.R. Banks	26.1	26.3	29.3	26.6	31.0	30.2	27.6	30.3	30.8	23.6	29.7
8	Balances with banks	49.6	46.8	59.0	42.4	46.9	44.1	44.7	53.3	45.5	46.3	44.9
9	Cash items in process of collection	48.4	50.9	66.4	43.9	53.5	43.0	47.6	64.7	51.6	47.3	50.3
10	**Total assets/total liabilities and capital**[1]	**1,030.7**	**1,119.3**	**1,166.0**	**1,113.7**	**1,136.4**	**1,136.7**	**1,151.2**	**1,199.5**	**1,177.3**	**1,170.4**	**1,184.5**
11	**Deposits**	**838.2**	**887.2**	**939.4**	**883.6**	**899.7**	**896.2**	**910.3**	**946.1**	**926.2**	**924.0**	**929.8**
	Demand:											
12	Interbank	45.4	41.7	51.7	37.1	42.6	37.4	38.8	50.7	40.5	40.2	40.1
13	U.S. Govt	3.0	4.8	7.3	4.5	5.8	4.8	6.1	3.2	7.1	4.2	2.7
14	Other	288.4	294.0	323.9	284.2	288.6	280.2	292.0	310.6	294.9	293.2	295.8
	Time:											
15	Interbank	9.2	9.0	9.8	9.1	8.7	9.0	9.0	9.4	9.8	10.2	10.6
16	Other	492.2	537.8	546.6	548.8	554.0	564.8	564.4	572.2	573.9	576.2	580.6
17	Borrowings	80.2	99.4	96.2	99.9	103.7	105.7	104.5	111.4	109.0	102.3	108.2
18	**Total capital accounts**[2]	**78.1**	**81.6**	**85.8**	**82.4**	**82.8**	**83.3**	**83.7**	**84.6**	**84.7**	**85.4**	**85.9**
19	MEMO: Number of banks	14,671	14,718	14,707	14,703	14,682	14,689	14,697	14,702	14,701	14,713	14,713
		Member										
20	**Loans and investments**	**620.5**	**658.6**	**675.5**	**659.5**	**661.8**	**668.6**	**676.8**	**693.8**	**691.5**	**695.8**	**698.9**
21	Loans, gross	442.9	479.0	494.9	481.8	483.1	490.5	495.3	514.3	512.8	517.7	520.3
	Investments:											
22	U.S. Treasury securities	74.6	69.2	70.4	67.7	69.2	68.2	68.8	66.9	66.2	65.7	65.3
23	Other	103.1	110.3	110.1	110.0	109.5	109.9	112.7	112.7	112.5	112.5	113.3
24	**Cash assets, total**	**108.9**	**110.6**	**134.4**	**102.2**	**117.2**	**104.8**	**106.5**	**130.7**	**114.6**	**104.2**	**111.6**
25	Currency and coin	9.1	10.8	10.4	10.4	10.2	10.6	10.5	10.6	10.8	10.8	11.1
26	Reserves with F.R. Banks	26.0	26.3	29.3	26.6	31.0	30.2	27.6	30.3	30.8	23.6	29.7
27	Balances with banks	27.4	24.7	30.8	23.0	24.6	22.9	22.7	28.1	23.6	24.3	22.9
28	Cash items in process of collection	46.5	48.9	63.9	42.2	51.4	41.2	45.7	61.7	49.4	45.4	48.0
29	**Total assets/total liabilities and capital**[1]	**772.9**	**823.9**	**861.8**	**818.0**	**835.3**	**833.2**	**843.3**	**884.7**	**864.5**	**857.3**	**868.9**
30	**Deposits**	**618.7**	**641.8**	**683.5**	**636.8**	**649.2**	**645.1**	**655.1**	**686.7**	**668.4**	**666.1**	**670.5**
	Demand:											
31	Interbank	42.4	38.7	48.0	34.4	39.5	34.7	36.0	47.5	37.7	37.3	37.2
32	U.S. Govt	2.1	3.6	5.4	3.4	4.4	3.7	4.5	2.2	5.1	3.1	1.9
33	Other	215.5	216.4	239.4	208.4	211.8	205.1	213.4	229.1	216.2	214.6	217.0
	Time:											
34	Interbank	7.2	6.8	7.8	7.1	6.7	7.0	6.9	7.3	7.7	8.2	8.6
35	Other	351.5	376.2	382.9	383.5	386.9	394.7	394.3	400.5	401.7	402.9	405.9
36	Borrowings	71.7	87.8	84.9	88.0	90.8	91.8	91.1	96.9	94.2	88.0	93.9
37	**Total capital accounts**[2]	**58.6**	**61.2**	**63.7**	**61.8**	**62.1**	**62.4**	**62.7**	**63.3**	**63.4**	**64.0**	**64.3**
38	MEMO: Number of banks	5,759	5,680	5,669	5,659	5,659	5,654	5,645	5,638	5,611	5,613	5,613

1 Includes items not shown separately.
Effective Mar. 31, 1976, some of the item "reserve for loan losses" and all of the item "unearned income on loans" are no longer reported as liabilities. As of that date the "valuation" portion of "reserve for loan losses" and the "unearned income on loans" have been netted against "other assets," and against "total assets" as well.
Total liabilities continue to include the deferred income tax portion of "reserve for loan losses."
2 Effective Mar. 31, 1976, includes "reserves for securities" and the contingency portion (which is small) of "reserve for loan losses."
3 Figures partly estimated except on call dates.

NOTE.—Figures include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries.
Commercial banks: All such banks in the United States, including member and nonmember banks, stock savings banks, nondeposit trust companies, and U.S. branches of foreign banks, but excluding one national bank in Puerto Rico and one in the Virgin Islands.
Member banks: The following numbers of noninsured trust companies that are members of the Federal Reserve System are excluded from member banks in Tables 1.24 and 1.25 and are included with noninsured banks in Table 1.25: 1974—June, 2; December, 3; 1975—June and December, 4; 1976 (beginning month shown)—July, 5; December, 7; 1977-January, 8.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars except for number of banks

	Account	1976		1977		1976		1977	
		June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31
		Total insured				National (all insured)			
1	**Loans and investments, gross**	**773,701**	**827,696**	**854,734**	**914,783**	**443,959**	**476,610**	**488,240**	**523,000**
	Loans:								
2	Gross	539,021	578,734	601,122	657,513	315,628	340,691	351,311	384,722
3	Net	520,976	560,076	581,143	636,323	305,280	329,971	339,955	372,702
	Investments:								
4	U.S. Treasury securities	90,947	101,461	100,568	99,333	49,688	55,727	53,345	52,244
5	Other	143,731	147,500	153,053	157,937	78,642	80,191	83,583	86,033
6	Cash assets	124,072	129,562	130,726	159,264	75,488	76,072	74,641	92,050
7	**Total assets/total liabilities**[1]	**942,519**	**1,003,969**	**1,040,945**	**1,129,711**	**548,702**	**583,304**	**599,743**	**651,360**
8	**Deposits**	**776,957**	**825,003**	**847,372**	**922,664**	**444,251**	**469,377**	**476,381**	**520,167**
	Demand:								
9	U.S. Govt	4,622	3,022	2,817	7,310	2,858	1,676	1,632	4,172
10	Interbank	37,502	44,064	44,965	49,849	20,329	23,149	22,876	25,646
11	Other	265,671	285,200	284,544	319,873	152,383	163,346	161,358	181,821
	Time:								
12	Interbank	9,406	8,248	7,721	8,731	5,532	4,907	4,599	5,730
13	Other	459,753	484,467	507,324	536,899	263,147	276,296	285,915	302,795
14	Borrowings	63,828	75,291	81,137	89,332	45,187	54,421	57,283	63,218
15	**Total capital accounts**	**68,988**	**72,061**	**75,503**	**79,084**	**39,501**	**41,319**	**43,142**	**44,994**
16	MEMO: Number of banks	14,373	14,397	14,425	14,397	4,747	4,735	4,701	4,654
		State member (all insured)				Insured nonmember			
17	**Loans and investments, gross**	**136,915**	**144,000**	**144,597**	**152,518**	**192,825**	**207,085**	**221,896**	**239,265**
	Loans:								
18	Gross	98,889	102,277	102,117	110,247	124,503	135,766	147,694	162,543
19	Net	96,037	99,474	99,173	107,210	119,658	130,630	142,015	156,411
	Investments:								
20	U.S. Treasury securities	16,323	18,849	19,296	18,179	24,934	26,884	27,926	28,909
21	Other	21,702	22,874	23,183	24,091	43,387	44,434	46,275	47,812
22	Cash assets	30,422	32,859	35,918	42,305	18,161	20,631	20,166	24,908
23	**Total assets/total liabilities**[1]	**179,649**	**189,578**	**195,452**	**210,441**	**214,167**	**231,086**	**245,749**	**267,910**
24	**Deposits**	**142,061**	**149,491**	**152,472**	**163,443**	**190,644**	**206,134**	**218,519**	**239,053**
	Demand:								
25	U.S. Govt	869	429	371	1,241	894	917	813	1,896
26	Interbank	15,833	19,295	20,568	22,353	1,339	1,619	1,520	1,849
27	Other	49,659	52,204	52,570	57,605	63,629	69,648	70,615	80,445
	Time:								
28	Interbank	3,074	2,384	2,134	2,026	799	956	988	973
29	Other	72,624	75,178	76,827	80,216	123,980	132,993	144,581	153,887
30	Borrowings	15,300	17,310	19,697	21,729	3,339	3,559	4,155	4,384
31	**Total capital accounts**	**12,791**	**13,199**	**13,441**	**14,184**	**16,696**	**17,542**	**18,919**	**19,905**
32	MEMO: Number of banks	1,029	1,023	1,019	1,014	8,597	8,639	8,705	8,729
		Noninsured nonmember				Total nonmember			
33	**Loans and investments, gross**	**15,905**	**18,819**	**22,940**	**24,415**	**208,730**	**225,904**	**244,837**	**263,681**
	Loans:								
34	Gross	13,209	16,336	20,865	22,686	137,712	152,103	168,559	185,230
35	Net	13,092	16,209	20,679	22,484	132,751	146,840	162,694	178,896
	Investments:								
36	U.S. Treasury securities	472	1,054	993	879	25,407	27,938	28,919	29,788
37	Other	2,223	1,428	1,081	849	45,610	45,863	47,357	48,662
38	Cash assets	4,362	6,496	8,330	9,458	22,524	27,127	28,496	34,367
39	**Total assets/total liabilities**[1]	**21,271**	**26,790**	**33,390**	**36,433**	**235,439**	**257,877**	**279,139**	**304,343**
40	**Deposits**	**11,735**	**13,325**	**14,658**	**16,844**	**202,380**	**219,460**	**233,177**	**255,898**
	Demand:								
41	U.S. Govt	4	4	8	10	899	921	822	1,907
42	Interbank	1,006	1,277	1,504	1,868	2,346	2,896	3,025	3,718
43	Other	2,555	3,236	3,588	4,073	66,184	72,884	74,203	84,518
	Time:								
44	Interbank	1,292	1,041	1,164	1,089	2,092	1,997	2,152	2,063
45	Other	6,876	7,766	8,392	9,802	130,857	140,760	152,974	163,690
46	Borrowings	3,372	4,842	7,056	6,908	6,711	8,401	11,212	11,293
47	**Total capital accounts**	**663**	**818**	**893**	**917**	**17,359**	**18,360**	**19,812**	**20,823**
48	MEMO: Number of banks	270	275	293	310	8,867	8,914	8,998	9,039

1 Includes items not shown separately.

For Note see Table 1.24.

1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, March 31, 1978

Millions of dollars, except for number of banks.

Asset account	Insured commercial banks	Member banks[1] Total	Large banks: New York City	Large banks: City of Chicago	Large banks: Other large	All other	Nonmember banks[1]
1 **Cash bank balances, items in process**	**148,275**	**126,359**	**40,297**	**4,853**	**44,741**	**36,468**	**21,923**
2 Currency and coin	11,654	8,556	922	183	2,734	4,718	3,097
3 Reserves with F.R. Banks	29,373	29,373	5,021	1,338	11,935	11,079	1
4 Demand balances with banks in United States	35,658	22,002	10,601	95	2,928	8,377	13,662
5 Other balances with banks in United States	5,250	2,914	584	5	726	1,598	2,337
6 Balances with banks in foreign countries	4,235	3,713	582	327	1,819	985	522
7 Cash items in process of collection	62,105	59,801	22,588	2,904	24,599	9,710	2,303
8 **Total securities held—Book value**	**256,200**	**177,684**	**20,044**	**8,012**	**57,309**	**92,319**	**78,536**
9 U.S. Treasury	98,358	68,855	9,874	3,223	22,426	33,333	29,518
10 Other U.S. Government agencies	37,712	24,043	1,767	976	6,868	14,432	13,670
11 States and political subdivisions	113,825	80,789	8,027	3,616	26,803	42,344	33,038
12 All other securities	6,202	3,923	376	197	1,192	2,157	2,280
13 Unclassified total	103	74	....	....	20	54	29
14 *Trading-account securities*	*5,922*	*5,745*	*2,143*	*867*	*2,487*	*248*	*176*
15 U.S. Treasury	3,358	3,338	1,361	659	1,245	72	21
16 Other U.S. Government agencies	981	974	365	65	496	48	7
17 States and political subdivisions	998	983	285	96	529	73	15
18 All other trading acct. securities	482	377	132	47	197	1	105
19 Unclassified	103	74	....	....	20	54	29
20 *Bank investment portfolios*	*250,278*	*171,939*	*17,901*	*7,145*	*54,822*	*92,071*	*78,359*
21 U.S. Treasury	94,999	65,518	8,513	2,564	21,180	33,261	29,497
22 Other U.S. Government agencies	36,731	23,069	1,402	911	6,372	14,384	13,664
23 States and political subdivisions	112,827	79,807	7,742	3,520	26,274	42,270	33,023
24 All other portfolio securities	5,720	3,546	244	150	996	2,156	2,175
25 F.R. stock and corporate stock	1,624	1,373	307	107	488	471	252
26 **Federal funds sold and securities resale agreement**	**45,780**	**35,129**	**3,622**	**1,931**	**17,552**	**12,024**	**10,715**
27 Commercial banks	38,829	28,401	2,139	1,587	13,391	11,284	10,492
28 Brokers and dealers	4,315	4,168	1,151	269	2,166	581	147
29 Others	2,636	2,560	332	75	1,995	158	75
30 **Other loans, gross**	**616,444**	**459,958**	**72,630**	**24,555**	**173,551**	**189,222**	**156,486**
31 LESS: Unearned income on loans	14,864	9,980	586	96	3,243	6,054	4,884
32 Reserves for loan loss	6,904	5,471	1,233	321	2,070	1,846	1,433
33 Other loans, net	594,676	444,507	70,811	24,137	168,237	181,322	150,169
Other loans, gross, by category							
34 *Real estate loans*	*182,790*	*125,708*	*9,472*	*2,463*	*46,667*	*67,105*	*57,082*
35 Construction and land development	21,562	16,178	2,253	505	7,951	5,470	5,384
36 Secured by farmland	7,919	3,453	21	8	381	3,042	4,466
37 Secured by residential properties	104,315	73,123	4,769	1,344	27,459	39,552	31,191
38 *1- to 4-family residences*	*99,365*	*69,561*	*4,203*	*1,244*	*26,163*	*37,951*	*29,804*
39 FHA-insured or VA-guaranteed	7,612	6,613	547	45	3,581	2,440	999
40 Conventional	91,754	62,948	3,655	1,199	22,582	35,511	28,805
41 *Multifamily residences*	*4,950*	*3,562*	*566*	*100*	*1,296*	*1,600*	*1,387*
42 FHA-insured	387	325	129	25	84	86	62
43 Conventional	4,562	3,237	437	74	1,212	1,514	1,325
44 Secured by other properties	48,994	32,953	2,430	607	10,875	19,041	16,041
45 *Loans to financial institutions*	*34,258*	*32,199*	*11,202*	*4,135*	*13,951*	*2,910*	*2,059*
46 REIT's and mortgage companies	8,476	8,092	2,267	869	4,298	658	384
47 Domestic commercial banks	2,806	2,136	743	138	1,008	247	670
48 Banks in foreign countries	6,597	6,427	2,786	264	2,681	696	170
49 Other depository institutions	1,424	1,302	211	40	840	212	122
50 Other financial institutions	14,955	14,242	5,196	2,824	5,124	1,097	713
51 Loans to security brokers and dealers	10,108	9,805	5,597	1,420	2,497	291	303
52 Other loans to purchase or carry securities	4,216	3,494	376	302	1,833	983	722
53 Loans to farmers—except real estate	25,440	13,955	165	157	3,321	10,312	11,485
54 Commercial and industrial loans	201,203	163,093	37,199	12,602	64,071	49,221	38,110
55 Loans to individuals	142,918	98,541	6,336	2,195	35,289	54,721	44,377
56 *Instalment loans*	*115,070*	*79,424*	*4,732*	*1,406*	*29,071*	*44,215*	*35,646*
57 Passenger automobilies	51,361	32,804	889	157	9,796	21,962	18,557
58 Residential repair and modernization	7,325	4,834	286	69	1,771	2,708	2,491
59 Credit cards and related plans	18,708	16,487	2,085	1,003	8,846	4,554	2,221
60 Charge-account credit cards	14,819	13,256	1,351	964	7,288	3,653	1,564
61 Check and revolving credit plans	3,888	3,231	734	39	1,558	900	657
62 Other retail consumer goods	17,696	12,036	368	53	4,480	7,136	5,660
63 Mobile homes	9,097	6,376	169	20	2,359	3,828	2,721
64 Other	8,599	5,659	199	33	2,121	3,307	2,939
65 Other instalment loans	19,980	13,262	1,104	124	4,178	7,856	6,718
66 Single-payment loans to individuals	27,848	19,117	1,604	789	6,218	10,505	8,731
67 All other loans	15,510	13,163	2,284	1,279	5,921	3,679	2,348
68 **Total loans and securities, net**	**898,279**	**658,693**	**94,784**	**34,187**	**243,587**	**286,136**	**239,671**
69 Direct lease financing	5,990	5,626	1,041	140	3,458	988	364
70 Fixed assets—Buildings, furniture, real estate	21,948	16,359	2,380	760	6,227	6,992	5,595
71 Investment in unconsolidated subsidiaries	3,079	3,038	1,498	242	1,201	98	41
72 Customer acceptances outstanding	13,803	13,376	6,540	939	5,492	405	427
73 Other assets	37,661	33,818	14,263	1,283	13,472	4,800	3,907
74 **Total assets**	**1,129,035**	**857,269**	**160,802**	**42,404**	**318,177**	**335,885**	**271,928**

For notes see opposite page.

1.26 Continued

Liability or capital account	Insured commercial banks	Member banks[1]					Nonmember banks[1]
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
75 **Demand deposits**	**343,578**	**264,614**	**61,165**	**10,354**	**94,367**	**98,728**	**78,977**
76 Mutual savings banks	1,242	1,068	511	2	252	304	176
77 Other individuals, partnerships, and corporations	264,540	196,602	31,756	7,025	75,203	82,618	67,937
78 U.S. Government	3,550	2,370	146	31	681	1,512	1,180
79 States and political subdivisions	16,671	11.298	663	277	3,340	7,019	5,372
80 Foreign governments, central banks, etc.	1,439	1,346	1,083	15	203	44	92
81 Commercial banks in United States	36,160	34,900	17,748	2,499	10,586	4,067	1,271
82 Banks in foreign countries	7,023	6,856	5,306	213	1,130	207	167
83 Certified and officers' checks, etc.	12,955	10,173	3,951	293	2,971	2,957	2,783
84 **Time deposits**	**340,980**	**247,508**	**36,646**	**14,894**	**88,682**	**107,286**	**93,472**
85 Accumulated for personal loan payments	97	77	....	....	1	76	21
86 Mutual savings banks	367	350	171	45	113	21	17
87 Other individuals, partnerships, and corporations	267,045	192,741	27,651	10,975	67,811	86,305	74,304
88 U.S. Government	858	669	45	22	354	249	189
89 States and political subdivisions	56,281	38,502	1,820	1,340	15,789	19,553	17,779
90 Foreign governments, central banks, etc.	8,469	8,224	4,872	1,442	1,794	116	245
91 Commercial banks in United States	6,473	5,719	1,380	982	2,599	758	754
92 Banks in foreign countries	1,389	1,226	708	88	221	209	163
93 **Savings deposits**	**224,267**	**155,670**	**11,086**	**2,909**	**56,219**	**85,456**	**68,597**
94 Individuals and nonprofit organizations	208,729	145,150	10,324	2,758	52,523	79,545	63,579
95 Corporations and other profit organizations	10,674	7,433	509	142	3,103	3,678	3,241
96 U.S. Government	60	47	4	....	18	26	13
97 States and political subdivisions	4,766	3,006	231	10	559	2,205	1,760
98 All other	38	35	18	*	15	2	4
99 **Total deposits**	**908,825**	**667,792**	**108,896**	**28,157**	**239,268**	**291,470**	**241,046**
100 **Federal funds purchased and securities sold under agreements to repurchase**	**89,613**	**84,592**	**21,755**	**9,112**	**40,981**	**12,744**	**5,026**
101 Commercial banks	45,167	43,009	8,459	6,188	22,824	5,537	2,158
102 Brokers and dealers	10,272	9,595	2,115	1,115	5,029	1,336	682
103 Others	34,175	31,988	11,181	1,808	13,128	5,871	2,186
104 Other liabilities for borrowed money	6,413	6,073	2,583	123	2,608	759	340
105 Mortgage indebtedness	1,686	1,380	229	29	681	442	310
106 Bank acceptances outstanding	14,394	13,966	7,119	942	5,499	407	428
107 Other liabilities	21,389	18,620	6,655	1,158	7,006	3,802	2,897
108 **Total liabilities**	**1,042,320**	**792,424**	**147,237**	**39,521**	**296,042**	**309,623**	**250,047**
109 Subordinated notes and debentures	5,734	4,459	1,109	80	1,995	1,275	1,275
110 **Equity capital**	**80,981**	**60,387**	**12,456**	**2,802**	**20,141**	**24,987**	**20,606**
111 Preferred stock	80	32	....	....	2	29	49
112 Common stock	17,439	12,623	2,645	570	3,926	5,482	4,822
113 Surplus	31,468	22,763	4,542	1,404	7,997	8,821	8,708
114 Undivided profits	30,246	23,763	5,137	776	7,855	9,994	6,485
115 Other capital reserves	1,748	1,206	132	52	361	660	543
116 **Total liabilities and equity capital**	**1,129,035**	**857,269**	**160,802**	**42,404**	**318,177**	**335,885**	**271,928**
MEMO ITEMS:							
117 Demand deposits adjusted[2]	241,764	167,543	20,683	4,920	58,500	83,439	74,223
Average for last 15 or 30 days:							
118 Cash and due from bank	133,088	113,373	32,111	5,086	42,039	34,136	19,722
119 Federal funds sold and securities purchased under agreements to resell	46,678	35,671	4,328	1,997	16,675	12,671	11,090
120 Total loans	596,705	446,117	71,996	24,061	168,519	181,541	150,589
121 Time deposits of $100,000 or more	165,180	135,150	30,866	11,960	56,901	35,422	30,030
122 Total deposits	887,163	649,600	101,607	26,568	233,300	288,125	237,573
123 Federal funds purchased and securities sold under agreements to repurchase	91,131	86,470	23,676	9,751	40,486	12,557	4,661
124 Other liabilities for borrowed money	6,488	6,176	2,702	117	2,538	820	312
125 Standby letters of credit outstanding	16,408	15,465	8,772	1,169	4,378	1,146	944
126 Time deposits of $100,000 or more	168,974	138,295	31,243	12,496	58,552	36,004	30,679
127 Certificates of deposit	144,741	117,812	27,027	10,698	49,085	31,002	26,930
128 Other time deposits	24,233	20,483	4,216	1,798	9,467	5,002	3,750
129 Number of banks	14,372	5,652	12	9	153	5,478	8,733

1 Member banks exclude and nonmember banks include 13 noninsured trust companies that are members of the Federal Reserve System.

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

NOTE.—Data include consolidated reports, including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Securities are reported on a gross basis before deductions of valuation reserves. Holdings by type of security will be reported as soon as they become available.

Back data in lesser detail were shown in previous BULLETINS. Details may not add to totals because of rounding.

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

	Account	1978								
		July 5	July 12	July 19	July 26	Aug. 2[p]	Aug. 9[p]	Aug. 16[p]	Aug. 23[p]	Aug. 30[p]
1	**Total loans and investments**	**473,375**	**465,227**	**463,038**	**467,773**	**467,722**	**470,167**	**473,202**	**467,324**	**468,539**
	Loans:									
2	*Federal funds sold*[1]	*31,647*	*25,644*	*22,951*	*26,864*	*25,659*	*27,084*	*26,805*	*22,900*	*23,190*
3	To commercial banks	22,972	19,963	17,820	20,055	19,981	19,762	20,720	17,600	17,668
	To brokers and dealers involving—									
4	U.S. Treasury securities	5,642	2,841	2,734	4,152	2,874	4,446	3,390	2,721	2,797
5	Other securities	632	487	486	538	587	551	511	554	542
6	To others	2,401	2,353	1,911	2,119	2,217	2,325	2,184	2,025	2,183
7	*Other, gross*	*342,449*	*340,047*	*340,648*	*341,273*	*342,414*	*343,201*	*345,689*	*344,078*	*345,153*
8	Commercial and industrial	135,588	135,112	134,973	134,664	135,378	134,562	135,128	134,970	134,938
9	Agricultural	5,088	5,121	5,135	5,156	5,188	5,222	5,227	5,223	5,244
	For purchasing or carrying securities:									
	To brokers and dealers:									
10	U.S. Treasury securities	1,563	1,051	832	1,945	1,053	1,743	1,536	958	915
11	Other securities	8,896	8,618	8,654	8,162	8,392	8,276	8,866	8,118	8,870
	To others:									
12	U.S. Treasury securities	100	100	100	100	106	106	106	105	106
13	Other securities	2,663	2,652	2,642	2,627	2,620	2,623	2,619	2,626	2,626
	To nonbank financial institutions:									
14	Personal and sales finance cos., etc.	8,615	8,200	8,042	7,909	8,097	8,044	7,969	8,274	7,894
15	Other	15,254	15,266	15,108	15,298	15,423	15,557	15,700	15,577	15,535
16	Real estate	81,011	81,411	81,869	82,309	82,710	83,164	83,701	84,048	84,274
	To commercial banks:									
17	Domestic	2,591	2,132	2,354	2,297	2,498	2,332	2,327	2,246	2,316
18	Foreign	6,348	6,173	6,333	5,976	5,809	6,242	6,024	6,010	6,116
19	Consumer instalment	50,628	50,777	51,010	51,356	51,665	51,854	52,223	52,436	52,686
20	Foreign govts., official institutions, etc.	1,500	1,485	1,513	1,536	1,644	1,671	1,591	1,564	1,623
21	All other loans	22,604	21,949	22,083	21,938	21,831	21,805	22,672	21,923	22,010
22	LESS: Loan loss reserve and unearned income on loans	10,187	10,264	10,342	10,387	10,448	10,543	10,621	10,677	10,693
23	*Other loans, net*	*332,262*	*329,783*	*330,306*	*330,886*	*331,966*	*332,658*	*335,068*	*333,401*	*334,460*
	Investments:									
24	*U.S. Treasury securities*	*42,556*	*42,501*	*42,445*	*42,560*	*42,847*	*42,613*	*43,577*	*43,331*	*42,832*
25	Bills	4,132	4,130	4,059	4,321	4,497	4,418	4,278	4,737	4,621
	Notes and bonds, by maturity:									
26	Within 1 year	7,466	7,440	7,472	7,501	7,255	7,227	6,912	6,623	6,685
27	1 to 5 years	26,241	25,837	25,829	25,667	26,242	26,085	26,565	26,242	25,924
28	After 5 years	4,717	5,094	5,085	5,071	4,853	4,883	5,822	5,729	5,602
29	*Other securities*	*66,910*	*67,299*	*67,336*	*67,463*	*67,250*	*67,812*	*67,752*	*67,692*	*68,057*
	Obligations of States and political subdivisions:									
30	Tax warrants, short-term notes, and bills	6,056	6,323	6,271	6,202	6,131	6,540	6,110	6,079	6,122
31	All other	44,410	44,651	44,713	44,800	44,764	44,947	45,352	45,382	45,732
	Other bonds, corporate stocks, and securities:									
32	Certificates of participation[2]	2,857	2,846	2,852	2,886	2,870	2,847	2,796	2,836	2,837
33	All other, including corporate stocks	13,587	13,479	13,500	13,575	13,485	13,478	13,494	13,395	13,366
34	Cash items in process of collection	54,024	44,515	46,558	41,123	45,401	40,752	47,325	41,697	43,509
35	Reserves with F.R. Banks	17,422	22,412	29,937	16,302	24,721	20,679	21,713	23,166	22,446
36	Currency and coin	5,923	6,677	6,653	6,648	6,256	6,191	6,354	6,506	6,717
37	Balances with domestic banks	18,267	15,795	14,569	15,224	14,621	13,727	15,736	13,737	14,098
38	Investments in subsidiaries not consolidated	3,195	3,238	3,315	3,306	3,369	3,378	3,267	3,274	3,286
39	Other assets	64,854	64,033	62,810	62,289	63,121	63,473	61,397	63,955	63,316
40	**Total assets/total liabilities**	**637,060**	**621,897**	**626,880**	**612,665**	**625,211**	**618,367**	**628,994**	**619,659**	**621,911**
	Deposits:									
41	*Demand deposits*	*212,329*	*191,762*	*191,751*	*185,763*	*192,013*	*183,778*	*194,657*	*183,368*	*186,646*
42	Individuals, partnerships, and corps.	148,554	139,769	136,769	134,571	138,220	134,261	140,184	133,405	135,429
43	States and political subdivisions	6,546	5,932	5,905	5,884	6,632	5,643	6,007	5,484	5,536
44	U.S. Govt.	1,849	1,763	2,908	2,111	1,444	1,065	1,342	1,158	1,053
	Domestic interbank:									
45	Commercial	36,392	28,331	28,428	27,417	28,213	26,295	29,096	26,871	27,476
46	Mutual savings	1,234	957	921	838	913	816	871	753	783
	Foreign:									
47	Governments, official institutions, etc.	1,105	889	1,495	1,167	1,273	1,060	1,031	1,264	1,253
48	Commerial banks	7,470	6,924	6,026	6,675	7,275	6,726	6,937	7,035	6,557
49	Certified and officers' checks	9,179	7,197	9,299	7,100	8,043	7,912	9,189	7,398	8,559
50	*Time and savings deposits*[3]	*266,706*	*266,969*	*267,044*	*267,329*	*267,169*	*268,002*	*267,895*	*269,280*	*269,499*
51	Savings[4]	93,179	92,695	92,436	92,134	91,862	91,879	91,858	91,898	91,686
52	Time:	173,527	174,274	174,608	175,195	175,307	176,123	176,037	177,382	177,813
53	Individuals, partnerships, and corps.	134,194	135,163	135,441	135,838	135,914	136,351	136,466	136,923	136,996
54	States and political subdivisions	24,446	24,537	24,852	25,243	25,351	25,679	25,652	26,153	26,244
55	Domestic interbank	6,326	6,301	6,172	6,015	6,071	6,187	6,054	6,371	6,276
56	Foreign govts., official institutions, etc.	6,977	6,694	6,564	6,510	6,355	6,279	6,209	6,278	6,613
57	Federal funds purchased, etc.[5]	72,914	78,280	77,842	73,628	78,014	80,263	80,066	80,213	79,028
	Borrowings from:									
58	F.R. Banks	287	661	4,612	697	1,696	392	611	1,192	735
59	Others	6,825	6,082	6,104	6,154	6,544	6,300	6,185	6,106	6,663
60	Other liabilities, etc.[6]	31,715	31,689	33,224	32,643	33,133	32,958	32,977	32,827	32,666
61	Total equity capital and subordinated notes/debentures[7]	46,284	46,454	46,303	46,451	46,642	46,674	46,603	46,673	46,674

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 Includes reserves for securities and contingency portion of reserves for loans.

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

Millions of dollars, Wednesday figures

	Account	1978								
		July 5	July 12	July 19	July 26	Aug. 2p	Aug. 9p	Aug. 16p	Aug. 23p	Aug. 30p
1	**Total loans and investments**	**96,623**	**93,627**	**92,993**	**94,499**	**95,187**	**95,211**	**97,832**	**93,929**	**94,099**
	Loans:									
2	*Federal funds sold*[1]	*6,591*	*5,173*	*4,410*	*5,543*	*5,799*	*5,038*	*5,614*	*4,464*	*4,534*
3	To commercial banks	4,195	2,745	2,614	3,685	3,769	2,773	3,517	2,943	2,900
	To brokers and dealers involving—									
4	U.S. Treasury securities	1,470	1,516	1,269	1,410	1,261	1,622	1,435	947	929
5	Other securities	3	1	5	19	19	11	3	6	10
6	To others	923	911	522	429	750	632	659	568	695
7	*Other gross*	*72,183*	*70,314*	*70,590*	*70,842*	*70,871*	*71,513*	*72,973*	*70,728*	*71,156*
8	Commercial and industrial	35,610	35,396	35,514	35,207	35,721	35,361	35,816	35,586	35,745
9	Agricultural	159	160	150	151	151	152	153	154	163
	For purchasing or carrying securities:									
	To brokers and dealers:									
10	U.S. Treasury securities	1,421	881	691	1,810	919	1,532	1,394	807	786
11	Other securities	4,742	4,515	4,613	4,164	4,406	4,309	4,777	4,147	4,605
	To others:									
12	U.S. Treasury securities	25	25	25	25	24	25	25	26	28
13	Other securities	355	351	359	357	358	367	367	368	364
	To nonbank financial institutions:									
14	Personal and sales finance cos., etc.	3,141	2,834	2,718	2,694	2,786	2,754	2,675	2,926	2,626
15	Other	4,711	4,664	4,627	4,805	4,804	4,808	4,813	4,824	4,746
16	Real estate	9,122	9,137	9,202	9,255	9,319	9,368	9,394	9,407	9,428
	To commercial banks:									
17	Domestic	866	620	736	736	823	797	787	681	672
18	Foreign	2,852	2,827	2,941	2,621	2,551	2,968	2,756	2,643	2,737
19	Consumer instalment	4,626	4,660	4,685	4,706	4,735	4,756	4,804	4,822	4,841
20	Foreign govts. official institutions, etc.	246	235	271	354	320	357	330	345	375
21	All other loans	4,307	4,009	4,058	3,957	3,954	3,959	4,882	3,992	4,040
22	LESS: Loan loss reserve and unearned income on loans	1,747	1,761	1,772	1,784	1,806	1,824	1,838	1,839	1,847
23	*Other loans, net*	*70,436*	*68,553*	*68,818*	*69,058*	*69,065*	*69,689*	*71,135*	*68,889*	*69,309*
	Investments:									
24	*U.S. Treasury securities*	*8,984*	*9,129*	*9,109*	*9,324*	*9,761*	*9,783*	*10,275*	*9,866*	*9,477*
25	Bills	1,064	1,173	1,285	1,569	1,771	1,777	1,714	1,935	1,893
	Notes and bonds, by maturity:									
26	Within 1 year	972	929	912	935	926	988	910	619	672
27	1 to 5 years	6,022	5,906	5,844	5,797	6,123	6,099	6,065	5,887	5,629
28	After 5 years	926	1,121	1,068	1,023	941	919	1,586	1,425	1,283
29	*Other securities*	*10,612*	*10,772*	*10,656*	*10,574*	*10,562*	*10,701*	*10,808*	*10,710*	*10,779*
	Obligations of States and political subdivisions:									
30	Tax warrants, short-term notes, and bills	1,568	1,744	1,717	1,660	1,551	1,834	1,694	1,690	1,732
31	All other	6,841	7,003	6,895	6,884	6,900	6,906	7,072	7,016	7,023
	Other bonds, corporate stocks, and securities:									
32	Certificates of participation[2]	476	476	479	496	516	502	500	521	517
33	All other, including corporate stocks	1,727	1,549	1,565	1,534	1,595	1,459	1,542	1,483	1,507
34	Cash items in process of collection	17,087	13,775	16,527	12,978	14,127	13,865	15,739	13,950	15,534
35	Reserves with F.R. Banks	4,896	6,701	8,359	3,957	6,300	5,869	5,509	4,884	4,683
36	Currency and coin	881	923	942	934	906	899	920	933	973
37	Balances with domestic banks	9,590	8,754	7,827	8,593	7,337	6,749	8,406	7,413	7,786
38	Investments in subsidiaries not consolidated	1,688	1,700	1,714	1,715	1,715	1,707	1,701	1,716	1,722
39	Other assets	25,937	25,322	23,381	23,897	24,889	25,295	23,171	26,344	25,361
40	**Total assets/total liabilities**	**156,702**	**150,802**	**151,743**	**146,573**	**150,461**	**149,595**	**153,278**	**149,169**	**150,158**
	Deposits:									
41	*Demand deposits*	*61,727*	*53,339*	*54,742*	*51,493*	*53,215*	*50,584*	*54,828*	*51,388*	*53,163*
42	Individuals, partnerships, and corps.	31,153	28,981	28,294	27,512	28,715	27,517	29,118	27,115	28,215
43	States and political subdivisions	490	458	548	569	549	412	416	509	388
44	U.S. Govt.	155	275	483	322	115	132	120	141	114
	Domestic interbank:									
45	Commercial	18,481	14,248	14,349	13,678	13,392	12,528	14,158	13,475	13,648
46	Mutual savings	690	499	491	440	472	401	439	373	377
	Foreign:									
47	Governments, official institutions, etc.	884	677	1,240	882	1,018	808	777	1,005	994
48	Commercial banks	5,678	5,237	4,349	5,005	5,505	5,154	5,194	5,329	4,924
49	Certified and officers' checks	4,196	2,964	4,988	3,085	3,449	3,632	4,606	3,441	4,503
50	*Time and savings deposits*[3]	*46,452*	*46,587*	*46,366*	*46,236*	*45,614*	*45,572*	*45,589*	*45,374*	*45,634*
51	Savings[4]	9,881	9,805	9,746	9,703	9,598	9,591	9,573	9,560	9,526
52	Time	36,571	36,782	36,620	36,533	36,016	35,981	36,016	35,814	36,108
53	Individuals, partnerships and corps.	28,169	28,385	28,269	28,262	27,843	27,798	27,963	27,640	27,681
54	States and political subdivisions	1,595	1,648	1,695	1,706	1,741	1,759	1,806	1,831	1,790
55	Domestic interbank	2,066	2,169	2,112	2,039	2,003	2,027	1,945	1,965	1,919
56	Foreign govts., official institutions, etc.	4,051	3,873	3,824	3,795	3,695	3,670	3,592	3,646	3,956
57	Federal funds purchased, etc.[5]	18,506	20,821	17,675	18,094	19,654	22,739	21,850	21,286	20,150
	Borrowings from:									
58	F.R. Banks	0	0	2,420	65	878	0	285	175	460
59	Others	3,033	2,926	2,879	3,012	3,029	2,996	3,112	3,180	3,379
60	Other liabilities, etc.[6]	13,870	13,986	14,534	14,542	14,890	14,490	14,387	14,542	14,143
61	Total equity capital and subordinated notes/debentures[7]	13,114	13,143	13,127	13,131	13,181	13,214	13,227	13,224	13,229

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 Includes reserves for securities and contingency portion of reserves for loans.

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

Millions of dollars, Wednesday figures

	Account	1978 July 5	July 12	July 19	July 26	Aug. 2p	Aug. 9p	Aug. 16p	Aug. 23p	Aug. 30p
1	**Total loans and investments**	**376,752**	**371,600**	**370,045**	**373,274**	**372,535**	**374,956**	**375,370**	**373,395**	**374,440**
	Loans:									
2	*Federal funds sold*[1]	*25,056*	*20,471*	*18,541*	*21,321*	*19,860*	*22,046*	*21,191*	*18,436*	*18,656*
3	To commercial banks	18,777	17,218	15,206	16,370	16,212	16,989	17,203	14,657	14,768
	To brokers and dealers involving—									
4	U.S. Treasury securities	4,172	1,325	1,465	2,742	1,613	2,824	1,955	1,774	1,868
5	Other securities	629	486	481	519	568	540	508	548	532
6	To others	1,478	1,442	1,389	1,690	1,467	1,693	1,525	1,457	1,488
7	*Other, gross*	*270,266*	*269,733*	*270,058*	*270,431*	*271,543*	*271,688*	*272,716*	*273,350*	*273,997*
8	Commercial and industrial	99,978	99,716	99,459	99,457	99,657	99,201	99,312	99,384	99,193
9	Agricultural	4,929	4,961	4,985	5,005	5,037	5,070	5,074	5,069	5,081
	For purchasing or carrying securities:									
	To brokers and dealers:									
10	U.S. Treasury securities	142	170	141	135	134	211	142	151	129
11	Other securities	4,154	4,103	4,041	3,998	3,986	3,967	4,089	3,971	4,265
	To others:									
12	U.S. Treasury securities	75	75	75	75	82	81	81	79	78
13	Other securities	2,308	2,301	2,283	2,270	2,262	2,256	2,252	2,258	2,262
	To nonbank financial institutions:									
14	Personal and sales finance cos., etc.	5,474	5,366	5,324	5,215	5,311	5,290	5,294	5,348	5,268
15	Other	10,543	10,602	10,481	10,493	10,619	10,749	10,887	10,753	10,789
16	Real estate	71,889	72,274	72,667	73,054	73,391	73,796	74,307	74,641	74,846
	To commercial banks:									
17	Domestic	1,725	1,512	1,618	1,561	1,675	1,535	1,540	1,565	1,644
18	Foreign	3,496	3,346	3,392	3,355	3,258	3,274	3,268	3,367	3,379
19	Consumer instalment	46,002	46,117	46,325	46,650	46,930	47,098	47,419	47,614	47,845
20	Foreign govts., official institutions, etc.	1,254	1,250	1,242	1,182	1,324	1,314	1,261	1,219	1,248
21	All other loans	18,297	17,940	18,025	17,981	17,877	17,846	17,790	17,931	17,970
22	LESS: Loan reserve and unearned income on loans	8,440	8,503	8,570	8,603	8,642	8,719	8,783	8,838	8,846
23	*Other loans, net*	*261,826*	*261,230*	*261,488*	*261,828*	*262,901*	*262,969*	*263,933*	*264,512*	*265,151*
	Investments:									
24	*U.S. Treasury securities*	*33,572*	*33,372*	*33,336*	*33,236*	*33,086*	*32,830*	*33,302*	*33,465*	*33,355*
25	Bills	3,068	2,957	2,774	2,752	2,726	2,641	2,564	2,802	2,728
	Notes and bonds, by maturity:									
26	Within 1 year	6,494	6,511	6,560	6,566	6,329	6,239	6,002	6,004	6,013
27	1 to 5 years	20,219	19,931	19,985	19,870	20,119	19,986	20,500	20,355	20,295
28	After 5 years	3,791	3,973	4,017	4,048	3,912	3,964	4,236	4,304	4,319
29	*Other securities*	*56,298*	*56,527*	*56,680*	*56,889*	*56,688*	*57,111*	*56,944*	*56,982*	*57,278*
	Obligations of States and political subdivisions:									
30	Tax warrants, short-term notes, and bills	4,488	4,579	4,554	4,542	4,580	4,706	4,416	4,389	4,390
31	All other	37,569	37,648	37,818	37,916	37,864	38,041	38,280	38,366	38,709
	Other bonds, corporate stocks, and securities:									
32	Certificates of participation[2]	2,381	2,370	2,373	2,390	2,354	2,345	2,296	2,315	2,320
33	All other, including corporate stocks	11,860	11,930	11,935	12,041	11,890	12,019	11,952	11,912	11,859
34	Cash items in process of collection	36,937	30,740	30,031	28,145	31,274	26,887	31,586	27,747	27,975
35	Reserves with F.R. Banks	12,526	15,711	21,578	12,345	18,421	14,810	16,204	18,282	17,763
36	Currency and coin	5,042	5,754	5,711	5,714	5,350	5,292	5,434	5,573	5,744
37	Balances with domestic banks	8,677	7,041	6,742	6,631	7,284	6,978	7,330	6,324	6,312
38	Investments in subsidiaries not consolidated	1,507	1,538	1,601	1,591	1,654	1,671	1,566	1,558	1,564
39	Other assets	38,917	38,711	39,429	38,392	38,232	38,178	38,226	37,611	37,955
40	**Total assets/total liabilities**	**480,358**	**471,095**	**475,137**	**466,092**	**474,750**	**468,772**	**475,716**	**470,490**	**471,753**
	Deposits:									
41	*Demand deposits*	*150,602*	*138,423*	*137,009*	*134,270*	*138,798*	*133,194*	*139,829*	*131,980*	*133,483*
42	Individuals, partnerships, and corps.	117,401	110,788	108,475	107,059	109,505	106,744	111,066	106,290	107,214
43	States and political subdivisions	6,056	5,474	5,357	5,315	6,083	5,231	5,591	4,975	5,148
44	U.S. Govt.	1,694	1,488	2,425	1,789	1,329	933	1,222	1,017	939
	Domestic interbank:									
45	Commercial	17,911	14,083	14,079	13,739	14,821	13,767	14,938	13,396	13,828
46	Mutual savings	544	458	430	398	441	415	432	380	406
	Foreign:									
47	Governments, official institutions, etc.	221	212	255	285	255	252	254	259	259
48	Commercial banks	1,792	1,687	1,677	1,670	1,770	1,572	1,743	1,706	1,633
49	Certified and officers' checks	4,983	4,233	4,311	4,015	4,594	4,280	4,583	3,957	4,056
50	*Time and savings deposits*[3]	*220,254*	*220,382*	*220,678*	*221,093*	*221,555*	*222,430*	*222,306*	*223,906*	*223,865*
51	Savings[4]	83,298	82,890	82,690	82,431	82,264	82,288	82,285	82,338	82,160
52	Time	136,956	137,492	137,988	138,662	139,291	140,142	140,021	141,568	141,705
53	Individuals, partnerships, and corps.	106,025	106,778	107,172	107,576	108,071	108,553	108,503	109,283	109,315
54	States and political subdivisions	22,851	22,889	23,157	23,537	23,610	23,920	23,846	24,322	24,454
55	Domestic interbank	4,260	4,132	4,060	3,976	4,068	4,160	4,109	4,406	4,357
56	Foreign govts., official institutions, etc.	2,926	2,821	2,740	2,715	2,660	2,609	2,617	2,632	2,657
57	Federal funds purchased, etc.[5]	54,408	57,459	60,167	55,534	58,360	57,524	58,216	58,927	58,878
	Borrowings from:									
58	F.R. Banks	287	661	2,192	632	818	392	326	1,017	275
59	Others	3,792	3,156	3,225	3,142	3,515	3,304	3,073	2,926	3,284
60	Other liabilities, etc.[6]	17,845	17,703	18,690	18,101	18,243	18,468	18,590	18,285	18,523
61	Total equity capital and subordinated notes/debentures[7]	33,170	33,311	33,176	33,320	33,461	33,460	33,376	33,449	33,445

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 Includes reserves for securities and contingency portion of reserves for loans.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

	Account	1978								
		July 5	July 12	July 19	July 26	Aug. 2p	Aug. 9p	Aug. 16p	Aug. 23p	Aug. 30p
	Total loans (gross) and investments adjusted[1]									
1	*Large Banks*	457,999	453,396	453,206	455,808	455,691	458,616	460,776	458,155	459,248
2	New York City banks	93,309	92,023	91,415	91,862	92,401	93,465	95,366	92,144	92,374
3	Banks outside New York City	364,690	361,373	361,791	363,946	363,290	365,151	365,410	366,011	366,874
	Total loans (gross), adjusted									
4	*Large banks*	348,533	343,596	343,425	345,785	345,594	348,191	349,447	347,132	348,359
5	New York City banks	73,713	72,122	71,650	71,964	72,078	72,981	74,283	71,568	72,118
6	Banks outside New York City	274,820	271,474	271,775	273,821	273,516	275,210	275,164	275,564	276,241
	Demand deposits, adjusted[2]									
7	*Large Banks*	120,064	117,153	113,857	115,112	116,955	115,666	116,894	113,642	114,608
8	New York City banks	26,004	25,041	23,383	24,515	25,581	24,059	24,811	23,822	23,867
9	Banks outside New York City	94,060	92,112	90,474	90,597	91,374	91,607	92,083	89,820	90,741
	Large negotiable time CD's included in time and savings deposits[3]									
	Total:									
10	**Large banks**	**87,165**	**87,324**	**87,334**	**87,425**	**87,243**	**87,869**	**87,608**	**88,426**	**88,689**
11	New York City	25,566	25,682	25,487	25,328	24,780	24,807	24,748	24,539	24,817
12	Banks outside New York City	61,599	61,642	61,847	62,097	62,463	63,062	62,860	63,887	63,872
	Issued to IPC's:									
13	*Large banks*	61,898	62,319	62,432	62,474	62,227	62,562	62,448	62,823	62,848
14	New York City Banks	18,384	18,616	18,424	18,405	17,945	17,999	18,073	17,761	17,794
15	Banks outside New York City	43,514	43,703	44,008	44,069	44,282	44,563	44,375	45,062	45,054
	Issued to others:									
16	*Large banks*	25,267	25,005	24,902	24,951	25,016	25,307	25,160	25,603	25,841
17	New York City banks	7,182	7,066	7,063	6,923	6,835	6,808	6,675	6,778	7,023
18	Banks outside New York City	18,085	17,939	17,839	18,028	18,181	18,499	18,485	18,825	18,818
	All other large time deposits[4]									
	Total:									
19	**Large banks**	**32,731**	**33,254**	**33,330**	**33,671**	**33,808**	**33,999**	**34,018**	**34,496**	**34,585**
20	New York City banks	6,199	6,280	6,286	6,352	6,301	6,288	6,304	6,307	6,328
21	Banks outside New York City	26,532	26,974	27,044	27,319	27,507	27,711	27,714	28,189	28,257
	Issued to IPC's:									
22	*Large banks*	19,353	19,938	19,837	20,013	20,200	20,326	20,395	20,443	20,396
23	New York City banks	5,074	5,136	5,131	5,140	5,100	5,068	5,095	5,085	5,096
24	Banks outside New York City	14,279	14,802	14,706	14,873	15,100	15,258	15,300	15,358	15,300
	Issued to others:									
25	*Large banks*	13,378	13,316	13,493	13,658	13,608	13,673	13,623	14,053	14,189
26	New York City banks	1,125	1,144	1,155	1,212	1,201	1,220	1,209	1,222	1,232
27	Banks outside New York City	12,253	12,172	12,338	12,446	12,407	12,453	12,414	12,831	12,957
	Savings deposits, by ownership category									
	Individuals and nonprofit organizations:									
28	*Large banks*	86,858	86,536	86,298	85,976	85,751	85,717	85,683	85,640	85,425
29	New York City banks	9,155	9,114	9,068	9,024	8,951	8,950	8,929	8,914	8,891
30	Banks outside New York City	77,703	77,422	77,230	76,952	76,800	76,767	76,754	76,726	76,534
	Partnerships and corporations for profit:[5]									
31	*Large banks*	5,031	4,933	4,926	4,965	4,948	5,020	4,979	5,072	5,120
32	New York City banks	468	465	458	457	454	460	461	467	470
33	Banks outside New York City	4,563	4,468	4,468	4,508	4,494	4,560	4,518	4,605	4,650
	Domestic governmental units:									
34	*Large banks*	1,271	1,208	1,189	1,151	1,143	1,123	1,171	1,163	1,127
35	New York City banks	247	215	211	192	183	169	165	163	158
36	Banks outside New York City	1,024	993	978	959	960	954	1,006	1,000	969
	All other:[6]									
37	*Large banks*	19	18	23	42	20	19	25	23	14
38	New York City banks	11	11	9	30	10	12	18	16	7
39	Banks outside New York City	8	7	14	12	10	7	7	7	7
	Gross liabilities of banks to their foreign branches									
40	*Large banks*	4,692	4,908	5,948	5,507	5,970	5,453	5,352	5,306	4,927
41	New York City banks	2,378	2,356	3,628	3,094	3,138	2,450	3,151	2,766	2,631
42	Banks outside New York City	2,314	2,552	2,320	2,413	2,832	3,003	2,201	2,540	2,296
	Loans sold outright to selected institutions by all large banks[7]									
43	Commercial and industrial[8]	2,314	2,302	2,307	2,317	2,381	2,472	2,424	2,481	2,479
44	Real estate[8]	259	258	261	246	249	245	249	251	247
45	All other[8]	1,982	1,999	2,012	2,012	2,027	2,014	2,016	2,027	1,958

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

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

3 Certificates of deposit (CD's) issued in denominations of $100,000 or more.

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

5 Other than commercial banks.

6 Domestic and foreign commercial banks, and official international organizations.

7 To bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

8 Data revised beginning July 7, 1977, due to reclassifications at one large bank.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding 1978					Net change during— 1978		1978		
	Aug. 2	Aug. 9	Aug. 16	Aug. 23	Aug. 30p	Q1r	Q2r	June	July	Aug.p
	Total loans classified[2]									
1 **Total**	**110,193**	**109,377**	**109,810**	**109,609**	**109,633**	**2,059**	**5,381**	**550**	**−688**	**136**
Durable goods manufacturing:										
2 Primary metals	2,719	2,711	2,713	2,702	2,715	−84	42	−98	−95	12
3 Machinery	5,410	5,385	5,384	5,363	5,325	491	170	−32	2	−81
4 Transportation equipment	2,662	2,679	2,683	2,696	2,714	447	76	77	69	−16
5 Other fabricated metal products	2,409	2,425	2,450	2,408	2,399	351	181	−25	−45	−9
6 Other durable goods	3,903	3,943	3,933	3,922	3,936	52	376	117	−14	41
Nondurable goods manufacturing:										
7 Food, liquor, and tobacco	4,035	4,037	4,214	4,163	4,146	52	407	27	−186	72
8 Textiles, apparel, and leather	4,301	4,377	4,427	4,394	4,428	280	567	228	129	160
9 Petroleum refining	2,548	2,516	2,551	2,549	2,563	−221	159	48	−75	1
10 Chemicals and rubber	3,492	3,480	3,438	3,437	3,400	532	154	99	−55	−114
11 Other nondurable goods	2,343	2,382	2,407	2,417	2,408	62	61	20	56	85
12 Mining, including crude petroleum and natural gas	10,365	10,377	10,466	10,483	10,469	447	883	247	−33	97
Trade:										
13 Commodity dealers	1,941	1,820	1,783	1,734	1,782	303	187	−473	−86	−199
14 Other wholesale	9,063	8,987	8,861	8,959	8,980	800	449	152	81	−39
15 Retail	8,450	8,216	8,161	8,062	8,026	564	649	18	−14	−234
16 Transportation	5,295	5,260	5,291	5,320	5,333	364	−147	126	−178	70
17 Communication	1,754	1,736	1,752	1,732	1,678	11	249	−14	17	−4
18 Other public utilities	5,189	5,121	5,102	5,153	5,107	563	38	−150	166	−69
19 Construction	5,182	5,169	5,163	5,158	5,207	201	475	111	86	11
20 Services	13,522	13,531	13,502	13,463	13,511	712	1,130	344	65	−25
21 All other domestic loans	8,100	8,064	8,208	8,135	8,057	−26	297	−124	162	140
22 Bankers acceptances	2,889	2,573	2,743	2,763	2,813	−2,533	−429	−45	−627	179
23 Foreign commercial and industrial loans	4,621	4,588	4,578	4,596	4,636	−54	−219	−103	25	58
MEMO ITEMS:										
24 Commercial paper included in total classified loans[1]	......	......	......	......	45	27	60	−26	−7	−19
25 Total commercial and industrial loans of all large weekly reporting banks	135,378	134,562	135,128	134,970	134,938	2,979	6,610	867	−755	274
	1978					1978		1978		
	Apr. 26	May 31	June 28	July 26	Aug. 30p	Q1r	Q2	June	July	Aug.p
	"Term" loans classified[3]									
26 **Total**	**50,159**	**51,204**	**r51,311**	**51,905**	**52,618**	**1,902**	**r1,943**	**r107**	**594**	**713**
Durable goods manufacturing:										
27 Primary metals	1,671	1,736	1,706	1,695	1,710	−13	127	−30	−11	15
28 Machinery	2,542	2,622	2,576	2,712	2,669	205	45	−46	136	−43
29 Transportation equipment	r1,452	1,460	1,420	1,439	1,586	152	−69	−40	19	147
30 Other fabricated metal products	960	968	994	1,000	990	50	92	26	6	−10
31 Other durable goods	1,603	1,625	1,678	1,718	1,699	−105	106	53	40	−19
Nondurable goods manufacturing:										
32 Food, liquor, and tobacco	1,649	1,676	1,671	1,691	1,740	69	149	−5	20	49
33 Textiles, apparel, and leather	1,083	1,097	1,122	1,138	1,133	40	84	25	16	−5
34 Petroleum refining	1,850	1,962	1,947	1,882	1,882	−174	74	−15	−65	....
35 Chemicals and rubber	2,147	2,229	2,412	2,418	2,322	215	296	183	6	−96
36 Other nondurable goods	1,093	1,093	1,091	1,103	1,156	2	−78	−2	12	53
37 Mining, including crude petroleum and natural gas	7,443	7,604	7,760	7,660	7,759	530	676	156	−100	99
Trade:										
38 Commodity dealers	244	254	229	233	258	−18	−23	−25	4	25
39 Other wholesale	2,084	2,141	2,176	2,233	2,282	201	184	35	57	49
40 Retail	2,703	2,855	2,835	2,782	2,811	59	276	−20	−53	29
41 Transportation	3,627	3,702	3,738	3,678	3,741	219	−133	36	−60	63
42 Communication	965	980	1,009	1,061	1,046	47	85	29	52	−15
43 Other public utilities	3,723	3,770	3,529	3,714	3,860	−34	−293	−241	185	146
44 Construction	2,085	2,101	2,117	2,177	2,245	165	51	16	60	68
45 Services	6,039	6,300	6,505	6,592	6,606	308	624	205	87	14
46 All other domestic loans	2,576	2,525	r2,320	2,436	2,616	−49	r−145	r−205	116	180
47 Foreign commercial and industrial loans	2,620	2,504	2,476	2,543	2,507	33	−185	−28	67	−36

1 Reported for the last Wednesday of each month.
2 Includes "term" loans, shown below.
3 Outstanding loans with an original maturity of more than 1 year and all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations

Billions of dollars, estimated daily-average balances

Type of holder	1973 Dec.	1974 Dec.	1975 Dec.	1976 Dec.	1977 Mar.	1977 June	1977 Sept.	1977 Dec.	1978 Mar.	1978 June
	At commercial banks									
1 **All holders, individuals, partnerships, and corporations**	**220.1**	**225.0**	**236.9**	**250.1**	**242.3**	**253.8**	**252.7**	**274.4**	**262.5**	**271.2**
2 Financial business	19.1	19.0	20.1	22.3	21.6	25.9	23.7	25.0	24.5	25.7
3 Nonfinancial business	116.2	118.8	125.1	130.2	125.1	129.2	128.5	142.9	131.5	137.7
4 Consumer	70.1	73.3	78.0	82.6	81.6	84.1	86.2	91.0	91.8	92.9
5 Foreign	2.4	2.3	2.4	2.7	2.4	2.5	2.5	2.5	2.4	2.4
6 Other	12.4	11.7	11.3	12.4	11.6	12.2	11.8	12.9	12.3	12.4

Type of holder	1975 Dec.	1976 Dec.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July
	At weekly reporting banks									
7 **All holders, individuals, partnerships, and corporations**	**124.4**	**128.5**	**139.1**	**137.1**	**132.5**	**131.9**	**135.6**	**134.3**	**136.9**	**139.9**
8 Financial business	15.6	17.5	18.5	18.3	18.1	18.2	17.9	18.1	19.0	19.4
9 Nonfinancial business	69.9	69.7	76.3	73.8	70.7	68.9	70.9	70.7	71.9	73.7
10 Consumer	29.9	31.7	34.6	35.2	34.4	35.4	37.6	36.0	36.6	37.1
11 Foreign	2.3	2.6	2.4	2.4	2.4	2.3	2.2	2.4	2.3	2.3
12 Other	6.6	7.1	7.4	7.4	6.9	7.0	7.0	7.1	7.1	7.3

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

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1975 Dec.	1976 Dec.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July
	Commercial paper (seasonally adjusted)									
1 **All issuers**	**48,459**	**53,025**	**r65,209**	**r65,582**	**r65,578**	**r67,476**	**r70,289**	**71,213**	**74,536**	**74,900**
Financial companies:[1]										
Dealer-placed paper:[2]										
2 Total	6,202	7,250	8,871	9,018	8,918	8,889	9,670	10,314	10,327	10,617
3 Bank-related	1,762	1,900	2,132	2,035	1,997	1,993	2,078	2,217	2,442	2,633
Directly-placed paper:[3]										
4 Total	31,374	32,500	r40,496	r41,680	r42,238	r42,903	r44,326	44,664	47,315	46,594
5 Bank-related	6,892	5,959	r7,102	r7,202	r7,718	r8,153	r7,995	9,258	9,585	10,030
6 Nonfinancial companies[4]	10,883	13,275	15,842	14,884	14,422	15,684	16,293	16,235	16,894	17,689
	Dollar acceptances (not seasonally adjusted)									
7 **Total**	**18,727**	**22,523**	**25,654**	**25,252**	**25,411**	**26,181**	**26,256**	**26,714**	**28,289**	**27,579**
Held by:										
8 *Accepting banks*	*7,333*	*10,442*	*10,434*	*7,785*	*7,513*	*7,375*	*7,091*	*7,286*	*7,502*	7,244
9 Own bills	5,899	8,769	8,915	6,772	6,583	6,375	6,117	6,365	6,520	6,345
10 Bills bought	1,435	1,673	1,519	1,013	931	1,000	974	921	983	899
F.R. Banks:										
11 Own account	1,126	991	954	....	....	1	....	....	r1	....
12 Foreign correspondents	293	375	362	371	456	522	550	679	625	568
13 Others	9,975	10,715	13,904	17,096	17,442	18,283	18,614	18,749	20,160	19,766
Based on:										
14 Imports into United States	3,726	4,992	6,532	6,637	6,842	6,979	7,108	7,027	7,578	7,415
15 Exports from United States	4,001	4,818	5,895	5,840	5,739	6,034	6,216	6,494	6,906	6,565
16 All other	11,000	12,713	13,227	12,774	13,026	13,168	12,932	13,193	13,805	13,599

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

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

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

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

1.34 PRIME RATE CHARGED BY BANKS on Short-term Business Loans

Per cent per annum

Effective date	Rate	Effective date	Rate	Month	Average rate	Month	Average rate
1976—Nov. 1	6½	1977 Oct. 7	7½	1977—Jan.	6.25	1977—Nov.	7.75
		24	7¾	Feb	6.25	Dec.	7.75
Dec. 13	6¼			Mar	6.25		
		1978—Jan. 10	8	Apr	6.25	1978—Jan.	7.93
1977—May 13	6½			May	6.41	Feb	8.00
31	6¾	May 5	8¼	June	6.75	Mar	8.00
		26	8½	July	6.75	Apr	8.00
Aug. 22	7			Aug	6.83	May	8.27
		June 16	8¾	Sept	7.13	June	8.63
Sept. 16	7¼	30	9	Oct	7.52	July	9.00
						Aug	9.01
		Aug. 31	9¼				

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 1–6, 1978

Item	All sizes	Size of loan (in thousands of dollars) 1–24	25–49	50–99	100–499	500–999	1,000 and over
	Short-term commercial and industrial loans						
1 Amount of loans (thousands of dollars)	9,522,014	1,180,739	738.576	928,657	2,238,701	767,846	3,667,496
2 Number of loans	217,426	165,335	22.850	14,211	12,443	1,211	1,376
3 Weighted-average maturity (months)	2.7	2.7	2.9	2.3	2.8	3.0	2.6
4 Weighted-average interest rate (per cent per annum)	9.01	9.82	9.63	9.37	9.04	8.90	8.53
5 Interquartile range [1]	8.25–9.46	9.00–10.70	8.77–10.47	8.30–9.84	8.30–9.50	8.27–9.31	8.21–8.75
Percentage of amount of loans:							
6 With floating rate	54.7	31.9	33.0	51.2	60.1	52.0	64.6
7 Made under commitment	39.9	12.9	21.6	23.0	39.3	63.6	51.9
	Long-term commercial and industrial loans						
8 Amount of loans (thousands of dollars)	1,897,435	474,261			421,282	92,982	908,911
9 Number of loans	39,810	37,035			2,420	139	216
10 Weighted-average maturity (months)	47.6	37.8			40.5	41.0	56.7
11 Weighted-average interest rate (per cent per annum)	9.67	10.23			10.29	9.11	9.15
12 Interquartile range [1]	8.75–10.47	9.00–10.47			8.75–10.47	8.50–9.92	8.50–10.00
Percentage of amount of loans:							
13 With floating rate	38.7	14.8			51.5	66.1	42.5
14 Made under commitment	42.9	24.3			39.4	66.7	51.8
	Construction and land development loans						
15 Amount of loans (thousands of dollars)	905.900	170,034	117,084	163,826	263,323	191,632	
16 Number of loans	26,806	19,511	3,330	2,263	1,551	152	
17 Weighted-average maturity (months)	10.2	5.7	8.6	13.6	10.1	11.7	
18 Weighted-average interest rate (per cent per annum)	9.83	9.53	10.05	10.08	9.99	9.55	
19 Interquartile range [1]	9.24–10.21	9.03–9.92	9.00–10.60	9.27–11.85	9.95–10.04	8.75–10.73	
Percentage of amount of loans:							
20 With floating rate	34.6	16.4	12.8	37.6	28.7	69.4	
21 Secured by real estate	94.3	94.5	96.7	97.7	95.5	88.0	
22 Made under commitment	60.0	60.9	41.6	21.8	86.9	66.2	
23 Type of construction: 1- to 4-family	41.5	74.8	86.1	40.9	17.8	17.9	
24 Multifamily	6.4	2.8	1.2	3.2	5.3	16.7	
25 Nonresidential	52.1	22.4	12.7	55.9	76.8	65.5	

Item	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
	Loans to farmers						
26 Amount of loans (thousands of dollars)	995,247	185,866	174,508	140,998	114,506	140,316	239,051
27 Number of loans	70,014	51,013	11,734	4,239	1,766	968	293
28 Weighted-average maturity (months)	9.1	8.7	7.6	10.1	10.2	5.7	11.4
29 Weighted-average interest rate (per cent per annum)	9.31	9.24	9.21	9.28	9.22	9.34	9.46
30 Interquartile range [1]	8.71–9.73	8.75–9.73	8.75–9.58	8.75–9.58	8.75–9.54	8.71–9.76	8.68–10.16
By purpose of loan:							
31 Feeder livestock	9.39	9.16	8.98	9.06	9.19	9.72	9.88
32 Other livestock	9.08	9.33	9.46	9.12	9.72	9.51	[2]
33 Other current operating expenses	9.19	9.12	9.29	9.26	8.98	9.32	9.15
34 Farm machinery and equipment	9.37	9.47	9.28	9.04	9.29	9.86	[2]
35 Other	9.54	9.48	9.23	9.64	9.51	9.08	9.97

1 Interest rate range that covers the middle 50 per cent of the total dollar amount of loans made.
2 Fewer than three loans.

NOTE.—For more detail, see the Board's 416 (G.14) statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum

	Instrument	1975	1976	1977	1978				1978, week ending				
					May	June	July	Aug.	Aug. 5	Aug. 12	Aug. 19	Aug. 26	Sept. 2
		Money market rates											
1	Federal funds [1]	5.82	5.05	5.54	7.36	7.60	7.81	8.04	7.89	7.83	7.87	8.14	8.28
	Prime commercial paper [2]												
2	90- to 119-day	6.26	5.24	5.54	7.06	7.59	7.85	7.83	7.79	7.77	7.78	7.88	7.97
3	4- to 6-month	6.33	5.35	5.60	7.11	7.63	7.91	7.90	7.86	7.84	7.86	7.95	8.03
4	Finance company paper, directly placed, 3- to 6-month [3]	6.16	5.22	5.49	6.98	7.41	7.66	7.65	7.62	7.62	7.65	7.67	7.74
5	Prime bankers acceptances, 90-day [4]	6.30	5.19	5.59	7.32	7.75	8.02	7.98	7.89	7.83	7.93	8.07	8.19
	Large negotiable certificates of deposit												
6	3-month, secondary market [5]	6.43	5.26	5.58	7.42	7.82	9.00	8.05	7.99	7.91	7.91	8.15	8.19
7	3-month, primary market [6]	......	5.15	5.52	7.24	7.68	8.00	7.86	7.88	7.81	7.76	7.95	7.90
8	Euro-dollar deposits, 3-month [7]	6.97	5.57	6.05	7.82	8.33	8.52	8.48	8.41	8.28	8.32	8.66	8.61
	U.S. Government securities												
	Bills: [8]												
	Market yields:												
9	3-month	5.80	4.98	5.27	6.41	6.73	7.01	7.08	6.80	6.79	7.12	7.25	7.50
10	6-month	6.11	5.26	5.53	7.02	7.23	7.44	7.37	7.24	7.18	7.40	7.46	7.65
11	1-year	6.30	5.52	5.71	7.28	7.53	7.79	7.73	7.65	7.58	7.78	7.79	7.86
	Rates on new issue: [9]												
12	3-month	5.838	4.989	5.265	6.430	6.707	7.074	7.036	6.895	6.808	6.887	7.267	7.323
13	6-month	6.122	5.266	5.510	7.019	7.200	7.471	7.363	7.362	7.172	7.259	7.471	7.550
		Capital market rates											
	Government notes and bonds												
	U.S. Treasury												
	Constant maturities: [10]												
14	1-year	6.76	5.88	6.09	7.82	8.09	8.39	8.31	8.23	8.13	8.38	8.40	8.47
15	2-year	......	......	6.45	8.01	8.24	8.49	8.37	8.37	8.21	8.41	8.44	8.46
16	3-year	7.49	6.77	6.69	8.07	8.30	8.54	8.33	8.36	8.21	8.37	8.35	8.37
17	5-year	7.77	7.18	6.99	8.18	8.36	8.54	8.33	8.36	8.25	8.37	8.35	8.39
18	7-year	7.90	7.42	7.23	8.25	8.40	8.55	8.38	8.40	8.32	8.43	8.36	8.39
19	10-year	7.99	7.61	7.42	8.35	8.46	8.64	8.41	8.46	8.39	8.48	8.37	8.38
20	20-year	8.19	7.86	7.67	8.44	8.53	8.69	8.45	8.49	8.41	8.52	8.42	8.43
21	30-year	......	......	......	8.43	8.50	8.65	8.47	8.49	8.45	8.54	8.45	8.45
	Notes and bonds maturing in [11]												
22	3 to 5 years	7.55	6.94	6.85	8.10	8.31	8.54	8.31	8.36	8.22	8.34	8.33	8.36
23	Over 10 years (long-term)	6.98	6.78	7.06	7.87	7.94	8.09	7.87	7.94	7.85	7.93	7.84	7.82
	State and local:												
	Moody's series: [12]												
24	Aaa	6.42	5.66	5.20	5.57	5.73	5.80	5.56	5.65	5.55	5.50	5.60	5.50
25	Baa	7.62	7.49	6.12	6.14	6.44	6.45	6.54	6.44	6.34	6.50	6.40	7.00
26	*Bond Buyer* series [13]	7.05	6.64	5.68	6.03	6.22	6.28	6.12	6.12	6.03	6.19	6.11	6.16
	Corporate bonds												
	Seasoned issues [14]												
27	All industries	9.57	9.01	8.43	9.02	9.13	9.22	9.08	9.16	9.07	9.08	9.07	9.05
	By rating groups:												
28	Aaa	8.83	8.43	8.02	8.69	8.76	8.88	8.69	8.76	8.66	8.70	8.69	8.67
29	Aa	9.17	8.75	8.24	8.84	8.95	9.07	8.96	9.03	8.94	8.97	8.94	8.91
30	A	9.65	9.09	8.49	9.05	9.18	9.33	9.18	9.28	9.19	9.17	9.16	9.15
31	Baa	10.61	9.75	8.97	9.49	9.60	9.60	9.48	9.57	9.48	9.47	9.46	9.46
	Aaa utility bonds: [15]												
32	New issue	9.40	8.48	8.19	8.95	9.09	9.14	8.82	8.90	8.81	......	8.80	8.80
33	Recently offered issues	9.41	8.49	8.19	8.98	9.07	9.18	8.91	8.91	8.89	9.00	8.87	8.85
	Dividend/price ratio												
34	Preferred stocks	8.38	7.97	7.60	8.11	8.31	8.42	8.26	8.26	8.21	8.18	8.22	8.41
35	Common stocks	4.31	3.77	4.56	5.20	5.19	5.25	4.93	4.97	4.90	4.91	4.91	4.98

1 Weekly figures are 7-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.

2 Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by those dealers.

3 Averages of the most representative daily offering rates published by finance companies for varying maturities in this range.

4 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.

5 Weekly figures (week ending Wednesday) are 7-day averages of the daily midpoints as determined from the range of offering rates; monthly figures are averages of total days in the month. Beginning Apr. 5, 1978, weekly figures are simple averages of offering rates.

6 Posted rates, which are the annual interest rates most often quoted on new offerings of negotiable CD's in denominations of $100,000 or more by large New York City banks. Rates prior to 1976 not available. Weekly figures are for Wednesday dates.

7 Averages of daily quotations for the week ending Wednesday.

8 Except for new bill issues, yields are computed from daily closing bid prices. Yields for all bills are quoted on a bank-discount basis.

9 Rates are recorded in the week in which bills are issued.

10 Yields on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.

11 Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years, including a number of very low yielding "flower" bonds.

12 General obligations only, based on figures for Thursday, from Moody's Investors Service.

13 Twenty issues of mixed quality.

14 Averages of daily figures from Moody's Investors Service.

15 Compilation of the Board of Governors of the Federal Reserve System.

Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.

1.37 STOCK MARKET Selected Statistics

	Indicator	1975	1976	1977	1978 Feb.	Mar.	Apr.	May	June	July	Aug.
		Prices and trading (averages of daily figures)									
	Common stock prices										
1	**New York Stock Exchange (Dec. 31, 1965 = 50)**	**45.73**	**54.45**	**53.67**	**49.41**	**49.50**	**51.75**	**54.49**	**54.83**	**54.61**	**58.53**
2	Industrial	51.88	60.44	57.84	52.80	52.77	55.48	59.14	59.63	59.35	64.07
3	Transportation	30.73	39.57	41.07	38.90	38.95	41.19	44.21	44.19	44.74	49.45
4	Utility	31.45	36.97	40.91	39.02	39.26	39.69	39.47	39.41	39.28	40.20
5	Finance	46.62	52.94	55.23	50.60	51.44	55.04	57.95	58.31	57.97	63.28
6	**Standard & Poor's Corporation (1941–43 = 10)[1]**	**85.17**	**102.01**	**98.18**	**88.98**	**88.82**	**92.71**	**97.41**	**97.66**	**97.19**	**103.92**
7	**American Stock Exchange (Aug. 31, 1973 = 100)**	**83.15**	**101.63**	**116.18**	**123.35**	**126.11**	**133.67**	**142.26**	**147.64**	**149.87**	**162.52**
	Volume of trading (thousands of shares)[2]										
8	New York Stock Exchange	18,568	21,189	20,936	19,400	22,617	34,780	35,261	30,514	27,074	37,603
9	American Stock Exchange	2,150	2,565	2,514	2,300	2,940	4,151	4,869	4,220	3,496	5,526
		Customer financing (end-of-period balances, in millions of dollars)									
10	**Regulated margin credit at brokers/dealers and banks[3]**	**6,500**	**9,011**	**10,866**	**10,901**	**11,027**	**11,424**	....	....	....	....
11	*Brokers, total*	*5,540*	*8,166*	*9,993*	*10,024*	*10,172*	*10,510*	*10,910*	*11,332*	....	....
12	Margin stock[4]	5,390	7,960	9,740	9,780	9,920	10,260	10,660	11,090	....	....
13	Convertible bonds	147	204	250	242	250	248	245	242	....	....
14	Subscription issues	3	2	3	2	2	2	1	....	....	....
15	*Banks, total*	*960*	*845*	*873*	*877*	*855*	*914*	....	....	....	....
16	Margin stocks	909	800	827	838	824	882	....	....	....	....
17	Convertible bonds	36	30	30	25	24	25	....	....	....	....
18	Subscription issues	15	15	16	14	7	7	....	....	....	....
19	**Unregulated nonmargin stock credit at banks[5]**	**2,281**	**r2,283**	**2,568**	**2,544**	**2,544**	**2,560**	....	....	....	....
	MEMO: Free credit balances at brokers[6]										
20	Margin-account	475	585	640	635	630	715	755	700	....	....
21	Cash-account	1,525	1,855	2,060	1,875	1,795	2,170	2,395	2,300	....	....
		Margin-account debt at brokers (percentage distribution, end of period)									
22	**Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	....	....
	By equity class (in per cent):[7]										
23	Under 40	24.0	12.0	18.0	25.0	21.0	15.0	15.0	16.0	....	....
24	40–49	28.8	23.0	36.0	34.0	33.0	32.0	33.0	34.0	....	....
25	50–59	22.3	35.0	23.0	20.0	24.0	27.0	26.0	26.0	....	....
26	60–69	11.6	15.0	11.0	10.0	11.0	13.0	13.0	12.0	....	....
27	70–79	6.9	8.7	6.0	6.0	6.0	7.0	7.0	7.0	....	....
28	80 or more	5.3	6.0	5.0	5.0	5.0	6.0	6.0	5.0	....	....
		Special miscellaneous-account balances at brokers (end of period)									
29	Total balances (millions of dollars)[8]	7,290	8,776	9,910	10,150	10,190	10,212	10,516	....	....	....
	Distribution by equity status (per cent)										
30	Net credit status	43.8	41.3	43.4	42.0	42.6	41.9	42.6	....	....	....
	Debit status, equity of—										
31	60 per cent or more	40.8	47.8	44.9	43.0	43.7	46.2	46.0	....	....	....
32	Less than 60 per cent	15.4	10.9	11.7	14.0	13.5	11.9	11.4	....	....	....

1 Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

2 Based on trading for a 5½-hour day.

3 Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended by brokers is end-of-month data for member firms of the New York Stock Exchange; June data for banks are universe totals; all other data for banks are estimates for all commercial banks based on data from a sample of reporting banks.

In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

4 A distribution of this total by equity class is shown on lines 23–28.

5 Nonmargin stocks are those not listed on a national securities exchange and not included on the Federal Reserve System's list of over-the-counter margin stocks. At banks, loans to purchase or carry nonmargin stocks are unregulated; at brokers, such stocks have no loan value.

6 Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

7 Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

8 Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.

NOTE.—For table on "Margin Requirements" see p. A-10, Table 1.161.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1974	1975	1976	1977 Nov.	1977 Dec.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July[p]
	Savings and loan associations											
1 **Assets**	**295,545**	**338,233**	**391,907**	**455,644**	**459,282**	**464,279**	**469,726**	**475,320**	**480,986**	**487,091**	**491,616**	**498,251**
2 Mortgages	249,301	278,590	323,005	376,468	381,216	384,235	387,644	392,479	397,335	402,356	408,019	412,018
3 Cash and investment securities[1]	23,251	30,853	35,724	40,522	39,197	40,356	41,646	41,870	41,901	42,493	41,553	43,574
4 Other	22,993	28,790	33,178	38,654	38,869	39,688	40,436	40,971	41,750	42,242	42,044	42,659
5 **Liabilities and net worth**	**295,545**	**338,233**	**391,907**	**455,644**	**459,282**	**464,279**	**469,726**	**475,320**	**480,986**	**487,091**	**491,616**	**498,251**
6 Savings capital	242,974	285,743	335,912	381,333	386,875	389,620	391,917	399,070	399,628	402,008	408,665	411,747
7 *Borrowed money*	*24,780*	*20,634*	*19,083*	*25,540*	*27,796*	*27,899*	*28,666*	*29,274*	*31,838*	*32,689*	*34,183*	*35,521*
8 FHLBB	21,508	17,524	15,708	18,275	19,945	20,129	20,602	21,030	22,692	23,323	24,875	26,075
9 Other	3,272	3,110	3,375	7,265	7,851	7,770	8,064	8,244	9,146	9,366	9,308	9,446
10 Loans in process	3,244	5,128	6,840	9,924	9,932	9,849	9,924	10,435	10,959	11,408	11,650	11,571
11 Other	6,105	6,949	8,074	13,846	9,498	11,471	13,456	10,511	12,194	14,252	10,081	12,020
12 Net worth[2]	18,442	19,779	21,998	25,001	25,181	25,440	25,763	26,030	26,367	26,734	27,037	27,392
13 MEMO: Mortgage loan commitments outstanding[3]	7,454	10,673	14,826	21,270	19,886	19,534	20,625	22,320	23,409	23,951	22,936	22,394
	Mutual savings banks											
14 **Assets**	**109,550**	**121,056**	**134,812**	**146,346**	**147,287**	**148,511**	**149,528**	**150,962**	**151,383**	**152,202**	**153,158**	....
Loans:												
15 Mortgage	74,891	77,221	81,630	87,333	88,195	88,905	89,247	89,800	90,346	90,915	91,535	....
16 Other	3,812	4,023	5,183	7,241	6,210	6,803	7,398	7,782	7,422	7,907	7,793	....
Securities:												
17 U.S. Government	2,555	4,740	5,840	6,071	5,895	5,785	5,737	5,677	5,670	5,491	5,268	....
18 State and local government	930	1,545	2,417	2,809	2,828	2,886	2,808	2,850	2,915	2,994	3,007	....
19 Corporate and other[4]	22,550	27,992	33,793	37,221	37,918	38,360	38,605	38,964	39,146	39,225	39,447	....
20 Cash	2,167	2,330	2,355	1,887	2,401	1,889	1,838	1,990	1,940	1,798	2,188	....
21 Other assets	2,645	3,205	3,593	3,783	3,839	3,882	3,895	3,899	3,945	3,873	3,921	....
22 **Liabilities**	**109,550**	**121,056**	**134,812**	**146,346**	**147,287**	**148,511**	**149,528**	**150,962**	**151,383**	**152,202**	**153,158**	....
23 *Deposits*	*98,701*	*109,873*	*122,877*	*132,537*	*134,017*	*134,771*	*135,200*	*136,997*	*136,931*	*137,307*	*138,674*	....
24 Regular:[5]	98,221	109,291	121,961	131,319	132,744	133,370	133,846	135,558	135,349	135,785	137,062	....
25 Ordinary savings	64,286	69,653	74,535	77,460	78,005	77,754	77,837	78,783	78,170	78,273	77,269	....
26 Time and other	33,935	39,639	47,426	53,859	54,739	55,616	56,009	56,775	57,179	57,512	59,793	....
27 Other	480	582	916	1,208	1,272	1,401	1,354	1,439	1,582	1,521	1,612	....
28 Other liabilities	2,888	2,755	2,884	3,938	3,292	3,676	4,155	3,735	4,152	4,481	3,996	....
29 General reserve accounts	7,961	8,428	9,052	9,882	9,978	10,064	10,174	10,230	10,301	10,414	10,487	....
30 MEMO: Mortgage loan commitments outstanding[6]	2,040	1,803	2,439	4,458	4,066	3,998	4,027	4,185	4,342	4,606	4,958	....
	Life insurance companies[9]											
31 **Assets**	**263,349**	**289,304**	**321,552**	**348,770**	**351,722**	**354,020**	**356,266**	**359,110**	**363,269**	**366,938**	**369,879**	....
Securities:												
32 *Government*	*10,900*	*13,758*	*17,942*	*19,738*	*19,553*	*19,714*	*19,692*	*19,573*	*19,330*	*19,489*	*19,401*	....
33 United States[7]	3,372	4,736	5,368	5,704	5,315	5,376	5,373	5,229	5,087	5,206	4,984	....
34 State and local	3,667	4,508	5,594	5,962	6,051	6,102	6,071	6,041	5,923	5,915	5,943	....
35 Foreign[8]	3,861	4,514	6,980	8,072	8,187	8,236	8,248	8,303	8,320	8,368	8,474	....
36 *Business*	*119,637*	*135,317*	*157,246*	*174,998*	*175,654*	*177,864*	*179,547*	*181,441*	*184,917*	*187,126*	*188,500*	....
37 Bonds	97,717	107,256	122,984	141,349	141,891	145,355	147,509	148,849	150,419	152,267	153,812	....
38 Stocks	21,920	28,061	34,262	33,649	33,763	32,509	32,038	32,592	34,498	34,859	34,688	....
39 Mortgages	86,234	89,167	91,552	95,200	96,848	97,148	97,475	98,022	98,585	99,190	100,040	....
40 Real estate	8,331	9,621	10,476	11,010	11,060	11,138	11,218	11,213	11,269	11,537	11,540	....
41 Policy loans	22,862	24,467	25,834	27,413	27,556	27,693	27,839	28,024	28,246	28,431	28,649	....
42 Other assets	15,385	16,971	18,502	20,411	21,051	20,463	20,495	20,837	20,922	21,165	21,749	....
	Credit unions											
43 **Total assets/liabilities and capital**	**31,948**	**38,037**	**45,225**	**53,141**	**54,084**	**53,982**	**54,989**	**56,703**	**56,827**	**58,018**	**59,381**	**59,152**
44 Federal	16,715	20,209	24,396	28,954	29,574	29,579	30,236	31,274	31,255	31,925	32,793	32,679
45 State	15,233	17,828	20,829	24,187	24,510	24,403	24,753	25,429	25,572	26,093	26,588	26,473
46 *Loans outstanding*	*24,432*	*28,169*	*34,384*	*41,427*	*42,055*	*41,876*	*42,331*	*43,379*	*44,133*	*45,506*	*47,118*	*47,620*
47 Federal	12,730	14,869	18,311	22,224	22,717	22,590	22,865	23,555	23,919	24,732	25,672	25,970
48 State	11,702	13,300	16,073	19,203	19,338	19,286	19,466	19,824	20,214	20,774	21,356	21,650
49 *Savings*	*27,518*	*33,013*	*39,173*	*45,977*	*46,832*	*47,317*	*48,093*	*49,706*	*49,931*	*50,789*	*52,076*	*51,551*
50 Federal (shares)	14,370	17,530	21,130	25,303	25,849	26,076	26,569	27,514	27,592	28,128	28,903	28,627
51 State (shares and deposits)	13,148	15,483	18,043	20,674	20,983	21,241	21,524	22,192	22,339	22,661	23,173	22,924

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

	Type of account or operation	Fiscal year 1976	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Calendar year 1977 H1	Calendar year 1977 H2	Calendar year 1978 H1	Calendar year 1978 May	Calendar year 1978 June	Calendar year 1978 July
	U.S. Budget									
1	Receipts[1]	300,005	81,772	357,762	190,278	175,820	210,650	35,091	47,657	29,194
2	Outlays[1,2,3]	366,451	94,742	402,803	200,350	216,781	222,518	36,800	38,602	36,426
3	*Surplus, or deficit (−)*	*−66,446*	*−12,970*	*−45,041*	*−10,072*	*−40,961*	*−11,870*	*−1,709*	*9,055*	*−7,232*
4	Trust funds	2,409	−1,952	7,833	7,332	4,293	4,334	5,970	1,597	−2,810
5	Federal funds[4]	−68,855	−11,018	−52,874	−17,405	−45,254	−16,204	−7,679	7,458	−4,421
	Off-budget entities surplus, or deficit (−)									
6	Federal Financing Bank outlays	−5,915	−2,575	−8,415	−2,075	−6,663	−5,105	−795	−499	−824
7	Other[2,5]	−1,355	793	−269	−2,086	428	−790	−245	−155	72
	U.S. Budget plus off-budget, including Federal Financing Bank									
8	*Surplus, or deficit (−)*	*−73,716*	*−14,752*	*−53,725*	*−14,233*	*−47,196*	*−17,765*	*−2,749*	*8,401*	*−7,984*
	Financed by:									
9	Borrowing from the public[3]	82,922	18,027	53,516	16,480	40,284	23,374	−555	5,401	3,195
10	Cash and monetary assets (decrease, or increase (−))	−7,796	−2,899	−2,238	−4,666	4,317	−5,098	6,403	−14,091	5,824
11	Other[6]	−1,396	−373	2,440	2,420	2,597	−511	−3,099	289	−7,035
	MEMO ITEMS:									
12	**Treasury operating balance (level, end of period)**	**14,836**	**17,418**	**19,104**	**16,255**	**12,274**	**17,526**	**3,726**	**17,526**	**13,078**
13	F.R. Banks	11,975	13,299	15,740	15,183	7,114	11,614	2,398	11,614	12,068
14	Tax and loan accounts	2,854	4,119	3,364	1,072	5,160	5,912	1,328	5,912	1,010
15	Other demand accounts[7]	7	....	....	....	....	....	....	....	....

1 Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.

2 Outlay totals reflect the reclassification of the Export-Import Bank, and the Housing for the Elderly and Handicapped Fund effective October 1977, from off-budget status to unified budget status.

3 Export-Import Bank certificates of beneficial interest (effective July 1, 1975) and loans to the Private Export Funding Corp. (PEFCO), a wholly owned subsidiary of the Export-Import Bank, are treated as debt rather than asset sales.

4 Half years calculated as a residual of total surplus/deficit and trust fund surplus/deficit.

5 Includes Pension Benefit Guaranty Corp.; Postal Service Fund, Rural Electrification; Telephone Revolving Fund, Rural Telephone Bank; and Housing for the Elderly or Handicapped Fund until October 1977.

6 Includes public debt accrued interest payable to the public; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seignorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment.

7 Excludes the gold balance but includes deposits in certain commercial depositories that have been converted from a time deposit to a demand deposit basis to permit greater flexibility in Treasury cash management.

SOURCE.—"Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and *U.S. Budget, Fiscal Year 1978.*

NOTES TO TABLE 1.38

1 Holdings of stock of the Federal home loan banks are included in "other assets."

2 Includes net undistributed income, which is accrued by most, but not all, associations.

3 Excludes figures for loans in process, which are shown as a liability.

4 Includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. Govt. agencies.

5 Excludes checking, club, and school accounts.

6 Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Assn. of the State of New York.

7 Direct and guaranteed obligations. Excludes Federal agency issues not guaranteed, which are shown in this table under "business" securities.

8 Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

9 Data for 1977 and 1978 have been revised by the American Council of Life Insurance.

NOTE.—*Savings and loan associations:* Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of Federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States. Data are reported on a gross-of-valuation-reserves basis.

Life insurance companies: Estimates of the Institute of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

Credit unions: Estimates by the National Credit Union Administration for a group of Federal and State-chartered credit unions that account for about 30 per cent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1976	Transition quarter (July-Sept. 1976)	Fiscal year 1977	Calendar year 1977 H1	Calendar year 1977 H2	Calendar year 1978 H1	Calendar year 1978 May	Calendar year 1978 June	Calendar year 1978 July
	Receipts								
1 **All sources**[1]	**300,005**	**81,772**	**357,762**	**190,278**	**175,820**	**210,650**	**35,091**	**47,657**	**29,194**
2 *Individual income taxes, net*	*131,602*	*38,800*	*157,626*	*78,816*	*82,911*	*90,336*	*14,423*	*20,301*	*14,590*
3 Withheld	123,408	32,949	144,820	73,303	75,480	82,784	14,808	14,490	14,182
4 Presidential Election Campaign Fund	34	1	37	37	1	36	6	5	2
5 Nonwithheld	35,528	6,809	42,062	32,959	9,397	37,584	6,750	6,627	1,088
6 Refunds[1]	27,367	958	29,293	27,482	1,967	30,068	7,142	820	682
7 *Corporation income taxes:*									
8 Gross receipts	46,783	9,808	60,057	37,133	25,121	38,496	1,624	15,054	2,127
9 Refunds	5,374	1,348	5,164	2,324	2,819	2,782	441	399	342
10 *Social insurance taxes and contributions, net*	*92,714*	*25,760*	*108,683*	*58,099*	*52,347*	*66,191*	*16,092*	*9,287*	*9,518*
11 Payroll employment taxes and contributions[2]	76,391	21,534	88,196	45,242	44,384	51,668	10,796	8,383	7,960
12 Self-employment taxes and contributions[3]	3,518	269	4,014	3,687	316	3,892	288	265	....
13 Unemployment insurance	8,054	2,698	11,312	6,575	4,936	7,800	4,499	169	1,094
14 Other net receipts[4]	4,752	1,259	5,162	2,595	2,711	2,831	508	470	464
15 Excise taxes	16,963	4,473	17,548	8,432	9,284	8,835	1,670	1,651	1,707
16 Customs	4,074	1,212	5,150	2,519	2,848	3,320	584	653	596
17 Estate and gift	5,216	1,455	7,327	4,332	2,837	2,587	512	436	407
18 Miscellaneous receipts[5]	8,026	1,612	6,536	3,269	3,292	3,667	629	674	590
	Outlays[9]								
19 **All types**[1,6]	**366,451**	**94,742**	**402,803**	**200,350**	**216,781**	**222,518**	**36,800**	**38,602**	**36,426**
20 National defense	89,430	22,307	97,501	48,721	50,873	52,979	9,107	9,120	8,495
21 International affairs[6]	5,567	2,180	4,831	2,522	2,896	2,904	60	1,099	231
22 General science, space, and technology	4,370	1,161	4,677	2,108	2,318	2,395	428	393	368
23 Energy	3,127	794	4,172	....	....	2,487	550	627	548
24 Natural resources and environment	8,124	2,532	10,000	....	....	4,959	848	990	854
25 Agriculture	2,502	584	5,526	2,628	5,477	2,353	82	-165	183
26 Commerce and housing credit	3,795	1,391	-31	....	....	946	216	-121	460
27 Transportation	13,438	3,306	14,636	....	....	7,723	1,114	1,585	1,415
28 Community and regional development	4,709	1,340	6,283	3,149	4,924	5,928	1,185	983	859
29 Education, training, employment, and social services	18,737	5,162	20,985	9,775	10,800	12,792	2,389	2,222	2,099
30 Health	33,448	8,720	38,785	18,654	19,422	21,391	3,716	3,876	3,597
31 Income security[1]	127,406	32,795	137,905	70,785	71,081	75,201	12,360	12,512	11,641
32 Veterans benefits and services	18,432	3,962	18,038	9,382	9,864	9,603	1,726	2,433	610
33 Administration of justice	3,320	859	3,600	1,783	1,723	1,946	371	312	303
34 General government	2,927	878	3,357	1,587	1,749	1,803	484	293	186
35 General-purpose fiscal assistance	7,235	2,092	9,499	4,333	4,926	4,665	153	50	1,964
36 Interest[7]	34,589	7,246	38,092	18,927	19,962	22,280	3,296	6,617	3,013
37 Undistributed offsetting receipts[7,8]	-14,704	-2,567	-15,053	-6,803	-8,506	-7,945	-1,284	-4,225	-402

1 Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.

2 Old-age, disability and hospital insurance, and Railroad Retirement accounts.

3 Old-age, disability, and hospital insurance.

4 Supplementary medical insurance premiums, Federal employee retirement contributions, and Civil Service retirement and disability fund.

5 Deposits of earnings by F.R. Banks and other miscellaneous receipts.

6 Outlay totals reflect the reclassification of the Export-Import Bank from off-budget status to unified budget status. Export-Import Bank certificates of beneficial interest (effective July 1, 1975) and loans to the Private Export Funding Corp. (PEFCO), a wholly owned subsidiary of the Export-Import Bank, are treated as debt rather than asset sales.

7 Effective September 1976, "Interest" and "Undistributed Offsetting Receipts" reflect the accounting conversion for the interest on special issues for U.S. Govt. accounts from an accrual basis to a cash basis.

8 Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. Govt. contributions for employee retirement.

9 For some types of outlays the categories are new or represent regroupings; data for these categories are from the *Budget of the United States Government, Fiscal Year 1979*; data are not available for half years or for months prior to February 1978.

Two categories have been renamed: "Law enforcement and justice" has become "Administration of justice" and "Revenue sharing and general purpose fiscal assistance" has become "General purpose fiscal assistance."

In addition, for some categories the table includes revisions in figures published earlier.

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1975 Dec. 31	1976 June 30	1976 Sept. 30	1976 Dec. 31	1977 June 30	1977 Sept. 30	1977 Dec. 31	1978 Mar. 31	1978 June 30
1 **Federal debt outstanding**	**587.6**	**631.9**	**[2]646.4**	**665.5**	**685.2**	**709.1**	**729.2**	**747.8**	**758.8**
2 *Public debt securities*	*576.6*	*620.4*	*634.7*	*653.5*	*674.4*	*698.8*	*718.9*	*738.0*	*749.0*
3 Held by public	437.3	470.8	488.6	506.4	523.2	543.4	564.1	585.2	587.9
4 Held by agencies	139.3	149.6	146.1	147.1	151.2	155.5	154.8	152.7	161.1
5 *Agency securities*	*10.9*	*11.5*	*11.6*	*12.0*	*10.8*	*10.3*	*10.2*	*9.9*	*9.8*
6 Held by public	8.9	9.5	[2]9.7	10.0	9.0	8.5	8.4	8.1	8.0
7 Held by agencies	2.0	2.0	1.9	1.9	1.8	1.8	1.8	1.8	1.8
8 **Debt subject to statutory limit**	**577.8**	**621.6**	**635.8**	**654.7**	**675.6**	**700.0**	**720.1**	**[r]739.1**	**750.2**
9 Public debt securities	576.0	619.8	634.1	652.9	673.8	698.2	718.3	[r]737.3	748.4
10 Other debt[1]	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.8
11 MEMO: Statutory debt limit	595.0	636.0	636.0	682.0	700.0	700.0	752.0	752.0	752.0

1 Includes guaranteed debt of Govt. agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

2 Gross Federal debt and agency debt held by the public increased $0.5 billion due to a retroactive reclassification of the Export-Import Bank certificates of beneficial interest from loan asset sales to debt, effective July 1, 1975.

NOTE.—Data from *Treasury Bulletin* (U.S. Treasury Dept.).

1.42 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1974	1975	1976	1977	1978 Apr.	1978 May	1978 June	1978 July	1978 Aug.
1 **Total gross public debt**	**492.7**	**576.6**	**653.5**	**718.9**	**736.6**	**741.6**	**749.0**	**750.5**	**764.4**
By type:									
2 **Interest-bearing debt**	**491.6**	**575.7**	**652.5**	**715.2**	**733.1**	**740.6**	**748.0**	**749.5**	**763.4**
3 *Marketable*	*282.9*	*363.2*	*421.3*	*459.9*	*472.2*	*473.7*	*477.7*	*481.0*	*485.6*
4 Bills	119.7	157.5	164.0	161.1	159.6	159.4	159.8	160.1	160.6
5 Notes	129.8	167.1	216.7	251.8	262.2	261.6	265.3	266.6	268.5
6 Bonds	33.4	38.6	40.6	47.0	50.4	52.7	52.6	54.4	56.4
7 *Nonmarketable*[1]	*208.7*	*212.5*	*231.2*	*255.3*	*260.9*	*266.9*	*270.3*	*268.4*	*227.8*
8 Convertible bonds[2]	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2
9 State and local government series	.6	1.2	4.5	13.9	17.6	18.6	20.6	20.8	24.2
10 Foreign issues[3]	22.8	21.6	22.3	22.2	23.4	22.4	21.5	20.8	22.2
11 Savings bonds and notes	63.8	67.9	72.3	77.0	78.6	79.0	79.4	79.7	79.9
12 Government account series[4]	119.1	119.4	129.7	139.8	138.8	144.4	146.4	144.7	149.0
13 Non-interest-bearing debt	1.1	1.0	1.1	3.7	3.5	1.0	1.0	1.0	1.0
By holder:[5]									
14 U.S. Government agencies and trust funds	138.2	145.3	149.6	154.8	153.6	159.1	161.1	....	....
15 F.R. Banks	80.5	84.7	94.4	102.5	103.1	102.8	110.1	....	....
16 **Private investors**	**271.0**	**349.4**	**409.5**	**461.3**	**479.5**	**479.7**	**477.8**	....	....
17 Commercial banks	55.6	85.1	103.8	[r]101.4	100.7	[r]98.4	98.5	....	....
18 Mutual savings banks	2.5	4.5	[r]5.9	[r]5.9	5.7	5.6	5.5	....	....
19 Insurance companies	6.2	9.5	[r]12.7	[r]15.1	[r]14.8	[r]14.9	14.7	....	....
20 Other corporations	11.0	20.2	26.5	[r]22.7	[r]19.9	[r]19.7	19.0		
21 State and local governments	29.2	34.2	41.6	[r]55.2	[r]61.2	[r]60.2	62.7	....	....
Individuals:									
22 Savings bonds	63.4	67.3	72.0	76.7	78.4	78.8	79.1	....	....
23 Other securities	21.5	24.0	28.8	28.6	28.7	28.9	29.0	....	....
24 Foreign and international[6]	58.8	66.5	78.1	109.6	120.4	119.7	119.3	....	....
25 Other miscellaneous investors[7]	22.8	38.0	[r]38.9	[r]46.1	[r]49.8	[r]53.5	50.3	....	....

1 Includes (not shown separately): Securities issued to the Rural Electrification Administration and to State and local governments, depositary bonds, retirement plan bonds, and individual retirement bonds.

2 These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ per cent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category above.

3 Nonmarketable foreign government dollar-denominated and foreign currency denominated series.

4 Held almost entirely by U.S. Govt. agencies and trust funds.

5 Data for F.R. Banks and U.S. Govt. agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

6 Consists of the investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.

7 Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain Govt. deposit accounts, and Govt.-sponsored agencies.

NOTE.—Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Dept.); data by holder from *Treasury Bulletin*.

1.43 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity

Par value; millions of dollars, end of period

Type of holder	1976	1977	1978 May	1978 June	1976	1977	1978 May	1978 June
	All maturities				1 to 5 years			
1 **All holders**	**421,276**	**459,927**	**473,684**	**477,699**	**141,132**	**151,264**	**170,122**	**174,302**
2 U.S. Govt. agencies and trust funds	16,485	14,420	13,967	13,904	6,141	4,788	4,772	4,856
3 F. R. Banks	96,971	101,191	101,329	110,134	31,249	27,012	28,329	31,903
4 *Private investors*	*307,820*	*344,315*	*358,388*	*353,660*	*103,742*	*119,464*	*137,020*	*137,543*
5 Commercial banks	78,262	75,363	71,530	71,675	40,005	38,691	42,214	42,198
6 Mutual savings banks	4,072	4,379	4,004	3,736	2,010	2,112	2,257	2,077
7 Insurance companies	10,284	12,378	11,855	11,531	3,885	4,729	5,149	5,316
8 Nonfinancial corporations	14,193	9,474	7,028	6,390	2,618	3,183	3,359	3,280
9 Savings and loan associations	4,576	4,817	4,540	4,342	2,360	2,368	2,569	2,503
10 State and local governments	12,252	15,495	14,646	15,446	2,543	3,875	4,453	4,792
11 All others	184,182	222,409	244,785	240,540	50,321	64,505	17,019	77,377
	Total, within 1 year				5 to 10 years			
12 **All holders**	**211,035**	**230,691**	**219,559**	**220,683**	**43,045**	**45,328**	**45,690**	**44,443**
13 U.S. Govt. agencies and trust funds	2,012	1,906	1,150	1,145	2,879	2,129	2,129	1,989
14 F. R. Banks	51,569	56,702	52,314	57,005	9,148	10,404	11,802	11,995
15 *Private investors*	*157,454*	*172,084*	*166,094*	*162,533*	*31,018*	*32,795*	*31,758*	*30,458*
16 Commercial banks	31,213	29,477	20,831	20,988	6,278	6,162	6,567	6,538
17 Mutual savings banks	1,214	1,400	934	903	567	584	537	527
18 Insurance companies	2,191	2,398	1,623	1,455	2,546	3,204	3,017	2,616
19 Nonfinancial corporations	11,009	5,770	3,147	2,597	370	307	307	293
20 Savings and loan associations	1,984	2,236	1,765	1,656	155	143	133	112
21 State and local governments	6,622	7,917	5,953	6,235	1,465	1,283	1,305	1,257
22 All others	103,220	122,885	131,842	128,700	19,637	21,112	19,892	19,114
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**163,992**	**161,081**	**159,391**	**159,757**	**11,865**	**12,906**	**14,927**	**14,894**
24 U.S. Govt. agencies and trust funds	449	32	2	1	3,102	3,102	3,273	3,273
25 F. R. Banks	41,279	42,004	39,867	44,597	1,363	1,510	1,806	1,855
26 *Private investors*	*122,264*	*119,035*	*119,522*	*115,158*	*7,400*	*8,295*	*9,847*	*9,766*
27 Commercial banks	17,303	11,996	6,773	7,010	339	456	811	798
28 Mutual savings banks	454	484	256	233	139	137	130	123
29 Insurance companies	1,463	1,187	810	565	1,114	1,245	1,197	1,232
30 Nonfinancial corporations	9,939	4,329	1,797	1,309	142	133	153	130
31 Savings and loan associations	1,266	806	562	401	64	54	57	56
32 State and local governments	5,556	6,092	3,898	4,123	718	890	1,043	1,040
33 All others	86,282	94,152	105,426	101,516	4,884	5,380	6,456	6,387
	Other, within 1 year				Over 20 years			
34 **All holders**	**47,043**	**69,610**	**60,168**	**60,926**	**14,200**	**19,738**	**23,387**	**23,377**
35 U.S. Govt. agencies and trust funds	1,563	1,874	1,149	1,144	2,350	2,495	2,642	2,641
36 F. R. Banks	10,290	14,698	12,447	12,408	3,642	5,564	7,077	7,376
37 *Private investors*	*35,190*	*53,039*	*46,572*	*47,375*	*8,208*	*11,679*	*13,668*	*13,360*
38 Commercial banks	13,910	15,482	14,058	13,978	427	578	1,107	1,153
39 Mutual savings banks	760	916	678	670	143	146	146	106
40 Insurance companies	728	1,211	813	890	548	802	869	911
41 Nonfinancial corporations	1,070	1,441	1,350	1,288	55	81	62	89
42 Savings and loan associations	718	1,430	1,203	1,255	13	16	16	16
43 State and local governments	1,066	3,875	2,055	2,112	904	1,530	1,891	2,123
44 All others	16,938	28,733	26,416	27,184	6,120	8,526	9,577	8,962

NOTE.—Direct public issues only. Based on Treasury Survey of Ownership from *Treasury Bulletin* (U.S. Treasury Dept.).

Data complete for U.S. Govt. agencies and trust funds and F.R. Banks, but data for other groups include only holdings of those institutions that report. The following figures show, for each category, the number and proportion reporting as of June 30, 1978; (1) 5,473 commercial banks, 464 mutual savings banks, and 728 insurance companies, each about 90 per cent; (2) 435 nonfinancial corporations and 485 savings and loan assns., each about 50 per cent; and (3) 493 State and local govts., about 40 per cent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

Item	1975	1976	1977	1978			1978, week ending Wednesday—					
				May	June	July	June 21	June 28	July 5	July 12	July 19	July 26
1 **U.S. Government securities**	**6,027**	**10,449**	**10,838**	**10,609**	**9,704**	**8,829**	**9,273**	**10,072**	**9,886**	**7,932**	**7,522**	**9,986**
By maturity:												
2 Bills	3,889	6,676	6,746	6,483	5,982	5,367	5,853	6,425	5,791	4,713	5,040	5,989
3 Other within 1 year	223	210	237	388	386	428	419	339	364	272	259	561
4 1–5 years	1,414	2,317	2,318	1,599	1,931	1,524	1,901	1,960	1,598	1,452	921	1,985
5 5–10 years	363	1,019	1,148	1,156	675	668	599	734	657	557	605	677
6 Over 10 years	138	229	388	984	730	842	501	614	1,477	938	695	774
By type of customer:												
7 U.S. Government securities dealers	885	1,360	1,267	1,110	1,210	1,053	1,037	1,176	1,190	993	1,052	1,134
8 U.S. Government securities brokers	1,750	3,407	3,709	4,002	3,393	3,299	3,624	3,467	3,567	3,008	2,791	3,654
9 Commercial banks	1,451	2,426	2,295	1,867	1,687	1,419	1,602	1,783	1,620	1,241	1,155	1,587
10 All others[1]	1,941	3,257	3,567	3,631	3,414	3,058	3,010	3,645	3,510	2,689	2,524	3,612
11 **Federal agency securities**	**1,043**	**1,548**	**693**	**1,587**	**1,828**	**1,918**	**1,401**	**2,003**	**1,584**	**1,592**	**2,276**	**1,704**

1 Includes—among others—all other dealers and brokers in commodities and securities, foreign banking agencies, and the F.R. System.

NOTE.—Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. Govt. securities dealers reporting to the F.R. Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. Govt. securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase, reverse repurchase (resale), or similar contracts.

1.45 U.S. GOVERNMENT SECURITIES DEALERS Positions and Sources of Financing

Par value; averages of daily figures, in millions of dollars

Item	1975	1976	1977	1978			1978, week ending Wednesday					
				May	June	July	May 31	June 7	June 14	June 21	June 28	July 5
	Positions[2]											
1 **U.S. Government securities**	**5,884**	**7,592**	**5,172**	**822**	**2,942**	**633**	**2,049**	**4,641**	**4,020**	**2,460**	**1,506**	**634**
2 Bills	4,297	6,290	4,772	1,109	2,862	1,260	1,998	3,879	3,918	2,930	1,550	730
3 Other within 1 year	265	188	99	312	477	330	409	554	551	435	451	231
4 1–5 years	886	515	60	−622	38	−474	−369	369	81	−260	206	−218
5 5–10 years	300	402	92	68	−85	−321	−4	18	−20	−170	−158	−156
6 Over 10 years	136	198	149	−46	−350	−162	15	−178	−370	−475	−544	46
7 **Federal agency securities**	**943**	**729**	**693**	**1,043**	**894**	**214**	**1,234**	**1,171**	**990**	**928**	**634**	**424**
	Sources of financing[3]											
8 **All sources**	**6,666**	**8,715**	**9,877**	**8,397**	**11,120**	**8,213**	**8,494**	**11,832**	**12,613**	**11,865**	**8,843**	**8,576**
Commercial banks:												
9 New York City	1,621	1,896	1,313	249	995	13	434	1,499	1,563	1,277	105	59
10 Outside New York City	1,466	1,660	1,987	1,649	2,728	1,759	1,871	2,970	3,158	2,729	2,234	2,066
11 Corporations[1]	842	1,479	2,358	1,823	2,276	1,981	1,910	2,284	2,782	2,290	1,896	1,779
12 All others	2,738	3,681	4,170	4,677	5,121	4,460	4,279	5,080	5,110	5,568	4,817	4,672

1 All business corporations except commercial banks and insurance companies.

2 Net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreements to resell.

3 Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. Govt. and Federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreement to resell are excluded where the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

NOTE.—Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1975	1976	1977	1978 Jan.	Feb.	Mar.	Apr.	May	June
1 **Federal and Federally sponsored agencies**	**97,680**	**103,325**	**110,409**	**111,520**	**112,945**	**114,371**	**115,903**	**119,728**	**121,239**
2 *Federal agencies*	*19,046*	*21,896*	*23,245*	*23,293*	*23,284*	*23,695*	*23,766*	*23,864*	*23,983*
3 Defense Department[1]	1,220	1,113	983	974	963	954	949	935	926
4 Export-Import Bank[2,3]	7,188	7,801	9,156	9,156	9,156	9,416	9,416	9,416	9,455
5 Federal Housing Administration[4]	564	575	581	599	602	607	607	608	606
6 Government National Mortgage Association participation certificates[5]	4,200	4,120	3,743	3,743	3,743	3,743	3,701	3,701	3,701
7 Postal Service[6]	1,750	2,998	2,431	2,431	2,431	2,431	2,431	2,364	2,364
8 Tennessee Valley Authority	3,915	5,185	6,015	6,045	6,045	6,195	6,310	6,485	6,575
9 United States Railway Association[6]	209	104	336	345	344	349	352	355	356
10 *Federally sponsored agencies*	*78,634*	*81,429*	*87,164*	*88,227*	*89,661*	*90,676*	*92,137*	*95,864*	*97,256*
11 Federal home loan banks	18,900	16,811	18,345	18,692	19,893	20,007	20,163	22,217	22,306
12 Federal Home Loan Mortgage Corporation	1,550	1,690	1,686	1,768	1,768	1,768	1,639	1,637	1,937
13 Federal National Mortgage Association	29,963	30,565	31,890	32,024	32,553	33,350	34,024	35,297	36,404
14 Federal land banks	15,000	17,127	19,118	19,498	19,350	19,350	19,686	19,686	19,686
15 Federal intermediate credit banks	9,254	10,494	11,174	11,103	10,958	10,881	10,977	11,081	11,257
16 Banks for cooperatives	3,655	4,330	4,434	4,625	4,622	4,728	5,046	5,264	4,974
17 Student Loan Marketing Association[7]	310	410	515	515	515	590	600	680	690
18 Other	2	2	2	2	2	2	2	2	2
MEMO ITEMS:									
19 **Federal Financing Bank debt[6,8]**	**17,154**	**28,711**	**38,580**	**39,522**	**40,605**	**42,169**	**42,964**	**43,871**	**44,504**
Lending to Federal and Federally sponsored agencies:									
20 Export-Import Bank[3]	4,595	5,208	5,834	5,834	5,834	6,094	6,094	6,094	6,132
21 Postal Service[6]	1,500	2,748	2,181	2,181	2,181	2,181	2,181	2,114	2,114
22 Student Loan Marketing Association[7]	310	410	515	515	515	590	600	680	690
23 Tennessee Valley Authority	1,840	3,110	4,190	4,220	4,220	4,370	4,485	4,660	4,750
24 United States Railway Association[6]	209	104	336	345	344	349	352	355	356
Other lending:[9]									
25 Farmers Home Administration	7,000	10,750	16,095	16,760	17,545	18,050	19,120	20,090	20,910
26 Rural Electrification Administration	566	1,415	2,647	2,809	2,947	3,124	3,323	3,498	3,602
27 Other	1,134	4,966	6,782	6,858	7,019	7,411	6,809	6,380	5,950

1 Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

2 Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

3 Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

4 Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5 Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.

6 Off-budget.

7 Unlike other Federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.

8 The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other Federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

9 Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1975	1976	1977	1978 Feb.r	Mar.r	Apr.r	Mayr	Juner	July
1 **All issues, new and refunding** [1]	**30,607**	**35,313**	**46,769**	**2,750**	**4,754**	**3,811**	**5,440**	**4,244**	**3,719**
By type of issue:									
2 General obligation	16,020	18,040	18,042	1,024	1,426	1,363	2,216	1,972	1,031
3 Revenue	14,511	17,140	28,655	1,722	3,325	2,437	3,204	2,266	2,685
4 Housing Assistance Administration [2]	....	....	....	....	....	....	....	....	....
5 U.S. Government loans	76	133	72	4	3	11	20	6	3
By type of issuer:									
6 State	7,438	7,054	6,354	311	409	237	873	912	650
7 Special district and statutory authority	12,441	15,304	21,717	1,268	2,606	1,861	2,186	1,383	2,023
8 Municipalities, counties, townships, school districts	10,660	12,845	18,623	1,165	1,735	1,702	2,360	1,944	1,043
9 **Issues for new capital, total**	**29,495**	**32,108**	**36,189**	**2,005**	**3,068**	**2,595**	**3,134**	**3,816**	**3,389**
By use of proceeds:									
10 Education	4,689	4,900	5,076	415	348	332	673	401	498
11 Transportation	2,208	2,586	2,951	57	273	158	130	359	315
12 Utilities and conservation	7,209	9,594	8,119	369	959	720	557	616	955
13 Social welfare	4,392	6,566	8,274	518	684	845	955	667	1,125
14 Industrial aid	445	483	4,676	315	328	273	357	412	219
15 Other purposes	10,552	7,979	7,093	331	476	267	462	1,361	277

1 Par amounts of long-term issues based on date of sale.
2 Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.

SOURCE.—Public Securities Association.

1.48 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1975	1976	1977	1977 Nov.	Dec.	1978 Jan.	Feb.	Mar.	April
1 **All issues** [1]	**53,619**	**53,488**	**54,205**	**5,331**	**6,531**	**3,013**	**2,657**	**4,442**	**3,285**
2 **Bonds**	**42,756**	**42,380**	**42,193**	**3,411**	**5,362**	**2,380**	**2,131**	**3,620**	**2,811**
By type of offering:									
3 Public	32,583	26,453	24,186	2,211	1,542	1,382	1,464	1,902	1,958
4 Private placement	10,172	15,927	18,007	1,200	3,820	998	667	1,718	853
By industry group:									
5 Manufacturing	16,980	13,264	12,510	726	2,375	268	716	1,155	534
6 Commercial and miscellaneous	2,750	4,372	5,887	546	753	280	87	428	421
7 Transportation	3,439	4,387	2,033	178	345	123	101	217	291
8 Public utility	9,658	8,297	8,261	851	476	284	205	631	505
9 Communication	3,464	2,787	3,059	288	189	519	9	291	35
10 Real estate and financial	6,469	9,274	10,438	821	1,223	907	1,012	898	1,027
11 **Stocks**	**10,863**	**11,108**	**12,013**	**1,920**	**1,169**	**633**	**526**	**822**	**474**
By type:									
12 Preferred	3,458	2,803	3,878	364	473	171	138	148	235
13 Common	7,405	8,305	8,135	1,556	696	462	388	674	239
By industry group:									
14 Manufacturing	1,670	2,237	1,265	56	166	5	....	74	15
15 Commercial and miscellaneous	1,470	1,183	1,838	122	124	138	91	94	183
16 Transportation	1	24	418	50	....	....	....	....	28
17 Public utility	6,235	6,121	6,058	878	604	360	260	627	238
18 Communication	1,002	776	1,379	725	110	....	25	....	....
19 Real estate and financial	488	771	1,054	88	165	130	150	28	10

1 Figures, which represent gross proceeds of issues maturing in more than 1 year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

SOURCE.—Securities and Exchange Commission.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

	Item	1976	1977	1978 Jan.	Feb.	Mar.	Apr.	May	June	July
	INVESTMENT COMPANIES excluding money market funds									
1	Sales of own shares[1]	4,226	6,401	638	451	613	625	558	487	474
2	Redemptions of own shares[2]	6,802	6,027	465	348	459	580	831	757	645
3	Net sales	−2,496	357	173	103	154	45	- 273	- 270	181
4	**Assets[3]**	**47,537**	45,049	43,000	42,747	44,052	46,594	46,969	46,106	47,975
5	Cash position[4]	2,747	3,274	3,608	4,258	4,331	4,592	r4,642	4,493	4,285
6	Other	44,790	41,775	39,392	38,489	39,721	42,002	r42,327	41,613	43,690

1 Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
2 Excludes share redemption resulting from conversions from one fund to another in the same group.
3 Market value at end of period, less current liabilities.
4 Also includes all U.S. Govt. securities and other short-term debt securities.

NOTE.—Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Account	1975	1976	1977	1976 Q4	1977 Q1	1977 Q2	1977 Q3	1977 Q4	1978 Q1	1978 Q2p
1 **Profits before tax**	**120.4**	**155.9**	**173.9**	**154.6**	**164.8**	**175.1**	**177.5**	**178.3**	**172.1**	**201.6**
2 Profits tax liability	49.8	64.3	71.8	62.4	68.3	72.3	72.8	73.9	70.0	84.2
3 Profits after tax	70.6	91.6	102.1	92.2	96.5	102.8	104.7	104.4	102.1	117.4
4 Dividends	31.9	37.9	43.7	41.4	41.5	42.7	44.1	46.3	47.0	48.1
5 Undistributed profits	38.7	53.7	58.4	50.8	55.0	60.1	60.6	58.1	55.1	69.3
6 Capital consumption allowances	89.3	97.1	106.0	100.4	102.0	105.0	107.6	109.3	111.3	113.3
7 Net cash flow	128.0	150.8	164.4	151.2	157.0	165.1	168.2	167.4	166.4	182.6

SOURCE.—*Survey of Current Business* (U.S. Dept. of Commerce).

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1974	1975	1976 Q2	1976 Q3	1976 Q4	1977r Q1	1977r Q2	1977r Q3	1977r Q4	1978 Q1
1 **Current assets**	**734.6**	**756.3**	**801.7**	**817.4**	**823.1**	**842.0**	**856.4**	**880.3**	**900.1**	**921.8**
2 Cash	73.0	80.0	80.7	79.5	86.8	80.8	83.1	83.4	94.2	88.3
3 U.S. Government securities	11.3	19.6	23.4	24.1	26.0	26.8	22.1	21.5	20.9	20.8
4 Notes and accounts receivable	265.5	272.1	290.2	297.9	292.4	304.1	312.8	326.9	325.7	336.8
5 Inventories	318.9	314.7	333.7	342.2	341.4	352.1	358.8	367.5	375.0	389.5
6 Other	65.9	69.9	73.6	73.6	76.4	78.3	79.6	81.0	84.3	86.4
7 **Current liabilities**	**451.8**	**446.9**	**470.3**	**484.0**	**487.5**	**502.6**	**509.5**	**528.9**	**543.2**	**564.6**
8 Notes and accounts payable	272.3	261.2	269.5	271.2	273.2	280.2	286.8	297.8	306.8	316.3
9 Other	179.5	185.7	200.8	212.8	214.2	222.4	222.7	231.1	236.3	248.3
10 **Net working capital**	**282.8**	**309.5**	**331.4**	**333.4**	**335.6**	**339.5**	**346.9**	**351.4**	**357.0**	**357.2**
11 MEMO: Current ratio[1]	1.626	1.693	1.705	1.689	1.688	1.675	1.681	1.664	1.657	1.633

1 (Total current assets)/(Total current liabilities).

NOTE.—For a description of this series see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533-37.

SOURCE.—Federal Trade Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry	1976	1977	1977 Q1	1977 Q2	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 Q4[2]
1 **All industries**	**120.15**	**135.72**	**130.16**	**134.24**	**140.38**	**138.11**	**144.25**	**148.88**	**153.83**	**156.84**
Manufacturing										
2 Durable goods industries	23.57	27.75	26.30	27.26	29.23	28.19	28.72	30.42	31.99	32.45
3 Nondurable goods industries	28.70	32.33	30.13	32.19	33.79	33.22	32.86	35.25	37.45	39.36
Nonmanufacturing										
4 Mining	4.00	4.49	4.24	4.49	4.74	4.50	4.45	4.95	4.84	4.90
Transportation:										
5 Railroad	2.51	2.82	2.71	2.57	3.20	2.80	3.35	3.28	3.27	3.46
6 Air	1.29	1.63	1.62	1.43	1.69	1.76	2.67	2.30	2.02	1.91
7 Other	3.60	2.55	2.96	2.96	1.96	2.32	2.44	2.55	2.36	2.24
Public utilities:										
8 Electric	18.77	21.57	21.19	21.14	21.90	22.05	23.15	23.70	25.04	25.64
9 Gas and other	3.45	4.21	4.16	4.16	4.32	4.18	4.78	4.58	4.22	4.66
10 Communication	13.28	15.43	14.19	15.32	16.40	15.82	17.07	} 41.86	42.63	42.21
11 Commercial and other[1]	20.99	22.95	22.67	22.73	23.14	23.27	24.76			

1 Includes trade, service, construction, finance, and insurance.
2 Anticipated by business.

NOTE.—Estimates for corporate and noncorporate business, excluding agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

SOURCE.—*Survey of Current Business* (U.S. Dept. of Commerce).

1.521 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1972	1973	1974	1975	1976	1977 Q2	1977 Q3	1977 Q4	1978 Q1	1978 Q2
ASSETS										
Accounts receivable, gross										
1 Consumer	31.9	35.4	36.1	36.0	38.6	40.7	42.3	44.0	44.5	47.1
2 Business	27.4	32.3	37.2	39.3	44.7	50.4	50.6	55.2	57.6	59.5
3 *Total*	*59.3*	*67.7*	*73.3*	*75.3*	*83.4*	*91.2*	*92.9*	*99.2*	*102.1*	*106.6*
4 LESS: Reserves for unearned income and losses	7.4	8.4	9.0	9.4	10.5	11.1	11.7	12.7	12.8	14.1
5 Accounts receivable, net	51.9	59.3	64.2	65.9	72.9	80.1	81.2	86.5	89.3	92.6
6 Cash and bank deposits	2.8	2.6	3.0	2.9	2.6	2.5	2.5	2.6	2.2	2.9
7 Securities	.9	.8	.4	1.0	1.1	1.2	1.8	.9	1.2	1.3
8 All other	10.0	10.6	12.0	11.8	12.6	13.7	14.2	14.3	15.0	16.2
9 **Total assets**	**65.6**	**73.2**	**79.6**	**81.6**	**89.2**	**97.5**	**99.6**	**104.3**	**107.7**	**112.9**
LIABILITIES										
10 Bank loans	5.6	7.2	9.7	8.0	6.3	5.7	5.4	5.9	5.8	5.4
11 Commercial paper	17.3	19.7	20.7	22.2	23.7	27.5	25.7	29.6	29.9	31.3
Debt:										
12 Short-term, n.e.c.	4.3	4.6	4.9	4.5	5.4	5.5	5.4	6.2	5.3	6.6
13 Long-term, n.e.c.	22.7	24.6	26.5	27.6	32.3	35.0	34.8	36.0	38.0	40.1
14 Other	4.8	5.6	5.5	6.8	8.1	9.4	13.7	11.5	12.9	13.6
15 Capital, surplus, and undivided profits	10.9	11.5	12.4	12.5	13.4	14.4	14.6	15.1	15.7	16.0
16 **Total liabilities and capital**	**65.6**	**73.2**	**79.6**	**81.6**	**89.2**	**97.5**	**99.6**	**104.3**	**107.7**	**112.9**

NOTE.—Components may not add to totals due to rounding.

1.522 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding June 30, 1978[1]	Changes in accounts receivable during— 1978 Apr.	May	June	Extensions 1978 Apr.	May	June	Repayments 1978 Apr.	May	June
1 **Total**	**59,498**	**827**	**545**	**560**	**15,125**	**14,786**	**14,994**	**14,298**	**14,241**	**14,434**
2 Retail automotive (commercial vehicles)	13,498	136	223	400	1,059	1,155	1,314	923	932	914
3 Wholesale automotive	12,249	357	1	-472	6,600	6,195	5,705	6,243	6,194	6,177
4 Retail paper on business, industrial, and farm equipment	15,112	148	182	283	1,024	1,153	1,194	876	971	911
5 Loans on commercial accounts receivable	4,258	2	59	182	2,938	2,943	3,314	2,936	2,884	3,132
6 Factored commercial accounts receivable	2,406	125	51	104	1,811	1,663	1,743	1,686	1,612	1,639
7 All other business credit	11,975	59	29	63	1,693	1,677	1,724	1,634	1,648	1,661

1 Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

	Item	1975	1976	1977	1978 Feb.	Mar.	Apr.	May	June	July
					Terms and yields in primary and secondary markets					
	PRIMARY MARKETS									
	Conventional mortgages on new homes									
	Terms:[1]									
1	Purchase price (thous. dollars)	44.6	48.4	54.3	59.9	58.8	61.6	59.8	r62.6	60.6
2	Amount of loan (thous. dollars)	33.3	35.9	40.5	44.0	43.5	45.7	44.2	r45.9	44.5
3	Loan/price ratio (per cent)	74.7	74.2	76.3	75.3	75.5	76.1	75.5	r75.6	75.5
4	Maturity (years)	26.8	27.2	27.9	27.3	27.4	28.4	27.7	28.3	28.2
5	Fees and charges (per cent of loan amount)[2]	1.54	1.44	1.33	1.32	1.37	1.44	1.34	1.40	1.40
6	Contract rate (per cent per annum)	8.75	8.76	8.80	8.96	9.03	9.07	9.14	9.23	9.34
	Yield (per cent per annum):									
7	FHLBB series[3]	9.01	8.99	9.01	9.18	9.26	9.30	9.37	9.46	9.57
8	HUD series[4]	9.10	8.99	8.95	9.25	9.30	9.40	9.60	9.75	9.80
	SECONDARY MARKETS									
	Yields (per cent per annum) on –									
9	FHA mortgages (HUD series)[5]	9.19	8.82	7.96	....	9.29	9.37	9.67	....	9.92
10	GNMA securities[6]	8.52	8.17	8.04	8.64	8.60	8.71	8.71	9.05	9.16
	FNMA auctions:[7]									
11	Government-underwritten loans	9.26	8.99	8.73	9.31	9.35	9.44	9.66	9.91	10.01
12	Conventional loans	9.37	9.11	8.98	9.49	9.61	9.72	9.90	10.10	10.19
					Activity in secondary markets					
	FEDERAL NATIONAL MORTGAGE ASSOCIATION									
	Mortgage holdings (end of period)									
13	Total	31,824	32,904	34,370	35,408	36,030	36,702	37,937	38,753	39,409
14	FHA-insured	19,732	18,916	18,457	18,664	18,759	18,950	19,382	19,608	19,763
15	VA-guaranteed	9,573	9,212	9,315	9,599	9,727	9,905	10,255	10,398	10,457
16	Conventional	2,519	4,776	6,597	7,146	7,543	7,847	8,300	8,747	9,189
	Mortgage transactions (during period)									
17	Purchases	4,263	3,606	497	879	891	937	1,551	1,148	945
18	Sales	2	86	....	....	4	....	....	....	....
	Mortgage commitments:[8]									
19	Contracted (during period)	6,106	6,247	1,333	1,942	1,563	2,119	3,439	1,517	927
20	Outstanding (end of period)	4,126	3,398	4,698	6,851	7,445	8,486	r10,271	r10,395	10,171
	Auction of 4-month commitments to buy—									
	Government-underwritten loans:									
21	Offered[9]	7,042.6	4,929.8	1,184.5	1,199.1	523.7	909.3	2,117.7	1,095.0	756.7
22	Accepted	3,848.3	2,787.2	794.0	623.1	334.9	529.2	1,093.7	636.6	471.5
	Conventional loans:									
23	Offered[9]	1,401.3	2,595.7	591.6	1,214.1	823.5	974.2	1,935.8	574.5	316.0
24	Accepted	765.0	1,879.2	359.4	566.0	512.5	578.1	968.3	342.0	178.9
	FEDERAL HOME LOAN MORTGAGE CORPORATION									
	Mortgage holdings (end of period)[10]									
25	Total	4,987	4,269	3,276	3,044	3,372	3,092	2,878	2,255	2,024
26	FHA/VA	1,824	1,618	1,395	1,381	1,387	1,373	1,356	1,338	1,321
27	Conventional	3,163	2,651	1,881	1,663	1,985	1,719	1,522	917	702
	Mortgage transactions (during period)									
28	Purchases	1,716	1,175	489	363	344	356	479	500	520
29	Sales	1,020	1,396	477	470	120	466	651	1,093	725
	Mortgage commitments:[11]									
30	Contracted (during period)	982	1,477	361	363	593	512	811	762	737
31	Outstanding (end of period)	141	333	1,063	1,021	1,233	1,346	1,640	1,040	2,055

1 Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.

2 Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.

3 Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

4 Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Dept. of Housing and Urban Development.

5 Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

6 Average net yields to investors on Government National Mortgage Association-guaranteed, mortgage-backed, fully-modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.

7 Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.

8 Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA–GNMA Tandem plans.

9 Mortgage amounts offered by bidders are total bids received.

10 Includes participations as well as whole loans.

11 Includes conventional and Government-underwritten loans.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1973	1974	1975	1976	1977 Q3	1977 Q4	1978 Q1	1978 Q2[p]
1 **All holders**	**682,321**	**742,512**	**801,537**	**889,327**	**986,395**	**1,023,470**	**1,052,358**	**1,089,740**
2 1- to 4-family	416,211	449,371	490,761	556,557	630,498	656,159	675,556	701,238
3 Multifamily	93,132	99,976	100,601	104,516	109,389	111,809	114,206	116,940
4 Commercial	131,725	146,877	159,298	171,223	182,510	189,834	194,550	200,668
5 Farm	41,253	46,288	50,877	57,031	63,998	65,668	68,046	70,894
6 **Major financial institutions**	**505,400**	**542,560**	**581,193**	**647,650**	**718,153**	**745,064**	**764,665**	**792,152**
7 *Commercial banks*[1]	*119,068*	*132,105*	*136,186*	*151,326*	*171,166*	*178,979*	*184,423*	*193,223*
8 1- to 4-family	67,998	74,758	77,018	86,234	100,474	105,115	108,699	113,886
9 Multifamily	6,932	7,619	5,915	8,082	8,815	9,215	9,387	9,816
10 Commercial	38,696	43,679	46,882	50,289	54,260	56,898	58,407	61,194
11 Farm	5,442	6,049	6,371	6,721	7,617	7,751	7,930	8,327
12 *Mutual savings banks*	*73,230*	*74,920*	*77,249*	*81,639*	*86,079*	*88,104*	*89,800*	*91,382*
13 1- to 4-family	48,811	49,213	50,025	53,089	56,313	57,637	58,747	59,782
14 Multifamily	12,343	12,923	13,792	14,177	14,952	15,304	15,398	15,873
15 Commercial	12,012	12,722	13,373	14,313	14,762	15,110	15,401	15,672
16 Farm	64	62	59	60	52	53	54	55
17 *Savings and loan associations*	*231,733*	*249,301*	*278,590*	*323,130*	*366,838*	*381,216*	*392,479*	*407,943*
18 1- to 4-family	187,078	200,987	223,903	260,895	298,459	310,728	319,910	332,514
19 Multifamily	22,779	23,808	25,547	28,436	31,585	32,518	33,478	34,798
20 Commercial	21,876	24,506	29,140	33,799	36,794	37,969	39,091	40,631
21 *Life insurance companies*	*81,369*	*86,234*	*89,168*	*91,555*	*94,070*	*96,765*	*97,963*	*99,604*
22 1- to 4-family	20,426	19,026	17,590	16,088	15,022	14,727	14,476	14,226
23 Multifamily	18,451	19,625	19,629	19,178	18,831	18,807	18,851	19,165
24 Commercial	36,496	41,256	45,196	48,864	51,742	54,388	55,426	56,631
25 Farm	5,996	6,327	6,753	7,425	8,475	8,843	9,210	9,582
26 **Federal and related agencies**	**46,721**	**58,320**	**66,891**	**66,753**	**69,068**	**70,006**	**72,014**	**74,783**
27 *Government National Mortgage Assn.*	*4,029*	*4,846*	*7,438*	*4,241*	*3,599*	*3,660*	*3,291*	*3,200*
28 1- to 4-family	1,455	2,248	4,728	1,970	1,522	1,548	948	922
29 Multifamily	2,574	2,598	2,710	2,271	2,077	2,112	2,343	2,278
30 *Farmers Home Admin.*	*1,366*	*1,432*	*1,109*	*1,064*	*1,292*	*1,353*	*1,179*	*1,429*
31 1- to 4-family	743	759	208	454	548	626	202	245
32 Multifamily	29	167	215	218	192	275	408	495
33 Commercial	218	156	190	72	142	149	218	264
34 Farm	376	350	496	320	410	303	351	425
35 *Federal Housing and Veterans Admin.*	*3,476*	*4,015*	*4,970*	*5,150*	*5,130*	*5,212*	*5,219*	*5,289*
36 1- to 4-family	2,013	2,009	1,990	1,676	1,566	1,627	1,585	1,607
37 Multifamily	1,463	2,006	2,980	3,474	3,564	3,585	3,634	3,682
38 *Federal National Mortgage Assn.*	*24,175*	*29,578*	*31,824*	*32,904*	*34,148*	*34,369*	*36,029*	*38,753*
39 1- to 4-family	20,370	23,778	25,813	26,934	28,178	28,504	30,208	32,974
40 Multifamily	3,805	5,800	6,011	5,970	5,970	5,865	5,821	5,779
41 *Federal land banks*	*11,071*	*13,863*	*16,563*	*19,125*	*21,523*	*22,136*	*22,925*	*23,857*
42 1- to 4-family	123	406	549	601	649	670	691	727
43 Farm	10,948	13,457	16,014	18,524	20,874	21,466	22,234	23,130
44 *Federal Home Loan Mortgage Corp.*	*2,604*	*4,586*	*4,987*	*4,269*	*3,376*	*3,276*	*3,371*	*2,255*
45 1- to 4-family	2,446	4,217	4,588	3,889	2,818	2,738	2,785	1,856
46 Multifamily	158	369	399	380	558	538	586	399
47 **Mortgage pools or trusts**[2]	**18,040**	**23,799**	**34,138**	**49,801**	**64,667**	**70,289**	**74,080**	**77,917**
48 *Government National Mortgage Assn.*	*7,890*	*11,769*	*18,257*	*30,572*	*41,089*	*44,896*	*46,357*	*48,032*
49 1- to 4-family	7,561	11,249	17,538	29,583	39,865	43,555	44,906	46,515
50 Multifamily	329	520	719	989	1,224	1,341	1,451	1,517
51 *Federal Home Loan Mortgage Corp.*	*766*	*757*	*1,598*	*2,671*	*5,332*	*6,610*	*7,471*	*9,134*
52 1- to 4-family	617	608	1,349	2,282	4,642	5,621	6,286	7,685
53 Multifamily	149	149	249	389	690	989	1,185	1,449
54 *Farmers Home Admin.*	*9,384*	*11,273*	*14,283*	*16,558*	*18,426*	*18,783*	*20,252*	*20,751*
55 1- to 4-family	5,458	6,782	9,194	10,219	11,127	11,379	12,235	12,536
56 Multifamily	138	116	295	532	768	759	732	750
57 Commercial	1,124	1,473	1,948	2,440	2,824	2,945	3,528	3,615
58 Farm	2,664	2,902	2,846	3,367	3,527	3,682	3,757	3,850
59 **Individuals and others**[3]	**112,160**	**117,833**	**119,315**	**125,123**	**134,507**	**138,111**	**141,599**	**144,888**
60 1- to 4-family	51,112	53,331	56,268	62,643	69,315	71,665	73,878	75,763
61 Multifamily	23,982	24,276	22,140	20,420	20,163	20,501	20,732	20,939
62 Commercial	21,303	23,085	22,569	21,446	21,986	22,375	22,479	22,661
63 Farm	15,763	17,141	18,338	20,614	23,043	23,570	24,510	25,525

1 Includes loans held by nondeposit trust companies but not bank trust departments.

2 Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.

3 Other holders include mortgage companies, real estate investment trusts, State and local credit agencies, State and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE.—Based on data from various institutional and Govt. sources, with some quarters estimated in part by Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Dept. of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations where required, are estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of 5 or more units.

1.55 CONSUMER INSTALMENT CREDIT Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1975	1976	1977	1978 Jan.	Feb.	Mar.	Apr.	May	June	July
	Amounts outstanding (end of period)									
1 **Total**	**164,955**	**185,489**	**216,572**	**215,925**	**216,297**	**219,203**	**222,737**	**227,561**	**233,416**	**237,197**
By holder:										
2 Commercial banks	78,667	89,511	105,291	105,466	105,663	107,166	109,336	111,673	114,756	117,110
3 Finance companies	35,994	38,639	44,015	43,970	44,107	44,486	45,182	46,136	47,147	47,967
4 Credit unions	25,666	30,546	37,036	36,851	37,217	38,185	38,750	39,951	41,388	41,802
5 Retailers[1]	18,002	19,052	21,082	20,525	20,060	19,920	19,941	20,141	20,310	20,432
6 Others[2]	6,626	7,741	9,149	9,114	9,250	9,446	9,528	9,660	9,815	9,886
By type of credit:										
7 *Automobile*	*55,879*	*66,116*	*79,352*	*79,376*	*79,984*	*81,666*	*83,490*	*85,954*	*88,767*	*90,671*
8 Commercial banks	31,553	37,984	46,119	46,247	46,547	47,534	48,731	50,119	51,714	52,938
9 Indirect	18,353	21,176	25,370	25,476	25,696	26,327	27,049	27,854	28,773	29,496
10 Direct	13,200	16,808	20,749	20,771	20,851	21,207	21,682	22,265	22,941	23,442
11 Finance companies	11,155	12,489	14,263	14,260	14,374	14,577	14,921	15,382	15,863	16,327
12 Credit unions	12,741	15,163	18,385	18,293	18,475	18,955	19,239	19,835	20,549	20,754
13 Others	430	480	585	576	588	600	599	618	641	652
14 *Mobile homes*	*14,423*	*14,572*	*15,014*	*14,978*	*14,973*	*15,062*	*15,156*	*15,220*	*15,309*	*15,438*
15 Commercial banks	8,649	8,734	8,862	8,819	8,807	8,845	8,876	8,912	8,967	9,061
16 Finance companies	3,451	3,273	3,109	3,115	3,098	3,085	3,095	3,098	3,103	3,123
17 *Home improvement*	*9,405*	*10,990*	*12,952*	*12,904*	*12,968*	*13,162*	*13,375*	*13,691*	*14,037*	*14,260*
18 Commercial banks	4,965	5,554	6,473	6,445	6,436	6,479	6,598	6,782	6,971	7,129
Revolving credit:										
19 Bank credit cards	9,501	11,351	14,262	14,369	14,174	14,142	14,345	14,456	14,929	15,288
20 Bank check credit	2,810	3,041	3,724	3,776	3,822	3,844	3,856	3,919	3,996	4,043
21 *All other*	*72,937*	*79,418*	*91,269*	*90,522*	*90,376*	*91,327*	*92,515*	*94,321*	*96,378*	*97,497*
22 Commercial banks, total	21,188	22,847	25,850	25,809	25,877	26,322	26,930	27,485	28,179	28,651
23 Personal loans	14,629	15,669	17,740	17,708	17,769	18,002	18,383	18,640	19,049	19,301
24 Finance companies, total	21,238	22,749	26,498	26,452	26,489	26,675	27,012	27,496	28,012	28,336
25 Personal loans	17,263	18,554	21,302	21,248	21,283	21,416	21,700	22,110	22,547	22,906
26 Credit unions	10,754	12,799	15,518	15,440	15,594	15,999	16,232	16,735	17,337	17,511
27 Retailers	18,002	19,052	21,082	20,525	20,060	19,920	19,941	20,141	20,310	20,432
28 Others	1,755	1,971	2,321	2,296	2,356	2,411	2,400	2,464	2,540	2,567
	Net change (during period)[3]									
29 **Total**	**7,504**	**20,533**	**31,090**	**2,424**	**2,661**	**4,068**	**3,719**	**3,857**	**3,792**	**3,301**
By holder:										
30 Commercial banks	2,821	10,845	15,779	1,115	1,280	2,021	2,001	1,881	1,960	1,915
31 Finance companies	−90	2,644	5,376	460	418	662	781	763	553	605
32 Credit unions	3,771	4,880	6,490	495	603	836	699	911	836	369
33 Retailers[1]	69	1,050	2,032	309	202	367	129	170	282	364
34 Others[2]	933	1,115	1,413	44	158	182	109	132	161	48
By type of credit:										
35 *Automobile*	*3,007*	*10,238*	*13,235*	*1,185*	*1,104*	*1,522*	*1,728*	*1,789*	*1,543*	*1,520*
36 Commercial banks	559	6,431	8,135	637	599	882	989	944	946	937
37 Indirect	−334	2,823	4,194	407	389	564	603	575	554	553
38 Direct	894	3,608	3,941	230	210	318	386	369	392	384
39 Finance companies	532	1,334	1,774	247	201	238	375	367	199	371
40 Credit unions	1,872	2,422	3,222	244	300	406	343	465	383	206
41 Other	44	50	105	56	4	−4	21	13	15	6
42 *Mobile homes*	*−195*	*150*	*441*	*52*	*23*	*108*	*95*	*58*	*15*	*104*
43 Commercial banks	−323	85	128	2	2	46	28	33	−1	79
44 Finance companies	−73	−177	−164	36	−9	2	11	−3	−7	14
45 *Home improvement*	*881*	*1,585*	*1,967*	*105*	*171*	*217*	*212*	*222*	*209*	*156*
46 Commercial banks	271	588	920	70	69	74	111	109	95	101
Revolving credit:										
47 Bank credit cards	1,220	1,850	2,911	160	285	448	311	263	362	398
48 Bank check credit	14	231	683	65	87	120	56	129	90	27
49 *All other*	*2,577*	*6,479*	*11,853*	*857*	*991*	*1,653*	*1,317*	*1,396*	*1,573*	*1,096*
50 Commercial banks, total	1,080	1,659	3,003	180	238	451	506	403	468	373
51 Personal loans	858	1,040	2,070	81	167	263	333	207	303	220
52 Finance companies, total	−348	1,509	3,749	177	223	419	387	395	358	210
53 Personal loans	279	1,290	2,748	162	183	309	307	327	301	238
54 Credit unions	1,580	2,045	2,719	205	252	358	301	371	383	133
55 Retailers	69	1,050	2,032	309	202	367	129	170	282	364
56 Others	196	217	350	−15	76	58	−6	57	82	16

1 Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

2 Mutual savings banks, savings and loan associations, and auto dealers.

3 Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

NOTE.—Total consumer noninstalment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to $44.2 billion at the end of 1977, $38.7 billion at the end of 1976, $35.7 billion at the end of 1975, and $33.8 billion at the end of 1974. Comparable data for Dec. 31, 1978 will be published in the February 1979 BULLETIN.

1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations

Millions of dollars

	Holder, and type of credit	1975	1976	1977	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July
		Extensions[3]									
1	**Total**	**164,169**	**193,328**	**225,645**	**19,586**	**20,179**	**21,595**	**22,117**	**22,336**	**22,680**	**22,332**
	By holder:										
2	Commercial banks	77,312	94,220	110,777	9,625	9,905	10,608	11,120	11,004	11,329	11,315
3	Finance companies	31,173	36,028	41,770	3,575	3,691	3,914	4,226	4,241	4,113	4,078
4	Credit unions	24,096	28,587	33,592	2,820	3,028	3,309	3,267	3,508	3,433	3,128
5	Retailers[1]	27,049	29,188	33,202	3,102	2,976	3,148	2,955	2,995	3,185	3,300
6	Others[2]	4,539	5,305	6,303	464	579	616	549	588	620	511
	By type of credit:										
7	*Automobile*	*51,413*	*62,988*	*72,888*	*6,263*	*6,400*	*6,822*	*7,248*	*7,387*	*7,241*	*7,156*
8	Commercial banks	28,573	36,585	42,570	3,650	3,700	3,924	4,212	4,189	4,178	4,267
9	Indirect	15,766	19,882	22,904	2,026	2,065	2,173	2,347	2,327	2,305	2,329
10	Direct	12,807	16,704	19,666	1,624	1,635	1,751	1,865	1,862	1,873	1,938
11	Finance companies	9,674	11,209	12,635	1,088	1,080	1,173	1,314	1,337	1,278	1,208
12	Credit unions	12,683	14,675	17,041	1,421	1,565	1,679	1,654	1,798	1,721	1,624
13	Others	483	518	642	105	55	46	68	63	64	57
14	*Mobile homes*	*4,323*	*4,841*	*5,244*	*449*	*406*	*502*	*508*	*490*	*460*	*517*
15	Commercial banks	2,622	3,071	3,153	250	236	284	279	294	271	334
16	Finance companies	764	690	651	101	62	74	85	74	69	81
17	*Home improvement*	*5,556*	*6,736*	*8,066*	*618*	*710*	*770*	*753*	*798*	*861*	*736*
18	Commercial banks	2,722	3,245	3,968	327	338	352	382	395	390	390
	Revolving credit:										
19	Bank credit cards	20,428	25,862	31,761	2,948	3,143	3,231	3,255	3,245	3,482	3,466
20	Bank check credit	4,024	4,783	5,886	556	535	608	646	677	694	599
21	*All other*	*78,425*	*88,117*	*101,801*	*8,751*	*8,985*	*9,662*	*9,707*	*9,739*	*10,002*	*9,858*
22	Commercial banks, total	18,944	20,673	23,439	1,893	1,953	2,209	2,346	2,204	2,314	2,259
23	Personal loans	13,386	14,480	16,828	1,338	1,405	1,537	1,669	1,511	1,614	1,574
24	Finance companies, total	20,657	24,087	28,396	2,380	2,541	2,659	2,814	2,819	2,755	2,773
25	Personal loans	16,944	19,579	22,348	1,851	1,989	2,105	2,226	2,273	2,231	2,211
26	Credit unions	10,134	12,340	14,604	1,236	1,288	1,429	1,431	1,500	1,501	1,335
27	Retailers	27,049	29,188	33,202	3,102	2,976	3,148	2,955	2,995	3,185	3,300
28	Others	1,642	1,830	2,160	138	227	217	161	221	247	191
		Liquidations[3]									
29	**Total**	**156,665**	**172,795**	**194,555**	**17,162**	**17,518**	**17,527**	**18,398**	**18,479**	**18,888**	**19,031**
	By holder:										
30	Commercial banks	74,491	83,376	94,998	8,509	8,625	8,587	9,119	9,123	9,369	9,400
31	Finance companies	31,263	33,384	36,394	3,114	3,273	3,252	3,445	3,478	3,560	3,473
32	Credit unions	20,325	23,707	27,103	2,325	2,425	2,473	2,568	2,597	2,597	2,759
33	Retailers[1]	26,980	28,138	31,170	2,793	2,774	2,781	2,826	2,825	2,903	2,936
34	Others[2]	3,606	4,191	4,890	420	421	434	440	456	459	463
	By type of credit:										
35	*Automobile*	*48,406*	*52,750*	*59,652*	*5,078*	*5,296*	*5,300*	5,520	*5,598*	*5,698*	*5,636*
36	Commercial banks	28,014	30,154	34,435	3,013	3,101	3,042	3,223	3,245	3,232	3,330
37	Indirect	16,101	17,059	18,710	1,619	1,676	1,609	1,744	1,752	1,751	1,776
38	Direct	11,913	13,095	15,726	1,394	1,425	1,433	1,479	1,493	1,481	1,554
39	Finance companies	9,142	9,875	10,819	841	879	935	939	970	1,079	837
40	Credit unions	10,811	12,253	13,819	1,177	1,265	1,273	1,311	1,333	1,338	1,418
41	Others	439	468	536	48	51	50	47	50	49	51
42	*Mobile homes*	*4,517*	*4,691*	*4,802*	*398*	*383*	*394*	*413*	*432*	*445*	*413*
43	Commercial banks	2,944	2,986	3,025	248	234	238	251	261	272	255
44	Finance companies	837	867	806	65	71	72	74	77	76	67
45	*Home improvement*	*4,675*	*5,151*	*6,098*	*514*	*539*	*553*	*541*	*576*	*592*	*580*
46	Commercial banks	2,451	2,657	3,048	257	269	278	271	286	295	289
	Revolving credit:										
47	Bank credit cards	19,208	24,012	28,851	2,788	2,858	2,783	2,944	2,982	3,120	3,068
48	Bank check credit	4,010	4,552	5,202	491	448	488	590	548	604	572
49	*All other*	*75,849*	*81,638*	*89,948*	*7,894*	7,994	*8,009*	*8,390*	*8,343*	*8,429*	*8,762*
50	Commercial banks, total	17,864	19,014	20,436	1,713	1,715	1,758	1,840	1,801	1,846	1,886
51	Personal loans	12,528	13,439	14,757	1,258	1,238	1,274	1,336	1,304	1,311	1,354
52	Finance companies, total	21,005	22,578	24,647	2,203	2,318	2,240	2,427	2,424	2,397	2,563
53	Personal loans	16,665	18,289	19,600	1,688	1,806	1,796	1,919	1,946	1,930	1,973
54	Credit unions	8,554	10,295	11,884	1,031	1,036	1,071	1,130	1,129	1,118	1,202
55	Retailers	26,980	28,138	31,170	2,793	2,774	2,781	2,826	2,825	2,903	2,936
56	Others	1,446	1,613	1,811	153	151	159	167	164	165	175

[1] Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

[2] Mutual savings banks, savings and loan associations, and auto dealers.

[3] Monthly figures are seasonally adjusted.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-year data are at seasonally adjusted annual rates.

	Transaction category, or sector	1972	1973	1974	1975	1976	1977	1977 I	1977 II	1977 III	1977 IV	1978 I	1978 II
										Nonfinancial sectors			
1	**Total funds raised**	**176.0**	**203.5**	**188.0**	**208.5**	**272.1**	**340.5**	**303.8**	**300.6**	**390.6**	**367.1**	**380.6**	**370.5**
2	*Excluding equities*	*165.5*	*196.1*	*184.9*	*198.0*	*261.7*	*337.4*	*303.6*	*298.4*	*385.0*	*362.5*	*380.9*	*370.0*
	By sector and instrument:												
3	**U.S. Govt.**	**15.1**	**8.3**	**11.8**	**85.4**	**69.0**	**56.8**	**47.3**	**37.8**	**80.1**	**61.9**	**66.1**	**48.5**
4	Public debt securities	14.3	7.9	12.0	85.8	69.1	57.6	48.0	38.2	82.2	62.2	67.4	49.0
5	Agency issues and mortgages	.8	.4	-.2	-.4	-.1	-.9	-.7	-.4	-2.1	-.3	-1.4	-.5
6	**All other nonfinancial sectors**	**160.9**	**195.2**	**176.2**	**123.1**	**203.0**	**283.8**	**256.5**	**262.8**	**310.5**	**305.2**	**314.6**	**322.0**
7	Corporate equities	10.5	7.4	3.1	10.5	10.4	3.1	.1	2.2	5.6	4.6	-.3	.5
8	Debt instruments	150.4	187.9	173.1	112.6	192.6	280.6	256.3	260.6	304.9	300.6	314.9	321.6
9	**Private domestic nonfinancial sectors**	**156.9**	**189.3**	**161.6**	**109.5**	**182.8**	**271.4**	**250.4**	**253.8**	**288.5**	**292.9**	**301.4**	**300.0**
10	Corporate equities	10.9	7.9	4.1	9.9	10.5	2.7	-.6	1.7	4.4	5.4	1.0	.7
11	*Debt instruments*	*146.0*	*181.4*	*157.5*	*99.6*	*172.3*	*268.7*	*251.0*	*252.1*	*284.1*	*287.5*	*300.4*	*299.3*
12	*Debt capital instruments*	*102.3*	*105.0*	*98.0*	*97.8*	*126.8*	*181.1*	*144.8*	*181.9*	*198.4*	*199.3*	*171.7*	*188.5*
13	State and local obligations	14.7	14.7	16.5	15.6	19.0	29.2	20.5	38.2	33.0	25.0	22.3	35.8
14	Corporate bonds	12.2	9.2	19.7	27.2	22.8	21.0	18.3	13.6	27.3	24.7	15.0	18.7
	Mortgages:												
15	Home	42.6	46.4	34.8	39.5	63.7	96.4	79.1	97.9	103.9	104.6	92.4	89.7
16	Multifamily residential	12.7	10.4	6.9	*	1.8	7.4	4.4	8.5	7.0	9.7	10.6	10.2
17	Commercial	16.5	18.9	15.1	11.0	13.4	18.4	13.9	14.4	18.6	26.6	21.9	24.4
18	Farm	3.6	5.5	5.0	4.6	6.1	8.8	8.6	9.2	8.6	8.8	9.5	9.7
19	*Other debt instruments*	*43.7*	*76.4*	*59.6*	*1.8*	*45.5*	*87.6*	*106.2*	*70.2*	*85.7*	*88.2*	*128.7*	*110.8*
20	Consumer credit	17.1	23.8	10.2	9.4	23.6	35.0	33.2	38.3	32.6	36.2	38.0	51.6
21	Bank loans n.e.c.	18.9	39.8	29.0	-14.0	3.5	30.6	48.9	19.0	33.8	20.7	61.3	45.9
22	Open market paper	.8	2.5	6.6	-2.6	4.0	2.9	1.7	5.3	.5	4.2	5.3	5.1
23	Other	6.9	10.3	13.7	9.0	14.4	19.0	22.5	7.6	18.8	27.1	24.1	8.2
24	*By borrowing sector*	*156.9*	*189.3*	*161.6*	*109.5*	*182.8*	*271.4*	*250.4*	*253.8*	*288.5*	*292.9*	*301.4*	*300.0*
25	State and local governments	14.5	13.2	15.5	13.2	18.5	25.9	19.6	25.9	34.8	23.2	20.9	24.4
26	Households	64.3	80.9	49.2	48.6	89.9	139.6	127.7	134.7	150.0	145.9	143.0	141.1
27	Farm	5.8	9.7	7.9	8.7	11.0	14.7	15.5	15.5	14.5	13.2	13.1	13.7
28	Nonfarm noncorporate	14.1	12.8	7.4	2.0	5.2	12.6	11.7	14.0	9.2	15.5	17.5	19.5
29	Corporate	58.3	72.7	81.8	37.0	58.2	78.7	75.9	63.7	80.1	95.2	107.0	101.3
30	**Foreign**	**4.0**	**5.9**	**14.6**	**13.6**	**20.2**	**12.3**	**6.1**	**9.0**	**22.0**	**12.3**	**13.2**	**22.0**
31	Corporate equities	.4	.5	-1.0	.6	-.1	.4	.8	.5	1.2	-.8	-1.3	-.3
32	*Debt instruments*	*4.4*	*6.4*	*15.6*	*13.0*	*20.4*	*11.9*	*5.3*	*8.5*	*20.8*	*13.1*	*14.5*	*22.2*
33	Bonds	1.0	1.0	2.1	6.2	8.5	5.0	2.2	6.6	7.5	3.7	5.1	4.0
34	Bank loans n.e.c.	2.9	2.8	4.7	3.7	6.6	1.6	-3.9	-2.6	7.2	5.6	7.4	8.0
35	Open market paper	-1.0	.9	7.3	.3	1.9	2.4	3.0	2.3	2.5	1.8	-.9	8.1
36	U.S. Govt. loans	1.5	1.7	1.5	2.8	3.3	3.0	4.0	2.2	3.7	2.0	2.9	2.1
										Financial sectors			
37	**Total funds raised**	**28.3**	**57.6**	**36.4**	**11.7**	**29.2**	**58.8**	**57.6**	**65.4**	**41.3**	**71.1**	**111.1**	**94.3**
	By instrument:												
38	*U.S. Govt. related*	*8.4*	*19.9*	*23.1*	*13.5*	*18.6*	*26.3*	*27.4*	*22.6*	*25.4*	*29.7*	*38.8*	*39.8*
39	Sponsored credit agency securities	3.5	16.3	16.6	2.3	3.3	7.0	9.4	9.5	1.7	7.2	23.7	24.4
40	Mortgage pool securities	4.9	3.6	5.8	10.3	15.7	20.5	22.6	13.1	23.7	22.5	15.2	15.3
41	Loans from U.S. Govt.	......	......	.7	.9	-.4	-1.2	-4.7	......	......	......	......	......
42	*Private financial sectors*	*19.9*	*37.7*	*13.3*	*-1.9*	*10.6*	*32.6*	*30.2*	*42.8*	*15.9*	*41.4*	*72.2*	*54.5*
43	Corporate equities	2.8	1.5	.3	.6	1.0	.6	-1.4	2.5	-1.4	2.8	1.2	1.7
44	*Debt instruments*	*17.1*	*36.2*	*13.0*	*-2.5*	*9.6*	*32.0*	*31.6*	*40.3*	*17.3*	*38.7*	*71.1*	*52.8*
45	Corporate bonds	5.1	3.5	2.1	2.9	5.8	10.1	7.3	13.0	8.5	11.7	10.3	9.6
46	Mortgages	1.7	-1.2	-1.3	2.3	2.1	3.1	2.7	3.8	3.1	2.8	2.6	1.6
47	Bank loans n.e.c.	5.9	8.9	4.6	-3.6	-3.7	*	1.9	-6.5	-.1	4.7	-1.1	2.9
48	Open market paper and Rp's	4.4	17.8	.9	-.1	7.3	14.4	17.1	25.7	5.8	9.0	46.4	23.4
49	Loans from FHLB's	*	7.2	6.7	-4.0	-2.0	4.3	2.6	4.3	-.1	10.4	12.8	15.3
	By sector:												
50	Sponsored credit agencies	3.5	16.3	17.3	3.2	2.9	5.8	4.7	9.5	1.7	7.2	23.7	24.4
51	Mortgage pools	4.9	3.6	5.8	10.3	15.7	20.5	22.6	13.1	23.7	22.5	15.2	15.3
52	*Private financial sectors*	*19.9*	*37.7*	*13.3*	*-1.9*	*10.6*	*32.6*	*30.2*	*42.8*	*15.9*	*41.4*	*72.2*	*54.5*
53	Commercial banks	4.5	14.1	-5.6	-1.4	7.5	4.8	10.0	10.0	2.5	-3.4	31.1	3.6
54	Bank affiliates	.7	2.2	3.5	.3	-.8	1.3	.4	2.3	1.5	.9	3.6	8.0
55	Savings and loan associations	2.0	6.0	6.3	-2.2	*	11.9	8.7	12.5	5.6	20.7	18.1	20.7
56	Other insurance companies	.5	.5	.9	1.0	.9	.9	.9	.9	.9	1.0	1.0	1.0
57	Finance companies	6.5	9.4	6.0	.6	6.4	16.9	15.1	19.8	11.1	21.6	14.0	16.9
58	REIT's	6.3	6.5	.6	-1.4	-2.4	-2.4	-2.7	-2.4	-2.6	-1.9	-1.9	-1.4
59	Open-end investment companies	-.5	-1.2	-.7	-.1	-1.0	-1.0	-2.6	1.0	-3.3	.9	*	.4
60	Money market funds	......	......	2.4	1.3	*	.2	.3	-1.3	.1	1.7	6.4	5.3
										All sectors			
61	**Total funds raised, by instrument**	**204.3**	**261.1**	**224.4**	**220.2**	**301.3**	**399.4**	**361.3**	**366.0**	**431.8**	**438.2**	**491.7**	**464.8**
62	Investment company shares	-.5	-1.2	-.7	-.1	-1.0	-1.0	-2.6	1.0	-3.3	.9	*	.4
63	Other corporate equities	13.8	10.1	4.1	11.2	12.4	4.8	1.3	3.7	7.5	6.5	.9	1.8
64	*Debt instruments*	*191.0*	*252.3*	*221.0*	*209.1*	*289.8*	*395.6*	*362.6*	*361.3*	*427.6*	*430.9*	*490.9*	*462.6*
65	U.S. Govt. securities	23.6	28.3	34.3	98.2	88.1	84.3	79.5	60.6	105.5	91.7	105.0	88.4
66	State and local obligations	14.7	14.7	16.5	15.6	19.0	29.2	20.5	38.2	33.0	25.0	22.3	35.8
67	Corporate and foreign bonds	18.4	13.6	23.9	36.4	37.2	36.1	27.7	33.2	43.3	40.1	30.3	32.3
68	Mortgages	77.0	79.9	60.5	57.2	87.1	134.0	108.6	133.8	141.0	152.4	137.0	135.5
69	Consumer credit	17.1	23.8	10.2	9.4	23.6	35.0	33.2	38.3	32.6	36.2	38.0	51.6
70	Bank loans n.e.c.	27.8	51.6	38.3	-13.9	6.4	32.2	46.9	9.9	40.9	30.9	67.6	56.8
71	Open market paper and Rp's	4.1	21.2	14.8	-2.4	13.3	19.8	21.9	33.3	8.8	15.0	50.8	36.6
72	Other loans	8.4	19.1	22.6	8.7	15.3	25.1	24.4	14.0	22.4	39.6	39.9	25.6

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; half-year data are at seasonally adjusted annual rates.

Transaction category, or sector	1972	1973	1974	1975	1976	1977	1977 I	1977 II	1977 III	1977 IV	1978 I	1978 II
1 **Total funds advanced in credit markets to nonfinancial sectors**	**165.5**	**196.1**	**184.9**	**198.0**	**261.7**	**337.4**	**303.6**	**298.4**	**385.0**	**362.5**	**380.9**	**370.0**
By public agencies and foreign:												
2 *Total net advances*	*19.8*	*34.1*	*52.6*	*44.3*	*54.5*	*85.4*	*59.2*	*79.3*	*81.4*	*121.8*	*116.3*	*83.0*
3 U.S. Govt. securities	7.6	9.5	11.9	22.5	26.8	40.2	14.8	39.7	40.8	65.6	48.7	33.9
4 Residential mortgages	7.0	8.2	14.7	16.2	12.8	20.4	23.6	16.3	18.8	23.0	27.2	20.0
5 FHLB advances to S&L's	*	7.2	6.7	−4.0	−2.0	4.3	2.6	4.3	−.1	10.4	1 .8	15.3
6 Other loans and securities	5.1	9.2	19.4	9.5	16.9	20.5	18.2	19.1	21.9	22.8	27.5	13.8
Totals advanced, by sector												
7 U.S. Govt	1.8	2.8	9.7	15.1	8.9	11.8	10.3	1.8	17.4	17.8	28.7	8.5
8 Sponsored credit agencies	9.2	21.4	25.6	14.5	20.6	26.9	28.4	24.9	25.7	28.7	39.9	43.6
9 Monetary authorities	.3	9.2	6.2	8.5	9.8	7.1	−5.8	26.1	2.1	6.2	−4.1	30.7
10 Foreign	8.4	.6	11.2	6.1	15.2	39.5	26.2	26.5	36.2	69.2	51.8	.3
11 Agency borrowing not included in line 1	8.4	19.9	23.1	13.5	18.6	26.3	27.4	22.6	25.4	29.7	38.8	39.8
Private domestic funds advanced												
12 *Total net advances*	*154.1*	*182.0*	*155.3*	*167.3*	*225.7*	*278.2*	*271.8*	*241.7*	*328.9*	*270.4*	*303.5*	*326.8*
13 U.S. Govt. securities	16.0	18.8	22.4	75.7	61.3	44.1	64.7	20.9	64.8	26.1	56.3	54.5
14 State and local obligations	14.7	14.7	16.5	15.6	19.0	29.2	20.5	38.2	33.0	25.0	22.3	35.8
15 Corporate and foreign bonds	13.1	10.0	20.9	32.8	30.5	22.3	19.6	14.9	31.1	23.6	19.3	21.5
16 Residential mortgages	48.2	48.4	26.9	23.2	52.7	83.2	59.7	90.0	92.0	91.2	75.6	79.8
17 Other mortgages and loans	62.1	97.2	75.4	16.1	60.4	103.7	109.9	82.0	107.9	115.0	142.8	150.6
18 LESS: FHLB advances	*	7.2	6.7	−4.0	−2.0	4.3	2.6	4.3	−.1	10.4	12.8	15.3
Private financial intermediation												
19 *Credit market funds advanced by private financial institutions*	*149.7*	*165.4*	*126.2*	*119.9*	*191.2*	*249.6*	*239.3*	*242.9*	*280.6*	*235.4*	*266.6*	*307.9*
20 Commercial banking	70.5	86.5	64.5	27.6	58.0	85.8	85.0	77.1	103.1	77.9	114.2	136.8
21 Savings institutions	48.2	36.9	26.9	52.0	71.4	84.8	85.5	85.1	89.1	79.6	79.1	81.6
22 Insurance and pension funds	17.2	23.9	30.0	41.5	51.7	62.0	58.6	62.0	66.4	61.1	62.7	66.2
23 Other finance	13.9	18.0	4.7	−1.1	10.1	16.9	10.2	18.7	22.0	16.8	10.6	23.3
24 *Sources of funds*	*149.7*	*165.4*	*126.2*	*119.9*	*191.2*	*249.6*	*239.3*	*242.9*	*280.6*	*235.4*	*266.6*	*307.9*
25 Private domestic deposits	100.6	86.6	69.4	90.6	121.5	136.0	140.3	113.7	165.4	124.5	112.3	124.0
26 Credit market borrowing	17.1	36.2	13.0	−2.5	9.6	32.0	31.6	40.3	17.3	38.7	71.1	52.8
27 *Other sources*	*32.0*	*42.5*	*43.8*	*31.9*	*60.1*	*81.6*	*67.3*	*89.0*	*97.9*	*72.3*	*83.2*	*131.1*
28 Foreign funds	4.6	5.8	16.8	.9	5.1	11.6	−7.6	9.1	20.4	24.4	−2.4	16.4
29 Treasury balances	.7	−1.0	−5.1	−1.7	−.1	4.3	4.3	−7.9	5.5	15.2	−14.1	12.3
30 Insurance and pension reserves	11.6	18.4	26.0	29.6	34.8	48.0	40.6	50.4	51.9	48.9	47.7	50.1
31 Other, net	15.0	19.4	6.0	3.1	20.3	17.8	30.0	37.4	20.0	−16.2	52.0	52.3
Private domestic nonfinancial investors												
32 *Direct lending in credit markets*	*21.5*	*52.8*	*42.2*	*44.9*	*44.1*	*60.6*	*64.1*	*39.1*	*65.6*	*73.6*	*108.0*	*71.8*
33 U.S. Govt. securities	3.9	19.2	17.5	23.0	19.6	24.6	34.3	−6.0	37.8	32.5	51.7	20.7
34 State and local obligations	3.0	5.4	9.3	8.3	6.8	9.1	2.1	14.2	7.3	12.9	4.4	9.6
35 Corporate and foreign bonds	4.4	1.3	4.7	8.0	2.1	1.1	.9	*	3.5	.2	−3.5	−2.1
36 Commercial paper	2.9	18.3	2.4	−.8	4.1	9.5	12.7	13.3	.5	11.5	37.2	22.6
37 Other	7.3	8.6	8.2	6.4	11.5	16.2	14.3	17.6	16.5	16.5	18.3	21.0
38 *Deposits and currency*	*105.0*	*90.6*	*75.7*	*96.8*	*128.8*	*144.3*	*146.9*	*118.3*	*182.2*	*129.7*	*123.2*	*133.9*
39 *Time and savings accounts*	*83.8*	*76.1*	*66.7*	*84.8*	*112.2*	*120.1*	*119.6*	*101.5*	*151.4*	*108.0*	*110.5*	*110.5*
40 Large negotiable CD's	7.7	18.1	18.8	−14.1	−14.4	9.3	−13.5	4.8	13.1	32.7	5.4	19.8
41 Other at commercial banks	30.6	29.6	26.1	39.4	58.1	41.7	62.9	27.7	60.0	16.3	52.8	33.6
42 At savings institutions	45.4	28.5	21.8	59.4	68.5	69.1	70.2	69.0	78.3	59.0	52.3	57.0
43 *Money*	*21.2*	*14.4*	*8.9*	*12.0*	*16.6*	*24.2*	*27.3*	*16.8*	*30.8*	*21.7*	*12.7*	*23.5*
44 Demand deposits	16.8	10.5	2.6	5.8	9.3	15.9	20.8	12.2	14.0	16.5	1.8	13.5
45 Currency	4.4	3.9	6.3	6.2	7.3	8.3	6.6	4.6	16.8	5.2	11.0	9.9
46 **Total of credit market instruments, deposits and currency**	**126.5**	**143.4**	**117.8**	**141.6**	**172.9**	**204.9**	**211.1**	**157.3**	**247.8**	**203.3**	**231.3**	**205.7**
47 Public support rate (in per cent)	12.0	17.4	28.5	22.4	20.8	25.3	19.5	26.6	21.1	33.6	30.5	22.4
48 Private financial intermediation (in per cent)	97.2	90.9	81.3	71.7	84.7	89.7	88.0	100.5	85.3	87.1	87.8	94.2
49 Total foreign funds	13.0	6.4	28.0	7.1	20.3	51.1	18.6	35.6	56.6	93.5	49.4	16.6
MEMO: Corporate equities not included above												
50 **Total net issues**	**13.3**	**8.9**	**3.4**	**11.1**	**11.4**	**3.8**	**−1.3**	**4.7**	**4.2**	**7.4**	**.9**	**2.1**
51 Mutual fund shares	−.5	−1.2	−.7	−.1	−1.0	−1.0	−2.6	1.0	−3.3	.9	*	.4
52 Other equities	13.8	10.1	4.1	11.2	12.4	4.8	1.3	3.7	7.5	6.5	.9	1.8
53 Acquisitions by financial institutions	16.5	13.3	5.8	9.7	12.5	6.2	6.0	6.2	8.0	4.6	−1.5	.4
54 Other net purchases	−3.3	−4.4	−2.4	1.4	−1.1	−2.4	−7.3	−1.5	−3.8	2.8	2.3	1.8

NOTES BY LINE NUMBER.
1. Line 2 of p. A-44.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by Federally sponsored credit agencies, and net issues of Federally related mortgage pool securities. Included below in lines 3, 13, and 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Sum of lines 39 and 44.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. Line 12 less line 19 plus line 26.
33–37. Lines 13–17 less amounts acquired by private finance. Line 37 includes mortgages.
45. Mainly an offset to line 9.
46. Lines 32 plus 38, or line 12 less line 27 plus line 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Sum of lines 10 and 28.
50, 52. Includes issues by financial institutions.

NOTE.—Full statements for sectors and transaction types quarterly, and annually for flows and for amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1975	1976	1977	1978 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
1 **Industrial production**	**117.8**	**129.8**	**137.0**	**138.8**	**139.2**	**140.9**	**143.2**	**143.9**	**144.9**	**145.9**	**146.6**
Market groupings:											
2 *Products, total*	*119.3*	*129.3*	*137.1*	*138.5*	*139.6*	*141.6*	*143.0*	*143.1*	*143.9*	*144.9*	*145.6*
3 Final, total	118.2	127.2	134.9	134.9	136.4	138.9	140.5	140.5	140.9	141.9	142.5
4 Consumer goods	124.0	136.2	143.4	141.8	143.8	145.9	147.5	r147.0	146.9	147.2	147.3
5 Equipment	110.2	114.6	123.2	125.4	126.2	129.1	130.8	131.6	133.0	134.3	135.8
6 Intermediate	123.1	137.2	145.1	151.6	151.4	151.4	152.1	r152.6	154.5	155.8	156.8
7 Materials	115.5	130.6	136.9	139.2	138.6	139.9	143.7	r145.1	146.4	147.6	148.1
Industry groupings:											
8 Manufacturing	116.3	129.5	137.1	138.7	139.4	141.4	143.5	r144.3	145.4	146.4	147.3
Capacity utilization (per cent)[1] in –											
9 Manufacturing	73.6	80.2	82.4	81.7	81.9	82.7	83.7	r83.9	84.2	84.6	84.8
10 Industrial materials industries	73.6	80.4	81.9	81.9	81.3	81.9	84.0	r84.5	85.1	85.6	85.6
11 Construction contracts[2]	162.3	190.2	253.0	270.0	266.0	254.0	279.0	332.0	249.0	286.0	......
12 **Nonagricultural employment, total**[3]	**117.0**	**120.6**	**124.7**	**127.1**	**127.6**	**128.4**	**129.4**	**129.8**	**130.3**	**130.6**	**130.8**
13 *Goods-producing, total*	*97.1*	*100.3*	*104.1*	*105.7*	*106.3*	*107.2*	*109.0*	*109.3*	*109.8*	*110.1*	*109.8*
14 Manufacturing, total	94.3	97.5	100.6	102.7	103.2	103.7	104.0	104.2	104.3	104.5	104.2
15 Manufacturing, production-worker	91.3	95.2	98.3	100.7	101.3	101.7	102.0	102.2	102.2	102.1	101.8
16 Service-producing	127.8	131.7	136.0	138.8	139.3	140.0	140.6	140.9	141.5	141.8	142.2
17 **Personal income, total**[4]	**200.4**	**220.4**	**244.0**	**r257.8**	**259.3**	**262.7**	**r266.4**	**r268.4**	**r270.5**	**274.4**	......
18 Wages and salary disbursements	188.5	208.2	230.1	242.9	245.0	249.5	253.5	r254.6	r256.7	259.3	......
19 Manufacturing	157.3	177.1	198.6	210.2	213.6	218.0	219.5	r220.7	r222.0	224.2	......
20 Disposable personal income	199.6	217.5	239.3	......	261.6	......	......	r265.5	......	......	......
21 Retail sales[5]	184.6	203.5	224.4	228.8	235.6	239.5	244.8	245.4	246.3	244.9	......
Prices:[6]											
22 Consumer[7]	161.2	170.5	181.6	187.2	188.4	189.8	191.5	193.3	195.3	196.7	......
23 Producer finished goods	174.9	183.0	194.2	r200.1	r202.1	r203.7	r206.5	207.9	209.4	210.6	210.4

1 Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

2 Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Informations Systems Company, F. W. Dodge Division.

3 Based on data in *Employment and Earnings* (U.S. Dept. of Labor). Series covers employees only, excluding personnel in the Armed Forces.

4 Based on data in *Survey of Current Business* (U.S. Dept. of Commerce). Series for disposable income is quarterly.

5 Based on Bureau of Census data published in *Survey of Current Business* (U.S. Dept. of Commerce).

6 Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Dept. of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Dept. of Labor.

7 Beginning Jan. 1978, based on new index for all urban consumers.

NOTE.—Basic data (not index numbers) for series mentioned in notes 3, 4, and 5, and indexes for series mentioned in notes 2 and 6 may also be found in the *Survey of Current Business* (U.S. Dept. of Commerce).

Figures for industrial production for the last 2 months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	Output (1967 = 100) 1977 Q3	1977 Q4	1978 Q1	1978 Q2r	Capacity (per cent of 1967 output) 1977 Q3	1977 Q4	1978 Q1	1978 Q2	Utilization rate (per cent) 1977 Q3	1977 Q4	1978 Q1	1978 Q2r
1 **Manufacturing**	**138.7**	**139.9**	**139.8**	**144.4**	**167.1**	**168.7**	**170.3**	**172.0**	**83.0**	**82.9**	**82.1**	**83.9**
2 Primary processing	147.3	148.2	148.2	154.0	173.5	175.1	176.8	178.5	84.9	84.6	83.8	86.3
3 Advanced processing	129.3	135.6	135.4	139.4	163.8	165.3	166.9	168.5	81.9	82.0	81.1	82.7
4 **Materials**	**138.1**	**138.9**	**139.2**	**145.1**	**167.8**	**168.9**	**170.4**	**171.7**	**82.3**	**82.2**	**81.7**	**84.5**
5 Durable goods	136.0	137.7	137.9	143.9	171.6	172.8	174.0	175.2	79.2	79.6	79.3	82.2
6 Basic metal	109.4	109.4	110.5	117.5	145.3	145.5	145.8	146.1	75.3	75.2	75.8	80.4
7 Nondurable goods	154.4	155.0	158.0	166.3	178.8	180.4	182.3	184.4	86.3	85.9	86.7	88.5
8 Textile, paper, and chemical	159.2	159.5	163.1	167.8	187.1	188.9	190.8	193.1	85.1	84.5	85.5	86.9
9 Textile	112.3	117.9	115.3	117.1	142.5	143.0	143.5	144.1	78.8	82.4	80.3	81.2
10 Paper	135.1	132.3	136.5	139.7	151.3	152.5	153.6	154.8	89.3	86.7	88.9	90.3
11 Chemical	189.5	188.9	194.9	201.4	221.2	223.6	226.6	230.1	85.7	84.5	86.0	87.5
12 Energy	123.4	121.9	119.1	122.5	145.2	145.7	147.2	147.8	85.0	83.7	80.9	84.9

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1975	1976	1977	1978 Feb.	Mar.	Apr.	May	June[r]	July[r]	Aug.[p]
	Household survey data									
1 **Noninstitutional population**[1]	**153,449**	**156,048**	**158,559**	**160,128**	**160,313**	**160,504**	**160,713**	**160,928**	**161,148**	**161,348**
2 **Labor force (including Armed Forces)**[1]	**94,793**	**96,917**	**99,534**	**101,217**	**101,536**	**101,902**	**102,374**	**102,671**	**102,734**	**102,671**
3 Civilian labor force	92,613	94,773	97,401	99,093	99,414	99,784	100,261	100,573	100,618	100,549
Employment:										
4 Nonagricultural industries[2]	81,403	84,188	87,302	89,761	89,956	90,526	90,877	91,346	91,038	91,221
5 Agriculture	3,380	3,297	3,244	3,242	3,310	3,275	3,235	3,473	3,387	3,360
Unemployment:										
6 Number	7,830	7,288	6,855	6,090	6,148	5,983	6,149	5,754	6,193	5,968
7 *Rate (per cent of civilian labor force)*	*8.5*	*7.7*	*7.0*	*6.1*	*6.2*	*6.0*	*6.1*	*5.7*	*6.2*	*5.9*
8 ***Not in labor force***	**58,655**	**59,130**	**59,025**	**58,911**	**58,776**	**58,602**	**58,340**	**58,257**	**58,414**	**58,677**
	Establishment survey data									
9 **Nonagricultural payroll employment**[3]	**77,051**	**79,443**	**82,142**	**84,046**	**84,555**	**85,223**	**85,466**	**85,820**	**86,003**	**86,116**
10 Manufacturing	18,347	18,956	19,554	20,075	20,164	20,216	20,258	20,287	20,316	20,270
11 Mining	745	783	831	711	728	898	903	912	919	922
12 Contract construction	3,512	3,594	3,844	3,947	4,053	4,237	4,268	4,355	4,379	4,356
13 Transportation and public utilities	4,498	4,509	4,589	4,651	4,672	4,709	4,714	4,728	4,696	4,730
14 Trade	17,000	17,694	18,292	18,744	18,849	18,891	18,967	19,064	19,126	19,205
15 Finance	4,223	4,316	4,508	4,647	4,670	4,683	4,712	4,737	4,754	4,774
16 Service	14,006	14,644	15,333	15,791	15,875	15,962	15,970	16,031	16,153	16,212
17 Government	14,720	14,948	15,190	15,480	15,544	15,627	15,674	15,706	15,660	15,647

1 Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2 Includes self-employed, unpaid family, and domestic service workers.

3 Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

	Grouping	1967 proportion	1977 average	1977 June	1977 July	1977 Aug.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May[r]	1978 June	1978 July[p]	1978 Aug.[e]
			Index (1967 = 100)											
	MAJOR MARKET													
1	**Total index**	**100.00**	**137.1**	**137.8**	**138.7**	**138.1**	**138.8**	**139.2**	**140.9**	**143.2**	**143.9**	**144.9**	**145.9**	**146.6**
2	**Products**	**60.71**	**137.1**	**137.3**	**138.7**	**138.4**	**138.5**	**139.6**	**141.6**	**143.0**	**143.1**	**143.9**	**144.9**	**145.6**
3	*Final products*	*47.82*	*134.9*	*135.4*	*136.8*	*136.3*	*134.9*	*136.4*	*138.9*	*140.5*	*140.5*	*140.9*	*141.9*	*142.5*
4	Consumer goods	27.68	143.4	143.8	145.4	144.7	141.8	143.8	145.9	147.5	147.0	146.9	147.2	147.3
5	Equipment	20.14	123.2	124.1	124.8	124.9	125.4	126.2	129.1	130.8	131.6	133.0	134.3	135.8
6	Intermediate products	12.89	145.1	144.7	146.3	146.1	151.6	151.4	151.4	152.1	152.6	154.5	155.8	156.8
7	**Materials**	**39.29**	**136.9**	**138.7**	**138.9**	**137.6**	**139.2**	**138.6**	**139.9**	**143.7**	**145.1**	**146.4**	**147.6**	**148.1**
	Consumer goods													
8	*Durable consumer goods*	*7.89*	*153.1*	*155.8*	*158.0*	*154.7*	*146.5*	*151.2*	*157.5*	*161.8*	*160.2*	*160.5*	*160.9*	*160.8*
9	Automotive products	2.83	174.2	179.8	184.8	177.2	157.5	162.8	175.8	184.3	180.0	179.6	181.7	181.0
10	Autos and utility vehicles	2.03	169.2	177.4	184.1	173.1	145.5	153.9	171.0	182.7	175.6	174.3	177.0	175.5
11	Autos	1.90	148.4	156.8	161.4	150.9	127.4	131.5	149.7	159.1	151.6	149.8	152.7	152.0
12	Auto parts and allied goods	.80	186.8	185.8	186.6	187.3	187.8	185.3	188.5	188.2	191.5	193.0	193.6	195.1
13	Home goods	5.06	141.3	142.3	142.9	142.1	140.3	144.6	147.2	149.2	148.9	149.9	149.3	149.5
14	Appliances, A/C, and TV	1.40	127.3	133.1	130.1	129.6	116.1	133.3	135.4	142.2	138.3	139.3	133.9	134.5
15	Appliances and TV	1.33	130.5	136.8	134.4	133.0	117.4	135.7	137.9	144.7	140.7	141.4	136.9	......
16	Carpeting and furniture	1.07	152.2	151.2	154.1	154.8	159.1	160.2	159.3	158.9	163.4	166.0	168.5	......
17	Misc. home goods	2.59	144.3	143.6	145.1	143.6	145.9	144.3	148.7	149.0	148.8	149.2	149.7	149.1
18	*Nondurable consumer goods*	*19.79*	*139.6*	*139.1*	*140.3*	*140.6*	*139.9*	*140.8*	*141.3*	*141.8*	*141.7*	*141.5*	*141.7*	*141.9*
19	Clothing	4.29	125.2	125.7	124.1	126.4	118.3	121.1	122.4	124.9	125.4	125.0	......	......
20	Consumer staples	15.50	143.6	142.9	144.8	144.6	145.9	146.3	146.4	146.6	146.2	146.0	146.5	146.7
21	Consumer foods and tobacco	8.33	135.5	135.4	137.1	137.9	136.5	138.3	138.7	140.8	139.9	139.1	139.2	......
22	Nonfood staples	7.17	152.9	151.7	153.8	152.4	156.6	155.8	155.3	153.3	153.4	153.9	154.9	155.5
23	Consumer chemical products	2.63	180.5	179.3	179.4	181.8	187.4	184.3	182.1	182.5	182.0	185.5	187.0	......
24	Consumer paper products	1.92	117.1	116.3	117.4	117.0	121.4	118.8	118.9	117.7	117.9	118.0	117.3	......
25	Consumer energy products	2.62	151.4	149.8	154.9	148.9	151.5	154.5	155.0	149.9	150.7	148.6	149.9	......
26	Residential utilities	1.45	159.0	159.9	167.5	156.1	161.7	167.6	166.9	159.0	157.2	......	......	......
	Equipment													
27	*Business equipment*	*12.63*	*149.2*	*150.1*	*151.2*	*151.1*	*152.6*	*154.2*	*157.4*	*159.3*	*160.2*	*161.8*	*163.5*	*165.3*
28	Industrial equipment	6.77	138.5	140.0	140.7	140.4	144.3	144.6	146.9	147.8	149.7	150.8	152.1	153.6
29	Building and mining equipment	1.44	202.5	208.1	210.6	203.9	211.1	214.9	221.7	225.1	226.0	227.3	229.8	232.1
30	Manufacturing equipment	3.85	113.9	115.0	114.3	115.3	118.8	117.7	118.3	119.0	121.3	122.8	123.7	124.9
31	Power equipment	1.47	140.2	139.0	141.2	143.7	146.1	145.8	148.8	147.3	149.2	149.2	150.3	151.9
32	Commercial transit, farm equipment	5.86	161.6	161.9	163.3	163.4	162.2	165.5	169.4	172.6	172.3	174.7	176.8	179.0
33	Commerical equipment	3.26	191.6	191.4	191.7	193.0	198.5	200.9	202.0	203.8	204.2	207.4	209.9	212.2
34	Transit equipment	1.93	117.8	118.5	121.5	121.9	111.1	115.9	126.1	133.7	132.2	132.4	133.4	135.3
35	Farm equipment	.67	142.3	143.2	144.6	139.2	131.4	134.8	137.0	132.9	131.9	137.3	140.7	......
36	*Defense and space equipment*	*7.51*	*79.6*	*80.3*	*80.4*	*80.8*	*79.7*	*79.2*	*81.9*	*82.9*	*83.6*	*84.6*	*85.4*	*86.2*
	Intermediate products													
37	Construction supplies	6.42	140.8	139.9	141.2	141.7	149.2	148.6	147.9	148.5	150.4	152.1	153.8	155.0
38	Business supplies	6.47	149.5	149.6	151.3	150.6	153.8	154.2	155.0	155.6	155.0	157.0	157.6	......
39	Commercial energy products	1.14	164.6	164.2	168.2	165.0	165.5	165.6	164.3	163.5	162.7	162.7	163.4	......
	Materials													
40	*Durable goods materials*	*20.35*	*134.5*	*136.4*	*136.8*	*135.4*	*138.2*	*137.0*	*138.6*	*142.7*	*143.9*	*145.2*	*148.1*	*149.1*
41	Durable consumer parts	4.58	132.0	134.5	137.2	135.2	133.0	131.1	133.1	136.8	137.9	138.6	142.0	142.4
42	Equipment parts	5.44	143.1	143.0	145.0	145.6	148.7	146.6	151.3	154.8	155.8	157.4	161.2	162.5
43	Durable materials n.e.c.	10.34	131.1	133.8	132.4	130.1	134.9	134.6	134.5	138.9	140.3	141.7	144.0	145.0
44	Basic metal materials	5.57	110.9	116.3	112.6	108.7	110.2	111.0	110.4	116.7	117.5	118.3	120.8	......
45	*Nondurable goods materials*	*10.47*	*153.5*	*154.7*	*154.1*	*155.1*	*155.0*	*158.5*	*160.5*	*162.0*	*163.5*	*164.3*	*163.1*	*163.2*
46	Textile, paper, and chem. mat.	7.62	158.3	160.1	158.9	159.6	160.7	162.8	165.7	166.4	167.9	169.0	168.7	168.5
47	Textile materials	1.85	113.0	109.0	110.1	112.2	114.9	115.8	115.1	116.5	116.7	118.0	118.2	......
48	Paper materials	1.62	133.5	134.4	134.3	135.7	135.0	136.8	137.8	139.2	140.1	139.9	136.3	......
49	Chemical materials	4.15	188.2	192.7	190.3	190.1	191.4	194.2	199.2	199.5	201.7	202.9	204.1	......
50	Containers, nondurable	1.70	150.9	152.4	152.4	156.2	150.4	158.7	158.1	160.5	161.9	162.8	156.9	......
51	Nondurable materials n.e.c.	1.14	125.3	122.9	124.9	122.4	123.6	128.9	129.3	134.6	135.8	134.9	135.0	......
52	Energy materials	8.48	122.4	124.3	125.2	121.4	122.2	117.7	117.5	123.9	125.2	127.3	127.0	126.9
53	Primary energy	4.65	107.3	109.7	108.9	106.8	105.2	101.0	104.5	115.5	114.4	115.5	114.7	......
54	Converted fuel materials	3.82	140.7	142.0	145.1	139.1	142.8	138.0	133.3	134.1	138.6	141.5	142.1	......
	Supplementary groups													
55	Home goods and clothing	9.35	133.9	134.7	134.3	134.9	130.2	133.8	135.9	138.0	138.2	138.6	137.9	137.9
56	Energy, total	12.23	132.5	133.5	135.6	131.4	132.5	130.0	129.8	133.1	134.2	135.1	135.2	135.5
57	Products	3.76	155.4	154.1	158.9	153.7	155.8	157.9	157.9	154.1	154.3	152.8	154.0	......
58	Materials	8.48	122.4	124.3	125.2	121.4	122.2	117.7	117.5	123.9	125.2	127.3	127.0	126.9

For NOTE see opposite page.

2.13 Continued

	Grouping	SIC code	1967 proportion	1977 average	1977 June	1977 July	1977 Aug.	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May [r]	1978 June	1978 July [p]	1978 Aug. [e]
			Index (1967 = 100)												
	MAJOR INDUSTRY														
1	*Mining and utilities*	......	*12.05*	*136.2*	*138.8*	*139.4*	*134.4*	*137.4*	*137.7*	*138.2*	*140.9*	*140.9*	*142.0*	*141.7*	*141.8*
2	Mining	......	6.36	117.8	122.8	119.8	115.4	115.0	114.4	119.3	127.2	126.7	128.0	126.6	126.1
3	Utilities	......	5.69	156.5	156.8	161.4	155.7	162.3	163.5	159.5	156.0	157.0	157.7	158.5	159.3
4	Electric	......	3.88	175.5	176.8	183.9	175.4	183.6	184.3	178.8	175.0	177.1	......	......	......
5	*Manufacturing*	......	*87.95*	*137.1*	*137.8*	*138.5*	*138.6*	*138.7*	*139.4*	*141.4*	*143.5*	*144.3*	*145.4*	*146.4*	*147.3*
6	Nondurable	......	35.97	148.1	148.4	148.6	149.4	149.8	150.6	151.4	153.2	154.0	154.8	154.7	155.2
7	Durable	......	51.98	129.5	130.5	131.6	131.3	131.1	131.5	134.4	136.9	137.6	138.8	140.8	141.9
	Mining														
8	Metal mining	10	.51	105.4	121.3	101.9	70.0	121.4	119.9	127.6	122.3	120.0	121.1	118.2	......
9	Coal	11,12	.69	118.0	133.4	120.7	113.6	54.8	56.5	78.4	129.5	131.7	136.4	132.1	126.1
10	Oil and gas extraction	13	4.40	118.0	121.3	120.6	119.3	121.1	120.4	123.3	127.3	126.3	127.0	126.1	126.3
11	Stone and earth minerals	14	.75	124.9	122.5	126.7	125.0	130.0	129.1	128.2	128.9	130.1	130.7	130.6	......
	Nondurable manufactures														
12	Foods	20	8.75	137.9	136.9	138.3	139.3	139.3	140.8	141.1	143.1	142.8	141.8	142.3	......
13	Tobacco products	21	.67	114.3	119.2	114.5	117.0	113.4	117.7	115.6	121.0	120.2	122.7	......	......
14	Textile mill products	22	2.68	137.1	135.4	137.2	136.6	137.1	136.4	135.1	138.1	138.5	140.4	141.0	......
15	Apparel products	23	3.31	124.2	122.1	121.1	124.1	118.6	121.1	122.8	126.1	125.8	126.8	......	......
16	Paper and products	26	3.21	137.4	139.3	139.2	140.3	139.9	143.9	144.9	145.7	146.6	147.8	141.4	138.5
17	Printing and publishing	27	4.72	124.9	124.1	124.9	125.0	129.9	128.3	129.1	128.6	128.2	128.7	130.4	131.4
18	Chemicals and products	28	7.74	180.7	183.5	182.6	182.6	184.4	183.7	185.2	185.5	188.1	190.8	191.4	......
19	Petroleum products	29	1.79	141.0	140.0	140.4	139.9	139.7	139.0	140.1	141.7	143.4	142.6	143.7	144.3
20	Rubber & plastic products	30	2.24	232.2	235.2	235.2	237.4	238.7	240.0	243.1	249.1	252.7	255.5	258.6	......
21	Leather and products	31	.86	75.3	74.1	74.1	74.5	74.5	73.0	72.1	76.0	75.7	75.1	73.3	......
	Durable manufactures														
22	Ordnance, private & government	19,91	3.64	73.9	74.1	75.0	75.5	72.3	71.2	72.7	73.0	74.3	74.7	75.3	76.0
23	Lumber and products	24	1.64	133.4	132.4	132.9	131.8	138.5	135.5	136.5	136.9	136.5	138.5	139.0	......
24	Furniture and fixtures	25	1.37	140.9	139.9	143.0	142.9	146.4	150.1	149.5	148.9	152.8	155.9	157.9	......
25	Clay, glass, stone products	32	2.74	146.1	147.7	148.0	148.8	152.2	152.6	154.2	156.7	157.9	159.3	160.1	......
26	Primary metals	33	6.57	110.2	114.7	114.4	112.5	107.4	106.2	106.1	114.3	115.5	117.6	122.5	124.4
27	Iron and steel	331,2	4.21	103.4	109.2	110.9	110.6	99.5	96.3	96.4	109.0	110.5	114.5	118.9	......
28	Fabricated metal products	34	5.93	130.9	130.8	132.0	134.0	136.9	136.9	138.1	139.5	140.4	142.3	143.5	144.7
29	Nonelectrical machinery	35	9.15	144.8	144.0	145.7	145.2	150.1	150.1	151.5	152.2	152.9	154.4	157.2	158.8
30	Electrical machinery	36	8.05	141.9	142.6	143.6	143.9	144.0	146.4	149.5	152.3	152.9	154.1	155.0	156.0
31	Transportation equipment	37	9.27	121.1	123.7	125.6	124.3	116.2	118.4	126.5	130.5	130.1	130.1	132.1	132.9
32	Motor vehicles & parts	371	4.50	159.7	163.2	166.2	164.4	146.6	153.1	165.1	171.7	168.3	167.5	169.3	169.3
33	Aerospace & misc. trans. eq	372 9	4.77	84.7	86.5	87.3	86.5	87.6	85.8	90.1	91.8	93.9	95.0	97.1	98.8
34	Instruments	38	2.11	159.1	158.2	159.0	158.3	163.4	163.5	168.7	170.5	169.8	172.0	172.1	171.9
35	Miscellaneous mfrs	39	1.51	149.1	148.4	150.4	147.5	153.0	151.8	153.7	152.9	152.7	153.5	153.6	153.1
			Gross value (billions of 1972 dollars, annual rates)												
	MAJOR MARKET														
36	**Products, total**	......	**[1]507.4**	**583.9**	**585.9**	**590.5**	**590.2**	**582.0**	**591.2**	**601.1**	**608.8**	**606.8**	**607.1**	**606.4**	**608.5**
37	*Final products*	......	*[1]390.9*	*452.1*	*453.7*	*457.8*	*456.9*	*445.1*	*454.4*	*463.5*	*470.7*	*468.2*	*467.8*	*465.6*	*466.4*
38	Consumer goods	......	[1]277.5	317.5	318.9	321.5	320.0	311.2	318.6	321.6	326.3	324.0	322.0	320.4	320.0
39	Equipment	......	[1]113.4	134.6	134.9	136.2	137.0	133.9	135.8	142.0	144.4	144.2	145.9	145.1	145.9
40	Intermediate products	......	[1]116.6	131.9	131.8	132.8	133.1	136.7	137.0	137.5	138.3	138.6	139.7	140.8	142.0

[1] 1972 dollars.

NOTE.—Published groupings include some series and subtotals not shown separately. For description and historical data, see *Industrial Production—1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), Dec. 1977.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1975	1976	1977	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May[r]	1978 June[r]	1978 July
	Private residential real estate activity (thousands of units)									
NEW UNITS										
1 *Permits authorized*	*927*	*1,296*	*18,133*	*1,526*	*1,534*	*1,647*	*1,740*	*1,597*	*1,821*	*1,616*
2 1-family	669	894	12,265	1,032	957	1,037	1,157	1,058	1,123	1,017
3 2-or-more-family	278	402	5,861	494	577	610	583	539	698	599
4 *Started*	*1,160*	*1,538*	*1,986*	*1,548*	*1,569*	*2,047*	*2,165*	*2,054*	*2,124*	*2,085*
5 1-family	892	1,163	1,451	1,156	1,103	1,429	1,492	1,478	1,445	1,416
6 2-or-more-family	268	377	535	392	466	618	673	576	679	669
7 *Under construction, end of period*[1]	*1,003*	*1,147*	*1,442*	*1,262*	*1,260*	*1,260*	[r]*1,274*	*1,286*	*1,305*	....
8 1-family	531	655	829	785	787	778	[r]774	772	782	....
9 2-or-more-family	472	492	613	478	474	483	[r]500	513	523	....
10 *Completed*	*1,297*	*1,362*	*1,652*	*1,759*	*1,696*	[c]*1,821*	[r]*1,943*	*1,840*	*1,893*	....
11 1-family	866	1,026	1,254	1,300	1,233	1,363	[r]1,515	1,409	1,338	....
12 2-or-more-family	430	336	398	459	463	458	[r]428	431	555	....
13 Mobile homes shipped	213	246	277	322	[r]265	284	252	258	263	252
Merchant builder activity in 1-family units:										
14 Number sold	544	639	819	813	774	793	[r]827	849	833	804
15 Number for sale, end of period[1]	383	433	407	405	404	404	[r]410	415	420	420
Price (thous. of dollars)[2]										
Median:										
16 Units sold	39.3	44.2	48.9	52.3	53.2	53.5	[r]53.3	55.6	56.8	55.6
17 Units for sale	38.9	41.6	48.2	48.2	....	....	....	....	....	....
Average:										
18 Units sold	42.5	48.1	54.4	58.5	59.1	60.0	59.3	62.1	63.4	64.0
EXISTING UNITS (1-family)										
19 Number sold	2,452	3,002	3,572	3,780	3,460	3,770	3,880	3,770	3,780	3,890
Price of units sold (thous. of dollars):[2]										
20 Median	35.3	38.1	42.9	45.5	46.3	46.5	48.2	47.8	48.4	49.4
21 Average	39.0	42.2	47.9	50.3	51.3	51.1	53.6	54.8	55.1	56.5
	Value of new construction[4] (millions of dollars)									
CONSTRUCTION										
22 **Total put in place**	**134,293**	**147,481**	**170,685**	**171,705**	**177,936**	**184,817**	**192,871**	**198,167**	**203,284**	**206,891**
23 *Private*	*93,624*	*109,499*	*133,652*	*135,280*	*142,207*	*147,145*	*151,338*	*153,068*	*158,175*	*158,980*
24 Residential	46,472	60,519	81,067	79,716	85,577	87,578	90,036	91,128	92,472	93,199
25 Nonresidential, total	47,152	48,980	52,585	55,564	56,630	59,567	61,302	61,940	65,703	65,781
Buildings:										
26 Industrial	8,017	7,182	7,182	7,425	7,674	9,199	9,244	8,735	11,335	10,954
27 Commercial	12,804	12,757	14,604	14,969	15,154	16,227	17,177	18,546	19,246	19,735
28 Other	5,585	6,155	6,226	6,012	5,867	6,358	6,806	6,935	6,761	7,311
29 Public utilities and other	20,746	22,886	24,573	27,158	27,935	27,783	28,075	27,724	28,361	27,781
30 *Public*	*40,669*	*37,982*	*37,033*	*36,425*	*35,729*	*37,672*	*41,532*	*45,099*	*45,109*	*47,912*
31 Military	1,392	1,508	1,478	1,430	1,478	1,405	1,500	1,446	1,358	1,489
32 Highway	10,861	9,756	9,170	7,472	6,418	7,399	7,977	10,313	....	....
33 Conservation and development	3,256	3,722	3,765	4,236	3,891	4,237	4,586	4,359	....	....
34 Other[3]	25,160	22,996	22,620	23,287	23,942	24,631	27,469	28,981	....	....

1 Not at annual rates.
2 Not seasonally adjusted.
3 Beginning Jan. 1977 Highway imputations are included in Other.
4 Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE.—Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are for 14,000 jurisdictions reporting to the Census Bureau.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted.

Item	12 months to—		3 months (at annual rate) to—				1 month to—					Index level July 1978 (1967 = 100)[2]
	1977 July	1978 July	1977 Sept.	1977 Dec.	1978 Mar.	1978 June	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July	
	Consumer prices[3]											
1 **All items**	**6.7**	**7.7**	**4.5**	**4.9**	**9.3**	**11.4**	**.8**	**.9**	**.9**	**.9**	**.5**	**196.7**
2 *Commodities*	*5.9*	*7.3*	*2.5*	*4.9*	*9.3*	*11.2*	*.8*	*.9*	*.9*	*.9*	*.4*	*188.6*
3 Food	6.9	10.5	1.9	4.2	16.4	20.4	1.3	1.9	1.5	1.3	.0	215.0
4 Commodities less food	5.4	5.9	2.7	5.4	6.1	7.2	.6	.5	.6	.6	.6	175.4
5 Durable	5.5	6.7	1.5	5.2	8.7	9.0	.5	.5	.8	.8	.7	175.3
6 Nondurable	5.4	4.5	3.4	5.1	3.1	5.5	.6	.5	.4	.4	.5	174.1
7 *Services*	*8.1*	*8.4*	*7.6*	*4.9*	*9.1*	*11.8*	*.8*	*.9*	*1.0*	*.9*	*.8*	*211.7*
8 Rent	5.9	6.9	6.7	6.3	6.2	8.5	.6	.7	.7	.6	.5	164.2
9 Services less rent	8.3	8.7	8.0	4.8	9.6	12.2	.9	.9	1.0	.9	.9	220.4
Other groupings:												
10 All items less food	6.7	7.2	5.3	5.0	8.1	9.3	.7	.7	.8	.7	.7	192.0
11 All items less food and energy	6.4	7.3	5.1	5.3	8.0	9.9	.7	.7	.8	.9	.7	189.3
12 Homeownership	7.3	10.7	8.5	7.1	12.2	14.5	1.2	1.1	1.1	1.2	1.2	228.3
	Producer prices, formerly Wholesale prices											
13 Finished goods	6.3	8.1	2.9	7.2	r9.6	r11.2	.5	r1.2	.7	.7	.5	195.9
14 Consumer	6.3	7.9	1.8	5.4	r10.9	r12.0	r.6	r1.5	.6	.7	.5	194.5
15 Foods	5.4	9.7	−2.3	7.4	r21.2	r14.6	r.7	r1.8	.5	1.1	−.3	210.7
16 Excluding foods	6.7	7.0	4.0	4.7	5.1	10.7	.4	1.3	.8	.4	1.0	184.6
17 Capital Equipment	6.5	8.3	6.0	10.9	r7.1	r9.1	r.6	r.5	.9	.8	.5	199.1
18 Materials	5.2	8.1	.4	8.3	14.2	8.4	.9	.9	.5	.6	.3	221.0
19 Intermediate[1]	7.2	6.3	7.1	4.2	9.0	6.2	.5	.5	.5	.5	.4	216.6
Crude:												
20 Nonfood	5.2	14.1	−5.3	20.1	15.7	12.4	1.5	.9	.4	1.7	2.3	289.7
21 Food	−2.4	16.0	−19.6	27.6	43.6	25.2	1.8	3.7	.0	1.9	−2.5	222.0

1 Excludes intermediate materials for food manufacturing and manufactured animal feeds.
2 Not seasonally adjusted.
3 Beginning Jan. 1978 figures for consumer prices are those for all urban consumers.

SOURCE.—Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1975	1976	1977	1977				1978	
				Q1	Q2	Q3	Q4	Q1	Q2
	Gross national product								
1 Total	**1,528.8**	**1,700.1**	**1,887.2**	**1,806.8**	**1,867.0**	**1,916.8**	**1,958.1**	**1,992.0**	**2,083.2**
By source:									
2 *Personal consumption expenditures*	*979.1*	*1,090.2*	*1,206.5*	*1,167.7*	*1,188.6*	*1,214.5*	*1,255.2*	*1,276.7*	*1,324.9*
3 Durable goods	132.6	156.6	178.4	173.2	175.6	177.4	187.2	183.5	198.0
4 Nondurable goods	408.9	442.6	479.0	465.9	473.6	479.7	496.9	501.4	519.8
5 Services	437.5	491.0	549.2	528.6	539.4	557.5	571.1	591.8	607.1
6 *Gross private domestic investment*	*190.9*	*243.0*	*297.8*	*272.5*	*295.6*	*309.7*	*313.5*	*322.7*	*344.0*
7 Fixed investment	201.6	232.8	282.3	262.2	278.6	287.8	300.5	306.0	325.1
8 *Nonresidential*	*150.2*	*164.6*	*190.4*	*180.6*	*187.2*	*193.5*	*200.3*	*205.6*	*219.8*
9 Structures	53.8	57.3	63.9	59.3	63.4	65.4	67.4	68.5	76.1
10 Producers' durable equipment	96.4	107.3	126.5	121.4	123.8	128.1	132.8	137.1	143.7
11 Residential structures	51.5	68.2	91.9	81.6	91.4	94.3	100.2	100.3	105.3
12 Nonfarm	49.5	65.8	88.9	78.6	88.4	91.2	97.5	97.3	102.1
13 Change in business inventories	−10.7	10.2	15.6	10.3	17.0	21.9	13.1	16.7	18.9
14 Nonfarm	−14.3	12.2	15.0	11.1	16.5	22.0	10.4	16.9	20.9
15 *Net exports of goods and services*	*20.4*	*7.4*	*−11.1*	*−8.5*	*−5.9*	*−7.0*	*−23.2*	*−24.1*	*−10.2*
16 Exports	147.3	163.2	175.5	170.9	178.1	180.8	172.1	181.7	200.9
17 Imports	126.9	155.7	186.6	179.4	184.0	187.8	195.2	205.8	211.1
18 *Govt. purchases of goods and services*	*338.4*	*359.5*	*394.0*	*375.0*	*388.8*	*399.5*	*412.5*	*416.7*	*424.5*
19 Federal	123.1	129.9	145.1	138.3	142.9	146.8	152.2	151.5	147.2
20 State and local	215.4	229.6	248.9	236.7	245.9	252.7	260.3	265.2	277.3
By major type of product:									
21 Final sales, total	1,539.6	1,689.9	1,871.6	1,796.5	1,850.0	1,894.9	1,945.0	1,975.3	2,064.3
22 *Goods*	*686.6*	*760.3*	*832.6*	*800.2*	*825.8*	*844.7*	*859.6*	*861.8*	*911.2*
23 Durable goods	259.0	304.6	341.3	332.2	339.1	346.5	347.4	351.2	375.1
24 Nondurable	427.5	455.7	491.3	468.0	486.7	498.2	512.2	510.6	536.1
25 Services	697.6	778.0	862.8	832.3	850.0	875.3	893.6	926.4	949.4
26 Structures	144.7	161.9	191.8	174.3	191.3	196.8	204.9	203.8	222.5
27 Change in business inventories	−10.7	10.2	15.6	10.3	17.0	21.9	13.1	16.7	18.9
28 Durable goods	−8.9	5.3	8.4	6.1	9.1	11.9	6.3	14.8	9.9
29 Nondurable goods	−1.8	4.9	7.2	4.2	7.9	10.0	6.8	1.9	9.0
30 MEMO: **Total GNP in 1972 dollars**	**1,202.3**	**1,271.0**	**1,332.7**	**1,306.7**	**1,325.5**	**1,343.9**	**1,354.5**	**1,354.2**	**1,380.5**
	National income								
31 Total	**1,215.0**	**1,359.2**	**1,515.3**	**1,447.5**	**1,499.3**	**1,537.6**	**1,576.9**	**1,603.1**	**1,683.6**
32 Compensation of employees	931.1	1,036.8	1,153.4	1,107.9	1,140.5	1,165.8	1,199.7	1,241.0	1,287.5
33 *Wages and salaries*	*805.9*	*890.1*	*983.6*	*946.4*	*973.4*	*993.6*	*1,021.2*	*1,050.8*	*1,089.9*
34 Government and Government enterprises	175.4	187.6	200.8	195.2	198.1	201.7	208.1	211.4	213.9
35 Other	630.4	702.5	782.9	751.2	775.3	791.9	813.1	839.3	876.0
36 *Supplement to wages and salaries*	*125.2*	*146.7*	*169.8*	*161.5*	*167.1*	*172.2*	*178.4*	*190.2*	*197.5*
37 Employer contributions for social insurance	60.1	69.7	79.4	76.6	78.6	79.9	82.4	90.2	93.5
38 Other labor income	65.1	77.0	90.4	84.9	88.5	92.2	96.1	100.0	104.0
39 *Proprietors' income*[1]	*87.0*	*88.6*	*99.8*	*95.6*	*98.9*	*97.2*	*107.3*	*105.0*	*110.1*
40 Business and professional[1]	63.5	70.2	79.5	76.1	78.9	80.8	82.3	83.1	86.0
41 Farm[1]	23.5	18.4	20.3	19.4	20.0	16.5	25.1	21.9	24.0
42 Rental income of persons[2]	22.4	22.5	22.5	22.5	22.4	22.4	22.7	22.8	22.2
43 Corporate profits[1]	95.9	127.0	144.2	129.9	143.7	154.8	148.2	132.6	159.5
44 Profits before tax[3]	120.4	155.9	173.9	164.8	175.1	177.5	178.3	172.1	201.6
45 Inventory valuation adjustment	−12.4	−14.5	−14.8	−20.3	−16.6	−7.7	−14.8	−23.5	−24.9
46 Capital consumption adjustment	−12.0	−14.4	−14.9	−14.6	−14.8	−15.0	−15.3	−16.1	−17.2
47 Net interest	78.6	84.3	95.4	91.7	93.7	97.3	99.0	101.7	104.5

1 With inventory valuation and capital consumption adjustments.
2 With capital consumption adjustments.
3 For after-tax profits, dividends, etc., see Table 1.50.

SOURCE.—*Survey of Current Business* (U.S. Dept. of Commerce).

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.

Account	1975	1976	1977	1977 Q1	1977 Q2	1977 Q3	1977 Q4	1978 Q1	1978 Q2
				Personal income and saving					
1 **Total personal income**	**1,255.5**	**1,380.9**	**1,529.0**	**1,470.7**	**1,508.6**	**1,543.7**	**1,593.0**	**1,628.9**	**1,682.2**
2 *Wage and salary disbursements*	*805.9*	*890.1*	*983.6*	*946.4*	*973.4*	*993.6*	*1,021.2*	*1,050.8*	*1,089.9*
3 Commodity-producing industries	275.0	307.5	343.7	327.3	342.0	348.3	357.1	365.9	386.9
4 Manufacturing	211.0	237.5	266.3	254.6	264.1	269.3	277.3	286.9	296.0
5 Distributive industries	195.3	216.4	239.1	231.2	236.5	241.2	247.5	257.0	266.3
6 Service industries	160.1	178.6	200.1	192.7	196.8	202.3	208.5	216.5	222.7
7 Government and government enterprises	175.4	187.6	200.8	195.2	198.1	201.7	208.1	211.4	213.9
8 Other labor income	65.1	77.0	90.4	84.9	88.5	92.2	96.1	100.0	104.0
9 *Proprietors' income*[1]	*87.0*	*88.6*	*99.8*	*95.6*	*98.9*	*97.2*	*107.3*	*105.0*	*110.1*
10 Business and professional[1]	63.5	70.2	79.5	76.1	78.9	80.8	82.3	83.1	86.0
11 Farm[1]	23.5	18.4	20.3	19.4	20.0	16.5	25.1	21.9	24.0
12 Rental income of persons[2]	22.4	22.5	22.5	22.5	22.4	22.4	22.7	22.8	22.2
13 Dividends	31.9	37.9	43.7	41.5	42.7	44.1	46.3	47.0	48.1
14 Personal interest income	115.5	126.3	141.2	135.9	139.1	143.6	146.0	151.4	156.5
15 Transfer payments	178.2	193.9	208.8	203.4	204.0	211.9	215.9	219.2	200.6
16 Old-age survivors, disability, and health insurance benefits	81.4	92.9	105.0	99.7	101.8	108.5	110.1	112.1	113.7
17 LESS: Personal contributions for social insurance	50.5	55.5	61.0	59.4	60.5	61.4	62.6	67.2	69.1
18 EQUALS: Personal income	1,255.5	1,380.9	1,529.0	1,470.7	1,508.6	1,543.7	1,593.0	1,628.9	1,682.2
19 LESS: Personal tax and nontax payments	168.8	196.5	226.0	222.7	223.3	224.6	233.3	237.3	248.9
20 EQUALS: Disposable personal income	1,086.7	1,184.4	1,303.0	1,248.0	1,285.3	1,319.1	1,359.6	1,391.6	1,433.3
21 LESS: Personal outlays	1,003.0	1,116.3	1,236.1	1,195.8	1,217.8	1,244.8	1,285.9	1,309.2	1,358.7
22 EQUALS: Personal saving	83.6	68.0	66.9	52.2	67.5	74.3	73.7	82.4	74.6
MEMO ITEMS:									
Per capita (1972 dollars):									
23 Gross national product	5,629	5,906	6,144	6,044	6,120	6,191	6,226	6,215	6,324
24 Personal consumption expenditures	3,626	3,808	3,954	3,916	3,922	3,953	4,030	4,009	4,065
25 Disposable personal income	4,025	4,136	4,271	4,185	4,241	4,293	4,365	4,370	4,397
26 Saving rate (per cent)	7.7	5.7	5.1	4.2	5.3	5.6	5.4	5.9	5.2
				Gross saving					
27 **Gross private saving**	**259.8**	**270.7**	**290.8**	**259.6**	**288.6**	**310.7**	**304.3**	**305.4**	**315.0**
28 Personal saving	83.6	68.0	66.9	52.2	67.5	74.3	73.7	82.4	74.6
29 Undistributed corporate profits[1]	14.2	24.8	28.7	20.1	28.7	38.0	28.0	15.6	27.1
30 Corporate inventory valuation adjustment	−12.4	−14.5	−14.8	−20.3	−16.6	−7.7	−14.8	−23.5	−24.9
Capital consumption allowances:									
31 Corporate	101.3	111.5	120.9	116.6	119.8	122.6	124.6	127.4	130.5
32 Noncorporate	60.7	66.3	74.3	70.7	72.6	75.9	77.9	79.9	82.8
33 Wage accruals less disbursements	......	......	......	......	......	......	......	......	......
34 *Government surplus, or deficit (−), national income and product accounts*	*−64.4*	*−33.2*	*−18.6*	*−7.8*	*−11.8*	*−25.2*	*−29.6*	*−21.1*	*4.6*
35 Federal	−70.6	−53.8	−48.1	−37.3	−40.3	−56.4	−58.6	−52.6	−25.2
36 State and local	6.2	20.7	9.6	29.5	28.5	31.2	29.0	31.5	29.8
37 Capital grants received by the United States, net	......	......	......	......	......	......	......	......	......
38 *Investment*	*202.8*	*241.7*	*276.9*	*255.2*	*280.4*	*292.6*	*279.5*	*286.4*	*320.6*
39 Gross private domestic	190.9	243.0	297.8	272.5	295.6	309.7	313.5	322.7	344.0
40 Net foreign	11.9	−1.2	−20.9	−17.3	−15.2	−17.1	−34.1	−36.3	−23.4
41 Statistical discrepancy	7.4	4.2	4.7	3.4	3.7	7.1	4.8	2.2	.9

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE.—*Survey of Current Business* (U.S. Dept. of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1975	1976	1977	1977 Q1	1977 Q2	1977 Q3	1977 Q4	1978 Q1
1 Merchandise exports	107,088	114,694	120,585	29,477	30,638	31,013	29,457	30,664
2 Merchandise imports	98,041	124,047	151,644	36,495	37,259	38,263	39,627	41,865
3 Merchandise trade balance [2]	9,047	−9,353	−31,059	−7,018	−6,621	−7,250	−10,170	−11,201
4 Military transactions, net	−876	312	1,334	568	295	467	5	307
5 Investment income, net [3]	12,795	15,933	17,507	4,599	4,487	4,610	3,812	4,767
6 Other service transactions, net	2,095	2,469	1,705	229	412	583	482	428
7 Balance on goods and services [3,4]	**23,060**	**9,361**	**−10,514**	**−1,623**	**−1,427**	**1,591**	**−5,870**	**−5,700**
8 Remittances, pensions, and other transfers	−1,721	−1,878	−1,932	−490	−480	−490	−473	−502
9 U.S. Government grants (excluding military)	−2,894	−3,145	−2,776	−636	−763	−787	−591	−752
10 Balance on current account [3]	**18,445**	**4,339**	**−15,221**	**−2,749**	**−2,670**	**−2,868**	**−6,934**	**−6,954**
11 *Not seasonally adjusted [3]*	...	...	...	*−2,339*	*−2,492*	*−5,179*	*−5,212*	*−6,466*
12 Change in U.S. Government assets, other than official reserve assets, net (increase, −)	−3,470	−4,213	−3,679	−949	−795	−1,098	−838	−900
13 *Change in U.S. official reserve assets (increase, −)*	*−607*	*−2,530*	*−231*	*−388*	*6*	*151*	...	*246*
14 Gold	...	...	−118	−58	...	...	−60	...
15 Special Drawing Rights (SDR's)	−66	−78	−121	...	−83	−9	29	−16
16 Reserve position in International Monetary Fund (IMF)	−466	−2,212	−294	−389	−80	133	42	324
17 Foreign currencies	75	−240	302	59	169	27	47	−62
18 Change in U.S. private assets abroad (increase, −) [3]	**−35,368**	**−43,865**	**−30,740**	**3**	**−11,214**	**−5,668**	**−13,862**	**−13,632**
19 *Bank-reported claims*	*−13,532*	*−21,368*	*−11,427*	*3,684*	*−4,582*	*−1,779*	*−8,750*	*−6,270*
20 Long-term	−2,357	−2,362	−751	−306	18	447	−16	−311
21 Short-term	−11,175	−19,006	−10,676	3,990	−4,600	−1,332	−8,734	−5,959
22 *Nonbank-reported claims*	*−1,357*	*−2,030*	*−1,700*	*−768*	*−1,137*	*1,389*	*−1,184*	*−2,015*
23 Long-term	−366	5	25	33	66	205	−279	−60
24 Short-term	−991	−2,035	−1,725	−801	−1,203	1,184	−905	−1,955
25 U.S. purchase of foreign securities, net	−6,235	−8,852	−5,398	−736	−1,766	−2,165	−731	−934
26 U.S. direct investments abroad, net [3]	−14,244	−11,614	−12,215	−2,177	−3,729	−3,113	−3,197	−4,413
27 *Change in foreign official assets in the United States (increase, +)*	*6,907*	*18,073*	*37,124*	*5,451*	*7,884*	*8,246*	*15,543*	*15,691*
28 U.S. Treasury securities	4,408	9,333	30,294	5,323	5,123	6,948	12,900	12,965
29 Other U.S. Government obligations	905	573	2,308	98	610	627	973	117
30 Other U.S. Government liabilities [5]	1,647	4,993	1,644	505	417	332	390	785
31 Other U.S. liabilities reported by U.S. banks	−2,158	969	773	−725	752	−163	909	1,456
32 Other foreign official assets [6]	2,104	2,205	2,105	250	982	502	371	368
33 Change in foreign private assets in the United States (increase, +) [3]	**8,643**	**18,897**	**13,746**	**−2,962**	**6,180**	**6,005**	**4,522**	**2,125**
34 *U.S. bank-reported liabilities*	*628*	*10,990*	*6,719*	*−5,304*	*6,240*	*2,640*	*3,143*	*−314*
35 Long-term	−280	231	373	42	104	194	33	250
36 Short-term	908	10,759	6,346	−5,346	6,136	2,446	3,110	−564
37 *U.S. nonbank-reported liabilities*	*319*	*−507*	*257*	*−346*	*−412*	*590*	*425*	*418*
38 Long-term	406	−958	−620	−220	176	18	−242	45
39 Short-term	−87	451	877	−126	−236	572	667	373
40 Foreign private purchases of U.S. Treasury securities, net	2,590	2,783	563	981	−1,370	1,251	−299	881
41 Foreign purchases of other U.S. securities, net	2,503	1,284	2,869	828	725	513	803	462
42 Foreign direct investments in the United States, net [3]	2,603	4,347	3,338	880	996	1,012	450	679
43 Allocation of SDR's	...	...	...	...	...	...	...	...
44 *Discrepancy*	*5,449*	*9,300*	*−998*	*1,593*	*609*	*−4,769*	*1,569*	*3,423*
45 Owing to seasonal adjustments	...	...	...	130	−177	−2,230	2,276	176
46 Statistical discrepancy in recorded data before seasonal adjustment	5,449	9,300	−998	1,463	786	−2,539	−707	3,247
MEMO ITEMS:	...	...	...	...	...	...	...	...
Changes in official assets:								
47 U.S. official reserve assets (increase, −)	−607	−2,530	−231	−388	6	151	...	246
48 Foreign official assets in the United States (increase, +)	5,259	13,080	35,480	4,946	7,467	7,914	15,153	14,906
49 Changes in Organization of Petroleum Exporting Countries (OPEC) official assets in the United States (part of line 27 above)	7,092	9,581	6,733	2,927	1,344	1,438	1,024	1,810
50 Transfers under military grant programs (excluded from lines 1, 4, and 9 above)	2,207	373	194	39	53	31	71	77

1 Seasonal factors are no longer calculated for lines 13 through 50.

2 Data are on an international accounts (IA) basis. Differs from the Census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of Line 4.

3 Includes reinvested earnings of incorporated affiliates.

4 Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition excludes certain military sales to Israel from exports and excludes U.S. Govt. interest payments from imports.

5 Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.

6 Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE.—Data are from Bureau of Economic Analysis, *Survey of Current Business* (U.S. Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1975	1976	1977 r	1978 Jan.	Feb	Mar.	Apr.	May	June	July
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	107,130	114,802	121,151	10,014	9,922	10,912	11,635	11,754	12,126	11,793
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	96,115	120,678	147,685	12,381	14,440	13.699	14,496	13,992	13,723	14,779
3 Trade balance	**11,014**	**−5,876**	**−26,534**	**−2,367**	**−4,518**	**−2,787**	**−2,861**	**−2,238**	**−1,597**	**2,987**

NOTE.—Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Effective January 1978, major changes were made in coverage, reporting, and compiling procedures. Data for 1977 reflect these changes. However, the quarterly international-accounts-basis data in Table 3.10 will not incorporate the 1977 revisions until June. The latter data adjust the Census basis data for reasons of coverage and timing. On the *export side*, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military exports (which are combined with other military transactions and are reported separately in the "service account"). On the *import* side, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

SOURCE.—FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Dept. of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1975	1976	1977	1978 Feb.	Mar.	Apr.	May	June	July	Aug.
1 Total	**16,226**	**18,747**	**19,312**	**19,373**	**19,192**	**18,842**	**18,966**	**18,864**	**18,832**	**[3] 18,784**
2 Gold stock, including Exchange Stabilization Fund[1]	11,599	11,598	11,719	11,718	11,718	11,718	11,718	11,706	11,693	11.680
3 Special Drawing Rights[2]	2,335	2,395	2,629	2,671	2,693	2,669	2,760	2,804	2,860	[3] 2,885
4 Reserve position in International Monetary Fund	2,212	4,434	4,946	4,966	4,701	4,388	4,347	4,270	4,177	[3] 4,196
5 Convertible foreign currencies	80	320	18	18	80	67	141	84	102	23

1 Gold held under earmark at F.R. Banks for foreign and international accounts is not included in the gold stock of the United States; see Table 3.24.

2 Includes allocations by the International Monetary Fund (IMF) of SDR's as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; and $710 million on Jan. 1, 1972; plus net transactions in SDR's.

3 Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974. At valuation used prior to July 1974 (SDR1 = $1.20635) total U.S. reserve assets at end of August amounted to $18,291; SDR holdings, $2,739; and reserve position in IMF $3,849.

3.13 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

	Asset account	1974	1975	1976	1977	1978					
						Jan.	Feb.	Mar.	Apr.	May[2]	June[p]
						All foreign countries					
1	**Total, all currencies**	**151,905**	**176,493**	**219,420**	**r258,897**	**r258,502**	**r256,779**	**263,468**	**r260,558**	**259,452**	**271,706**
2	*Claims on United States*	*6,900*	*6,743*	*7,889*	*11,623*	*9,874*	*9,361*	*11,013*	*r13,754*	*8,727*	*10,843*
3	Parent bank	4,464	3,665	4,323	7,806	5,932	5,410	r6,708	9,348	4,863	6,744
4	Other	2,435	3,078	3,566	r3,817	3,942	3,951	r4,305	r4,406	3,864	4,099
5	*Claims on foreigners*	*138,712*	*163,391*	*204,486*	*r238,848*	*r239,622*	*r238,658*	*243,316*	*r237,447*	*241,784*	*251,844*
6	Other branches of parent bank	27,559	34,508	45,955	55,772	55,052	54,201	55,554	r51,817	52,719	55,357
7	Banks	60,283	69,206	83,765	91,883	92,229	92,341	95,348	r92,370	91,960	96,693
8	Public Borrowers[1]	4,077	5,792	10,613	14,634	15,274	15,093	15,284	r15,207	21,112	22,468
9	Nonbank foreigners	46,793	53,886	64,153	r76,560	r77,067	r77,023	77,130	r78,053	75,993	77,326
10	Other assets	6,294	6,359	7,045	r8,425	r9,007	r8,761	9,139	r9,357	8,941	9,019
11	**Total payable in U.S. dollars**	**105,969**	**132,901**	**167.695**	**r193,764**	**r192,795**	**r189,372**	**194,855**	**r194,168**	**192,467**	**202,792**
12	*Claims on United States*	*6,603*	*6,408*	*7,595*	*11,049*	*9,252*	*r8,629*	*10,320*	*r12,952*	*8,035*	*10,027*
13	Parent bank	4,428	3,628	4,264	7,692	5,781	5,162	r6,611	9,158	4,712	6,574
14	Other	2,175	2,780	3,332	3,357	r3,470	3,467	r3,709	r3,795	3,323	3,453
15	*Claims on foreigners*	*96,209*	*123,496*	*156,896*	*178,896*	*179,237*	*176,737*	*180,341*	*r176,877*	*180,332*	*188,673*
16	Other branches of parent bank	19,688	28,478	37,909	44,256	43,618	42,664	43,502	r40,628	41,209	43,548
17	Banks	45,067	55,319	66,331	70,786	70,535	69,721	71,934	r70,504	70,144	74,919
18	Public borrowers[1]	3,289	4,864	9,022	12,632	13,097	13,087	13,276	r13,232	18,248	19,488
19	Nonbank foreigners	28,164	34,835	43,634	51,222	51,987	51,267	51,628	r52,513	50,731	50,718
20	Other assets	3,157	2,997	3,204	r3,820	r4,307	r4,005	4,195	r4,339	4,100	4,092
						United Kingdom					
21	**Total, all currencies**	**69,804**	**74,883**	**81,466**	**90,933**	**90,789**	**89,626**	**90,162**	**87,100**	**89,645**	**93,538**
22	*Claims on United States*	*3,248*	*2,392*	*3,354*	*4,341*	*3,701*	*2,547*	*3,075*	*2,506*	*2,333*	*3,134*
23	Parent bank	2,472	1,449	2,376	3,518	2,928	1,775	2,274	1,548	1,476	2,279
24	Other	776	943	978	823	773	771	802	958	857	855
25	*Claims on foreigners*	*64,111*	*70,331*	*75,859*	*84,016*	*84,346*	*84,423*	*84,648*	*81,871*	*84,700*	*87,816*
26	Other branches of parent bank	12,724	17,557	19,753	22,017	21,427	21,114	21,092	19,514	19,550	19,944
27	Banks	32,701	35,904	38,089	39,899	40,605	40,996	41,612	40,436	40,807	43,044
28	Public borrowers[1]	788	881	1,274	2,206	2,303	2,100	2,192	2,020	4,150	4,400
29	Nonbank foreigners	17,898	15,990	16,743	19,895	20,010	20,213	19,753	19,901	20,193	20,428
30	Other assets	2,445	2,159	2,253	2,576	2,742	2,656	2,439	2,724	2,612	2,588
31	**Total payable in U.S. dollars**	**49,211**	**57,361**	**61,587**	**66,635**	**65,744**	**63,870**	**64,565**	**62,330**	**63,565**	**67,016**
32	*Claims on United States*	*3,146*	*2,273*	*3,275*	*4,100*	*3,443*	*2,186*	*2,850*	*2,312*	*2,163*	*2,862*
33	Parent bank	2,468	1,445	2,374	3,431	2,815	1,558	2,236	1,520	1,452	2,178
34	Other	678	828	902	669	628	628	614	793	711	684
35	*Claims on foreigners*	*44,694*	*54,121*	*57,488*	*61,408*	*61,094*	*60,521*	*60,610*	*58,845*	*60,277*	*63,051*
36	Other branches of parent bank	10,265	15,645	17,249	18,947	18,102	17,782	17,603	16,531	16,406	17,025
37	Banks	23,716	28,224	28,983	28,530	28,661	28,641	28,947	28,177	28,324	30,686
38	Public borrowers[1]	610	648	846	1,669	1,770	1,640	1,710	1,631	3,254	3,366
39	Nonbank foreigners	10,102	9,604	10,410	12,263	12,560	12,457	12,349	12,507	12,293	11,974
40	Other assets	1,372	967	824	1,126	1,208	1,163	1,104	1,173	1,125	1,103
						Bahamas and Caymans					
41	**Total, all currencies**	**31,733**	**45,203**	**66,774**	**79,052**	**80,081**	**79,711**	**82,947**	**84,409**	**82,083**	**84,692**
42	*Claims on United States*	*2,464*	*3,229*	*3,508*	*5,782*	*4,994*	*5,837*	*6,761*	*r9,908*	*5,237*	*6,400*
43	Parent bank	1,081	1,477	1,141	3,051	2,097	2,918	r3,585	6,710	2,502	3,443
44	Other	1,383	1,752	2,367	2,731	2,897	2,919	r3,176	r3,198	2,735	2,957
45	*Claims on foreigners*	*28,453*	*41,040*	*62,048*	*71,671*	*73,470*	*72,272*	*74,397*	*r72,720*	*74,846*	*76,321*
46	Other branches of parent bank	3,478	5,411	8,144	11,120	11,272	11,025	11,367	9,565	10,580	10,792
47	Banks	11,354	16,298	25,354	27,939	28,810	28,179	29,602	r28,712	29,065	30,363
48	Public borrowers[1]	2,022	3,576	7,105	9,109	9,322	9,486	9,438	9,362	11,397	12,367
49	Nonbank foreigners	11,599	15,756	21,445	23,503	24,067	23,583	23,990	r25,082	23,804	22,799
50	Other assets	815	933	1,217	1,599	1,617	1,602	1,789	r1,781	2,000	1,971
51	**Total payable in U.S. dollars**	**28,726**	**41,887**	**62,705**	**73,987**	**74,831**	**74,283**	**77,521**	**79,324**	**76,661**	**79,277**

For notes see opposite page.

3.13 Continued

Liability account	1974	1975	1976	1977	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr.	1978 May[2]	1978 June p
					All foreign countries					
52 **Total, all currencies**	**151,905**	**176,493**	**219,420**	**r258,897**	**r258,502**	**r256,779**	**263,468**	**r260,558**	**259,452**	**271,706**
53 *To United States*	*11,982*	*20,221*	*32,719*	*r44,154*	*r45,810*	*r45,810*	*50,860*	*49,088*	*49,907*	*50,240*
54 Parent bank	5,809	12,165	19,773	24,542	28,311	26,999	27,650	r26,643	28,500	24,974
55 Other banks in United States	6,173	8,057	12,946	19,613	r17,499	18,811	23,209	22,445	9,120	10,472
56 Nonbanks									12,287	14,794
57 *To foreigners*	*132,909*	*149,815*	*179,954*	*206,579*	*204,471*	*203,041*	*204,629*	*r202,946*	*202,241*	*213,726*
58 Other branches of parent bank	26,941	34,111	44,370	53,244	51,901	50,896	52,090	r48,850	50,373	53,547
59 Banks	65,675	72,259	83,880	94,140	90,744	90,904	90,557	r91,699	87,545	93,503
60 Official institutions	20,185	22,773	25,829	28,110	28,677	28,850	28,018	r28,568	29,776	31,320
61 Nonbank foreigners	20,189	20,672	25,877	31,085	33,149	32,390	33,963	33,830	34,547	35,356
62 Other liabilities	6,933	6,456	6,747	r8,163	r8,220	r7,929	7,980	r8,524	7,304	7,740
63 **Total payable in U.S. dollars**	**107,890**	**135,907**	**173,071**	**r198,572**	**r197,760**	**r194,537**	**199,879**	**r197,575**	**196,746**	**206,900**
64 *To United States*	*11,437*	*19,503*	*31,932*	*r42,881*	*r44,601*	*r44,472*	*49,248*	*47,811*	*48,278*	*48,546*
65 Parent bank	5,641	11,939	19,559	24,213	28,017	26,688	27,321	r26,348	27,865	24,272
66 Other banks in United States	5,795	7,564	12,373	18,669	16,584	17,784	21,927	r21,463	8,810	10,179
67 Nonbanks									11,603	14,095
68 *To foreigners*	*92,503*	*112,879*	*137,612*	*151,363*	*148,878*	*145,958*	*146,406*	*r145,350*	*144,758*	*154,343*
69 Other branches of parent bank	19,330	28,217	37,098	43,268	41,812	40,720	41,636	r39,214	40,099	42,464
70 Banks	43,656	51,583	60,619	64,872	61,571	60,815	60,353	r61,665	57,854	62,525
71 Official institutions	17,444	19,982	22,878	23,972	24,546	24,453	23,593	r23,865	25,124	26,493
72 Nonbank foreigners	12,072	13,097	17,017	19,251	20,949	19,970	20,824	20,606	21,681	22,861
73 Other liabilities	3,951	3,526	3,527	r4,328	r4,282	r4,107	4,224	r4,414	3,710	4,011
					United Kingdom					
74 **Total, all currencies**	**69,804**	**74,883**	**81,466**	**90,933**	**90,789**	**89,626**	**90,162**	**87,100**	**89,645**	**93,538**
75 *To United States*	*3,978*	*5,646*	*5,997*	*7,753*	*6,008*	*6,785*	*7,609*	*7,266*	*6,758*	*8,174*
76 Parent bank	510	2,122	1,198	1,451	1,253	1,550	1,646	1,983	1,636	1,822
77 Other banks in United States	3,468	3,523	4,798	6,302	4,755	5,236	5,962	5,283	2,346	3,261
78 Nonbanks									2,776	3,091
79 *To foreigners*	*63,409*	*67,240*	*73,228*	*80,736*	*82,160*	*80,331*	*80,036*	*77,169*	*80,108*	*82,703*
80 Other branches of parent bank	4,762	6,494	7,092	9,376	9,999	9,037	8,674	8,014	9,009	9,700
81 Banks	32,040	32,964	36,259	37,893	36,915	36,764	36,250	34,940	35,980	36,950
82 Official institutions	15,258	16,553	17,273	18,318	19,309	19,580	19,262	18,817	19,087	19,980
83 Nonbank foreigners	11,349	11,229	12,605	15,149	15,937	14,950	15,850	15,399	16,032	16,073
84 Other liabilities	2,418	1,997	2,241	2,445	2,621	2,509	2,518	2,665	2,779	2,661
85 **Total payable in U.S. dollars**	**49,666**	**57,820**	**63,174**	**67,573**	**66,619**	**65,021**	**65,477**	**62,662**	**64,025**	**67,718**
86 *To United States*	*3,744*	*5,415*	*5,849*	*7,480*	*5,737*	*6,479*	*7,250*	*6,938*	*6,446*	*7,852*
87 Parent bank	484	2,083	1,182	1,416	1,222	1,524	1,598	1,953	1,609	1,794
88 Other banks in United States	3,261	3,332	r4,667	r6,064	4,515	4,955	5,652	4,985	2,281	3,164
89 Nonbanks									2,556	2,894
90 *To foreigners*	*44,594*	*51,447*	*56,372*	*58,977*	*59,671*	*57,386*	*57,045*	*54,498*	*56,274*	*58,638*
91 Other branches of parent bank	3,256	5,442	5,874	7,505	8,164	7,211	6,747	6,202	6,696	7,041
92 Banks	r20,526	r23,330	r25,527	r25,608	r24,015	r23,352	r23,075	r22,115	22,554	23,566
93 Official institutions	r13,225	r14,498	r15,423	r15,482	r16,459	r16,541	r16,213	r15,672	15,908	16,772
94 Nonbank foreigners	r7,587	r8,176	r9,547	r10,382	r11,033	r10,282	r11,009	r10,509	11,116	11,259
95 Other liabilities	r1,328	r959	r953	r1,116	r1,210	r1,156	r1,182	r1,227	1,305	1,228
					Bahamas and Caymans					
96 **Total, all currencies**	**31,733**	**45,203**	**66,774**	**79,052**	**80,081**	**79,711**	**82,947**	**84,409**	**82,083**	**84,692**
97 *To United States*	*4,815*	*11,147*	*22,721*	*32,176*	*35,795*	*35,082*	*38,380*	*37,256*	*37,350*	*35,140*
98 Parent bank	2,636	7,628	16,161	20,956	24,713	23,374	23,854	r22,289	23,333	19,101
99 Other banks in United States	2,180	3,520	6,560	11,220	11,082	11,708	14,526	r14,967	5,742	5,628
100 Nonbanks									8,275	10,411
101 *To foreigners*	*26,140*	*32,949*	*42,899*	*45,292*	*42,929*	*43,272*	*43,153*	*45,610*	*43,394*	*48,133*
102 Other branches of parent bank	7,702	10,569	13,801	12,816	11,642	11,598	10,839	10,288	11,250	11,657
103 Banks	14,050	16,825	21,760	24,717	22,264	22,840	23,374	25,847	21,435	25,746
104 Official institutions	2,377	3,308	3,573	3,000	3,183	3,207	3,060	3,489	4,419	4,583
105 Nonbank foreigners	2,011	2,248	3,765	4,759	5,840	5,628	5,880	5,986	6,290	6,147
106 Other liabilities	778	1,106	1,154	1,584	1,357	1,358	1,414	1,543	1,339	1,419
107 **Total payable in U.S. dollars**	**28,840**	**42,197**	**63,417**	**74,463**	**75,479**	**75,253**	**78,467**	**80,243**	**78,254**	**80,651**

[1] In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

[2] In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1975	1976	1977	1978 Jan.	Feb.[r]	Mar.[r]	Apr.[r] ▲	May	June[p]	July[p]
				A. By type						
1 Total[1]	**82,572**	**95,634**	**131,049**	**134,905**	**137,909**	**145,998**	**142,430**	**140,723**	**140,430**	**143,872**
2 Liabilities reported by banks in the United States[2]	16,262	17,231	18,003	17,988	19,020	19,459	19,255	18,862	18,626	19,190
3 U.S. Treasury bills and certificates[3]	34,199	37,725	47,820	49,752	52,689	59,302	57,613	56,449	55,606	56,842
U.S. Treasury bonds and notes:										
4 Marketable	6,671	11,788	32,116	33,830	33,554	34,528	32,838	32,272	32,865	34,158
5 Nonmarketable[4]	19,976	20,648	20,443	20,473	19,602	19,513	19,444	19,355	19,284	19,214
6 U.S. securities other than U.S. Treasury securities[5]	5,464	8,242	12,667	12,862	13,044	13,196	13,280	13,785	14,049	14,468
				B. By area						
7 Total	**82,572**	**95,634**	**131,049**	**134,905**	**137,909**	**145,998**	**142,430**	**140,723**	**140,430**	**143,872**
8 Western Europe[1]	45,701	45,882	70,707	72,557	74,401	76,238	73,666	72,735	74,493	75,711
9 Canada	3,132	3,406	2,334	2,078	1,389	1,633	2,493	2,702	2,609	2,507
10 Latin America and Caribbean	4,461	4,926	4,649	4,591	5,179	5,773	5,554	5,426	4,667	4,630
11 Asia	24,411	37,767	50,693	53,207	54,385	59,587	57,750	57,008	56,004	57,826
12 Africa	2,983	1,893	1,742	1,706	1,899	1,756	1,872	1,945	1,689	2,220
13 Other countries[6]	1,884	1,760	924	766	656	1,011	1,095	907	968	978

1 Includes the Bank for International Settlements.

2 Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.

3 Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.

4 Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.

5 Debt securities of U.S. Govt. corporations and Federally sponsored agencies, and U.S. corporate stocks and bonds.

6 Includes countries in Oceania and Eastern Europe.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks (including Federal Reserve Banks) and securities dealers in the United States.

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.15 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars
Millions of dollars, end of period

Item	1975	1976	1977	1978 Jan.	Feb.	Mar.	Apr. ▲	May	June[p]	July[p]
				A. By holder and type of liability						
1 **All foreigners**	**95,590**	**110,657**	**126,168**	**126,377**	**130,105**	**139,414**	**141,457**	**137,112**	**135,534**	**136,539**
2 Banks' own liabilities							65,364	61,604	60,550	61,180
3 Demand deposits	13,564	16,803	18,996	17,377	17,675	17,163	17,863	17,828	17,184	18,280
4 Time deposits[1]	10,267	11,347	11,521	11,518	12,038	11,274	11,665	11,821	11,635	11,927
5 Other[2]							7,343	7,239	6,505	6,786
6 Own foreign offices[3]							28,493	24,727	25,225	24,188
7 Banks' custody liabilities[4]							76,093	75,509	74,984	75,359
8 U.S. Treasury bills and certificates[5]	37,414	40,744	48,906	51,094	54,233	61,071	59,104	58,262	57,138	57,629
9 Other negotiable and readily transferable instruments[6]							13,981	14,601	15,156	14,931
10 Other							3,008	2,646	2,690	2,799
11 **Nonmonetary international and regional organizations**[7]	**5,699**	**5,714**	**3,274**	**3,625**	**3,102**	**3,618**	**2,998**	**3,120**	**2,934**	**2,558**
12 Banks' own liabilities							831	499	478	913
13 Demand deposits	139	290	231	186	180	245	272	286	265	257
14 Time deposits[1]	148	205	139	129	120	109	143	59	117	112
15 Other[2]							416	154	97	544
16 Banks' custody liabilities[4]							2,166	2,621	2,455	1,645
17 U.S. Treasury bills and certificates	2,554	2,701	706	959	1,111	1,317	892	1,153	922	228
18 Other negotiable and readily transferable instruments[6]							1,274	1,467	1,530	1,416
19 Other							1	1	3	1
20 **Official institutions**[8]	**50,461**	**54,956**	**65,822**	**67,740**	**71,709**	**78,761**	**76,868**	**75,311**	**74,232**	**76,032**
21 Banks' own liabilities							9,586	9,017	8,453	9,412
22 Demand deposits	2,644	3,394	3,528	2,673	2,782	2,804	3,703	3,092	2,610	3,478
23 Time deposits[1]	3,423	2,321	1,797	1,788	2,570	1,777	1,884	1,982	1,981	2,277
24 Other[2]							3,999	3,943	3,862	3,658
25 Banks' custody liabilities[4]							67,282	66,294	65,779	66,619
26 U.S. Treasury bills and certificates[5]	34,199	37,725	47,820	49,752	52,689	59,302	57,613	56,449	55,606	56,842
27 Other negotiable and readily transferable instruments[6]							9,180	9,262	9,675	9,253
28 Other							489	583	498	524
29 **Banks**[9]	**29,330**	**37,174**	**42,335**	**40,228**	**40,549**	**42,115**	**47,283**	**43,531**	**43,127**	**42,682**
30 Banks' own liabilities							42,841	39,251	38,703	38,215
31 Unaffiliated foreign banks							14,348	14,524	13,478	14,027
32 Demand deposits	7,534	9,104	10,933	10,274	10,570	10,113	10,195	10,343	10,160	10,562
33 Time deposits[1]	1,873	2,297	2,040	1,995	1,823	1,734	1,643	1,595	1,255	1,322
34 Other[2]							2,511	2,585	2,062	2,143
35 Own foreign offices[3]							28,493	24,727	25,225	24,188
36 Banks' custody liabilities[4]							4,442	4,280	4,425	4,467
37 U.S. Treasury bills and certificates	335	119	141	152	165	161	314	363	300	269
38 Other negotiable and readily transferable instruments[6]							1,991	2,174	2,260	2,331
39 Other							2,137	1,744	1,865	1,867
40 **Other foreigners**	**10,100**	**12,814**	**14,736**	**14,785**	**14,745**	**14,919**	**14,309**	**15,150**	**15,240**	**15,267**
41 Banks' own liabilities							12,106	12,836	12,915	12,640
42 Demand deposits	3,248	4,015	4,304	4,245	4,143	4,000	3,693	4,106	4,149	3,983
43 Time deposits[1]	4,823	6,524	7,546	7,606	7,526	7,654	7,995	8,173	8,282	8,216
44 Other[2]							418	557	484	441
45 Banks' custody liabilities[4]							2,203	2,314	2,325	2,627
46 U.S. Treasury bills and certificates	325	198	240	231	268	291	286	297	310	290
47 Other negotiable and readily transferable instruments[6]							1,536	1,699	1,691	1,931
48 Other							381	319	323	406
49 MEMO: Negotiable time certificates of deposit held in custody for foreigners							8,471	8,940	9,058	8,760

1 Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2 Includes borrowings under repurchase agreements.
3 U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly-owned subsidiaries of head office or parent foreign bank.
4 Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5 Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
6 Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7 Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8 Foreign central banks and foreign central governments and the Bank for International Settlements.
9 Excludes central banks, which are included in "Official institutions."

NOTE.—Data for time deposits prior to April 1978 represent short-term only.
▲ For a description of the changes in the International Statistics Tables, see July 1978 BULLETIN, p. 612.

3.15 Continued

Item	1975	1976	1977	1978 Jan.	1978 Feb.	1978 Mar.	1978 Apr. ▲	1978 May	1978 June[p]	1978 July[p]
				B. By area and country						
1 **Total**	**95,590**	**110,657**	**126,168**	**126,377**	**130,105**	**139,414**	**141,457**	**137,112**	**135,534**	**136,539**
2 **Foreign countries**	**89,891**	**104,943**	**122,893**	**122,752**	**127,002**	**135,795**	**138,459**	**133,992**	**132,600**	**133,981**
3 *Europe*	*44,072*	*47,076*	*60,295*	*59,702*	*60,970*	*63,994*	*63,067*	*62,972*	*64,300*	*64,577*
4 Austria	759	346	318	294	302	419	322	350	349	372
5 Belgium-Luxembourg	2,893	2,187	2,531	2,629	2,765	2,992	3,109	2,893	2,718	2,250
6 Denmark	329	356	770	1,044	1,050	1,044	1,063	1,110	1,335	1,542
7 Finland	391	416	323	295	307	357	430	393	352	407
8 France	7,726	4,876	5,269	5,153	4,668	5,033	5,499	6,278	6,562	7,353
9 Germany	4,543	6,241	7,239	8,832	10,585	11,530	11,013	9,537	10,066	9,716
10 Greece	284	403	603	538	548	571	588	563	597	657
11 Italy	1,059	3,182	6,857	6,199	5,943	5,626	5,987	6,365	6,870	7,037
12 Netherlands	3,407	3,003	2,869	2,959	3,029	3,132	3,011	2,993	3,118	3,078
13 Norway	994	782	944	987	888	1,211	1,465	1,643	1,869	1,737
14 Portugal	193	239	273	205	188	174	164	288	191	227
15 Spain	423	559	619	707	648	717	659	717	688	708
16 Sweden	2,277	1,692	2,712	2,711	2,826	2,816	3,177	3,302	3,385	3,340
17 Switzerland	8,476	9,460	12,343	12,134	12,689	13,549	13,090	12,534	12,415	11,883
18 Turkey	118	166	130	187	171	115	249	200	110	147
19 United Kingdom	6,867	10,018	14,125	12,576	11,929	12,274	11,021	11,609	11,471	11,771
20 Yugoslavia	126	189	232	219	196	138	192	168	229	192
21 Other Western Europe[1]	2,970	2,673	1,804	1,787	1,966	2,030	1,757	1,721	1,655	1,880
22 U.S.S.R.	40	51	98	63	98	72	62	96	66	55
23 Other Eastern Europe[2]	197	236	236	186	175	193	206	211	255	222
24 *Canada*	*2,919*	*4,659*	*4,607*	*5,279*	*4,758*	*4,564*	*5,923*	*6,600*	*5,816*	*5,621*
25 *Latin America and Caribbean*	*15,028*	*19,132*	*23,670*	*23,263*	*24,286*	*25,338*	*28,764*	*24,995*	*25,367*	*24,638*
26 Argentina	1,146	1,534	1,416	1,746	1,928	1,801	1,861	2,260	1,692	1,549
27 Bahamas	1,874	2,770	3,596	3,150	3,755	4,199	7,259	3,327	3,981	3,602
28 Bermuda	184	218	321	269	286	322	364	340	399	393
29 Brazil	1,219	1,438	1,396	1,113	977	1,327	1,414	1,298	1,220	1,295
30 British West Indies	1,311	1,877	3,998	4,081	3,993	4,097	4,814	3,949	4,742	4,009
31 Chile	319	337	360	387	412	415	394	361	376	380
32 Colombia	417	1,021	1,221	1,226	1,207	1,290	1,350	1,300	1,424	1,428
33 Cuba	6	6	6	6	7	8	6	7	7	9
34 Ecuador	120	320	330	358	376	438	360	318	325	378
35 Guatemala[3]	...	...	...	...	...	...	447	552	448	414
36 Jamaica[3]	...	...	...	...	...	...	41	46	66	75
37 Mexico	2,070	2,870	2,876	2,985	3,084	2,793	2,677	2,965	2,774	2,818
38 Netherlands Antilles[4]	129	158	196	205	203	212	212	289	320	434
39 Panama	1,115	1,167	2,331	2,189	2,121	2,132	2,176	2,559	2,336	2,570
40 Peru	243	257	287	265	267	262	309	274	282	309
41 Uruguay	172	245	243	230	280	226	221	208	220	218
42 Venezuela	3,309	3,118	2,929	3,016	3,246	3,438	3,225	3,298	3,147	3,228
43 Other Latin America and Caribbean	1,393	1,797	2,167	2,037	2,147	2,380	1,636	1,644	1,608	1,529
44 *Asia*	*22,384*	*29,766*	*30,488*	*30,881*	*33,330*	*37,995*	*36,430*	*35,517*	*33,469*	*34,927*
45 China, People's Republic of (Mainland)	123	48	53	54	48	56	50	47	53	47
46 China, Republic of (Taiwan)	1,025	990	1,013	1,041	995	1,014	1,208	1,043	1,053	1,195
47 Hong Kong	605	894	1,094	1,037	1,121	1,174	1,118	1,489	1,085	1,191
48 India	115	638	961	1,012	1,001	947	937	962	899	798
49 Indonesia	369	340	410	896	506	492	649	451	330	597
50 Israel	387	392	559	461	454	485	486	568	476	518
51 Japan	10,207	14,363	14,616	14,488	17,024	21,725	20,392	19,998	19,018	20,374
52 Korea	390	438	602	606	737	682	753	817	748	714
53 Philippines	700	628	687	658	615	647	601	688	595	640
54 Thailand	252	277	264	258	309	317	258	304	297	320
55 Middle East oil-exporting countries[5]	7,355	9,360	8,979	9,193	9,329	9,165	8,671	7,863	7,699	7,025
56 Other Asia	856	1,398	1,250	1,178	1,190	1,291	1,307	1,287	1,216	1,508
57 *Africa*	*3,369*	*2,298*	*2,535*	*2,507*	*2,645*	*2,469*	*2,699*	*2,641*	*2,360*	*3,013*
58 Egypt	342	333	404	346	357	341	455	461	402	594
59 Morocco	68	87	66	100	79	51	31	29	28	28
60 South Africa	166	141	174	191	251	183	167	185	226	175
61 Zaire	62	36	39	41	50	45	46	49	44	73
62 Oil-exporting countries[6]	2,250	1,133	1,155	1,179	1,263	1,226	1,393	1,244	981	1,365
63 Other Africa	481	568	698	649	645	623	607	673	679	778
64 *Other countries*	*2,119*	*2,012*	*1,297*	*1,121*	*1,014*	*1,434*	*1,575*	*1,267*	*1,288*	*1,204*
65 Australia	2,006	1,905	1,140	933	870	1,229	1,275	1,129	1,085	1,047
66 All other	113	107	158	188	144	205	300	138	203	157
67 **Nonmonetary international and regional organizations**	**5,699**	**5,714**	**3,274**	**3,625**	**3,102**	**3,618**	**2,998**	**3,120**	**2,934**	**2,558**
68 International	5,415	5,157	2,752	3,116	2,558	3,094	2,591	2,430	2,311	1,909
69 Latin American regional	188	267	278	258	266	261	117	430	395	422
70 Other regional[7]	96	290	245	250	279	262	290	260	228	227

1 Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.

3 Included in "Other Latin America and Caribbean" through March 1978.

4 Includes Surinam through December 1975.

5 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

6 Comprises Algeria, Gabon, Libya, and Nigeria.

7 Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.16 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1975	1976	1977	1978 Jan.	Feb.	Mar.	Apr. ▲	May	June[p]	July[p]
1 **Total**	**58,308**	**79,301**	**90,206**	**91,874**	**91,040**	**96,449**	**88,387**	**87,876**	**87,223**	**87,339**
2 **Foreign countries**	**58,275**	**79,261**	**90,163**	**91,830**	**91,005**	**96,406**	**88,339**	**87,842**	**87,190**	**87,295**
3 *Europe*	*11,109*	*14,776*	*18,114*	*17,034*	*17,197*	*18,690*	*15,318*	*15,825*	*16,379*	*15,735*
4 Austria	35	63	65	107	112	83	76	94	105	116
5 Belgium-Luxembourg	286	482	561	660	552	596	586	793	731	634
6 Denmark	104	133	173	172	171	166	146	186	146	129
7 Finland	180	199	172	179	184	189	180	184	182	190
8 France	1,565	1,549	2,082	1,776	1,988	2,265	1,646	1,679	1,892	1,813
9 Germany	380	509	644	640	615	783	698	752	789	690
10 Greece	290	279	206	188	209	211	200	279	204	190
11 Italy	443	993	1,334	1,170	1,147	1,155	907	1,194	965	1,079
12 Netherlands	305	315	338	374	382	470	419	468	384	436
13 Norway	131	136	162	176	191	184	192	209	218	210
14 Portugal	30	88	175	137	155	155	131	132	126	140
15 Spain	424	745	722	732	735	741	597	700	706	670
16 Sweden	198	206	218	230	200	171	206	185	219	244
17 Switzerland	199	379	564	597	704	696	699	391	686	631
18 Turkey	164	249	360	337	311	315	308	306	309	313
19 United Kingdom	5,170	7,033	8,964	8,133	8,200	9,204	6,823	6,951	7,393	6,932
20 Yugoslavia	210	234	311	306	308	307	280	285	320	300
21 Other Western Europe[1]	76	85	86	142	74	49	268	137	153	165
22 U.S.S.R.	406	485	413	424	383	370	337	362	319	305
23 Other Eastern Europe[2]	513	613	566	554	576	580	621	536	534	548
24 *Canada*	*2,834*	*3,319*	*3,355*	*3,758*	*4,009*	*4,084*	*2,779*	*2,434*	*2,541*	*3,116*
25 *Latin America and Caribbean*	*23,863*	*38,879*	*45,850*	*48,616*	*47,249*	*49,866*	*48,991*	*46,947*	*45,904*	*46,983*
26 Argentina	1,377	1,192	1,478	1,622	1,574	1,642	1,533	1,595	1,553	1,572
27 Bahamas	7,583	15,464	19,858	22,348	21,517	22,801	22,015	21,043	18,703	19,576
28 Bermuda	104	150	232	111	233	195	176	345	143	220
29 Brazil	3,385	4,901	4,629	4,510	4,559	4,832	4,412	4,443	4,671	4,599
30 British West Indies	1,464	5,082	6,481	6,173	5,589	6,851	7,823	6,271	7,412	6,872
31 Chile	494	597	675	690	700	710	722	717	745	745
32 Colombia	751	675	671	651	640	592	551	578	613	648
33 Cuba	14	13	10	14	4	3	1	1	2	1
34 Ecuador	252	375	517	518	530	544	525	530	560	546
35 Guatemala[3]	......	......	......	......	......	......	55	79	89	83
36 Jamaica[3]	......	......	......	......	......	......	19	42	48	49
37 Mexico	3,745	4,822	4,909	4,898	4,719	4,836	4,379	4,506	4,784	5,066
38 Netherlands Antilles[4]	72	140	224	220	208	215	202	206	212	206
39 Panama	1,138	1,372	1,410	1,953	1,880	1,699	2,196	2,147	1,904	2,279
40 Peru	805	933	962	965	931	920	885	920	934	918
41 Uruguay	57	42	80	67	65	65	51	58	52	52
42 Venezuela	1,319	1,828	2,318	2,205	2,421	2,367	2,146	2,233	2,243	2,338
43 Other Latin America and Caribbean	1,302	1,293	1,394	1,671	1,678	1,593	1,302	1,235	1,237	1,213
44 *Asia*	*17,706*	*19,204*	*19,236*	*18,830*	*18,985*	*20,039*	*18,064*	*19,453*	*19,243*	*18,325*
45 China, People's Republic of (Mainland)	22	3	10	15	13	11	15	22	13	5
46 China, Republic of (Taiwan)	1,053	1,344	1,719	1,619	1,663	1,656	1,422	1,456	1,343	1,183
47 Hong Kong	289	316	543	516	495	609	826	755	769	698
48 India	57	69	53	65	72	97	53	70	80	46
49 Indonesia	246	218	232	210	222	202	165	137	146	139
50 Israel	721	755	584	501	498	491	434	494	465	444
51 Japan	10,944	11,040	9,839	9,626	9,767	10,266	9,532	9,745	10,020	9,779
52 Korea	1,791	1,978	2,336	2,458	2,315	2,090	1,850	1,800	2,303	1,936
53 Philippines	534	719	594	602	642	660	615	751	678	640
54 Thailand	520	442	633	634	647	656	686	730	711	725
55 Middle East oil-exporting countries[5]	744	1,459	1,746	1,681	1,753	2,219	1,488	2,522	1,572	1,562
56 Other Asia	785	862	947	903	898	1,082	978	970	1,142	1,168
57 *Africa*	*1,933*	*2,311*	*2,518*	*2,556*	*2,548*	*2,632*	*2,235*	*2,219*	*2,138*	*2,133*
58 Egypt	123	126	119	126	121	107	79	72	70	78
59 Morocco	8	27	43	61	44	39	35	37	38	36
60 South Africa	657	957	1,066	1,095	1,106	1,169	1,052	1,055	1,055	1,036
61 Zaire	181	112	98	98	98	101	77	80	79	79
62 Oil-exporting countries[6]	382	524	510	499	531	493	416	441	377	341
63 Other	581	565	682	677	648	723	575	533	519	563
64 *Other countries*	*830*	*772*	*1,090*	*1,037*	*1,017*	*1,095*	*953*	*964*	*984*	*1,002*
65 Australia	700	597	905	839	813	879	785	798	824	836
66 All other	130	175	186	198	204	216	168	166	160	167
67 **Nonmonetary International and Regional Organizations[7]**	**33**	**40**	**43**	**44**	**35**	**43**	**48**	**34**	**33**	**45**

1 Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.

3 Included in "Other Latin America and Caribbean" through March 1978.

4 Includes Surinam through December 1975.

5 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

6 Comprises Algeria, Gabon, Libya, and Nigeria.

7 Excludes the Bank for International Settlements, which is included in "Other Western Europe."

▲ Data for period prior to April 1978 include claims of banks' domestic customers on foreigners. For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.17 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States

Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1975	1976	1977	1978 Jan.	Feb.	Mar.	Apr. ▲	May	June p	July p
1 **Total**	**58,308**	**79,301**	**90,206**	**91,874**	**91,040**	**96,449**	....	....	....	....
2 Banks' own claims on foreigners	....	....	....	....	....	....	88,387	87,876	87,223	87,339
3 Foreign public borrowers	....	....	....	....	....	....	4,584	5,283	5,786	6,350
4 Own foreign offices[1]	....	....	....	....	....	....	35,513	35,714	31,407	33,580
5 Unaffiliated foreign banks	....	....	....	....	....	....	28,660	27,805	30,130	27,500
6 Deposits	....	....	....	....	....	....	4,869	4,658	5,134	4,616
7 Other	....	....	....	....	....	....	23,791	23,147	24,996	22,885
8 All other foreigners	....	....	....	....	....	....	19,629	19,074	19,900	19,909
9 Claims of banks' domestic customers[2]	....	....	....	....	....	....	....	....	....	....
10 Deposits	....	....	....	....	....	....	....	....	....	....
11 Negotiable and readily transferable instruments[3]	....	....	....	....	....	....	....	....	....	....
12 Outstanding collections and other claims[4]	5,467	5,756	6,176	6,342	6,446	6,765	....	....	....	....
13 MEMO: Customer liability on acceptances	....	....	....	....	....	....	....	....	....	....

1 U.S. banks: includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly-owned subsidiaries of head office or parent foreign bank.

2 Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.

3 Principally negotiable time certificates of deposit and bankers acceptances.

4 Data for March 1978 and for period prior to that are outstanding collections only.

NOTE.—Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' domestic customers are available on a quarterly basis only.

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.18 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	
1 Total	NO FIGURES UNTIL JUNE 1978 DATA ARE AVAILABLE▲
By borrower:	
2 Maturity of 1 year or less[1]	
3 Foreign public borrowers	
4 All other foreigners	
5 Maturity of over 1 year[1]	
6 Foreign public borrowers	
7 All other foreigners	
By area:	
Maturity of 1 year or less[1]	
8 Europe	
9 Canada	
10 Latin America and Caribbean	
11 Asia	
12 Africa	
13 All other[2]	
Maturity of over 1 year[1]	
14 Europe	
15 Canada	
16 Latin America and Caribbean	
17 Asia	
18 Africa	
19 All other[2]	

1 Remaining time to maturity.
2 Includes nonmonetary international and regional organizations.

▲ For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.19 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies▲

Millions of dollars, end of period

Item	1974	1975	1976	1977		1978		
				Nov.	Dec.	Jan.	Feb.	Mar.
1 Banks' own liabilities	766	560	781	944	925	831	885	986
2 Banks' own claims[1]	1,276	1,459	1,834	2,086	2,356	2,371	2,317	2,383
3 Deposits	669	656	1,103	841	941	940	895	948
4 Other claims	607	802	731	1,245	1,415	1,432	1,422	1,435
5 Claims of banks' domestic customers[2]	....	....	....	....	....	....	....	....

1 Includes claims of banks' domestic customers through March 1978.
2 Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE.— Data on claims exclude foreign currencies held by U.S. monetary authorities.

▲ For a description of the changes in the International Statistics Tables, see July 1978 BULLETIN, p. 612.

3.20 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1976	1977	1978 Jan.–July[p]	1978 Jan.	Feb.	Mar.	Apr.	May	June[p]	July[p]
	Holdings (end of period)[3]									
1 **Estimated total**	**15,799**	**38,620**	....	**40,101**	**40,380**	**41,230**	**39,661**	**39,367**	**40,707**	**41,500**
2 **Foreign countries**	**12,765**	**33,874**	....	**35,648**	**35,479**	**36,475**	**34,812**	**34,345**	**35,014**	**36,336**
3 *Europe*	*2,330*	*13,916*	....	*15,044*	*14,895*	*15,206*	*13,607*	*12,946*	*13,156*	*14,256*
4 Belgium-Luxembourg	14	19	....	19	19	19	19	19	19	19
5 Germany	764	3,168	....	3,373	3,494	3,816	3,820	4,031	4,361	5,531
6 Netherlands	288	911	....	930	954	1,029	1,079	1,070	1,113	1,113
7 Sweden	191	100	....	125	125	155	175	175	185	180
8 Switzerland	261	477	....	391	401	400	443	447	509	569
9 United Kingdom	485	8,888	....	9,839	9,513	9,418	7,737	6,856	6,597	6,473
10 Other Western Europe	323	349	....	362	384	363	330	346	370	368
11 Eastern Europe	4	4	....	4	4	4	4	4	4	4
12 Canada	256	288	....	285	250	251	253	261	264	275
13 Latin America and Caribbean	313	551	....	543	587	551	535	503	494	485
14 Venezuela	149	199	....	201	241	200	189	174	174	174
15 Other Latin American and Caribbean	47	183	....	181	184	189	184	167	158	149
16 Netherlands Antilles	118	170	....	162	162	162	162	162	162	162
17 Asia	9,323	18,745	....	19,413	19,378	20,120	20,070	20,137	20,605	20,831
18 Japan	2,687	6,860	....	7,463	7,617	8,313	8,332	8,964	9,616	9,927
19 Africa	543	362	....	362	362	341	341	491	491	491
20 All other	*	11	....	2	7	6	6	8	4	-3
21 **Nonmonetary international and regional organizations**	**3,034**	**4,746**	....	**4,453**	**4,901**	**4,755**	**4,849**	**5,022**	**5,693**	**5,164**
22 International	2,906	4,646	....	4,358	4,781	4,640	4,740	4,931	5,633	5,131
23 Latin American regional	128	100	....	95	120	115	110	90	61	33
	Transactions (net purchases, or sales (–), during period)									
24 **Total**	**8,096**	**22,823**	**2,557**	**1,481**	**278**	**851**	**-1,569**	**-295**	**1,341**	**470**
25 **Foreign countries**	**5,393**	**21,110**	**2,461**	**1,774**	**–169**	**996**	**-1,664**	**–467**	**669**	**1,322**
26 Official institutions	4,958	20,328	2,041	1,714	–277	975	–1,690	–566	592	1,293
27 Other foreign	435	782	420	59	108	22	26	99	77	29
28 **Nonmonetary international and regional organizations**	**2,704**	**1,713**	**95**	**–292**	**447**	**–145**	**94**	**171**	**671**	**–852**
MEMO: Oil-exporting countries										
29 Middle East[1]	3,887	4,451	-889	56	–184	72	–72	563	185	–85
30 Africa[2]	221	–181	130	....	....	20	....	150	....	....

1 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2 Comprises Algeria, Gabon, Libya, and Nigeria.

3 Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

3.21 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1975	1976	1977	1978 Feb.	Mar.	Apr.	May	June	July	Aug.
1 Deposits	353	352	424	445	352	481	453	288	347	309
Assets held in custody:										
2 U.S. Treasury securities[1]	60,019	66,532	91,962	98,465	105,362	102,044	100,146	99,465	101,696	102,902
3 Earmarked gold[2]	16,745	16,414	15,988	15,735	15,727	15,686	15,667	15,620	15,594	15,572

1 Marketable U.S. Treasury bills, certificates of indebtedness, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2 The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE.—Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.22 FOREIGN TRANSACTIONS IN SECURITIES
Millions of dollars

	Transactions, and area or country	1976	1977	1978 Jan.–July[p]	1978 Jan.	Feb.	Mar.	Apr.	May	June[p]	July[p]
		U.S. corporate securities									
	Stocks										
1	Foreign purchases	18,227	14,155	10,843	1,024	825	1,413	1,864	2,391	2,035	1,290
2	Foreign sales	15,475	11,479	8,919	909	762	921	1,151	1,963	1,925	1,287
3	**Net purchases, or sales (−)**	**2,753**	**2,676**	**1,924**	**115**	**63**	**492**	**713**	**427**	**110**	**3**
4	**Foreign countries**	**2,740**	**2,661**	**1,969**	**116**	**63**	**510**	**720**	**427**	**131**	**3**
5	Europe	336	1,006	1,242	30	41	319	508	323	31	−11
6	France	256	40	77	−12	−2	68	79	−2	−39	−15
7	Germany	68	291	398	45	33	52	125	52	80	11
8	Netherlands	−199	22	−11	−4	−13	−9	16	9	−18	9
9	Switzerland	100	152	−62	−54	−16	7	103	31	−78	−55
10	United Kingdom	340	613	855	60	57	187	173	229	98	51
11	Canada	324	65	−90	−19	−26	−3	44	−58	−12	−16
12	Latin America and Caribbean	155	127	74	−9	−4	17	37	36	33	−35
13	Middle East[1]	1,803	1,390	641	107	48	170	97	90	59	69
14	Other Asia	119	59	104	6	1	5	35	39	23	−5
15	Africa	7	5	−4	*	2	1	−1	−4	−3	1
16	Other countries	−4	8	2	1	1	*	*	*	*	*
17	**Nonmonetary international and regional organizations**	**13**	**15**	**−45**	**−1**	**1**	**−19**	**−7**	**1**	**−21**	*
	Bonds[2]										
18	Foreign purchases	5,529	7,739	4,414	459	r574	600	312	780	678	1,011
19	Foreign sales	4,322	3,404	2,860	377	348	621	343	333	301	537
20	**Net purchases, or sales (−)**	**1,207**	**4,335**	**1,554**	**83**	**r226**	**−21**	**−31**	**447**	**377**	**474**
21	**Foreign countries**	**1,248**	**4,239**	**1,458**	**101**	**r181**	*	**−29**	**449**	**306**	**452**
22	Europe	91	2,006	542	133	32	−163	−93	41	159	433
23	France	39	−34	6	−4	1	5	−4	8	−3	2
24	Germany	−49	59	84	1	7	19	10	21	14	12
25	Netherlands	−29	72	−13	7	1	−20	3	−3	−7	4
26	Switzerland	158	157	−126	−7	3	−37	−33	−36	5	−20
27	United Kingdom	23	1,705	641	125	22	−122	−54	75	154	443
28	Canada	96	141	60	7	7	5	13	9	6	14
29	Latin America and Caribbean	94	64	33	11	6	11	1	12	2	−9
30	Middle East[1]	1,179	1,695	827	−59	r125	137	33	370	91	130
31	Other Asia	−165	338	−7	9	11	9	16	15	48	−115
32	Africa	−25	−6	−1	*	−1	*	*	*	*	*
33	Other countries	−21	*	2	*	*	*	1	1	*	*
34	**Nonmonetary international and regional organizations**	**−41**	**96**	**98**	**−18**	**45**	**−20**	**−2**	**−1**	**72**	**22**
		Foreign securities									
35	**Stocks, net purchases, or sales (−)**	**−323**	**−410**	**407**	**103**	**113**	**114**	**143**	**−13**	**59**	**6**
36	Foreign purchases	1,937	2,255	2,119	255	280	337	404	271	244	328
37	Foreign sales	2,259	2,665	1,712	152	167	223	261	284	303	322
38	**Bonds, net purchases, or sales (−)**	**r−8,774**	**r−5,115**	**−2,739**	**r−572**	**r−181**	**r−526**	**r−501**	**−39**	**−648**	**−273**
39	Foreign purchases	4,932	r8,052	6,092	691	522	797	1,169	1,017	1,012	885
40	Foreign sales	r13,706	r13,167	8,832	r1,263	r703	r1,322	r1,670	1,056	1,659	1,158
41	**Net purchases, or sales (−) of stocks and bonds**	**r−9,097**	**r−5,524**	**−2,332**	**r−469**	**r−69**	**r−412**	**r−358**	**51**	**−707**	**−267**
42	**Foreign countries**	**r−7,199**	**r−3,967**	**−2,245**	**r−476**	**r12**	**r−263**	**r−428**	**67**	**−752**	**−269**
43	Europe	−850	r−1,145	−168	98	95	116	106	−194	−236	−152
44	Canada	−5,245	r−2,404	−2,086	−446	−4	−177	−807	−80	−420	−152
45	Latin America and Caribbean	−3	80	231	−6	37	69	120	72	−70	8
46	Asia	r−733	r−73	−16	r−117	r−118	r−277	r143	131	178	44
47	Africa	48	2	−42	−2	*	*	7	*	−22	−25
48	Other countries	−416	267	−164	−3	2	6	2	4	−182	7
49	**Nonmonetary international and regional organizations**	**−1,898**	**−1,557**	**−88**	**7**	**−80**	**−148**	**70**	**16**	**45**	**2**

1 Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2 Includes State and local government securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.23 SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

	Type, and area or country	Liabilities to foreigners 1977 Mar.	1977 June	1977 Sept.	1977 Dec.	1978 Mar.p	Claims on foreigners 1977 Mar.	1977 June	1977 Sept.	1977 Dec.	1978 Mar.p
1	**Total**	**6,595**	**6,480**	**7,190**	**7,873**	**8,311**	**14,941**	**16,125**	**14,971**	**16,050**	**18,215**
	By type:										
2	*Payable in dollars*	*5,828*	*5,763*	*6,340*	*7,070*	*7,426*	*13,925*	*15,012*	*13,925*	*14,704*	*16,587*
3	*Payable in foreign currencies*	*767*	*717*	*850*	*803*	*885*	*1,016*	*1,113*	*1,047*	*1,346*	*1,628*
4	Deposits with banks abroad in reporter's name						431	448	414	620	670
5	Other						585	665	632	726	958
	By area or country:										
6	**Foreign countries**	**6,403**	**6,310**	**7,036**	**7,658**	**8,164**	**14,938**	**16,124**	**14,970**	**16,049**	**18,214**
7	*Europe*	*2,135*	*2,183*	*2,283*	*2,495*	*2,754*	*5,170*	*5,751*	*4,991*	*5,660*	*5,457*
8	Austria	9	10	12	21	23	23	26	24	24	21
9	Belgium-Luxembourg	177	138	119	106	161	170	221	226	211	187
10	Denmark	15	14	16	14	23	48	40	44	56	47
11	Finland	2	10	11	9	12	40	90	59	13	13
12	France	163	157	171	239	274	436	413	430	513	545
13	Germany	175	163	226	284	335	367	377	393	453	410
14	Greece	80	73	78	85	108	90	86	52	41	42
15	Italy	135	138	107	128	104	473	440	352	387	384
16	Netherlands	168	205	176	230	252	172	182	161	166	184
17	Norway	37	33	35	7	9	42	42	38	42	42
18	Portugal	23	20	12	11	7	35	30	34	69	27
19	Spain	52	68	74	77	94	325	322	307	387	407
20	Sweden	36	36	41	28	37	93	92	91	117	115
21	Switzerland	214	236	257	263	229	154	179	146	220	238
22	Turkey	12	21	97	108	99	32	37	32	39	48
23	United Kingdom	689	721	725	750	861	2,413	2,963	2,409	2,687	2,526
24	Yugoslavia	113	110	92	90	82	30	28	20	20	24
25	Other Western Europe	6	6	9	10	8	18	15	15	25	33
26	U.S.S.R.	15	16	11	24	15	105	76	62	55	44
27	Other Eastern Europe	13	10	14	12	23	103	102	96	135	121
28	*Canada*	*427*	*448*	*451*	*504*	*530*	*2,426*	*2,574*	*2,509*	*2,600*	*3,347*
29	*Latin America*	*1,121*	*1,020*	*1,027*	*1,178*	*1,359*	*4,448*	*4,965*	*4,567*	*4,476*	*5,885*
30	Argentina	42	50	50	40	53	46	51	53	53	53
31	Bahamas	256	216	222	300	306	1,920	2,271	1,906	2,007	3,088
32	Brazil	49	37	76	49	62	535	457	414	517	496
33	Chile	16	24	13	17	14	35	28	40	45	40
34	Colombia	18	22	24	42	26	75	72	85	84	83
35	Cuba	*	*	*	*	*	1	1	*	*	*
36	Mexico	121	120	103	114	177	317	301	302	314	312
37	Panama	12	11	12	22	12	105	121	222	91	178
38	Peru	24	21	13	15	22	32	28	30	32	30
39	Uruguay	4	3	4	3	5	6	5	5	5	7
40	Venezuela	260	208	225	222	283	210	240	256	277	317
41	Other Latin American republics	148	141	122	118	107	237	237	257	281	270
42	Netherlands Antilles	11	17	9	25	41	14	8	8	12	24
43	Other Latin America	160	151	154	209	250	914	1,146	989	757	987
44	*Asia*	*2,057*	*1,971*	*2,594*	*2,825*	*2,809*	*2,316*	*2,315*	*2,403*	*2,774*	*2,966*
45	China, People's Republic of (Mainland)	3	2	1	8	4	7	7	12	9	22
46	China, Republic of (Taiwan)	113	138	152	156	164	130	131	139	157	145
47	Hong Kong	42	27	25	40	32	107	93	73	98	84
48	India	39	41	44	37	26	35	51	42	38	85
49	Indonesia	94	80	60	56	57	206	184	185	375	189
50	Israel	37	45	58	63	68	51	70	46	38	47
51	Japan	172	183	604	695	767	969	927	1,026	1,068	1,372
52	Korea	96	95	81	108	104	130	158	153	174	135
53	Philippines	59	73	78	74	99	86	90	111	99	94
54	Thailand	19	11	17	17	11	27	22	24	23	31
55	Other Asia	1,383	1,277	1,474	1,572	1,477	569	582	590	697	761
56	*Africa*	*591*	*589*	*568*	*563*	*609*	*429*	*370*	*346*	*393*	*408*
57	Egypt	29	33	45	13	19	70	24	22	38	33
58	Morocco	30	72	105	112	130	12	11	10	21	20
59	South Africa	33	27	29	20	30	80	69	75	75	71
60	Zaire	39	39	48	46	55	19	17	19	15	11
61	Other Africa	460	418	341	372	375	248	248	221	245	272
62	*Other countries*	*72*	*98*	*111*	*93*	*104*	*150*	*149*	*153*	*146*	*150*
63	Australia	53	78	93	75	89	114	110	113	111	116
64	All other	19	20	18	18	14	36	40	41	35	34
65	**Nonmonetary international and regional organizations**	**192**	**170**	**154**	**215**	**147**	**2**	**1**	**1**	**1**	**1**

NOTE.—Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States. Data exclude claims held through U.S. banks and intercompany accounts between U.S. companies and their affiliates.

3.24 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States

Millions of dollars, end of period

Type and country	1974	1975	1976	1977	1978 Jan.	Feb.	Mar.	Apr.	May	June[p]
1 **Total**	**3,357**	**3,799**	**5,506**	**6,936**	**7,694**	**8,312**	**8,929**	**9,049**	**9,439**	**8,912**
By type:										
2 *Payable in dollars*	*2,660*	*3,042*	*4,823*	*5,999*	*6,680*	*7,321*	*7,791*	*7,953*	*8,420*	*7,771*
3 Deposits	2,591	2,710	4,450	5,597	6,226	6,836	7,213	7,310	7,814	7,218
4 Short-term investments [1]	69	332	373	402	454	485	578	643	606	553
5 *Payable in foreign currencies*	*697*	*757*	*683*	*955*	*1,015*	*991*	*1,137*	*1,096*	*1,018*	*1,142*
6 Deposits	429	511	397	553	553	533	607	597	492	599
7 Short-term investments [1]	268	246	286	402	462	458	530	499	526	543
By country:										
8 United Kingdom	1,350	1,306	1,817	2,006	1,757	1,908	1,810	1,746	1,595	1,683
9 Canada	967	1,156	1,541	1,696	2,152	2,284	2,463	2,702	2,771	2,547
10 Bahamas	391	546	1,322	1,883	2,404	2,656	2,951	2,988	3,569	2,975
11 Japan	398	343	113	153	205	267	405	290	258	273
12 All other	252	446	713	1,198	1,176	1,197	1,300	1,323	1,246	1,435

1 Negotiable and other readily transferable foreign obligations payable on demand or having a contractural maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

NOTE.—Data represent the assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in Table 3.26.

3.25 LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

Area and country	Liabilities to foreigners 1977 Mar.	June	Sept.	Dec.	1978 Mar.[p]	Claims on foreigners 1977 Mar.	June	Sept.	Dec.	1978 Mar.[p]
1 **Total**	**3,523**	**3,364**	**3,355**	**3,222**	**3,205**	**4,946**	**4,898**	**4,697**	**5,054**	**5,114**
2 Europe	2,657	2,507	2,565	2,458	2,540	899	898	826	857	930
3 Germany	391	370	407	255	295	84	76	76	70	73
4 Netherlands	272	262	272	288	293	154	147	81	82	81
5 Switzerland	178	177	224	241	241	53	43	42	49	48
6 United Kingdom	1,389	1,277	1,255	1,232	1,247	259	283	282	310	332
7 Canada	80	79	76	71	67	1,475	1,486	1,462	1,776	1,792
8 Latin America	292	301	294	289	253	1,489	1,457	1,371	1,406	1,387
9 Bahamas	163	167	159	156	146	34	34	36	40	42
10 Brazil	5	7	7	7	6	125	125	134	144	154
11 Chile	1	1	1	1	1	210	208	201	203	194
12 Mexico	23	26	30	30	30	180	178	187	177	183
13 Asia	432	408	358	342	284	817	833	809	797	789
14 Japan	413	386	319	305	250	96	111	94	66	83
15 Africa	2	3	3	2	2	199	158	165	161	156
16 All other [1]	59	67	59	60	60	67	67	63	59	60

1 Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate on Aug. 31, 1978 Per cent	Rate on Aug. 31, 1978 Month effective	Country	Rate on Aug. 31, 1978 Per cent	Rate on Aug. 31, 1978 Month effective	Country	Rate on Aug. 31, 1978 Per cent	Rate on Aug. 31, 1978 Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	7.0	Feb. 1978
Austria	4.5	June 1978	Germany, Fed. Rep. of	3.0	Dec. 1977	Sweden	6.5	July 1978
Belgium	6.0	July 1978	Italy	10.5	Sept. 1978	Switzerland	1.0	Feb. 1978
Brazil	30.0	Sept. 1977	Japan	3.5	Mar. 1978	United Kingdom	10.0	June 1978
Canada	9.0	July 1978	Mexico	4.5	June 1942	Venezuela	5.0	Oct. 1970
Denmark	8.0	July 1977	Netherlands	4.5	July 1978			

NOTE.—Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Per cent per annum, averages of daily figures

Country, or type	1975	1976	1977	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July	1978 Aug.
1 Euro-dollars	7.02	5.58	6.03	7.27	7.38	7.82	8.33	8.52	8.48
2 United Kingdom	10.63	11.35	8.07	6.72	7.47	9.17	10.02	10.13	9.42
3 Canada	8.00	9.39	7.47	7.44	8.14	8.01	8.12	8.23	8.77
4 Germany	4.87	4.19	4.30	3.49	3.54	3.60	3.61	3.71	3.64
5 Switzerland	3.01	1.45	2.56	.46	.40	1.18	1.38	1.74	0.67
6 Netherlands	5.17	7.02	4.73	5.35	4.62	4.48	4.60	5.61	6.27
7 France	7.91	8.65	9.20	9.86	8.35	8.21	7.94	7.61	7.39
8 Italy	10.37	16.32	14.26	(1)	11.75	11.80	11.75	11.75	11.75
9 Belgium	6.63	10.25	6.95	6.41	5.55	5.71	5.61	5.84	7.09
10 Japan	11.64	7.70	6.22	4.86	4.50	4.50	4.75	4.75	4.64

1 Unquoted.

NOTE.—Rates are for 3-month interbank loans except for—Canada, finance company paper; Belgium, time deposits of 20 million francs and over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1975	1976	1977	1978 Mar.	1978 Apr.	1978 May	1978 June	1978 July	1978 Aug.
1 Australia/dollar	130.77	122.15	110.82	113.83	113.97	112.76	113.83	114.94	115.41
2 Austria/shilling	5.7467	5.5744	6.0494	6.8221	6.8081	6.6031	6.6718	6.7547	6.9490
3 Belgium/franc	2.7253	2.5921	2.7911	3.1589	3.1419	3.0463	3.0590	3.0864	3.1834
4 Canada/dollar	98.30	101.41	94.112	88.823	87.592	89.397	89.143	88.921	87.690
5 Denmark/krone	17.437	16.546	16.658	17.839	17.807	17.535	17.723	17.846	18.171
6 Finland/markka	27.285	25.938	24.913	24.013	23.900	23.430	23.390	23.809	24.381
7 France/franc	23.354	20.942	20.344	21.256	21.803	21.513	21.841	22.531	22.998
8 Germany/deutsche mark	40.729	39.737	43.079	49.181	48.964	47.497	47.984	48.647	50.084
9 India/rupee	11.926	11.148	11.406	12.185	11.815	11.653	11.900	12.245	12.483
10 Ireland/pound	222.16	180.48	174.49	190.55	184.97	181.81	183.72	189.49	194.06
11 Italy/lira	.15328	.12044	.11328	.11692	.11644	.11488	.11634	.11804	.11952
12 Japan/yen	.33705	.33741	.37342	.43148	.45084	.44215	.46744	.50101	.53002
13 Malaysia/ringgit	41.753	39.340	40.620	42.428	42.057	41.462	41.964	42.447	43.433
14 Mexico/peso	8.0000	6.9161	4.4239	4.3928	4.3945	4.3973	4.3840	4.3756	4.3758
15 Netherlands/guilder	39.632	37.846	40.752	45.994	45.865	44.407	44.716	45.076	46.203
16 New Zealand/dollar	121.16	99.115	96.893	102.20	101.92	100.69	101.90	103.85	105.42
17 Norway/krone	19.180	18.327	18.789	18.775	18.621	18.360	18.450	18.524	19.018
18 Portugal/escudo	3.9286	3.3159	2.6234	2.4483	2.4075	2.2208	2.1857	2.1939	2.2042
19 South Africa/rand	136.47	114.85	114.99	115.05	115.05	115.01	114.93	115.00	115.00
20 Spain/peseta	1.7424	1.4958	1.3287	1.2497	1.2475	1.2317	1.2587	1.2885	1.3344
21 Sri Lanka/rupee	14.385	11.908	11.964	6.5000	6.4950	6.2945	6.2859	6.3245	6.3926
22 Sweden/krona	24.141	22.957	22.383	21.693	21.731	21.491	21.690	22.012	22.523
23 Switzerland/franc	38.743	40.013	41.714	52.693	52.511	50.892	53.046	55.443	60.013
24 United Kingdom/pound	222.16	180.48	174.49	190.55	184.97	181.81	183.72	189.49	194.06
MEMO:									
25 United States/dollar[1]	r98.34	r105.57	r103.31	r94.80	r94.56	r96.31	r94.74	92.44	89.99

1 Index of weighted average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on page 700 of the August 1978 BULLETIN.

NOTE.—Averages of certified noon buying rates in New York for cable transfers.

4.10 SALES, REVENUE, PROFITS, AND DIVIDENDS—Large Manufacturing Corporations

Millions of dollars

	Industry	1976	1977	1976			1977				1978
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	Total (170 corps.)										
1	Sales	667,821	748,757	166,452	161,596	180,462	177,430	190,302	180,384	200,641	194,654
2	Total revenue	676,596	758,013	168,958	164,631	181,546	179,496	192,996	182,488	203,033	197,039
3	Profits before taxes	71,885	78,909	18,902	16,894	18,587	18,874	21,468	18,146	20,421	19,653
4	Profits after taxes	34,707	37,854	9,532	8,442	8,113	9,056	10,472	9,337	8,989	9,654
5	MEMO: PAT unadjusted[1]	36,016	38,391	9,490	8,550	9,340	9,107	10,553	8,656	10,075	9,645
6	Dividends	14,491	r17,532	3,449	3,480	4,371	3,840	4,269	3,985	r5,438	4,295
	Nondurable goods industries (86 corps.):[2]										
7	Sales	362,935	404,141	87,404	88,678	99,926	95,836	101,035	97,144	110,126	104,501
8	Total revenue	368,184	409,601	88,864	90,967	100,174	96,948	102,807	98,232	111,614	105,849
9	Profits before taxes	42,694	45,906	10,595	10,632	10,793	11,074	12,064	11,195	11,573	11,342
10	Profits after taxes	18,571	22,284	4,833	4,871	4,058	4,837	5,160	5,144	r4,430	5,140
11	MEMO: PAT unadjusted[1]	19,468	19,768	4,809	4,962	4,868	4,880	5,224	5,234	r5,249	5,139
12	Dividends	7,910	r8,944	1,947	1,990	2,094	2,185	2,227	2,268	r2,264	2,406
	Durable goods industries (84 corps.):[3]										
13	Sales	304,886	344,616	79,048	72,918	80,536	81,594	89,267	83,240	90,515	90,153
14	Total revenue	308,412	348,412	80,094	73,664	81,372	82,548	90,189	84,256	91,419	91,190
15	Profits before taxes	29,191	33,003	8,307	6,262	7,794	7,800	9,404	6,951	8,848	8,311
16	Profits after taxes	16,136	18,283	4,699	3,571	4,055	4,219	5,312	4,193	4,559	4,514
17	MEMO: PAT unadjusted[1]	16,548	17,804	4,681	3,588	4,472	4,227	5,329	3,422	4,826	4,506
18	Dividends	6,577	r8,588	1,502	1,490	2,277	1,655	2,042	1,717	r3,174	1,889
	Selected industries:										
	Food and kindred products (28 corps.):										
19	Sales	62,568	68,422	15,057	16,048	16,701	15,903	16,776	16,947	18,796	17,083
20	Total revenue	63,142	69,168	15,395	16,221	16,533	16,155	17,136	17,239	18,638	17,467
21	Profits before taxes	5,750	6,040	1,507	1,462	1,310	1,448	1,560	1,526	1,506	1,490
22	Profits after taxes	2,890	3,172	778	817	630	739	825	826	782	802
23	MEMO: PAT unadjusted[1]	3,013	3,309	785	827	734	746	835	836	892	803
24	Dividends	1,259	r1,433	325	309	318	342	352	364	r375	401
	Chemical and allied products (22 corps.):										
25	Sales	64,125	70,251	16,081	15,878	16,410	17,103	17,347	17,586	18,215	19,296
26	Total revenue	64,837	70,906	16,242	16,084	16,612	17,271	17,526	17,743	18,366	19,482
27	Profits before taxes	8,197	8,530	2,117	2,008	1,893	2,112	2,290	2,062	2,066	2,353
28	Profits after taxes	4,511	4,604	1,208	1,130	929	1,192	1,288	1,184	940	1,334
29	MEMO: PAT unadjusted[1]	4,622	4,831	1,153	1,163	1,081	1,181	1,289	1,178	1,183	1,317
30	Dividends	1,918	2,186	445	481	548	514	539	553	580	567
	Petroleum refining (15 corps.):										
31	Sales	196,154	221,694	46,065	46,923	56,510	52,344	55,903	51,593	61,854	56,996
32	Total revenue	199,688	225,338	46,888	48,744	56,649	52,891	57,096	52,130	63,221	57,695
33	Profits before taxes	25,857	28,144	6,210	6,559	6,834	6,746	7,396	6,818	7,184	6,832
34	Profits after taxes	9,555	10,072	2,383	2,606	2,085	2,498	2,655	2,694	2,225	2,615
35	MEMO: PAT unadjusted[1]	10,168	10,684	2,404	2,635	2,617	2,546	2,708	2,756	2,674	2,627
36	Dividends	4,089	4,615	1,017	1,036	1,065	1,163	1,160	1,166	1,126	1,247
	Primary metals and products (23 corps.):										
37	Sales	54,044	58,713	14,441	13,751	13,119	13,773	15,573	14,454	14,913	15,632
38	Total revenue	54,825	59,488	14,650	13,958	13,313	13,963	15,769	14,636	15,120	15,847
39	Profits before taxes	2,834	1,476	924	701	576	460	100	239	677	408
40	Profits after taxes	1,652	1,579	603	513	127	260	536	493	290	175
41	MEMO: PAT unadjusted[1]	1,947	1,474	610	521	400	274	553	287	360	185
42	Dividends	926	r1,088	227	230	251	234	246	266	r342	210
	Machinery (27 corps.):										
43	Sales	87,274	96,820	21,627	21,133	24,059	22,727	24,380	24,317	25,396	24,902
44	Total revenue	88,519	98,380	22,072	21,280	24,460	23,051	24,702	24,767	25,860	25,261
45	Profits before taxes	11,320	13,158	2,781	2,700	3,370	2,900	3,318	3,264	3,676	3,124
46	Profits after taxes	6,181	7,158	1,528	1,461	1,837	1,573	1,805	1,771	2,009	1,705
47	MEMO: PAT unadjusted[1]	6,202	7,204	1,517	1,467	1,864	1,571	1,804	1,782	2,047	1,701
48	Dividends	2,383	r3,495	581	602	663	712	767	702	r1,314	824
	Motor vehicles and equipment (9 corps.):										
49	Sales	107,563	127,049	28,710	24,250	28,208	31,069	33,502	28,835	33,643	33,713
50	Total revenue	108,394	127,816	28,942	24,500	28,250	31,350	33,716	29,104	33,646	33,987
51	Profits before taxes	8,909	10,738	3,056	1,272	2,087	2,988	3,489	1,575	2,686	2,986
52	Profits after taxes	4,870	5,747	1,668	705	1,166	1,599	1,914	892	1,342	1,654
53	MEMO: PAT unadjusted[1]	4,918	5,861	1,658	704	1,219	1,603	1,926	898	1,434	1,648
54	Dividends	2,062	2,607	422	372	983	392	698	413	1,104	473

1 Profits after taxes unadjusted are as reported by the individual companies. These data are not adjusted to eliminate differences in accounting treatments of special charges, credits, and other nonoperating items.

2 Includes 21 corporations in groups not shown separately.

3 Includes 25 corporations in groups not shown separately.

NOTE.—Data are obtained from published reports of companies and reports made to the Securities and Exchange Commission. Sales are net of returns, allowances, and discounts, and exclude excise taxes paid directly by the company. Total revenue data include, in addition to sales, income from nonmanufacturing operations and nonoperating income. Profits are before dividend payments and have been adjusted to exclude special charges and credits to surplus reserves and extraordinary items not related primarily to the current reporting period. Income taxes (not shown) include Federal, State and local government, and foreign.

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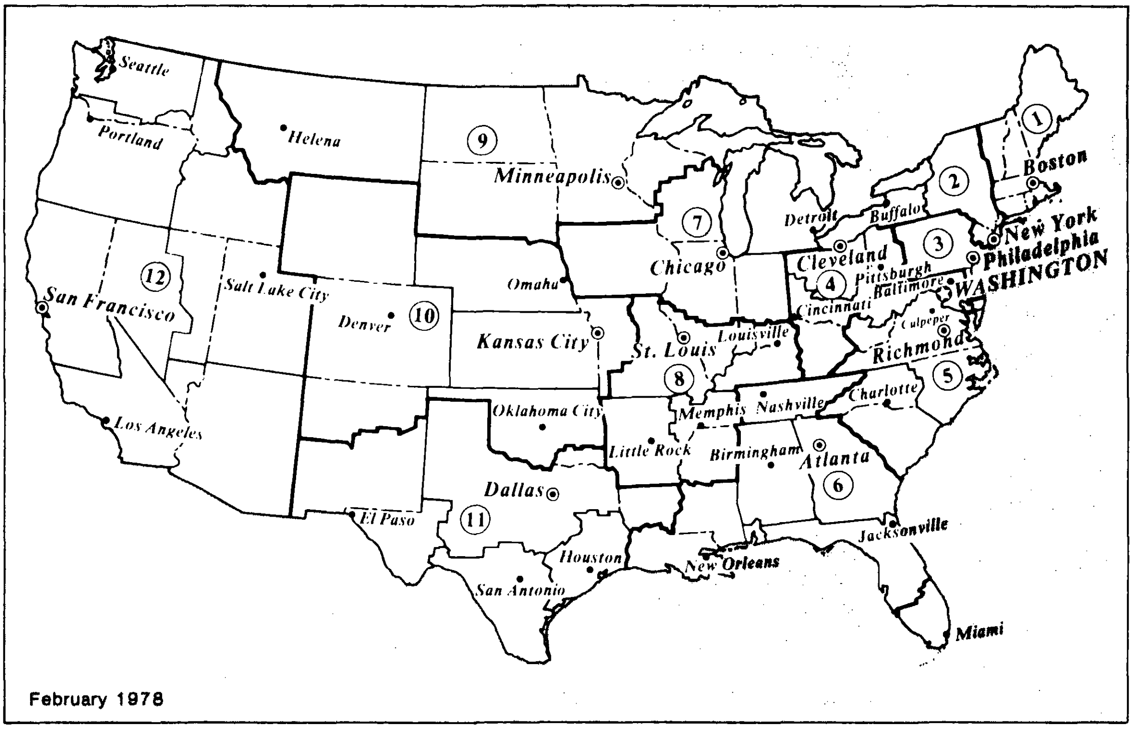
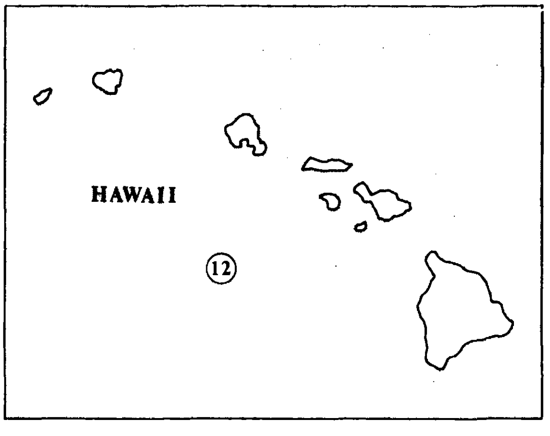
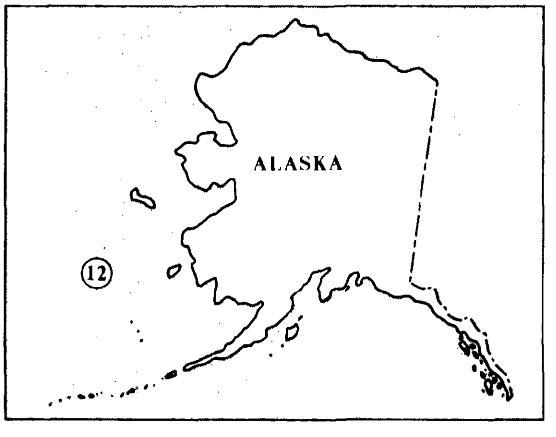
The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories







LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

SYMBOLS AND ABBREVIATIONS

p	Preliminary
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)
e	Estimated
c	Corrected
n.e.c.	Not elsewhere classified
Rp's	Repurchase agreements
IPC's	Individuals, partnerships, and corporations
SMSA's	Standard metropolitan statistical areas
REIT's	Real estate investment trusts
*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
....	(1) Zero, (2) no figure to be expected, or (3) figure delayed or, (4) no change (when figures are expected in percentages)

GENERAL INFORMATION

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"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.

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LIST PUBLISHED SEMIANNUALLY, WITH LATEST BULLETIN REFERENCE

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