

OVERNIGHT INVESTMENT:
A WAY TO MAXIMIZE YOUR CASH MANAGEMENT PROGRAM

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Abstract

Municipalities have thousands of dollars that are temporarily idle which are invested for short periods of time. Some municipalities invest their checking accounts overnight in order to insure that all possible idle cash is invested. The purpose of this thesis is to describe ways in which overnight investments can be maximized. It is not enough to say a city invest overnight and is therefore earning every cent of interest possible. Certain routines can be instituted that will put most of the cash possible in the bank so that investment maximization will occur. Some of the routines discussed are the speeding up of billing procedures, the mail float, the internal processing float, the remote dispersing point, and the use of trade credit.

By using the above methods, theoretically, cash could be held in the bank two weeks longer than if the methods were not used. Holding the cash two extra weeks will, of course, earn interest when invested and will also have the effect of causing a municipality to liquidate fewer investments because of cash flow problems.

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OVERNIGHT INVESTMENT:
A WAY TO MAXIMIZE YOUR CASH MANAGEMENT PROGRAM

A THESIS
PRESENTED TO
THE FACULTY OF THE GRADUATE SCHOOL
APPALACHIAN STATE UNIVERSITY

IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE
MASTER OF ARTS

BY
James L. Westbrook, Jr.
April, 1976

We cannot permit ourselves to be narrowed and dwarfed
by slogans and phrases. It is not the adjective, but
the substantive, which is of real importance. It is not
the name of the action, but the result of the action,
which is the chief concern.

Calvin Coolidge

Where thrift is in its place, and prudence is in its
place,...and there the great city stands.

Whitman

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CHAPTER I

Introduction and a General Review of Relevant Literature

Local and State Governments have not approached the problem of investment of idle cash balances with the zeal that the private sector of the economy has. Municipal Governments, especially, have lagged far behind some States and most Federal Agencies. The recent record-high interest rates and inflation have caused Municipal Governments to re-assess their position on investment programs. Through a program of cash management, geared to maximize the investment of each dollar, a means was found to, in effect, reduce the tax rate through interest earnings.

A hypothetical example will help explain how this is accomplished. A city which depends solely on tax revenue to exist, and one cent (.01) of the tax rate brings in fifty thousand dollars in tax revenue, could reduce the tax rate two cents (.02) if their cash management program could yield one hundred thousand dollars annually. Thus, interest revenue is a way to raise revenues "without raising state or local taxes and without increasing other non-tax charges upon the public."¹

¹Investment of Idle Cash Balances by State and Local Governments - Supplement to Report A-3 (Washington, 1965), p. 1.

"It is impossible to estimate the amount of private gain that has been pocketed by the custodians of public money during the 19th and early part of the 20th century."²

Of course, changes have occurred since the early 1900's. Cash management is generally a part of Municipal Government today. "Although considerable improvements have been registered in recent years, the investment of otherwise idle balances constitutes a significant potential revenue source which still is sometimes overlooked completely and is frequently under utilized."³

There is not an overabundance of literature on this subject. Much of what has been written is very technical in nature. One author points out that, "very little has been written on this subject, and what has been written is rather recent. The most often-quoted publications in the field appeared in 1956."⁴

The Federal Reserve is quite active in publishing as are Municipalities that have advanced cash management programs.

²Leonard D. White, Introduction to the Study of Public Administration (New York, 1955), p. 237.

³Investment of Idle Cash Balances by State and Local Governments (Washington, 1961), p. 1.

⁴John Jones and Kenneth Howard, Investment of Idle Funds By Local Governments: A Primer (Chicago, 1972), p. 5.

The Municipal Finance Officers Association is active in publishing for it's members and has initiated a number of excellent books. Certain periodicals, such as the Harvard Business Review, at certain times, have carried articles on municipal investment programs.

Most literature is geared to advocating a cash management program or a certain part of a program. Little, if anything has been written whose premise is: given an operating cash management program, how can one achieve maximum utilization of all idle funds - even those in a operating account.

From the above, it can be seen that the literature on this subject does exist, though not overabundantly. An excellent background on cash management through review of this literature can be realized.

CHAPTER II

The Current Status in Municipal Investments.

Most municipalities in North Carolina have investment programs. They range from a very sophisticated system in larger cities to a very simple one in small towns.

The general type of investment program a city has is of course geared to it's needs and specific long and short range financial goals. Most cities' investment programs are used to invest large blocks of money in either Certificates of Deposits (C.D's), United States Treasury Bills (Treasury Bills), United States Treasury Bonds (Treasury Bonds), United States Treasury Notes (Treasury Notes), Federal National Mortgage Association (FNMA-Fannie Mae's), Federal Home Loan Bonds (FHLB), or other similar investment instruments. However most municipalities use the C.D. instrument at this point in time. A Certificate of Deposit is a high grade, short term investment that provides a high degree of safety for the principal with full liquidity. "Even though emergency liquidation of a C.D. forfeits a maximum of three months interest, principal is guaranteed. Such safety is not available with 'Governments', should it become necessary to liquidate an investment."⁵

⁵Jones and Howard, p. 21.

The practice of investing in C.D.'s is fairly widespread. The sources of the funds for investment are taxes, large payments from Federal, State, or other local governments, or in general any large block of cash not needed to fulfill current obligations. C.D.'s are invested for more than thirty days, usually timed to mature with a large dollar obligation of the municipality such as debt service, payroll, or contract payments.

A further step in maximizing excess funds has been taken by some municipalities. Although large blocks of money are invested in C.D.'s as was discussed previously, bank accounts (operating accounts) also have excess funds in them. The amount of cash left in the bank account at the end of the day should be invested overnight. The overnight investment is usually made through a Repurchase Agreement (Repo). This investment instrument offers a municipality a short-term investment that can be suited to its needs, ie. a one day maturity. "The Repo entails selling a money-market instrument, such as a Treasury Bill, to a buyer - in this case a local governmental unit. A simultaneous agreement is executed at the time of the sale under which the unit promises to resell and the seller promises to repurchase the security at a specified date."⁶ (See example 1)

⁶Jones and Howard, p. 23.

A Repo is a high-grade security with no risk of loss of principal. However, it does not have the advantages or disadvantages of market fluctuation. Therefore, the Repo is an available instrument for maximizing an investment program by investing on a day-to-day basis.

"The primary responsibility of the Public financial executive is to maximize the return on each tax dollar within the constraints of the law, public policy, and the needs of the citizenry which he serves. By maximum return I mean near perfect utilization of every penny raised from taxes, fees, or other income sources, in income earning or service producing assets."⁷ Even the investing on a day-to-day basis the excess operating account cash balance may not be a maximization of investable funds. To fully initiate Col. Morrison's mandate, very special controls and rules must be used with regard to an operating account. Specific prerequisites must be met and certain internal functions must be consolidated. The purpose of this thesis is to describe and discuss methods for insuring that the maximum cash is available to invest on a day-to-day basis. Maximization of funds for investment does not take place until every effort has been made to see that all funds are in that account and that the account is managed properly within the constraints of the law.

⁷Col. A. H. Morrison, Lecture to Virginia Military Institute Keydets (Lexington, Va., 1965)

CHAPTER III

Prerequisites for Investment Maximization

Cash management is a very detailed science and as such, requires trained personnel, special tools, specific data, and useful historical information. Any cash management program should contain the basic parameters of liquidity, legality, and safety. Federal, State and local regulations should be researched and used in designing a cash management program.

Three objectives of cash management that should be used as guideposts are:

- (1) "Establish methods, procedures, tools, and an organization to maximize the amount of cash available for use by an organization."⁸
- (2) "Try to reach the first objective in such a manner that the organizations' control of its cash will be maximized."⁹
- (3) "To accomplish objectives one and two in such a fashion that the profit resulting will be maximized. In other words, it might be possible to increase available cash and control but only at the expense of reduced profit from the effort. This should be carefully avoided."¹⁰

⁸J.R. Philpott, Jr. Interview with, Jan. 28, 1975

⁹Ibid

¹⁰Ibid

Of course, to meet these objectives an organization must exist. To manage the organization and therefore the cash it controls, a cash manager is needed. A cash manager is a highly trained person who possesses the tools and knowledge to execute the intricate transactions of investments. To this person falls the task of "perfect utilization of every penny raised" as Col. Morrison points out.

The organization a cash manager controls will depend on the size of the city and the complexity of the financial operations. Sometimes the cash manager is the Chief Fiscal Officer or his appointed deputy. The tools of the cash manager are historical data, accounting documents, graphs, and commercial bank information bulletins.

As you can see, the cash manager has a tremendous job to start a cash management program. He must research the historical data to chart trends, get a data bank of current information to work with, and obtain information from the bank on current investment possibilities.

"The role which the commercial banks play in the investment program cannot be overemphasized."¹¹

¹¹Samuel M. Roberts and Donald G. Gill, Treasury Cash Management and the Investment of Idle Funds (League of Calif. Cities, 1956). p. 10.

Without bank expertise, a cash management program would be virtually impossible. From program inception to operation, a good bank relationship must be established and maintained. A bank Senior Vice President states, "Municipal overnight investment is an area that we have been concentrating on for over a year now."¹² So, banks consider this area of the investment picture as profitable for them and as profitable for cities.

A last prerequisite and a very important one would be to determine the actual status of funds available. A measurement of the cash flow would be necessary. The measurement of cash flow involves much research and a sufficient data base to allow for measurement of revenues as well as expenditures over an extended period of time. Much has been written in the corporate accounting sector on cash flow analysis and these writings would be a good place to start. However, a small city might want to use their local bank to help them set up their cash flow analysis. The banks have a large pool of expertise available for cash flow analysis and investments.

Some, if not all, of the above prerequisites must be present in sufficient quantity in order to have a base to determine

¹²Roger Hough, Interview with, July 28, 1975

what should be invested on a daily basis. "Amounts of idle funds could be lessened by adequate financial planning, including careful revenue estimates and related expenditure control."¹³ Indeed, idle funds could be theoretically reduced to zero provided a daily investment program is initiated as a part of a comprehensive cash management system.

¹³Investment of Idle Cash Balances By State and Local Governments - Supplement to Report A-3, p.2.

CHAPTER IV

Specific Methods to Improve Cash Available for Investment

The methods discussed in this chapter are being tested and instituted in the City of High Point. Some methods discussed may not work for all cities and some methods currently in use in other cities may be omitted completely.

To maximize an overnight investment, a city must put as much cash as possible into its operating account as fast as possible. Most cities have a utility billing department that bills city services for water, sewer, and in a few cases electric usage. The utility billing area constitutes a large dollar volume area and should receive special attention in a cash analysis study. The following specific areas should be looked at:

- (A) The time lag between reading of meters and the actual billing to the customer should be as short as possible. Since most bills are due a certain number of days from the date the bill is prepared, reducing this time lag will bring revenue in sooner. As an example, if there are currently five days between the time the meter is read to the time it is billed and this could be cut to two days, revenue billed for that set of accounts would be available for investment three days sooner than the month before because the due date would fall three days sooner.

- (B) If there are large industrial consumers that usually have bills in excess of several thousand dollars, these customers' bills should receive special handling so as to expedite them to the customer. Once again, this should cut down on the time lag between reading and billing.
- (C) Other areas that have a large dollar volume should be looked at in light of the above comments. Some of these areas might include assessments, privilege licenses, and other receivables of this nature.

Accelerating utility, assessment, and other large receivables will have three advantages for a municipality that uses the acceleration method as opposed to one that does not.

- (A) If \$200,000.00 were used, for example, as the incremental billing in Part A above, this amount would be available for investment three days sooner. The interest on \$200,000.00 for three days at 5% is only \$104.16. However, assuming the same savings accrues each month, over \$1,200.00 in additional interest could be earned.
- (B) Investment alone is not the only reason for accelerating receivables. Private industry is concerned with the cash flow cycle. That is, how fast the products produced are paid for by consumers. In

that utilities are services which the municipality must pay for and bill to a customer and in turn be paid for by the customer, the cash flow cycle is important here also. The quicker the receivable returns to the municipality in the form of cash, the quicker it is available in their account to pay current debts of the city.

- (C) Having the cash in your account earlier as described in point "B" above, also will tend to keep a municipality from liquidating other investments to pay current debts. As an example, if the city had a debt payment of \$200,000.00, and through the accelerated receivable method had the \$200,000.00 in the bank to pay the debt, liquidation of other investments would not be necessary to pay the debt. This allows for longer periods of investment of other securities which will in turn yield higher rates. This also allows for greater flexibility in an investment program through a wider range of maturity dates.

A second area that directly affects how fast cash gets to your operating account is the "mail float". The mail float is the time it takes for a payment for a receivable of the City to get from the customer to the City Finance Department. A certain amount of this time is fixed and is determined largely by post office efficiency in delivering city mail.

However, a portion of the mail float is variable and can to a large extent be controlled by the city. If the large dollar volume items mentioned in the above paragraph are put into a single post office box with all other mail for a city, the mail has to be sorted again in a city "mail room". A method commonly used by corporations is the "lock box", or bank mailing addresses in areas away from the company financial center in order to cut down on the 'mail float'. Since most City receivables "are geographically concentrated within the city limits, 'lock boxes' are not needed."¹⁴ However, different post office box numbers will cause the post office to automatically sort your receivables. As an example, a post office box for general mail, and a different one for utility receivables, for taxes, and for State and Federal checks should be established. This will automatically sort the mail into those two categories. The receivables could be picked up and carried directly to the Finance Department for processing, bypassing completely the "mail room", thus cutting the mail float time.

By letting the post office sort large dollar volume items for you, one-half to one full day can be gained in cash flow.

¹⁴J.R. Philpott, Interview With, Jan. 28, 1975.

A third area that affects how much cash that will be put into the bank in a day is the "Internal Processing Float." This float is a result of the "necessity of the city to hold and handle 'cash' before it truly becomes 'cash' in the bank; which is capable of earning a return for the city".¹⁵ Some cities deposit daily around 4:00 P.M. in order to have processed most of the receivables that day. A better procedure would be to deposit before 11:00 A.M. All Repo purchases must be made before 11:00 A.M. and investments of any kind must be made before 1:00 P.M. It is therefore very important to deposit before 11:00 A.M. as much cash as possible in order to build up the operating account balance which will mean a larger overnight investment. As much as one business day's cash can be gained through reduction of the internal float processing time.

If the above three methods, accelerated receivables, the mail float, and the internal processing float are employed by a municipality; cash that was expedited through these methods could be in the bank account five days sooner than if the method had not been used. This represents a significant savings in terms of interest, cash flow cycle, and deferred liquidation of other investments.

¹⁵ Ibid

Discussed above have been several ways to increase cash inflow to a bank account. In a cash management system, the decrease of cash outflow should also be a major concern. By holding a large payable up from a Friday to a Monday would allow for a three (3) day over-the-weekend investment plus clearance time for the check to coincide with a possible larger receivable. "The use of trade credit as a means of raising cash has become increasingly fashionable in all areas of the economy, including municipalities."¹⁶ The ability to delay a large payable or block of payables makes for a highly flexible cash control system. Of course, delinquency of payables must be acceptable to creditors.

Another means of delay funding is the establishment of a remote dispersing account. This method entails the establishment of a dispersment checking account in a remote location - for example, Chapel Hill. The city would pay all its bills through this account, counting on the clearance time for checks as time in which to invest in overnight Repos. The establishment of a remote dispersing account could add two (2) to five (5) days clearance time which could be used for investment.

¹⁶ Ibid

Delay funding represents one of the most lucrative areas for raising cash. The simplest ways, discussed above, of dispersing checks one time a week and the use of trade credit are easy to start up. These two methods above can give you three to five extra days of cash in the bank. The establishment of a remote checking account is a little more difficult and will usually require board approval.

All of the above delay funding methods could give a municipality as much as one week extra cash in the bank. The acceleration of receivables could add an additional five days cash in the bank. All methods combined of course, will hold the cash in the bank approximately two weeks longer. In the course of a year, this could be a significant area of growth potential in a Cash Management Program.

To properly utilize the devices of increasing cash inflow and decreasing or delaying cash outflow, a solid system of control must exist. This will allow the cash manager to control the level of activity in the bank.

Close coordination is needed here to use the banks' investment programs within your investment systems. In order to invest on a daily basis, a cash manager would need to know the following information from his bank each day:

- (1) Book balance - the net balance in the account (net deposits minus net disbursements).
- (2) Collected Balance (good funds) - checks received by the city, written on a bank that the city does not use that have been presented for payment in the other bank and returned to the city's account as cash.
- (3) Projected floats - projections of checks in the process of being collected as in item two above. The above information is usually available from the bank and is called "Book and Collected Balance Reports". An example of a report received by phone for the City of High Point is shown in example 2. The cash manager, by using these reports plus information on his latest deposits not shown in the print-out, can effectively invest in an overnight Repo.

A "feel" for the market by the cash manager is necessary. The prime Rate, Repo rates, C.D. rates and Federal Reserve Discount Rates all enter the picture. These rates generally indicate what kind of interest rate a bank will pay for certain types of securities. A chart, as shown in example 3, may help a cash manager see trends in interest rates over a period of several months. It also provides an excellent historical perspective.

Also available from most financial institutions is a weekly summary as shown in examples 4 thru 11. These provide up-to-date, accurate information for a cash manager. Both interest rates and maturities, as well as the economic summary may be helpful in determining what a cash manager may want to do with his investment program.

It may be wise to point out here that institutions other than banks can be used to place investments in North Carolina. The City of High Point uses a large, respectable brokerage firm and sometimes receives much higher rates than from banks or certain instruments of investment. The use of brokerage firms will add to the flexibility of your investment program as well as promote competition among hometown bankers.

All of the above methods to increase funds available for investment will work. However, a city's current accounting system, bank relationships, and general knowledge of the field must be tailored to fit any investment program. The above methods are suggested ways to increase cash available and should be considered as such.

CHAPTER V

Other Considerations and Improvements for Cash Management Systems

In order for banks to provide the vast array of services mentioned in prior chapters as well as others, such as automatic reconciliation, a mutual arrangement should be negotiated with a bank to enable the bank to make a reasonable profit. An arrangement normally will be for a stated amount of collected funds. That is, the bank will retain a portion of the collected balances to invest at their current earning rate. In this manner the bank is compensated for handling your account. As a matter of information, it is always wise for a cash manager to know exactly what a bank is making in profit on a municipal account. Banks will provide, when requested, an account analysis showing what profit they made on your account. The analysis will include bank charges for processing checks, encoding service, and investment program charges. The bank's investment of the agreed upon collected balances, minus a 15% reserve, times their earning rate will give the gross profit on the account. The gross profit minus the charges for services will equal the net profit for the bank on the account. This analysis should be carefully scrutinized to determine which bank may offer the city the "best deal" as far as charges for services are concerned.

Banks are normally very cooperative in the management of your account. They realize too, that it is public information,

available to everyone. "Good, active relationships with the banking community can insure a successful and efficient cash management system for any local government."¹⁷

Certain legal parameters are involved in investing municipal funds. For North Carolina cities, Chapter 159-31 of the General Statutes of North Carolina applies. This chapter deals in general with investment programs and specifically in what classes of securities the city can invest. These laws should be thoroughly examined to determine legality in any investment program. An investment officer must be familiar with these laws to effectively and legally run his program.

An area that uses a great deal of municipal money is debt service or the payment of principal and interest on a city's outstanding debt. Under North Carolina law, this payment must be in the proper bank account on the first day of the month being paid for; therefore, payment must be made during the preceeding month. As a matter of practice a debt service payment for the month of July is made during the last week of June in most municipalities. Therefore, several days interest are lost for the municipality to begin with. Further, not all bonds and coupons are presented for

¹⁷ Vincent A. Matrone, "Bank Relations: An Essential to Effective Cash Management", Government Finance, (November, 1975), 16.

payment on the first day of the month, but come in gradually over a two or three week period. This leaves healthy balances in the account to earn interest. As far as the writer can determine, the main reason a city cannot receive interest on this money while it waits to pay off a bond or coupon is that legally the bank is acting as a trustee for the bond holders, not the city. When the money is paid by the city for Debt Service, it legally is no longer the city's, but the Trustee's. Of course, the money that the Trustee makes on interest accrues to the Trustee only and not the city. The volume of money involved in debt service for municipalities is extremely large. For instance, in the City of High Point, \$4,590,000.00 will be paid in debt service in the Fiscal Year 1975-1976. This money will be paid to the banks on a monthly basis, leaving fat balances to draw interest on the taxpayer's dollars.

Although laws currently prohibit cities from receiving interest on debt service funds paid to the Paying Agent, every effort should be made to have these laws modified. It is the opinion of the writer that a way could be found to let cities have a portion of the interest made on these restricted funds and thereby help relieve the tax burden of the citizens. It is further believed that this could be done and still insure the timely and accurate payment of debt service, protecting both the interest of the people and the banks or bondholders.

The area of collateral is also a segment of the investment picture that could be improved. Chapter 159-31 states in part, "The amount of funds on deposit in an official depository pursuant to G.S. 159-30 (b) shall be fully secured by deposit insurance, surety bonds, or investment securities of such nature, in such amounts, and in such manner, as may be prescribed by rule or regulation of the Local Government Commission. When deposits are secured in accordance with this subsection, no public officer or employee may be held liable for any losses sustained by a local government or public authority because of the default or insolvency of the depository."¹⁸ This means of course, that an investment officer or cash manager should have a bank collateralize an investment before he makes it so that he is not liable in case of a default or insolvency. A bank normally requires more than one day to collateralize securities. Therefore, interest could be lost if a cash manager waited for collateral before he invested funds. Currently, each bank puts up collateral for securities held by that bank. As is evident, this is a cumbersome method to work with. A better method, currently being investigated by members of the North Carolina Municipal Finance Officers Association, is to have

one central bank in the state put up collateral for all investments within the state. This would be under close supervision of the Local Government Commission. Under this arrangement, local governments could make investments and report the transaction to a central location and collateral would be provided. Thus, security would be automatic for all municipal investments. This method could update a slow, cumbersome collateral law to meet today's high speed investment programs.

¹⁸Administrative and Financial Laws for Local Governments in North Carolina (Charlottesville, 1974), p. 164.

CHAPTER VI

Summary

Although the idea of making interest on a city's operating account balances sounds great, it may not work for every city. For instance, a city must have a bank account large enough to support \$100,000.00 in good funds temporarily idle. This is necessary because Repos are not purchased for less than \$100,000.00. Therefore, the size of the city and the corresponding size of the bank account have to be considered.

Developing a sound cash management system is difficult and requires a manager's ability to cut across the normal chain of command to slow down payables or speed up revenues. The accounting system's structure must be centralized and very responsive. Some computerization may be needed. All of the changes needed are very expensive and time consuming. Unless the changes exist in some form now, the cost of a cash management system that maximizes the investment potential may be too expensive unless developed along with an updated accounting system. The reward might not outweigh the cost of development.

If a municipality is in a position to begin development that would lead to maximization of investment, the rewards are most worthwhile. In the City of High Point for the Fiscal Year 1974-1975, interest income amounted to \$1,216,337.83.

This amounts to approximately 15¢ on the tax dollar. In other words, the tax rate would have to have been 15¢ higher to have produced the same amount of revenues. In the inflationary economy of today, this is indeed an attractive way to reduce the tax burden and should be pursued with vigor to that end.

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INTERVIEWS

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John Appel, Bond Department, Wachovia Bank and Trust Company,
N.A., July 28, 1975.

Royce Hough, Senior Vice President, Corporate Banking Services,
Wachovia Bank and Trust Company, N.C., July 28, 1975.

John Murphy, Director, Piedmont Service Center, Wachovia
Bank and Trust Company, N.C., July 28, 1975

J. R. Philpott, Corporate Banking Officer, Wachovia Bank
and Trust Company, N.C., January 28, 1975.

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APPENDIX



Date 7-23-75

FUNB-High Point
Attn: Jerri Edwards
A/C City of High Point

WE CONFIRM having sold the following securities to you for settlement on 7-23-75 at 100 flat.

PAR VALUE	DESCRIPTION	RATE	MATURITY
300,000	U.S. Treas. Nts.	6 3/4	5-31-77

WE HEREBY agree to repurchase these securities from you for settlement on 7-24-75 at principal plus interest for 1 days at 5 5/8 % in the amount of 46.88.

WE CERTIFY that the above described securities are being held in safekeeping for your account and will be so held until the date repurchased.

WE RESERVE the right to substitute comparable securities, sending you a written notice of such change.

Betty Devalt
Authorized Signature

Example 1

FUNB July - 1975

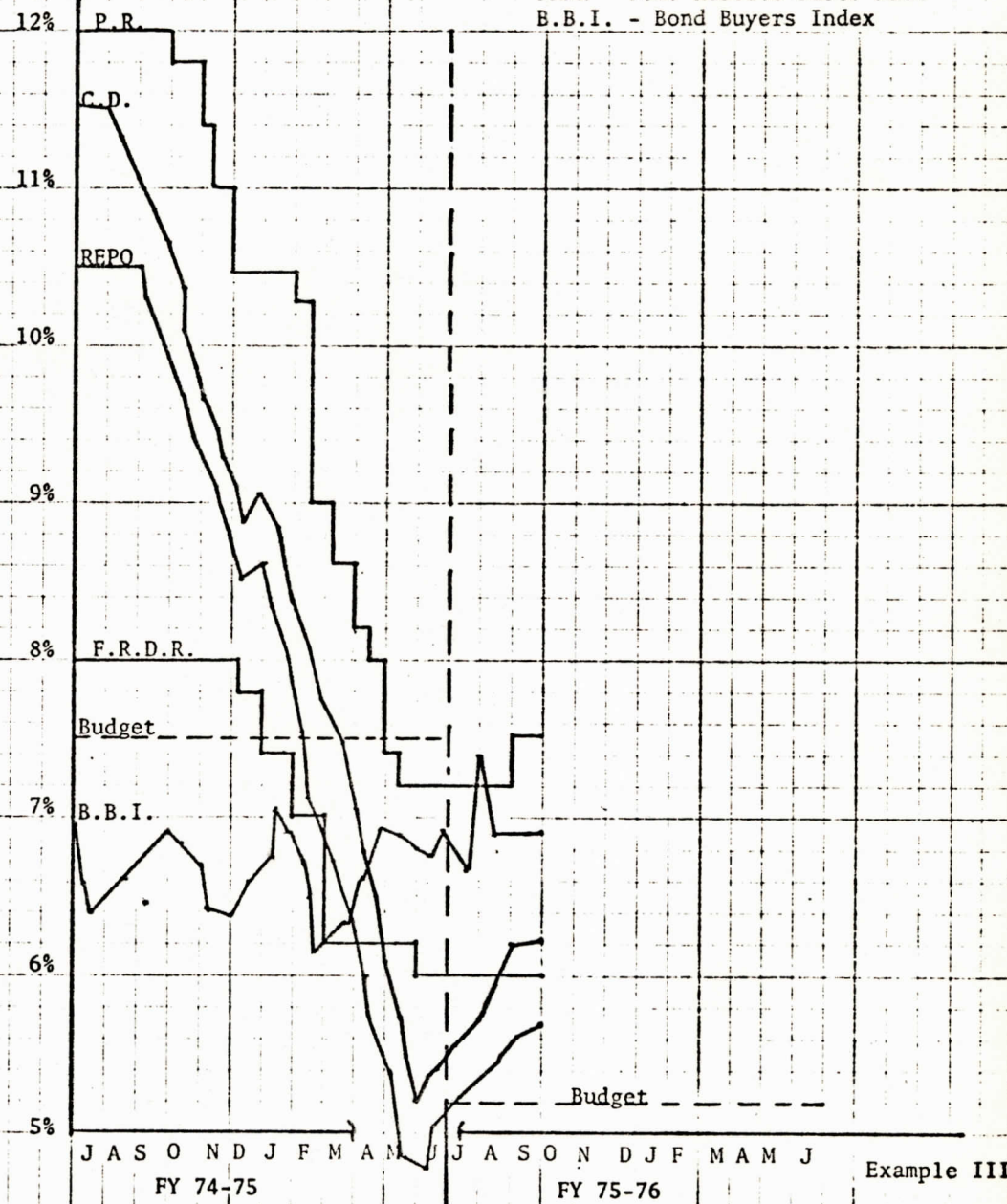
Date	Day of Week	Book Balance	80M Coll. Bal.	Cum. Coll. Bal.	Cum. Req. Bal.	Excess Deficient	Amt. Invested
1	T	-	-	-	-	-	-
2	W	19,092	(19,051)	5,029,589	400,000	-	509,000
3	T	(140,877)	(170,009)	4,859,580	600,000	4,629,589	509,000
4	F	-	-	4,859,580	800,000	-	509,000
5	S	-	-	4,859,571	1,000,000	-	509,000
6	S	-	-	4,519,562	1,200,000	-	138,000
7	M	-	-	4,349,553	1,400,000	3,149,553	176,000
8	T	259,525	219,923	4,569,476	1,600,000	3,169,476	140,000
9	W	285,144	219,214	4,788,690	1,800,000	3,188,690	187,000
10	T	268,654	206,920	4,995,610	2,000,000	3,195,610	494,000
11	F	387,181	349,273	5,344,883	2,200,000	3,344,883	494,000
12	S	89,644	49,202	5,394,085	2,400,000	-	494,000
13	S	89,644	49,202	5,443,287	2,600,000	-	179,000
14	M	89,644	49,202	5,492,489	2,800,000	2,892,489	944,000
15	T	2,540,572	2,490,884	7,983,373	3,000,000	5,183,373	280,000
16	W	1,688,265	1,620,899	9,604,272	3,200,000	6,604,272	446,000
17	T	146,705	82,321	9,686,593	3,400,000	6,486,593	432,000
18	F	56,433	1,890	9,688,483	3,600,000	6,288,483	432,000
19	S	114,108	41,427	9,729,910	3,800,000	-	175,000
20	S	114,108	41,427	9,771,337	4,000,000	-	123,000
21	M	114,108	41,427	9,812,764	4,200,000	5,812,764	300,000
22	T	319,307	290,879	10,103,643	4,400,000	5,903,643	311,000
23	W	548,368	379,963	10,483,606	4,600,000	6,083,606	494,000
24	T	382,621	328,749	10,812,355	4,800,000	6,212,355	494,000
25	F	374,232	339,969	11,152,324	5,000,000	6,352,324	494,000
26	S	77,412	39,032	11,191,356	5,200,000	-	180,000
27	S	77,412	39,032	11,230,388	5,400,000	5,869,420	130,000
28	M	77,412	39,032	11,269,420	5,600,000	5,686,888	120,000
29	T	31,974	17,468	11,286,888	5,800,000	5,490,984	257,000
30	W	70,921	4,096	11,290,984	6,000,000	5,375,632	
31	T	217,078	84,648	11,375,632			

Example II

Yields on Selected Securities
City of High Point, N.C.

Ledgend:

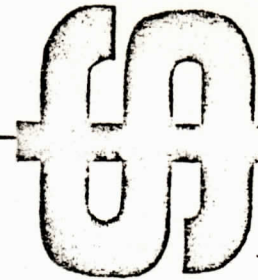
P.R. - Prime Rate
C.D. - Certificates of Deposit
REPO - Repurchase Agreements
FRDR - Fed. Reserve Disc. Rate
B.B.I. - Bond Buyers Index



FIRST UNION CORPORATION

Weekly Money Market Summary

August 11, 1975



INTERNATIONAL COMMENT

After some weakness early in the week the dollar showed renewed strength and on balance most foreign currencies ended with minor changes. Exceptions were the Canadian dollar which was worth about half a cent less than a week earlier and the ailing British pound. Fears about the deepening recession, rising unemployment and concern that inflation cannot be readily brought under control have created an atmosphere of distrust in the economic future of the United Kingdom. The pound sterling sank every day of the week under review and wound up at around \$2.10, off about 5 cents. Although one hears many guesses as to the point at which the currency's persistent decline will be halted, predictions are hazardous. The Bank of England has in the past demonstrated great ability in managing the pound's external value and it may well exhibit this expertise once again.

Eurodollar rates firmed during the first few days of the week, then declined moderately to close up about 1/8% across the board. The price of gold in London was down about \$1.00 per troy ounce.

ECONOMIC NEWSLETTER

✓ For the third consecutive month, new orders for factory goods increased. The June increase was 1.7%, compared to a .2% increase in May. The Commerce Department reported that the pickup in orders is consistent with the Ford Administration's view that the worst recession in 30 years has ended and recovery has begun.

Consumer borrowings showed an increase of \$545 million in June, a sharp gain over May's \$72 million increase. The June increase was the largest increase in over nine months. Prior to the gain in May, consumer debt had fallen five of the previous six months. The best news concerning the June increase is that it reflects increases in retail sales, especially for small scale items such as furniture, appliances, and other consumer goods. In addition, new car sales for July were down only 2.2% from July 74 levels. That was the smallest decline since February when retail sales pushed slightly ahead of year-ago levels. All of this is good news for consumption spending, which accounts for approximately 2/3 of Gross National Product.

It seems to be the same old story on inflation however. The wholesale price index for July was up 14.4% at an annual rate. The increase was attributed primarily to sharply higher food prices.

↑ Short-term interest rates have continued upward in recent weeks, due to the persistence of inflation and heavy borrowing on the part of the Treasury. The direct investment in Treasury Bonds has caused savings flows to thrift institutions to slow dramatically in July after months of record gains. With heavy Treasury borrowings expected in the near future and rising interest rates, the problem of disintermediation may again be near at hand.

The material within this summary is based upon information we consider reliable, but we do not guarantee its accuracy. This report is for informative purposes only and we are not soliciting any action based upon it.

Example IV

First Union Corporation
Charlotte, North Carolina 28288
Phone (704) 374-6441

August 11 - August 15

FIRST UNION NATIONAL BANK OF N. C.

CERTIFICATES OF DEPOSIT

For amounts \$1,000 but less than \$100,000

No. Days	Private Funds	Public Funds (Unsecured)
30 days - 89 days	5.00%	6.25%
90 days - 9 mo.	5.50%	7.00%
One Year	6.00%	7.50%
Two 1/2 years	6.50%	7.50%
4 years - 6 years	7.25%	7.50%
6 years and Over	7.50%	7.50%

For Amounts \$100,000 and Over

No. Days	Unsecured	Secured
30-59 days	6.25%	5.875%
60-89 days	6.25%	5.875%
90-119	7.00%	6.25%
120-149	7.00%	6.50%
150-179	7.125%	6.25%
180-269	7.375%	6.75%
270-1 Year	7.50%	7.00%

FIRST UNION NATIONAL BANK OF NORTH CAROLINA REPURCHASE AGREEMENTS - (Offer Limited)

Minimum \$100,000 sold to public funds and savings and loan associations. Orders must be placed prior to 11:30 a.m. to receive interest for that day.

No. Days	Rate
0-14 days	5.875%
15-29 days	5.875%
30-59 days	5.875%
60-90 days	5.875%

FIRST UNION CORPORATION COMMERCIAL PAPER*

All FUNC orders must be placed prior to 11:30 a.m. to receive interest for that day.

Fixed Maturities	Rate
15-29 days (minimum 100M)	5.75%
30-179 days	6.25%
180-270 days	6.50%

*First Union Corporation Commercial paper is not an obligation of First Union National Bank.

Example V

MONEY MARKET RATES FOR WEEK ENDING

August 6, 1975

FED FUNDS RATE (weekly average)	6.09%
PRIME LENDING RATE	7.50%
FEDERAL RESERVE DISCOUNT RATE	6.00%

U. S. TREASURY BILLS

90 days	6.40%
180 days	6.91%
1 Year	7.14%

U. S. TREASURY BONDS AND NOTES

7.50%	7/31/77
7.875%	5/15/78
8.125%	8/15/82
8.375%	8/15/00

FEDERAL AGENCIES

9 mos.	7.35%
3 yrs.	8.13%
5 yrs.	8.22%

20 Municipal Bond Index

Last Week's Index

CORPORATE BOND YIELDS

(latest Industrial AA issue)

MUNICIPAL BOND SCHEDULE

8-12	Project Notes	400,000M
8-12	Georgia	39,100M
8-12	Petersburg, Va.	8,050M
8-13	Chicago Sch. Dist., Ill.	65,000M
8-13	Pickens Co. Sch. Dist., S.C.	2,200M

NOTICE: The rates quoted in this bulletin are for information only, and are subject to change. For actual, up to date rates, contact your local First Union office, First Union Investment Division or First Union Corporation Commercial Paper Department.

ESTIMATE OF MORTGAGE LOAN RATES

IN NORTH CAROLINA

August, 1975

RESIDENTIAL LOANS	
FHA/VA Interest Rate	8.50%
FHA/VA Discount Rate	5.50%
Conventional Home Loans	9.5% Loans - 9.25%
	9.0% Loans - 9.00%

INCOME PROPERTY LOANS

Real Estate Loans	10.00 - 10.50%
Credit Loans	9.50 - 10.00%

FIRST UNION NATIONAL BANK OF N. C.

FOREIGN EXCHANGE RATES (OFFERED)

374-6907

Belgium	.0262
Canada	.9675
France	.2285
Italy	.001495
Japan	.003360
Netherlands	.3775
Switzerland	.3715
United Kingdom	2.1150
West Germany	.3875

The Merrill Lynch Review

February 19, 1976
ISSUED BI-MONTHLY

Bullish Trend Persists As Secondary Stocks Come to the Fore

The stock market in January was just about the best of all possible worlds for investors. The Dow Jones Industrials literally soared, climbing more than 122 points, or some 17% on record volume that averaged more than 30-million shares a day. Investors suddenly seemed to recognize that the combination of an expanding economy, lower inflation and interest rates, easier money, and sharply higher profits had highly favorable implications for the stock market. And many professional investors, who apparently were holding substantial amounts of cash in anticipation of a setback, rushed to establish positions.

Particularly favorable for the market has been that reported corporate earnings have repeatedly exceeded expectations; indications now are that earlier forecasts of 15-to-20% gains for 1976 are probably on the low side. Current forecasts call for a gain of some 25% this year, with projections of 30% or so not uncommon.

There is no question that the United States economy hit bottom early last year. The relevant question now is how long is the expansion likely to last. The shortest recovery in the post-World War II period spanned two years, from 1958 to 1960, and the longest lasted from 1961 to 1969. On average, postwar recoveries have endured for about three years. The length of the current recovery will, in our opinion, depend largely on how

political events unfold before the November election. Typically, politicians, in an effort to please their constituencies, tend to pass bills calling for increases in spending. Such moves this year could lead to a resurgence of inflation with a resulting deterioration in consumers' real purchasing power, which only recently began to recover from the inflationary spiral of the last several years.

Indications are, however, that 1976 will not be typical. Surveys still show the electorate to be more concerned about inflation than unemployment, even though the jobless rate has hovered above 8% for the past year and is not expected to fall below 7% this year. Polls have consistently indicated that the electorate is not in a mood for government spending. Finally, the hard lessons of New York City's problems seem not to have been lost on the nation's elected officials. Thus, if the relative austerity of the new Federal budget and a number of state and local budgets turns out to be the norm, the current economic expansion could well last into 1977, and perhaps even longer.

Although inflation is still historically high, the slower pace at which prices have risen in the last year represents dramatic improvement. In December the Consumer Price Index was increasing at an annual rate of 6%—a far cry from the double-digit levels of 1974—and continued improvement to around 5% seems possible through 1976.

Commodity food prices have dropped sharply from last summer's

levels, and recent reports of grain stocks and meat supplies suggest that any upward pressures at retail will be minimal. Industrial commodity prices remained relatively stable through 1975, and are still nearly 25% below their 1974 peak.

Perhaps the most serious threat to continued improvement on the price front is presented by the labor sector. This year's bargaining calendar is lengthy and includes negotiations by such major unions as the Teamsters, rubber workers, electrical workers, and auto workers, some of which contend that they should be given catch-up wage increases. The over-all effect of settlements made by the large unions is often exaggerated, however. Only some 20% of the United States labor force is unionized. Thus, a large segment of the labor force generally receives smaller increases in compensation than the widely publicized union settlements imply.

If, as we believe, compensation increases this year remain around 8% and productivity improves by about 3%, labor costs per unit of output should rise by about 5% compared with 12% in 1974 and with about 8% in 1975. Thus, we expect that actual labor costs will remain moderate in 1976.

A moderate monetary policy has also been helping to contain inflationary pressures. During the past six months, the money stock has grown at an annual rate of only 2½%; and growth over the past 12 months has been less than 5%. Growth rates of that magnitude are not likely to refuel inflation.

Example VI

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Meanwhile, businessmen remain cautious in their approach to inventory accumulation. And corporate cash flow has rebounded sharply in the past nine months or so. With capital spending only now beginning to recover, demand for business loans is unlikely to be strong soon. As the economic expansion matures, however, business needs for funds are likely to increase more rapidly than cash flow, and then, probably during the second quarter of this year, loan demand should pick up.

Because loan demand has been so weak, the Federal Reserve has been able to pursue its moderate monetary policy without hindering the decline in interest rates. If, however, the Fed continues its anti-inflationary policy, short-term rates may begin to feel some upward pressure around mid-year when business demand for loans picks up. Thus, the commercial bank prime rate is expected to reach bottom in the 6-to-6 1/2% range, and by the end of this year may have moved up to around 7%.

As the evidence increases that inflation is indeed moderating, long-term interest rates should drop further. "Aaa" Bell system securities that now carry yields of about 8 1/2% may dip below 8% around mid-year, before firming somewhat in the second half.

Two areas that generally lead an economic expansion—autos and housing—have moved up sharply. By year-end, housing starts were up nearly 50% and auto sales 41% over their lows at the end of 1974. Housing starts should continue to rise through 1976, with most of the gain occurring in multi-family units. Total starts are expected to number about 1.7-million compared with the 1.2-million level of 1975.

Bolstered by rising real purchasing power, consumer spending is expected to continue rising, with real volume of consumer purchases increasing by about 5% and sales of most durable goods particularly strong. Capital spending, which typically lags in a recovery, appears to be just now turning

upward; the first year of recovery is expected to be modest, however. After no change in 1975, spending is expected to rise by about 5% in 1976.

On an over-all basis, real growth of the United States economy is likely to approach 5 1/2% this year. The recovery in the United States economy, which is well under way, is being followed by recoveries in most other major industrialized countries. Any efforts to spur exports by those countries as well as some firming of interest rates in the United States in the second half of the year should help to strengthen the dollar.

If the economy expands and corporate profits increase as expected, and the rate of inflation does not surge again, then stock prices, even at their sharply higher levels, are not out of line with fundamental influences; indeed, they may even be considered low in relation to both 1976 and 1977 prospects. At present, the Dow Jones Industrials are selling at slightly less than 10-times estimated 1976 earnings and at approximately nine-times preliminary estimates of 1977 earnings. In recent years of peak earnings, the Dow Jones Industrials have sold at multiples ranging from 11 to 20. Only in 1974, which now appears to have been an aberration, were comparable price-earnings ratios lower than at present. Thus, within the confines of precedent, much room exists for further advances. At this point, however, we would not expect a repetition of the spectacular rise of January but a more measured, consolidating kind of advance.

The most impressive aspect of the market's rise in 1976 has been its breadth. Interest has focused not only on a few quality favorites, but has included many secondary issues as well. In that respect, the current bull market is far stronger than that of 1970-72. In that cycle a few top-tier stocks advanced far ahead of the rank-and-file issues, creating an internal market imbalance that eventually led to the bear market of 1973-74. No such imbalance exists now; in fact, an inverse relationship between quality top-

tier growth stocks and second-tier issues has been developing. This time, the top-tier institutional favorites are lagging, while lower-multiple and higher-yield stocks are outperforming the market. Thus, formerly mundane groups such as papers, chemicals, steel, rubbers, foods, auto equipment, conglomerates, and publishing are in favor again. We look for continued strength in those issues. Textiles and apparel, lodging, restaurant-chain, drug-chain, and merchandising stocks should also do well. The "total-return" approach also remains valid, in our opinion. On that basis, we favor issues in the utility, telephone, insurance, savings-and-loan, and international-oil sectors.

The spectacular rise to date and the impressive breadth of the market has caused widespread optimism. As a result, it may well be prudent to exercise some caution. In addition, the steepness of the market rise is not likely to be sustained for long. In fact, the market could suffer a setback sometime in the second quarter. Such a development, however, should be considered an opportunity to increase commitments.

*Excerpts sent over our News Wire
February 18, 1976*

Note: The Dow Jones Industrial Average closed at 975.76 on February 19, 1976

The information set forth herein was obtained from sources which we believe reliable, but we do not guarantee its accuracy. Neither the information, nor any opinion expressed, constitutes a solicitation by us of the purchase or sale of any securities or commodities.



**Merrill Lynch
Pierce
Fenner & Smith Inc.**

ONE LIBERTY PLAZA
165 Broadway, New York, N. Y. 10006

SECURITIES RESEARCH DIVISION

Wachovia

Wachovia Bank & Trust Company, N.A.
P.O. Box 3099
Winston-Salem, NC 27102

BANKS FOR COOPERATIVES

Dated: April 1, 1976

Maturing: October 4, 1976

The rate and price will be announced Thursday, March 18, 1976. It is expected that they will be offered to yield approximately 5.65% to 5.75%.

and

FEDERAL INTERMEDIATE CREDIT BANKS

Dated: April 1, 1976

Maturing: January 3, 1977

The rate and price will be announced Thursday, March 18, 1976. It is expected that they will be offered to yield approximately 5.95% to 6.05%.

and

FEDERAL INTERMEDIATE CREDIT BANKS

Dated: April 1, 1976

Maturing: April 1, 1986

The rate and price will be announced Thursday, March 18, 1976. It is expected that they will be offered to yield approximately 7.95% to 8.05%.

THESE SECURITIES ARE EXEMPT FROM STATE INCOME AND INTANGIBLES TAXES

MINIMUM DENOMINATION - \$5,000

Please telephone the Bond Department Trading Desk in Winston-Salem on or before March 18, 1976, at one of the following numbers:

John Appel - 919-748-6537
Steve Ashworth - 919-748-6528
John Clougherty - 919-748-6527
Claudean Edwards - 919-748-6538
Charlie Goodnough - 919-748-6513
Bill Griswold - 919-748-6526
Dick Hendon - 919-748-6522

Bill Marshall - 919-748-6523
Jean Miller - 919-748-6547
Brad Niven - 919-748-6525
Bonner Sams - 919-748-6524
Mac Smith - 919-748-6536
Rex Teaney - 919-748-6525
Wanda Wood - 919-748-6546

Example VII

March 16, 1976

**Merrill Lynch
Government**

LARRY P. CARROLL
MERRILL LYNCH,
PIERCE,
FENNER & SMITH INC.
2000 WACHOVIA BUILDING
WINSTON-SALEM, N.C. 27101
919-722-6361

WEEKLY GOVERNMENT SECURITIES BULLETIN

CHRISTINE L. DAVIDSON
MERRILL LYNCH,
PIERCE,
FENNER & SMITH INC.
2000 WACHOVIA BUILDING
WINSTON-SALEM, N.C. 27101
919-722-6361

THINGS ARE TURNING OUT BETTER THAN EXPECTED

Economic activity is developing better than expected. The economy in general is stronger and is abating more rapidly than we or most others had expected. The economy is being driven primarily by an acceleration of consumer spending at the retail level, particularly for automobiles. This evidently reflects a resurgence of consumer confidence. That, in turn, probably grows out of and, at the same time, contributes to, the strength in the stock market. Concurrent with this improvement in confidence and retail sales, employment is rising and unemployment declining. The figures of the latest two months show that the increases in employment and decreases in unemployment are widespread across a spectrum of categories. With business picking up, profits are doing better also. Business improvement tends to feed on itself. The prospect, therefore, is that both capital spending and housing could pick up sooner and by more than previously forecast if the present trends at the consumer level continue.

The widespread fear of a strong economy had been that inflation would be rekindled. There is no evidence of that happening at this time. Wholesale prices have, on balance, declined for the past four months, with food prices declining in each of the four. Perhaps more important, the increases in industrial commodities at the wholesale level have diminished to rather low rates. Consumer prices have not yet wholly reflected this improvement in the Wholesale Price Index and so we can expect further statistical evidence of abatement of inflation at the consumer level. Commodity prices rose in February primarily in response to drought conditions in the winter wheat-growing areas. However, some of that seems now to be reversing as a result of precipitation in the drought areas. Furthermore, it is becoming apparent that stored food commodities are large, so that substantial upward pressures on prices need not develop despite the drought. Other commodities seem abundant in the face of under-utilized capacity and slow recoveries worldwide. The economy will also be enjoying the benefits of rising productivity which should be a further restraint on inflationary pressures.

There are many financial benefits to be derived from the recovery at this stage. First, with more people working, personal income rises. Although consumer confidence is rising, it is not yet fully restored to pre-recession levels and so people are still saving at a very high rate. This is reflected in figures on savings flows to thrift institutions. Second, rising profits lead directly to rising cash flow at corporations. This permits them to finance their activities internally, especially when capital spending is relatively flat. For the time being strong sales will probably limit inventory accumulation with the result that there will be little need for external financing on the part of corporations for several months. Third, as already implied, financial institutions benefit from accumulations of corporate and individual deposits and savings. But at this stage the credit demands placed on the financial institutions are insufficient to absorb the net inflows. Finally, the Treasury's deficit should be reduced, as a result of rising tax receipts growing out of higher personal incomes and larger corporate profits, and diminishing expenditures owing to reduced unemployment. Furthermore, since inflation is lower, the costs to the government of goods and services are held in check, and escalator provisions on social security and other transfer payments are not activated.

In light of all of this we continue to believe that short-term interest rates over the next several months should remain relatively stable, and intermediate- and long-term interest rates over the same period should decline somewhat further. As we look ahead into the second half of the year we can envision accelerating credit demands and, therefore, moderately increasing short-term interest rates. Intermediate- and long-term rates will probably react mildly in sympathy with the increases in the short-term sector. This condition of credit availability and moderate changes in interest rates can be maintained for a long period if inflation is held in check and the budget deficit diminishes rapidly enough to make room for growing private-sector credit demands as the economic expansion matures. Unfortunately, as we look ahead well into 1977 and beyond, the prospect for a \$50 billion budget deficit for fiscal year 1977 seems large relative to the pace of the economy that seems to be developing. And so the prospects for equilibrium in interest rates are slim once we get into the mature stage of the expansion some time in 1977.

March 12, 1976

Example VIII

The information set forth herein was obtained from sources which we believe reliable, but cannot in any way be considered a guarantee of its accuracy.

U.S. ECONOMIC DATA

Major Indicators

		Latest	Prior	1975	1974
REAL GNP*	4 QTR	4.9	12.0	-2.0	-1.8
GNP DEFLATOR*	4 QTR	6.8	7.1	8.7	9.7
INDUSTRIAL PRODUCTION*	JAN	8.4	10.8	0.9	-9.3
RATE OF CAPACITY UTILIZATION	4 QTR	70.8	68.9	68.7	78.9
PLANT AND EQUIP EXPEND*	4 QTR	1.0	1.0	12.7A	12.3A
RETAIL SALES*	FEB	1.2	-0.9	15.5	7.1
HOUSING STARTS (THOUS)	JAN	1221	1291	1162	1338
UNEMPLOYMENT RATE	FEB	7.6	7.8	8.5	5.6
INDEX OF LEADING INDICATORS*	JAN	26.4	10.8	-11.3A	5.0A
CONSUMER CONFIDENCE**	4 QTR	75.4	75.8	64.0A	76.1A

*Seasonally adjusted annual rate of change.
**Michigan survey of consumer confidence.

A - 1974 - 1973

Price Indicators

		Latest	Prior	1975	1974
COMMODITY PRICE INDEX, BLS	WEEK	195.3	193.7	189.7*	213.1*
WHOLESALE PRICE INDEX**	JAN	6.0	0.0	4.2	20.9
CONSUMER PRICE INDEX**	JAN	4.8	6.0	7.0	12.2

*Average level for year.
**Seasonally adjusted annual rate of change.

Balance of Payments (\$ Millions)

		Latest	Prior	1975	1974
TRADE BALANCE	4 QTR	2024	1957	9146	-5277
BASIC BALANCE	3 QTR	1580	1047	-10702A	-977A
LIQUIDITY BALANCE	4 QTR	-992	389	3324	-18940

A - 1974 - 1973

U.S. FINANCIAL DATA

Private Financial Indicators

		Latest	Prior	1975	1974
CORPORATE CASH FLOW*	4 QTR	29.0	62.6	2.6	13.6
PERSONAL SAVINGS*	4 QTR	91.3	85.9	20.8	1.8
SAVINGS/DISPOSABLE INCOME	4 QTR	8.2	7.9	8.3	7.5
CONSUMER CREDIT/DISP INC	4 QTR	14.5	17.5	19.4A	20.0A

*Seasonally adjusted annual rate of change.

A - 1974 - 1973

Treasury Cash Flow (\$ Billions)

		FEB	JAN	Fiscal 1975	Fiscal 1974
DEPOSITS		22.0	24.0	328.0	289.9
WITHDRAWALS		31.9	31.3	366.8	285.3
CASH SURPLUS (DEFICIT -)		-9.9	7.3	-38.8	4.6
CASH BALANCE (END OF PERIOD)		12.6	12.4	7.6	9.2
TOTAL DEBT SUBJECT TO LIMITATION (END OF PERIOD)		593.9	585.5	534.2	476.0
MARKETABLE DEBT (END OF PERIOD)		378.8	369.3	315.6	266.6

Monetary Aggregates (Seasonally Adjusted)

		Latest	Prior	Four Week Average	Percent Change from Previous		
			(\$ Billions)		13 Wks	26 Wks	52 Wks
RESERVES AVAILABLE TO SUPPORT	MAR 10	31.2	32.2	32.0	-4.1	-1.5	-1.3
PRIVATE NONBANK DEPOSITS	MAR 10	121.9	122.8	122.1	6.0	7.0	7.1
MONETARY BASE	MAR 10	296.7	295.9	297.0	1.8	2.3	5.2
MONEY SUPPLY (M-1)	MAR 3	514.2	515.6	515.8	0.6	4.7	3.7
BANK CREDIT PROXY ADJUSTED	MAR 3	116.8	117.4	117.7	NA	NA	NA
BUSINESS LOANS--LARGE BANKS	MAR 3						
TOTAL BANK LOANS AND INVESTMENTS	FEB	722.9	718.9		3.0	4.1	4.4

Example VIII

Interest Rates

	1975-76				1974	
	MAR 12	MAR 5	High	Low	High	Low
Short Term Rates						
DISCOUNT RATE	5.50	5.50	7.75	5.50	8.00	7.50
FEDERAL FUNDS (EFFECTIVE THURS)	4.81	4.87	8.45	4.75	14.00	8.62
PRIME RATE	6.75	6.75	10.25	6.75	12.00	8.75
FINANCE COMPANY PAPER, 5-29 DAYS	5.00	4.87	8.50	4.06	11.50	7.25
Money Market Instruments (Friday Morning Offered Rates)						
COMMERCIAL PAPER, DISCOUNT BASIS						
30 DAYS	5.00	5.00	9.25	4.50	12.69	8.25
60 DAYS	5.12	5.13	9.12	4.75	12.56	8.11
90 DAYS	5.25	5.25	9.00	5.00	12.50	7.80
180 DAYS	5.63	5.63	8.50	5.25	11.50	7.50
BANKERS ACCEPTANCES, DISCOUNT BASIS						
30 DAYS	5.05	5.10	8.50	4.70	12.50	7.75
90 DAYS	5.35	5.45	8.50	4.75	12.50	7.75
180 DAYS	5.95	5.90	8.25	5.00	12.50	7.50
CERTIFICATES OF DEPOSIT						
30 DAYS	5.05	5.10	8.95	4.70	12.75	8.20
60 DAYS	5.25	5.35	8.90	4.80	12.75	8.10
90 DAYS	5.35	5.50	8.75	4.90	12.75	7.95
180 DAYS	5.95	6.10	8.40	5.40	12.50	7.55
TREASURY BILLS, DISCOUNT BASIS						
3 MONTH	4.90	5.13	6.75	4.64	9.87	6.90
6 MONTH	5.41	5.60	6.95	4.92	9.75	6.70
Due in 1 Year						
TREASURY BILL (DISCOUNT BASIS)	5.81	5.97	7.28	5.22	9.62	6.28
PRIME MUNICIPAL NOTES (PHA)	3.30	3.40	4.50	2.40	6.25	3.70
Government Coupon Yield Indexes						
2 YEAR	6.78	6.64	8.24	6.06	8.87	6.52
4 YEAR	7.39	7.38	8.41	6.44	8.71	6.61
7 YEAR	7.64	7.72	8.50	7.19	8.34	6.76
15 YEAR	7.79	7.86	8.50	7.55	7.56	6.94
20 YEAR	7.93	8.10	8.51	7.55	7.60	6.73
Agency Yield Indexes (FEDERAL NATIONAL MORTGAGE ASSN)						
3 YEAR	7.16	7.25	8.46	6.57	9.50	6.86
5 YEAR	7.48	7.54	8.60	6.92	9.46	6.99
10 YEAR	7.89	7.92	8.71	7.15	9.24	7.11
Other Long Term Rates						
CNMA PASS THROUGH	8.24	8.33	9.08	8.18	9.81	7.79
NEW ISSUE AAA UTILITIES	8.55	8.55	9.70	8.55	10.15	8.80
BOND BUYER 20 BOND INDEX	6.98	7.04	7.66	6.27	7.15	5.16
Dow Jones Industrial Average (Thurs)	1003.31	970.64	1003.31	632.04	891.72	584.72

Capital Market Volume

(\$ Millions)

	Agencies	Corporates	Municipals
LAST WEEK	0	1000	1064
LAST 4 WEEKS	1732	3122	2620
NEXT WEEK	2500E	640	544
NEXT 4 WEEKS	2500E	1585	1453
MONTHLY AVERAGE LAST 12 MONTHS	3047	2558	2127

E = Estimated, from Value of Maturing Issues

Other Federal Reserve Data

(\$ Millions)

	MAR 10	MAR 3	1975-76		1974	
			High	Low	High	Low
NET FREE OR BORROWED RESERVES	44	341	792	-644	57	-3541
TOTAL MEMBER BANK BORROWINGS	47	84	871	-17	3906	561
SECURITIES HELD IN CUSTODY FOR FOREIGN CENTRAL BANKS	44172	44785	44785	NA	33269	24346

Example VIII

INTERNATIONAL DATA

Economic

		Canada	Japan	Britain	W. Ger.	France	Switz.	U.S.
EXPORT PRICE INDEX*	4 QTR	1.5	-8.1	4.9	0.2	12.5	4.8	2.6
CONSUMER PRICES*	JAN	9.6	10.8	24.9	5.3	9.6	3.4	6.8
REAL ECONOMIC GROWTH*	3 QTR	3.9	4.1	-7.6	-0.8	-8.7	NA	11.9
MONEY SUPPLY GROWTH*	NOV	15.0	8.8	NA	16.0	15.0	2.7	4.2
BALANCE OF TRADE**	4 QTR	-755	222	-2038	3738	-963	286	1372
TOTAL RESERVE HOLDINGS**	JAN	5600	13153	6826	31024	12294	9146	16261

*Rates of change over year earlier period.

**Dollar equivalents, in millions. Reserves as of end of period.

Note: Data availability varies by country. Some data shown cover earlier periods.

Financial

London Eurodollar Deposit Rates

(Friday Midday Middle Rates)

	MAR 12	MAR 5	1975-76		1974	
			High	Low	High	Low
7 DAY	5.06	5.13	9.06	4.56	15.00	8.25
1 MONTH	5.25	5.62	10.62	4.92	14.62	8.37
3 MONTH	5.62	5.68	10.25	5.31	14.12	8.19
6 MONTH	6.50	6.50	10.31	5.81	14.12	8.37

New York Foreign Exchange Markets

(MORNING MIDDLE RATES, U. S. CENTS)

CANADIAN DOLLAR	101.51	101.10	101.66	96.35	104.40	100.75
BRITISH POUND	193.22	201.43	243.47	191.30	243.80	215.50
GERMAN MARK	38.75	38.79	43.93	37.75	41.57	34.91
FRENCH FRANC	21.97	22.16	25.12	21.97	22.30	19.12
SWISS FRANC	38.64	38.59	41.08	22.75	38.60	29.20
JAPANESE YEN	0.3322	0.3315	0.3513	0.3262	0.3636	0.3278

**Merrill Lynch
Government
Securities Inc.**

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Telephone (212) 766-3000

Teletype (212) 571-1118

Example VIII

GOVERNMENTS, AGENCIES, MONEY MARKET INSTRUMENTS: TERMS AND FEATURES

MONEY MARKET SECURITY	MINIMUM DENOMINATION	FORM	GUARANTEE	INTEREST PAYMENT SCHEDULE & DAY BASIS FOR COMPUTATION	LIFE OF ISSUE	SETTLEMENT DATES	DELIVERY & PAYMENT (SEE FOOT- NOTE 5)	STATE & LOCAL INCOME TAX	ELIGIBLE FOR FEDERAL HOME LOAN BANK ADVANCES & LIQUIDITY DISCOUNTS	ELIGIBLE FOR FEDERAL RESERVE AND LOAN ACCOUNTS
TREASURY NOTES & BONDS (1)	\$500 on older issues; \$1,000 and \$10,000 on recent issues	Registered or bearer (1 1/2% notes bearer only)	Full faith and credit of U.S. Gov't.	Semi-annually; actual # of days ÷ # of days in cpn. period	12 months to (currently 25 years)	Cash (same day) regular (next day) skip day and 5 day	5a and 5b	Exempt	Eligible	Eligible
TREASURY BILLS (2)	\$10,000	Bearer	Full faith and credit of U.S. Gov't	Treasury bills are issued at a discount; actual # of days ÷ 360 days	3 months to 1 year	Cash (same day) regular (next day) skip day and 5 day	5a and 5b	Exempt	Eligible	Eligible
BANKERS' ACCEPTANCES (3)	\$100,000	Bearer	Guaranteed by accepting bank	Discount basis; actual # of days ÷ 360 days	30 days to 270 days	Cash (same day) regular (next day)	5b and 5c	Subject	Regular B.A.'s eligible if less than 6 months required	Prior approval by Federal Reserve Bank required
CERTIFICATES OF DEPOSIT	\$100,000	Bearer	Guaranteed by issuing bank	At maturity; actual # of days ÷ 360 days	30 days to 1 year	Cash (same day) regular (next day) skip day and 5 day	5b and 5c	Subject	Eligible if 6 months or less	Not eligible
COMMERCIAL PAPER	Round lot \$100,000; minimum \$25,000	Bearer	Guaranteed by issuing corporation	Discount basis; actual # of days ÷ 360 days	3 days to 270 days	Cash (same day) regular (next day) skip day	5b and 5c	Subject	Not eligible	Prior approval by Federal Reserve Bank required
ASIAN DEVELOPMENT BANK NOTES & BONDS	\$1,000	Registered as to principal only	No guarantee by U.S. Gov't	Semi-annually; 30 day month ÷ 360 days	5 years to 25 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	No specific exemption	Not eligible	Eligible
BANKS FOR COOPERATIVES BONDS	\$5,000	Bearer	No expressed liability assumed by U.S. Gov't	At maturity of 6 month issues. Otherwise semi- annually 30 day month ÷ 360 days	6 months to (currently 3 1/2 years)	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	Exempt	Eligible	Eligible

Example IX

MONEY MARKET SECURITY	MINIMUM DENOMINATION	FORM	GUARANTEE	INTEREST PAYMENT SCHEDULE & DAY BASIS FOR COMPUTATION	LIFE OF ISSUE	SETTLEMENT DATES	DELIVERY & PAYMENT (SEE FOOT- NOTE 5)	STATE & LOCAL INCOME TAX	ELIGIBLE FOR FEDERAL HOME LOAN BANK ADVANCES & LIQUIDITY DISCOUNTS	ELIGIBLE FOR FEDERAL RESERVE AND LOAN ACCOUNTS
D.C. ARMY BOARD BONDS	\$10,000	Registered	Full faith and credit of U.S. Gov't	Semi-annually; 30 day month ÷ 360 days	20 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	No specific exemption	Eligible	Eligible
EXPORT IMPORT BANK DEBITURES AND PARTICIPATION CERTIFICATES	\$5,000	Registered or bearer	Full faith and credit of U.S. Gov't	Semi-annually; 30 day month ÷ 360 days	3 years to 15 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	No specific exemption	Eligible if less than 5 years	Eligible
FARMERS HOME ADMINISTRATION INSURED NOTES	Varies; \$25,000 \$100,000 \$500,000 \$1,000,000	Older issues, registered only; recent issues, bearer or registered	Full faith and credit of U.S. Gov't	Annually; actual # of days ÷ 365 days	5 years to 15 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	No specific exemption	Not eligible	Eligible
FEDERAL HOME LOAN BANK BONDS	Older issues \$5,000; new issues \$10,000	Bearer	No expressed liability assumed by U.S. Gov't	Semi-annually; 30 day month ÷ 360 days	1 year to 20 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	Exempt	Eligible if less than 5 years	Eligible
FEDERAL HOME LOAN BANK CONSOLIDATED NOTES	\$100,000	Bearer	No expressed liability assumed by U.S. Gov't	Discount notes; actual # of days ÷ 360 days	Up to one year	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	Exempt	Eligible	Eligible
FEDERAL HOUSING AUTHORITY DEBENTURES	\$50. \$100. \$500. \$1,000. \$5,000.	Registered	Full faith and credit of U.S. Gov't	Semi-annually; 30 day month ÷ 360 days	8 years to 20 years	5 days	5c and 5e	Exempt	Not Eligible	Eligible
FEDERAL INTERMEDIATE CREDIT BANK BONDS	\$5,000	Bearer	No expressed liability assumed by U.S. Gov't	At maturity for 9 month issues. Otherwise semi- annually; 30 day month ÷ 360 days	9 months to 4 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	Exempt	Eligible	Eligible

Example IX

MONEY MARKET SECURITY	MINIMUM DENOMINATION	FORM	GUARANTEE	INTEREST PAYMENT SCHEDULE & DAY BASIS FOR COMPUTATION	LIFE OF ISSUE	SETTLEMENT DATES	DELIVERY & PAYMENT (SEE FOOT-NOTE 5)	STATE & LOCAL INCOME TAX	ELIGIBLE FOR FEDERAL HOME LOAN BANK ADVANCES & LIQUIDITY DISCOUNTS	ELIGIBLE FOR FEDERAL RESERVE TAX AND LOAN ACCOUNTS
SMALL BUSINESS ADMINISTRATION DEBENTURES	\$10,000	Registered	Guaranteed by SBA; general obligation of U.S. Gov't	Semi-annually; 30 day month \pm 360 days	10 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	Exempt	Not eligible	Eligible
STUDENT LOAN MARKETING ASSOCIATION NOTES	\$10,000	Bearer	Guaranteed by Secretary of HEM; general obligation of U.S. Gov't	Discount obligation; actual # of days \pm 360 days	3 months to 6 months	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	No specific exemption	Not eligible	Eligible
TENNESSEE VALLEY AUTHORITY BONDS	\$1,000	Registered or bearer	No expressed liability assumed by U.S. Gov't	Semi-annually; 30 day month \pm 360 days	5 years to 25 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	Exempt	Eligible if less than 5 years	Eligible
TVA DISCOUNT NOTES	\$5,000	Bearer	No expressed liability assumed by U.S. Gov't	Discount notes; actual # of days \pm 360 days	4 months	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	Exempt	Eligible	Eligible
WASHINGTON METROPOLITAN TRANSIT AUTHORITY BONDS	\$5,000	Registered or bearer	Guaranteed by Secretary of Transportation; general obligations of U.S. Gov't	Semi-annually; 30 day month \pm 360 days	40 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	Check specific state taxing authority	Not eligible	Eligible
										✓

Example IX

The information set forth herein was obtained from sources which we believe reliable, but cannot in any way be considered a guarantee of its accuracy.

MONEY MARKET SECURITY	MINIMUM DENOMINATION	FORM	GUARANTEE	INTEREST PAYMENT SCHEDULE & DAY BASIS FOR COMPUTATION	LIFE OF ISSUE	SETTLEMENT DATES	DELIVERY & PAYMENT (SEE FOOT-NOTE 5)	STATE & LOCAL INCOME TAX	ELIGIBLE FOR FEDERAL HOME LOAN BANK ADVANCES & LIQUIDITY DISCOUNTS	ELIGIBLE FOR FEDERAL RESERVE TAX AND LOAN ACCOUNTS
GNVA PARTICIPATION CERTIFICATES	Some \$5,000, most \$10,000	Registered or bearer; check specific issue	Full faith and credit of U.S. Gov't	Semi-annually; 30 day month \pm 360 days	8 years to 20 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	No specific exemption	Eligible if less than 5 years	Eligible
GNVA PASS-THROUGHS (A)	Minimum denomination \$25,000; multiples of \$5,000 thereafter	Registered	Full faith and credit of U.S. Gov't	Monthly payment of principal and interest; 30 day month \pm 360 days	30 years; average life	Future dates negotiated	5c, 5d and 5e	No specific exemption	Not eligible	Not Eligible
INTERAMERICAN DEVELOPMENT BANK BONDS	\$1,000	Registered	No expressed liability assumed by U.S. Gov't	Semi-annually; 30 day month \pm 360 days	20 years to 30 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	Subject	Not eligible	Eligible
INTER-REGIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT BONDS	\$1,000	Registered	No expressed liability assumed by U.S. Gov't	Semi-annually; 30 day month \pm 360 days	5 years to 25 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	Subject	Not eligible	Eligible
NEW COMMUNITY DEBENTURES	\$5,000	Registered	Guaranteed by Secretary of HUD which is guaranteed by U.S. Gov't	Semi-annually; 30 day month \pm 360 days	20 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	No specific exemption	Not eligible	Eligible
PENN CENTRAL TRANSPORTATION CERTIFICATES (GOV'T G-TD)	\$10,000	Registered	Guaranteed by Secretary of Transportation; general obligation of U.S. Gov't	Semi-annually; 30 day month \pm 360 days	5 years to 15 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	No specific exemption	Not eligible	No decision
POSTAL SERVICE BONDS	\$10,000	Registered or bearer	No expressed liability assumed by U.S. Gov't	Semi-annually; 30 day month \pm 360 days	25 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5e	Exempt	Not eligible	Eligible

Example IX

MONEY MARKET SECURITY	MINIMUM DENOMINATION	FORM	GUARANTEE	INTEREST PAYMENT SCHEDULE & DAY BASIS FOR COMPUTATION	LIFE OF ISSUE	SETTLEMENT DATES	DELIVERY & PAYMENT (SEE FOOT-NOTE 5)	STATE & LOCAL INCOME TAX	ELIGIBLE FOR FEDERAL HOME LOAN BANK LIQUIDITY	ELIGIBLE FOR FEDERAL RESERVE ADVANCES & DISCOUNTS	ELIGIBLE FOR TAX ACCOUNTS
FEDERAL LAND BANK BONDS	\$1,000	Bearer except for older registered issues	No expressed liability assumed by U.S. Gov't	Semi-annually; 30 day month \pm 360 days	18 months to 15 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5c	Exempt	Eligible if less than 5 years	Eligible	Eligible
FNMA CAPITAL DEBENTURES	\$10,000	Registered or bearer	No expressed liability assumed by U.S. Gov't	Semi-annually; 30 day month \pm 360 days	5 years to 25 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5c	No specific exemption	Eligible if less than 5 years	Eligible	Eligible
FNMA DEBENTURES	Varies: \$1,000 \$5,000 \$10,000	Bearer	No expressed liability assumed by U.S. Gov't	Semi-annually; 30 day month \pm 360 days	18 months to 25 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5c	Subject	Eligible if less than 5 years	Eligible	Eligible
FNMA DISCOUNT NOTES	\$5,000	Bearer	No expressed liability assumed by U.S. Gov't	Discount obligation actual # of days \pm 360 days	30 days to 270 days	Cash (same day) regular (next day) skip day and 5 day	5c and 5c	No specific exemption	Eligible if less than 5 years	Eligible	Eligible
GENERAL SERVICES ADMINISTRATION PARTICIPATION CERTIFICATES	\$5,000	Registered	Full faith and credit of U.S. Gov't	Semi-annually; 30 day month \pm 360 days	30 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5c	Exempt	Eligible	Eligible	Eligible
GNMA FEDERAL HOME LOAN MORTGAGE CORPORATION	\$25,000	Registered or bearer	Full faith and credit of U.S. Gov't	Semi-annually; 30 day month \pm 360 days	2 years to 25 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5c	No specific exemption	Eligible if less than 5 years	Eligible	Eligible
GNMA FNMA BONDS	\$25,000	Registered or bearer	Full faith and credit of U.S. Gov't	Semi-annually; 30 day month \pm 360 days	5 years to 20 years	Cash (same day) regular (next day) skip day and 5 day	5c and 5c	No specific exemption	Eligible if less than 5 years	Eligible	Eligible

Example IX

FOOTNOTES

- 1. FLOWER BONDS**
Treasury issues called Flower Bonds, usually purchased at a discount, may be redeemed at par (100%), to pay estate tax upon the death of the owner. The amount that may be redeemed prior to maturity, at par, may not exceed the amount of the estate taxes.
- 2. TAX ANTICIPATION BILLS**
Treasury bills that mature on tax payment dates. These Treasury bills may be used as payment for Federal income tax. The tax anticipation bill is taken to a Federal Reserve Bank that issues a receipt for the bill. This receipt accompanies the tax return to the IRS. Corporations must submit a duly completed Form 503 with the bills.
- 3. BANKERS' ACCEPTANCES**
Working capital B.A.'s are not eligible for FHLB liquidity; Federal Reserve Bank advances and discounts or tax and loan accounts.
- 4. PASS-THROUGHS (GNMA)**
Pass-Throughs are fully guaranteed government securities. They are "pools" (or groups) of FHA/VA mortgages that have been gathered together by a mortgage banker and then guaranteed and issued by GNMA. They pay both principal and interest monthly. The normal issue has a 30 year maturity with a 12 year average life.
- 5. (a) TREASURY BILLS, NOTES AND BONDS**
These securities are eligible for inter-city and intra-city security wire transfer through the Federal Reserve Bank wire system. They may only be received physically in New York City and by request from the owner.
(b) BANKERS' ACCEPTANCES, COMMERCIAL PAPER AND CERTIFICATES OF DEPOSIT
These securities may be delivered only in New York City.
(c) FEDERAL AGENCIES
Federal Agencies may be delivered against payment in New York City, or shipped draft-attached with prior approval of the trader.
(d) GNMA PASS-THROUGHS
Pass-Throughs may be shipped by registered mail or Brinks if they are fully paid. They may be shipped against payment only in New York City.
(e) ALL PRODUCTS
No security will be registered or shipped unless payment in Federal Funds is received first.

Example IX

WACHOVIA BANK AND TRUST
 HIGH POINT, N.C.
 ACCOUNT ANALYSIS FOR 2-000-527
 CITY OF HIGH POINT RECEIP
 FOR MONTH ENDING 02/76
 APPLICABLE EARNINGS OF DEPOSITS

AVERAGE DAILY LEDGER BALANCE	\$ 1,837,000	
AVERAGE COLLECTED BALANCE	1,756,000	
AVERAGE EARNING BALANCE	1,492,600	
VALUE OF EARNINGS BALANCE AT .05000		\$ 5,929.50

SERVICES UNDER ANALYSIS

MAINTENANCE	\$ 1.00	
140 LEDGER TRANSACTIONS AT .08	11.20	
10,132 DEPOSITED ITEMS COLLECTED AT .020	202.64	
267,800 CURRENCY PER THOUSAND AT .75	200.85	
T CALLS	10.00	
TOTAL		\$ 425.69

VALUE OF BALANCES REMAINING FOR CTER SERVICES	\$ 5,503.81
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EXCHANGE ON NON-PAR ITEMS	\$.00
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Example X

WACHOVIA BANK AND TRUST
 HIGH POINT, N.C.
 ACCOUNT ANALYSIS FOR 6-000-525
 CITY OF HIGH POINT
 FOR MONTH ENDING 02/76
 APPLICABLE EARNINGS OF DEPOSITS

AVERAGE DAILY LEDGER BALANCE	\$ 1,930,800-	
AVERAGE COLLECTED BALANCE	1,930,900-	
AVERAGE EARNING BALANCE	1,641,200-	
VALUE OF EARNINGS BALANCE AT .05000		\$ 6,519.83-

SERVICES UNDER ANALYSIS

MAINTENANCE	\$ 1.00	
1,192 LEDGER TRANSACTIONS AT .08	95.36	
30 DEPOSITED ITEMS COLLECTED AT .020	.60	
400 CURRENCY PER THOUSAND AT .75	.30	
104 RETURN ITEMS AT .25	26.00	
T CALLS	10.00	
Recon/Sort charges	17.58	
TOTAL		\$ 150.84

VALUE OF BALANCES REMAINING FOR CTER SERVICES	\$ 6,670.67-
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EXCHANGE ON NON-PAR ITEMS	\$.00
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Example X

WACHOVIA BANK AND TRUST
 HIGH POINT, N.C.
 ACCOUNT ANALYSIS FOR 2-000-706
 CITY OF HIGH POINT H
 FOR MONTH ENDING 02/76
 APPLICABLE EARNINGS OF DEPOSITS

AVERAGE DAILY LEDGER BALANCE	\$	29,400-	
AVERAGE COLLECTED BALANCE		29,400-	
AVERAGE EARNING BALANCE		24,900-	
VALUE OF EARNINGS BALANCE AT .05000	\$		98.91-

SERVICES UNDER ANALYSIS

MAINTENANCE	\$	1.00	
2,554 LEDGER TRANSACTIONS AT .08		204.32	
T CALLS		10.00	
Recon/Sort Charges		38.01	
TOTAL	\$		219.33 253.33
VALUE OF BALANCES REMAINING FOR OTHER SERVICES	\$		114.234 352.24-
EXCHANGE ON NON-PAR ITEMS	\$.00	

WACHOVIA BANK AND TRUST
 HIGH POINT, N.C.
 ACCOUNT ANALYSIS FOR 4-000-526
 CITY OF HIGH POINT RESERV
 FOR MONTH ENDING 02/76
 APPLICABLE EARNINGS OF DEPOSITS

AVERAGE DAILY LEDGER BALANCE	\$	500,700	
AVERAGE COLLECTED BALANCE		500,700	
AVERAGE EARNING BALANCE		425,500	
VALUE OF EARNINGS BALANCE AT .05000	\$		1,690.34

SERVICES UNDER ANALYSIS

MAINTENANCE	\$	1.00	
59 LEDGER TRANSACTIONS AT .08		4.72	
T CALLS		10.00	
TOTAL	\$		15.72
VALUE OF BALANCES REMAINING FOR OTHER SERVICES	\$		1,674.62
EXCHANGE ON NON-PAR ITEMS	\$.00	

The NCNB Money Management Division: specialists in investment alternatives.

NCNB's Money Management Division helps corporations, banks, municipalities and individuals with their short-term investment needs. By utilizing a number of money market investment alternatives, NCNB can assure a high rate of return on the employment of your excess funds, while maintaining the liquidity, flexibility and safety needed for your portfolio.

The Money Management Division works closely with NCNB's Bond Division and Foreign Exchange Department to provide each investor with a comprehensive overview of the national and international money markets. This single-source investment advice enables you to move with maximum speed and efficiency, regardless of the size of your short-term investment or the specific time factors affecting your decision.

Investment alternatives available through NCNB are described on the accompanying chart. Our own short-term obligations — certificates of deposit, bankers acceptances, master notes, etc. — are supplemented by the full spectrum of secondary offerings as well as commercial paper of both direct and dealer issues. As a primary dealer, we also make net markets in tax-exempt project notes and U.S. Treasury bills as well as municipal, government and federal agency bonds. If you would like to improve your short-term investment procedures, contact NCNB's Money Management Division today. Our specialists will be glad to meet with you, without obligation, to discuss your requirements.

Money Market Investments

NCNB issues and/or maintains markets in all of the following issues. We also have daily contact with all major commercial paper issuers.

Security	Usual maturity	Minimum amount	Liquidity	Interest paid	Description
Certificates of Deposit	30 days-1 year	\$100,000	Marketable	At maturity	Certificates issued against funds on deposit for a stated period, earning at a stated rate
Commercial Paper	5-270 days	\$100,000	Non-marketable	Discounted	Unsecured promissory note issued by a corporation for short-term cash needs
Repurchase Agreement	1-180 days	\$100,000	Flexible maturity	At maturity	Sale of securities with agreement to repurchase at stated price and rate
Master Notes	Open	\$ 50,000	Payable on demand	Monthly	Large revolving notes, similar to commercial paper, from which participations are sold
Bankers Acceptances	30-180 days	\$ 50,000	Marketable	Discounted	Bill of exchange drawn on and guaranteed by a bank
U.S. Treasury Bills	7-365 days	\$ 10,000	Marketable	Discounted	Short-term direct Government obligations
FNMA Notes	30-270 days	\$ 50,000	Marketable	Discounted	Short-term notes issued by FNMA to meet temporary cash needs
Federal Agencies	7-365 days	\$ 10,000	Marketable	Every 6 months	Obligations of various Government-sponsored enterprises such as Federal Land Banks
Project Notes	1-12 months	\$ 1,000	Marketable	At maturity	Tax-exempt obligations of local housing authorities, fully guaranteed by U.S. Government
Federal Funds	1 day	\$100,000	-	Next day	A bank's excess funds, bought and sold on a 1-day, unsecured basis between banks
Euro-Dollar CD's	1 month-5 years	\$100,000	Marketable	Every 6 months	Large dollar-denominated deposits issued by major banks through their European branches