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of their business either to other banks or the Federal Reserve Bank of Dallas, fearing uninsured losses or processing disruptions should First RepublicBank require a federal bailout."

On March 9 the *Wall Street Journal* noted that the Dallas Federal Reserve Bank "abruptly discontinued issuing weekly financial reports" after issuing the report about First RepublicBank of Dallas. First RepublicBank admits it asked the Fed to stop issuing the report on itself and six other huge Texas banks, three in Dallas and three in Fort Worth. The Fed claims that it stopped issuing the report, which it has issued weekly for years, because "all participating financial institutions have requested that we no longer provide this service."

Industry analysts, such as James McDermott of Keefe, Bruyette and Woods, told the *New York Times*, "this is a year of big hits for the FDIC." But the big hits aren't the FDIC's only problem. Last year's record 184 bank failures cost the FDIC some $3 million in insurance earnings and interest income.

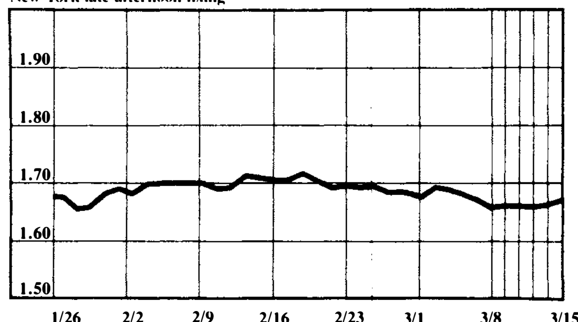
The Texas situation is, admittedly, the most serious in the country, with both the majority of banks as well as savings and loans threatening to go under because the fallen oil prices no longer buttress up either oil industry or real estate prices. But its problems are only an advanced stage of what is happening to the entire U.S. banking industry. The Feb. 2 *Wall Street Journal* let the ordinary investor know, probably too late, what the big investment institutions have been doing for the past month—they have been dumping their entire portfolio of money-center bank debt securities. This dumping has pushed some of the debt of the biggest names in banking to the levels of junk bonds. Trading in some of these banks' paper has almost ground to a halt as buyers become scarce, and those who didn't know enough to sell before now are reluctant to sell since it would mean taking a huge financial loss. On Feb. 18 the *Journal* reported that "Moody's Investors Service Inc., in a sweeping downgrade of the creditworthiness of money-center banks, lowered credit ratings for eight major banking concerns including J.P. Morgan and Co., the last major triple-A-rated U.S. bank holding company."

Now some industry people seem to be convinced that the banking industry is so strong that it should support the thrifts. With a straight face they suggest that the Federal Deposit Insurance Corporation and the Federal Savings and Loans Insurance Corporation be combined so that the "solvent" banking industry can prop up the savings and loans. *EIR* warned when FSLIC was recapitalized some seven months ago for $10.8 billion, which was supposed to be enough money to last for three years, that it would not be nearly enough. Now industry, regulators, and financial experts are formulating contingency plans for a second bailout which may come as early as later this year—and out of taxpayers' pockets directly.

Currency Rates

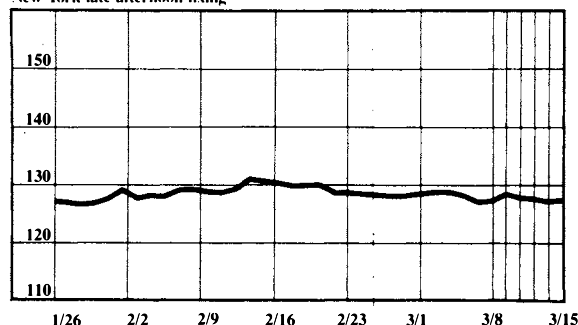
The dollar in deutschemarks

New York late afternoon fixing



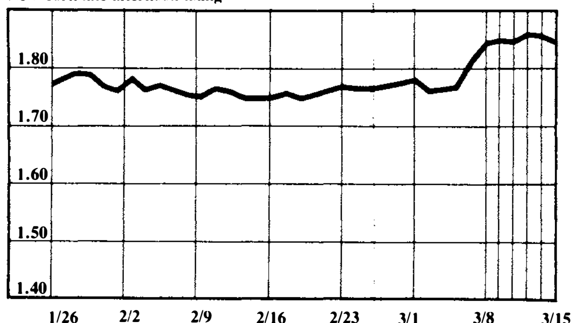
The dollar in yen

New York late afternoon fixing



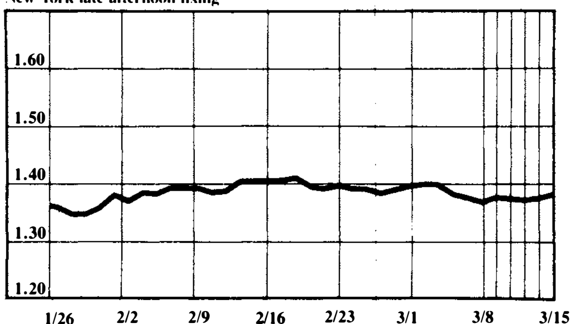
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



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