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In keeping with the Committee's usual practice, the members contemplated that operations might be adjusted during the intermeeting period toward implementing somewhat greater or somewhat lesser restraint on reserves if monetary growth should prove to be significantly faster or slower than targeted for the current quarter. In the view of most members, the implementation of open market operations should be equally sensitive to the potential need for greater or lesser restraint over the weeks ahead. Any such adjustment should not be made automatically but should be undertaken only after an appraisal of the strength of economic activity and inflationary pressures, and evaluations of conditions in financial and banking markets and the rate of growth in total domestic nonfinancial debt.

Monetary Policy Report to the Congress

Report submitted to the Congress on July 25, 1984, pursuant to the Full Employment and Balanced Growth Act of 1978.[1]

THE OUTLOOK FOR THE ECONOMY

As reviewed in later sections of this report, the nation's economy in the first half of 1984 was characterized by marked strength in sales, production, and employment, and by relatively low inflation. Moreover, economic activity still appeared to have substantial forward momentum at midyear, and the strong growth of the U.S. economy was helping to encourage recovery abroad as well. Amid the favorable overall performance, however, some important structural imbalances and financial strains were apparent that need attention lest they impair the sustainability of orderly growth. In particular, extraordinary increases in domestic demand have been accompanied by a further deterioration of our trade and current account deficits, which has contributed to dangerous protectionist pressures. The persistent strength of the dollar in foreign exchange markets has helped to keep inflation quiescent, but that strength has been dependent on a pattern of massive capital inflows. Interest rates, under pressure from the combined credit demands of the federal government and the rapidly growing private sector, have risen from what already were high levels historically, adding to stresses on some sectors of the U.S. economy and on heavily indebted foreign countries. As labor and capital resources have become much more fully utilized, and as real growth has continued exceptionally rapid, the possibility of demand pressures contributing to renewed inflationary tendencies has become a concern to many.

For the near term, the prospects for continuing good gains in economic activity appear favorable. Consumers seem to be willing to spend, and they have the wherewithal to do so. The rising trend of contracts and orders points to further sizable increases in business plant and equipment spending. And inflation should remain relatively subdued in the period immediately ahead, given the recent behavior of labor and material costs.

However, as we look beyond the near term, the stresses and imbalances in the economy give rise to significant uncertainties in assessing the economic and price outlook and pose substantial challenges for public policy. The members of the Federal Open Market Committee recognized this fact as they prepared their economic projections for the remainder of 1984 and for 1985 at their meeting earlier this month, emphasizing that the probability of maintaining highly satisfactory

Economic projections for 1984 and 1985[1]

Item	FOMC members and other FRB presidents: Range	FOMC members and other FRB presidents: Central tendency
	1984	
Percent change, fourth quarter to fourth quarter		
Nominal GNP	9½ to 11½	10½ to 11
Real GNP	6 to 7	6¼ to 6¾
Implicit deflator for GNP	3¼ to 4½	4 to 4½
Average level in the fourth quarter, percent		
Unemployment rate	6½ to 7¼	6¾ to 7
	1985	
Percent change, fourth quarter to fourth quarter		
Nominal GNP	6¼ to 9½	8 to 9
Real GNP	2 to 4	3 to 3¼
Implicit deflator for GNP	3½ to 6½	5¼ to 5½
Average level in the fourth quarter, percent		
Unemployment rate	6¼ to 7¼	6½ to 7

1. The administration has yet to publish its Mid-Session Budget Review document, and consequently the customary comparison of FOMC forecasts and administration economic goals is not included in this report.

1. The charts for the report are available on request from: Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

performance could only be assured by timely decisions in a number of public policy areas. In formulating its own policy plans, the Committee agreed that, while flexibility and sensitivity might be required in conducting monetary policy during this crucial period, Federal Reserve policy would need to remain basically oriented toward encouraging growth in a context of maintaining progress over time toward price stability. The specific monetary objectives outlined in the next section provided part of the assumptions underlying the projections.

At this time, the members of the FOMC (including those Reserve Bank presidents who are not at present voting members) generally foresee appreciable gains in economic activity over the remainder of 1984, but with growth of real gross national product less rapid than in the first half of the year. While clear evidence of substantial moderation in the pace of expansion is still limited, some slowing seems likely in light of some softening of demand in the housing market, the probable tendency for inventory investment to level off after a sharp surge in the first half, and other factors. The central tendency of Committee members' forecasts is for an increase in real output of about 6½ percent for the year as a whole. The unemployment rate, which averaged about 7½ percent in the second quarter of 1984, is expected to fall further in coming months, although much will depend on the highly uncertain behavior of labor force participation rates and productivity growth, as well as on the strength of demand in the economy. The implicit deflator for gross national product is expected to rise slightly faster than in the first half of 1984, but even so, the central tendency of Committee members' inflation forecasts shows an increase for the year that—at around 4¼ percent—would be only slightly above the 1983 rise and would be lower than generally expected at the start of this year.

Members of the FOMC believe that growth in activity is likely to continue in 1985, though at a slower pace. That slower pace would be satisfactory to the extent it reflected the settling of the economy into a sustainable pattern of longer-run expansion after a rebound from an exceptionally deep recession. Specifically, the central tendency of FOMC forecasts calls for real growth of 3 to 3¼ percent next year and some further decline in the unemployment rate. The Committee expects price increases to be somewhat larger in 1985 than this year, with the central tendency of members' forecasts being 5¼ to 5½ percent, on the assumption that the dollar would remain in the trading range of the past year or so; the expectation of some pickup in price increases in fact partly reflects the assumption that the inflation-damping influence of dollar appreciation will abate, but on the basis of past experience some cyclical pressures on wages and prices might also be anticipated as a result of reduced slack in labor and product markets.

The behavior of the dollar in foreign exchange markets is only one of the uncertainties in the outlook for 1985. Strains in financial markets have been aggravated by the historically large current and prospective federal budget deficits, and international debt problems will continue to require attention. With respect to the federal budget, Committee members are assuming that the Congress and the administration will soon complete action on a series of measures that represent an initial "down payment" toward reducing current and prospective federal budget deficits. Although no specific assumptions were made regarding further deficit-reducing steps in 1985, it was recognized that additional, substantial budgetary actions will be needed to enhance the prospects for sustained, orderly economic growth.

The Federal Reserve's Objectives for Growth of Money and Credit

The Federal Open Market Committee has reviewed its target ranges for 1984 and established tentative ranges for 1985 in light of its objective of achieving sustained growth in the context of continuing progress toward reasonable price stability over time. The behavior of M1 and M2 in the first half of 1984 was broadly consistent with the Committee's expectations and objectives. Although difficulties in anticipating demands for various measures of money and credit under changing economic circumstances remained, partly reflecting the new deposit accounts introduced in the recent period of deregulation and changing financial practices, no developments were foreseen that would call for changes in the 1984 targets for M1 and M2. Consequently, the Committee reaffirmed the existing target ranges for 1984 for those aggregates.

M3 expanded above its target range and domestic nonfinancial sector debt ran well above its monitoring range during the first half of the year. The unexpectedly brisk expansion of spending appears to be a factor influencing credit expansion. But in addition, this rapid growth is partly attributable to the unusual amount of corporate mergers and buyouts, which also have led to a sharp reduction in corporate equity shares outstanding. Some of this rapid debt expansion may have influenced M3, as banks issued CDs, for example, to finance credit expansion, though it is always difficult to evaluate how institutions or depositors would have behaved if circumstances had differed.

It appears that the factors that led to growth in M3 and in debt above the upper limits of their ranges in the first half could be less important during the second half. Credit flows associated with corporate acquisition activity should diminish, partly because of higher prevailing interest rates and partly because of greater caution on the part of lenders in evaluating the soundness of proposed transactions. It also seems likely that growth of household spending and consumer and mortgage credit demands will moderate somewhat. However, given the levels of the money and credit aggregates at midyear, it is unlikely that M3 and debt will be within their ranges by year-end, although some deceleration toward the upper limits of the ranges is expected to occur.

Under the circumstances, the Committee considered the question of whether increases in the ranges for 1984 for M3 and domestic nonfinancial sector debt would be appropriate. On balance, the Committee was of the view that the broad direction of policy would best be communicated by retaining the current range for M3 and the associated monitoring range for domestic nonfinancial sector debt. While the Committee anticipated growth somewhat above the ranges for the year as a whole, it was felt that higher "target" ranges would provide an improper benchmark for evaluating desired longer-term trends in these aggregates.

The Committee also discussed the ranges for the aggregates to be established on a tentative basis for 1985. The Committee reaffirmed its intention to lower over time growth of money and credit to rates appropriate to progress toward price stability in an environment of sustainable economic growth. Consistent with these goals, the FOMC established tentative ranges for M1 and M2 that were somewhat below those for 1984. For M1, the upper limit was lowered one percentage point, and the range was set at 4 to 7 percent. For M2, the upper limit was lowered one-half point, and a tentative range of 6 to 8½ percent was established.

The width of the M1 range was brought more in line with the dimensions of the ranges for the other aggregates. This reflected experience over the past year in which the behavior of M1 has been more consistent with previous cyclical patterns than was the case in the recent recession. Consequently, the Committee felt that it would be appropriate to give roughly equal weight to all of the monetary aggregates in implementing policy. Nonetheless, it was recognized that uncertainties remained about the behavior of M1, as well as of the other aggregates, in periods of changing market conditions. For instance, should market interest rates change considerably, it is possible that funds would flow quickly into or out of such fixed interest deposits as NOW accounts, leading to sizable movements in M1—but, with limited experience to date with the present account structure, the extent of these movements cannot be projected with confidence. Moreover, the process of financial deregulation continues. At the beginning of 1985, the minimum denomination for Super NOW accounts and MMDAs is scheduled to decline from $2,500 to $1,000; it was assumed that this change will have no more than a minimal impact on M1 and M2. Should legislative action permit interest on reserves or on demand deposits, this interest would tend to affect—perhaps significantly—the demand for monetary aggregates, particularly M1.

The Committee retained for 1985 the current target range for M3 and the current monitoring range for domestic nonfinancial sector debt. As noted above, these aggregates might be somewhat above their ranges in 1984. Thus, growth next year within their ranges would represent an actual slowing from this year's pace. The Committee noted that some deceleration in growth of these aggregates is both desirable and likely, reflecting a slowing in expansion of nominal GNP and a drop in corporate merger activity. Still, business demands for external finance are likely to remain strong, and absent a substantial improvement in the stock and bond markets would tend to continue to be concentrated at banks and in short-term credit markets generally. Although household borrowing is expected to moderate somewhat in 1985, state and local government borrowing may be heavier than in 1984, and the federal budget implies the continuation of exceptionally large Treasury borrowing.

In its discussion, the Committee noted that only limited progress has been made recently in reducing federal budget deficits, and that current and prospective structural deficits remain huge. The massive fiscal stimulus and credit demands associated with these structural deficits will tend to hold interest rates at high levels. Further progress in lowering the deficit would help to relieve credit market pressures.

The Committee felt that implementation of monetary policy would require continuing appraisal of the progress of economic activity and prices and of conditions in domestic and international financial markets—especially in light of the sensitive state of these markets and of a number of economic sectors. The Committee emphasized, however, the importance of appropriate restraint in monetary and credit growth. A good start has been made in reversing the debilitating trends of rising inflation and languishing productivity that plagued our economy for so many years. But monetary vigilance—in combination with determined action to reduce the federal presence in the credit markets—is essential to the achievement of durable reductions in interest rates, overall financial and economic stability, and sustained growth of the economy.

The Performance of the Economy in the First Half of 1984

The economic expansion gained further momentum in the first half of 1984, as the growth of real gross national product accelerated to an annual rate of almost 9 percent. Employment also increased rapidly, and the unemployment rate dropped to its lowest level in more than four years. Price increases continued to be relatively moderate.

In 1983, the economy had followed a path that was fairly typical of previous postwar recoveries; with the continued rapid growth of activity in 1984, the current expansion has proved stronger than during comparable cyclical periods since World War II, the only exception being the period of the Korean war buildup. Real GNP has grown faster, and the levels of economic slack have declined more rapidly, than in the usual expansion. In addition, real gross domestic spending rose even more rapidly than production during the first half—about 10¼ percent at an annual rate—and was reflected in a surge in the demand for imports as well as strong demands for the goods and services being produced domestically. These gains, of course, followed a deep recession. The civilian unemployment rate at midyear—at just over 7 percent—had dropped about 3¾ percentage points from its peak, but is still above "full employment" levels. The capacity utilization rate in manufacturing is slightly below the postwar average.

The strong growth, reduced unemployment, and more stable prices of the past year and a half have been reflected in rising productivity and higher real incomes for most Americans. After the immediate hardships associated with the recession, progress toward our long-range goals has been apparent. Even so, the economy still faces a number of serious problems and, in some respects, these problems have grown more worrisome over time. During the current expansion, there has been an enormous increase in federal debt and an unprecedented deterioration in our balance of trade. A number of domestic producers have not shared fully in the expansion, and many developing nations still are burdened by large external debts. Concern about financial stress in both the domestic and international economies has heightened this year as interest rates have risen from levels that already were high by historical standards.

Widespread concern about the outlook for inflation also persists, despite the continuation of favorable wage and price patterns through the first half of 1984. One cause for concern is that growth in the demands placed on the economy could continue at a pace that, if maintained for long, would damage the prospects for sustaining real growth, achieving better balance in financial markets, and making further progress toward price stability—central objectives of public policy. Inflationary pressures would be intensified if the exchange value of the U.S. dollar were to decline sharply from its current high level in the face of unprecedentedly large current account deficits. These concerns are importantly related to the strains on real and financial markets stemming from federal budget deficits, actual and potential, which, among other implications, now complicate the conduct of monetary policy.

The Household Sector

Strength in the household sector continued to provide a strong impetus for expansion in the first half of 1984. Personal income, in nominal terms, rose at an annual rate of about 10¾ percent during the first half of the year, and with inflation low, most of that nominal gain translated directly into sizable increases in real purchasing power. In addition, despite the recent upswing in interest rates and some decline in stock market wealth, consumers remain generally optimistic about future business conditions. Reflecting that optimism, they have continued to consume heavily out of current income and have become increasingly willing to take on higher levels of debt. As a result, personal consumption expenditures, in real terms, rose rapidly in the first half of 1984—at an annual rate of nearly 6 percent.

Consumer spending for new cars was particularly robust in the first half of 1984 as unit auto sales rose to the highest level since mid-1979. With quotas limiting the imports of foreign models, most of the rise in spending was channeled into sharply higher purchases of domestically produced automobiles, and in light of strong sales, many domestic auto plants operated near full capacity in the first half of 1984. Auto output, in real terms, was about 50 percent above the depressed level of 1982.

Spending for housing also continued to advance in the first half of 1984, thereby maintaining the vigorous cyclical expansion that was apparent during 1983. Housing starts spurted to a six-year high in January and February, and outlays for residential construction rose in both the first and second quarters. All told, the rebound in housing activity over the past year and a half has been stronger than generally expected and has exceeded the gains experienced during most previous housing recoveries. During this period, demographic influences and relatively stable house prices provided underlying support for housing demand, and innovations in housing finance helped to soften the effect of high mortgage interest rates. While home sales appeared to be moving lower toward midyear, there should continue to be a supporting influence in housing markets from some of the same factors that have helped to boost activity to a high level during the early phases of the expansion.

Household balance sheets are no longer strengthening as they did during the recession and early phases of the recovery. Some of the earlier gains in stock market wealth have been reversed during this year's decline in stock prices, and household debt has been growing much more rapidly than in 1983. In addition, there are troubling aspects to some of the recent patterns of household credit growth. Consumer credit has been rising much faster than income this year, and some of the recent innovations in mortgage lending, while supportive of current housing activity, also increase the level of borrower exposure to adverse movements in interest rates or unexpected shortfalls in future household incomes.

The Business Sector

Economic conditions in the business sector have strengthened during the past year and a half. Output, sales, profits, productivity, and investment spending have all been rising throughout the expansion. By the first quarter of 1984, after-tax profits in the domestic nonfinancial corporate sector were about twice the levels of late 1982. Fixed investment spending, in real terms, has risen roughly 25 percent during the first year and a half of the recovery.

The rise in business investment spending during the current expansion has been much stronger than generally expected. Unused capacity was at a particularly high level when the expansion began and appeared likely to inhibit new capital outlays for some time. However, as the economic expansion started to look more durable during the course of 1983, businesses began rushing to modernize old units or to add to capacity. In addition, other factors, such as the 1982–83 stock market boom and changes in tax laws, contributed to the ebullience in investment spending. The widespread adoption of new computer-based technologies, which was evident even during the recession, also has continued to provide an element of strong support in the capital goods sector, and, more generally, businesses have recognized a need to invest in new technologies in order to remain competitive with foreign producers. Reflecting these influences, spending for new capital equipment recorded particularly strong gains during the past year and a half, and spending for structures also has strengthened markedly in recent quarters.

Inventory accumulation during 1983 was less rapid than in the early phases of many previous recoveries, but, in light of lengthening delivery times and the sustained strength of sales, businesses appear to have become more willing to rebuild stocks in the first half of 1984. In real terms, business inventories rose at an annual rate of more than $30 billion in the first quarter of the year, and a further sizable accumulation was apparent in the second quarter. Even so, stocks in most industries still appear lean relative to the recent pace of sales.

Despite the impressive improvement in activity over the past year and a half, businesses have not restored their financial ratios to positions comparable to pre-inflation and pre-recession levels. As is typical in the early phases of economic expansions, many businesses began moving to strengthen their balance sheets in 1983, but the period of balance sheet restructuring in the current expansion appears to have been unusually brief. A downturn in stock prices this year has made equity financing less attractive, and rising long-term interest rates have inhibited bond financing. Mergers and so-called "leveraged buyouts" have resulted in a disturbing net retirement of equity so far this year. The business sector has remained heavily reliant on short-term credit as its source of finance and is still relatively vulnerable to adverse interest-rate developments.

Financial problems of a more severe nature are evident in particular sectors of the economy. In farming, for example, export developments have continued to be discouraging, land prices are falling in important agricultural areas, and many farmers who had accumulated large volumes of debt during the more inflationary years are, at present, facing severe financial strains.

The Government Sector

With the cyclical strengthening in economic activity, federal tax revenues have increased, and the rate of growth in federal spending for income support programs has slowed markedly. Nevertheless, federal debt has continued to accumulate at an enormous rate, reflecting both an underlying uptrend in federal outlays and the series of tax reductions that took effect during the past three years. Federal debt outstanding has risen more than 80 percent since the end of 1979. Net interest payments on the debt have more than doubled over that same period, rising to an annual rate of about $110 billion by the first half of 1984. Current prospects are for further sizable increases in both outstanding debt and net interest payments in coming years.

These spending and revenue policies of the federal government have provided an extraordinary stimulus to aggregate demand for goods and services, but they also have contributed to high interest rates, unsettled conditions in financial markets, and a startling deterioration in our balance of trade. Recognizing the dangers posed by current policies, the Congress and the administration have sought appropriate ways to reduce federal budget deficits, but the actions taken to date are only a limited beginning toward dealing with the full magnitude of the problem.

The underlying thrust toward higher federal spending has been obscured in some of the recent data. For example, in real terms, federal purchases of goods and services in the first half of 1984 were slightly below year-earlier levels as outlays early in the year were depressed by an unusually rapid liquidation of the farm inventories held by the government's Commodity Credit Corporation. For other goods and services, federal purchases in the first half were nearly 4 percent more than a year earlier, after adjustment for inflation. Real outlays for defense were up about 5¼ percent from a year earlier.

The financial situation of state and local governments has improved markedly during the expansion. In real terms, state and local outlays, though up moderately in the first half of 1984, still have shown only a small real gain over the past three years as a whole; these cautious spending patterns, coupled with increased tax revenues associated with the expansion, have resulted in large operating surpluses for state and local governing units as a whole.

The Foreign Sector

After falling sharply in 1981 and 1982, the volume of U.S. exports rose moderately during 1983 and increased further in the early part of this year. However, imports have grown much faster, and as a result the trade deficit increased from an annual rate of roughly $40 billion in the first quarter of 1983 to a rate of more than $100 billion in the first quarter of 1984. The U.S. current account deficit registered a corresponding shift during this period, with the first-quarter deficit reaching an annual rate of nearly $80 billion. Data through May indicate that the trade balance remained weak into the second quarter. The magnitudes of these trade and current account deficits are without historical precedent.

While the gains in exports in recent quarters have not fully reversed the declines that occurred during the last recession, imports have surged far above their pre-recession peak. A major influence on these trade patterns has been the tremendous appreciation in the exchange value of the U.S. dollar in recent years. Buoyed by high U.S. interest rates and an eagerness of foreigners to invest in dollar-denominated assets, the dollar rose about 45 percent against other currencies from late 1980 to late 1983 and, after turning down temporarily in early 1984, rose to new highs around midyear. This appreciation, through its impact on relative prices, has been both a depressant of exports and a strong stimulant to import growth.

Recent trade developments also reflect the sharply divergent growth patterns in the world economy. The exceptional strength of the U.S. economy over the past year and a half has been manifested partly in a surge of import buying. In contrast, the economic recovery in other industrial nations has been substantially less rapid than in the United States, and exports to those nations have lagged. Many developing countries that are burdened with huge external debts have, necessarily, sharply constrained imports, including those from the United States.

Labor Market Developments

Labor market developments in the first half of 1984 were shaped both by the vigorous expansion in economic activity and by widespread restraint on increases in nominal wages and salaries. Employment rose rapidly, work schedules lengthened, and unemployment declined. Thus far in the current expansion, payroll employment has risen a little more rapidly than in most previous postwar recoveries; the average workweek, another indicator of labor demand, has increased much faster than usual.

The slack economic conditions during the recession and the early phases of the recovery may have discouraged many persons from seeking new jobs, but as the expansion has lengthened into 1984, new jobseekers started entering the labor force at a faster pace. However, employment opportunities rose even faster and, as a result, unemployment rates continued to fall. By June the civilian unemployment rate had dropped to nearly 7 percent, its lowest level since April 1980.

Notwithstanding the general improvement in labor market conditions, there are wide disparities in the job situations across different regions. Unemployment is still quite high in many of the traditional industrial states, and problems of longer-term unemployment remain especially acute in communities where plants were permanently closed during the recession. Jobless rates for blacks and teenagers also remain exceptionally high.

Recent wage developments appear to have been affected both by changes in behavior that first were evident during the recession period and by the moderation of price increases. Nominal wage increases, which were running close to 10 percent per year at the start of the decade, fell sharply in 1982 as unemployment rose to nearly 11 percent of the labor force. As the economy has expanded, the rate of wage increase has remained close to those lower levels. Year-to-year increases in the employment cost index, a fairly comprehensive measure of wage and benefit change, held at about 5¾ percent from September 1983 through March 1984; the hourly earnings index, a measure of wage change for production and nonsupervisory workers, has slowed a little further in the first half of this year to an annual rate of about 3¼ percent.

By the 1970s, large annual increases in nominal wages had become almost automatic in a number of industries, thereby imparting strong momentum to the inflationary process. However, as labor markets weakened in the early 1980s and price expectations moderated, there were marked changes in patterns of wage determination. Outright declines in wages occurred in many troubled industries, and workers in general became more concerned about job security than about automatic wage increases. Workers and managers alike took new interest in measures to improve productivity and to enhance competitiveness in foreign markets.

With labor markets now tightening, a key question in the outlook is whether the recent conservative patterns of wage determination will be maintained or, alternatively, whether there will be a reversion to the more inflationary patterns of the previous decade. Important signs regarding the outlook for wages should emerge later this year, as new collective bargaining negotiations get under way, including some in industries in which economic conditions have strengthened markedly during the expansion.

Price Developments

Inflation rates fell dramatically during 1982 and—by the standards of the past decade—have remained relatively moderate through the first year and a half of the expansion. The consumer price index rose at an annual rate of about 4½ percent during the first five months of 1984; the price deflator for gross national product was up at a rate of only 3¾ percent in the first half. The rate of increase in the CPI was slightly above the pace experienced during 1983; the GNP deflator has risen at the same rate this year as in 1983. Producer prices, after rising only fractionally in 1983, increased at close to a 3 percent rate in the first half of this year; basic commodity prices have been declining in recent weeks, reversing some of the sharp advances that occurred earlier in the expansion.

Taken together, these and other price data suggest that inflation in the first half remained in the range that has generally prevailed since early 1982 and is running at little more than one-third of the peak inflation rates of the period from 1979 to 1981. Price behavior over the past year and a half has been constrained by highly competitive markets, as well as by the ample plant capacity and labor resources generally available during the recovery period. In addition, because of the sharp rise of the dollar in exchange markets, the dollar prices of imported goods have increased only slightly thus far in the expansion and have been a greater restraining influence on domestic prices than in past expansions.

Imbalances between supply and demand have been an important influence on price developments in food and energy markets, sectors in which inflationary pressures had been particularly acute in the 1970s. Because of spare capacity in world oil markets, a protracted war in the Persian Gulf has, to date, had little effect on the prices of oil or petroleum products; consumer energy prices, in relative terms, have continued to decline this year. Similarly, the slack export demand for U.S. farm products has helped to damp price pressures in the food sector; despite the severe drought of last summer and a damaging freeze this past winter, the rise in consumer food prices in the first half of the year was not much different from the general rate of inflation.

All told, the nation is enjoying a better price performance than for any other sustained period in more than a decade. The fact that inflation rates and underlying wage trends have remained moderate during a particularly robust expansion is an encouraging development. However, there typically has been little price acceleration in the first two years of business expansions; the dangers have become greater in the later stages of expansion. Moreover, while the foreign sector has provided an important restraining influence on domestic prices thus far in the current expansion, that influence has been dependent on an exceptionally strong dollar and a high level of capital inflows from abroad. Thus, although current price trends are favorable, important tests of progress toward greater price stability remain ahead.

Growth of money and credit
Percentage changes

Period	M1	M2	M3	Domestic nonfinancial sector debt
Fourth quarter to June 1984	7.5	7.0	9.7	13.1[e]
Fourth quarter to second quarter 1984	6.7	6.9	9.7	13.1[e]
Fourth quarter to fourth quarter				
1978	8.2	8.0	11.8	13.3
1979	7.5	8.1	10.3	12.1
1980	7.4	9.0	9.6	9.6
1981	5.1 (2.5)[1]	9.3	12.3	9.9
1982	8.7	9.5	10.5	9.0
1983	10.0	12.1	9.7	10.8
Quarterly growth rates				
1983:1	12.8	20.5	10.8	8.9
2	11.6	10.6	9.3	10.4
3	9.5	6.9	7.4	11.8
4	4.8	8.5	9.8	10.3
1984:1	7.2	7.0	9.0	12.5
2	6.1	6.8	10.2	13.3[e]

1. M1 figure in parentheses is adjusted for shifts to NOW accounts in 1981.
e. Estimated.

Money, Credit, and Financial Markets in the First Half of 1984

Earlier this year, the Federal Open Market Committee established specific growth objectives for the monetary and credit aggregates for 1984. These objectives were 4 to 8 percent for M1, 6 to 9 percent for both M2 and M3, and 8 to 11 percent for domestic nonfinancial sector debt. The ranges were set ½ or a full percentage point below the ranges for 1983, to be consistent with continued restraint on inflationary pressures while encouraging sustainable expansion in economic activity.

In setting these objectives, the FOMC assumed that special factors that had contributed to strong demands for money in 1982 and 1983 would not be nearly so important in 1984. The massive shifts of funds brought about by the introduction of the new deposit accounts were largely completed last year. The continuing strength of the economic rebound and the size of federal budget deficits made it appear that further substantial declines in interest rates, such as those that had accompanied the recession in 1982 and had contributed to sharp declines in monetary velocity, were unlikely over the near term. Moreover, greatly improved prospects for employment and incomes seemed to be reducing the uncertainties that earlier had swelled demands for precautionary balances. Consequently, the relationships of the monetary aggregates to income and interest rates were expected to fall more into line with historical norms.

Even though, as 1984 began, there was some evidence that the velocity of M1 was behaving more in accord with past patterns, the Committee decided that it would not yet be appropriate to place full weight on that aggregate as a policy guide and that its growth would need to be interpreted in light of growth in the other aggregates. Moreover, growth of all the aggregates needed to be appraised in the context of the outlook for economic activity and prices, and overall credit market developments.

In the first part of the year, credit demands proved to be exceptionally strong, reflecting the continued rapid expansion in private sectors of the economy, coupled with sustained, large federal borrowing needs. Indeed, growth in the debt of domestic nonfinancial sectors accelerated in the first quarter and remained at an advanced pace of around 13 percent at an annual rate through the first half, significantly above the range set by the FOMC at the beginning of the year. The debt of private sectors increased at about a 12½ percent annual rate in the first half of the year—some 4½ percentage points more than last year—while federal debt expansion remained strong at an annual rate of around 14¼ percent.

In appraising credit growth over the first half of the year, account needs to be taken of an unusually large volume of merger activity. Several large mergers and many smaller ones were financed largely with debt and led to liquidation of a sizable amount of equity. Such mergers are estimated to have accounted for roughly one percentage point of the annual growth rate of domestic nonfinancial sector debt in the first half of the year.

Much of the debt expansion was concentrated in short-term markets. Growth in bank credit accelerated to a 14 percent annual rate in the first quarter of the year, though it slowed somewhat in the spring as banks liquidated securities to a greater extent in accommodating loan demands. Large amounts of credit also were raised in the commercial paper market. Corporate borrowers—which as a group had not had any significant need for net external financing in the previous two years—this year began to experience a rise in the financing gap, as spending for inventories and plant and equipment came to outpace internally generated funds.

While borrowing in short-term markets particularly strengthened, the demand for funds in longer-term debt markets remained large relative to the supply of savings in those instruments. Mortgage borrowing by households rose sharply, and corporate bond issuance picked up somewhat from its pace of the second half of last year. Meanwhile, the federal government continued to market a sizable amount of longer-term debt obligations to meet its continuing large cash needs and to roll over maturing debt. On the other hand, activity in the municipal bond market was subdued during the first half, at least by comparison with the past two years, reflecting a lapse in authority to issue mortgage revenue bonds and anticipated legislative limits on industrial development and student loan bonds retroactive to January.

The strength of total credit demands exerted upward pressures on interest rates. These pressures were reflected in a rise of about 1 to 2 percentage points in short-term rates over the first half of the year. Long-term rates also rose about that amount, reflecting in part the weight of Treasury financing and uncertainties about the

whereas they normally rise much less than sl term rates.

The Federal Reserve in implementatioı monetary policy added moderately to press on the reserves of the banking system arounı end of the first quarter to maintain approp growth of money and credit. To meet cı demand and deposit growth, institutions ha turn somewhat more to the discount winı borrowing for adjustment and seasonal purp at the window rose to around $1 billion in M and April after averaging only about $640 mi during the first two months of the year. narrower monetary aggregates—M1 and N have remained within their ranges. Howe under the pressure of strong public and pri credit demands, both M3 and total dom credit have been expanding at a more rapid than anticipated.

As reserve pressures increased, growtl total reserves and the monetary base slo substantially during the early spring. Part o slowing in growth of total reserves reflectec return of excess reserves to more usual le after they had expanded sharply in Februar the time of the introduction of contemporan reserve accounting. In May and June, grow the reserve aggregates accelerated, partly flecting the upward impact on required rese of shifts in the deposit mix as banks r relatively more heavily on large time dep and as government and interbank deposits rose. The large borrowing by Continental Illi Bank over this period was offset in open ma operations by reduced holdings of U.S. gov ment securities, so that borrowing by deposi institutions apart from that bank remained c to the level reached in early spring.

The federal funds rate rose from about percent in the early part of the year to aroun percent in early spring and to around 11 per in June and early July. The Federal Res discount rate was raised from 8½ to 9 perce April. While the rise in the funds rate—whi sensitive to banks' day-to-day demands fo serves relative to supply—in part reflected sc what greater restraint by the Federal Reser the provision of reserves through open ma operations during the spring, it also reflectec federal funds as credit demands remained strong, and as other sources of funds became relatively expensive.

The loss of confidence in the Continental Illinois Bank and well-publicized problems related to ongoing international debt negotiations in May led to a widening in the spread of yields on certificates of deposit issued by depository institutions over Treasury securities of similar maturity. Indeed, investors increasingly seemed to show a preference for government securities relative to private credit instruments generally. More recently, yield spreads have narrowed, as progress has been made on debt questions and the Continental Illinois situation has remained unique and contained.

M1 has grown generally in the upper half of the 4 to 8 percent range adopted by the Committee. From the fourth quarter of 1983 through June of this year, that aggregate grew at a 7½ percent annual rate, close to the rate of growth during the second half of 1983, but significantly lower than during 1983 as a whole. Growth in currency, demand deposits, and travelers checks (essentially the narrow measure of money used before 1980) has remained near last year's 5¼ percent pace.

However, other checkable deposits (OCDs) have decelerated sharply from the nearly 30 percent rate of growth of 1983 to around 14 percent this year. OCDs—primarily consisting of NOW accounts—are interest earning, and tend to be used not only for transactions but also as a repository for liquid savings. This year's slowing apparently reflects a waning of the motives that led to heavy demands for liquid assets in 1982 and 1983, as well as recent increases in the opportunity cost of holding such balances as interest rates on other instruments have risen.

While M1 growth has slowed relative to last year, its income velocity—measured by the ratio of gross national product to money—increased rapidly, given the strength of the economy and associated demands for money and credit. Over the first half of the year the income velocity of M1 has increased at about a 5½ percent annual rate, a little more rapid than usually has occurred in the second year of an expansion. Nonetheless, the level of M1 velocity still remains about 3 percent below the peak reached during 1981, and about 10 percent below an extrapolation of its pre-1982 trend—suggesting that at least some relatively permanent, sizable increase in demand for M1 may have stemmed from the impact on the public's money preferences of the sharp drop of market interest rates in 1982 as inflation abated, given the comparatively low opportunity cost of holding M1 that developed with the larger role of interest-bearing transaction accounts in that aggregate.

Growth in M2 also has been well below that of GNP over the first half of 1984. To some degree, expansion in M2 appears to have been restrained by heavy inflows to individual retirement accounts (IRAs) and Keogh accounts, which are excluded from money stock measures. Inflows to IRA and Keogh accounts at depository institutions alone surged more than $20 billion over the first half of the year, much of which likely has not yet been taken into account by seasonal adjustment factors. The composition of growth in the nontransaction component of M2 has tended in recent months to shift toward small time deposits, perhaps reflecting a willingness of investors to sacrifice liquidity in order to receive higher yields. At the same time, the fact that depository institutions have lagged in raising their offering rates on time deposits relative to market interest rates probably has encouraged some savers to invest in market instruments instead.

However, M3 growth—like growth in total debt—has pushed above the upper end of its range. This aggregate comprises, in addition to all of the assets in M2, large CDs and certain other borrowings by depository institutions. Thrift institutions have continued to issue large CDs at a rapid pace, owing to heavy acquisitions of mortgages and mortgage-backed securities and moderate growth of core deposits. Loan growth at commercial banks strengthened further in the first half of 1984. Commercial banks, which last year ran off about $40 billion of large CDs in response to the flood of money market deposit account money and sluggish loan demand, increased outstandings $25 billion in the first six months of the year to fund the surge in loan demand. Growth in M3 would probably have been even more rapid had not commercial banks supplemented deposit funds by heavy borrowing from foreign offices, amounting to $15 billion over the first half of 1984.

In general, the rapid further expansion of the economy in the first half of 1984 has been financed by an accelerated rise in velocity of money and by large-scale extensions of credit, all accompanied by further increases in interest rates and by an unusually large share of credit raised abroad. In the process, greater stresses, or their potential, have been evident this year in the financial position of some economic sectors.

Depository institutions as a group have not been under pressure from disintermediation as they often were in the past when interest rates rose because regulatory ceilings on yields payable by depository institutions have largely been removed. Thus, deposit flows have been well maintained. Still the profits of banks and thrifts deteriorated in the first half of 1984—in the case of banks, partly because of continuing problem loans, and in the case of thrifts, mainly because of rising interest rates.

With regard to the corporate business sector, the reduction in equity shares outstanding thus far this year, together with the concentration of overall borrowing in short-term market sectors, has in some degree reversed the progress made last year toward stronger balance sheet positions. In the household sector, rapid growth in consumer credit and in mortgage debt, especially adjustable-rate mortgages, has increased the actual and potential share of income devoted to debt service.

There has been a sharp upswing in use of adjustable-rate mortgages, most of which are made at initial rates well below the cost of fixed-rate financing, that has tended to support housing activity and mortgage lending. Nearly two-thirds of conventional mortgages originated by savings and loan institutions in early 1984 were of the adjustable-rate variety. Thrifts also have been originating and holding a growing volume of consumer loans. Both of these types of assets carry yields that more closely track current market yields than do long-term fixed rate mortgages. Despite the shift away from origination of fixed-rate mortgages, however, the asset stocks of thrift institutions remain heavily concentrated in such instruments, leaving industry earnings vulnerable to rising interest rates.

The foreign exchange value of the dollar on a trade-weighted basis declined somewhat during the first few months of the year, but has since retraced all of its decline and more, establishing bilateral record highs against several currencies. The dollar's rebound appears partly related to increases in dollar interest rates relative to yields on assets denominated in foreign currencies. Demand for the dollar may have been spurred also by the favorable inflation performance in the United States and a perception that monetary policy will continue to resist inflationary pressures. In addition, part of the dollar's strength may reflect labor relations problems that have affected European currencies, as well as military conflicts in the Mideast. Reports of a widening trade deficit may have weakened the dollar, but on balance the forces mentioned above more than offset the effects of the deficit.

The large net inflow of funds that foreigners have been willing to place in the United States has been an important factor enabling credit markets to finance the faster rise in private borrowing needs, while still accommodating the unusually large and continuing federal credit demands. Thus, the imbalance, at current interest rates, between domestic savings and domestic demands on that saving from the federal budgetary deficit and private spending for investment has been accommodated by a large further rise in debt owed to foreigners.

Staff Studies

The 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. From time to time the results of studies that are of general interest to the professions and to others are summarized in the FEDERAL RESERVE BULLETIN.

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 without charge. The list of Federal Reserve Board publications at the back of each* BULLETIN *includes a separate section entitled "Staff Studies" that lists the studies that are currently available.*

SOME IMPLICATIONS OF FINANCIAL INNOVATIONS IN THE UNITED STATES

Thomas D. Simpson and Patrick M. Parkinson—Staff, Board of Governors

Prepared as a staff study in mid-1984.

The deregulation and market innovation of recent years, coupled with more volatility in financial markets, have markedly altered the behavior of depository institutions and the public. Rate ceilings on a growing array of retail deposit instruments first were linked to market interest rates and later removed. The relaxation of rate ceilings has provided depository institutions with more control over their retail deposit base, but at the same time has heightened the sensitivity of their interest costs to market interest rates. Moreover, the incentive for the public to reallocate portfolios of financial assets in response to variations in market rates has diminished greatly as deposit rates have tended to move more closely with those in the open market. This paper focuses on the implications of such developments for four general matters: implications of deposit deregulation for the cost and availability of credit at depository institutions; implications of a burgeoning financial futures market for the way commercial banks manage interest rate risk and for the response of spending, principally investment, to interest rate changes; implications of financial change for the scale variable—income or wealth—affecting the demands for monetary assets; and implications of lessened interest rate sensitivity of money demand for setting and adjusting objectives for monetary growth.

A variety of evidence examined in this study suggests that, by enhancing the control depository institutions have over their deposits and the sensitivity of their interest costs to market rates, deregulation of deposit rates has tended in some markets to increase reliance on price rationing and reduce the importance of availability considerations; these developments are most evident in those sectors serviced by thrift institutions and smaller-sized commercial banks—the institutions that have been most dependent on retail deposits. However, these institutions account for a relatively small share of the overall credit extended to the economy, and for some time the bulk of credit has flowed through institutions or open markets in which price considerations dominate. Thus this study concludes that any shift toward price rationing of credit in the economy likely has been minor, and that the degree to which interest rates must vary to stabilize aggregate spending growth has not been altered significantly. Another development that could affect the response of the economy to interest rates is the growing availability of financial futures markets and more active participation by commercial banks in those markets, a development that provides investors with more opportunities to lock in interest costs. However, the presence of futures markets does not appear to have much bearing on the decision to invest: futures contracts affect the wealth position of holders, but likely affect the decision to invest only marginally at best.

This study also examines how financial change, by affecting the liquidity of a wide range of assets and the opportunity costs of monetary assets, may be influencing the scale variables affecting the demand for monetary aggregates—income or wealth—and their relative contributions to variations in monetary growth. Besides being affected by transaction activity, the narrow money stock measure (M1) may now be influenced more importantly by wealth considerations, as M1 balances have become a more attractive repository of liquid assets. The broader money stock measures, which appear to be more heavily influenced by the stock of assets or wealth, may also be undergoing change as a number of innovations have tended to enhance the liquidity of various kinds of assets; as a consequence, the role of a comprehensive wealth measure may be expanding.

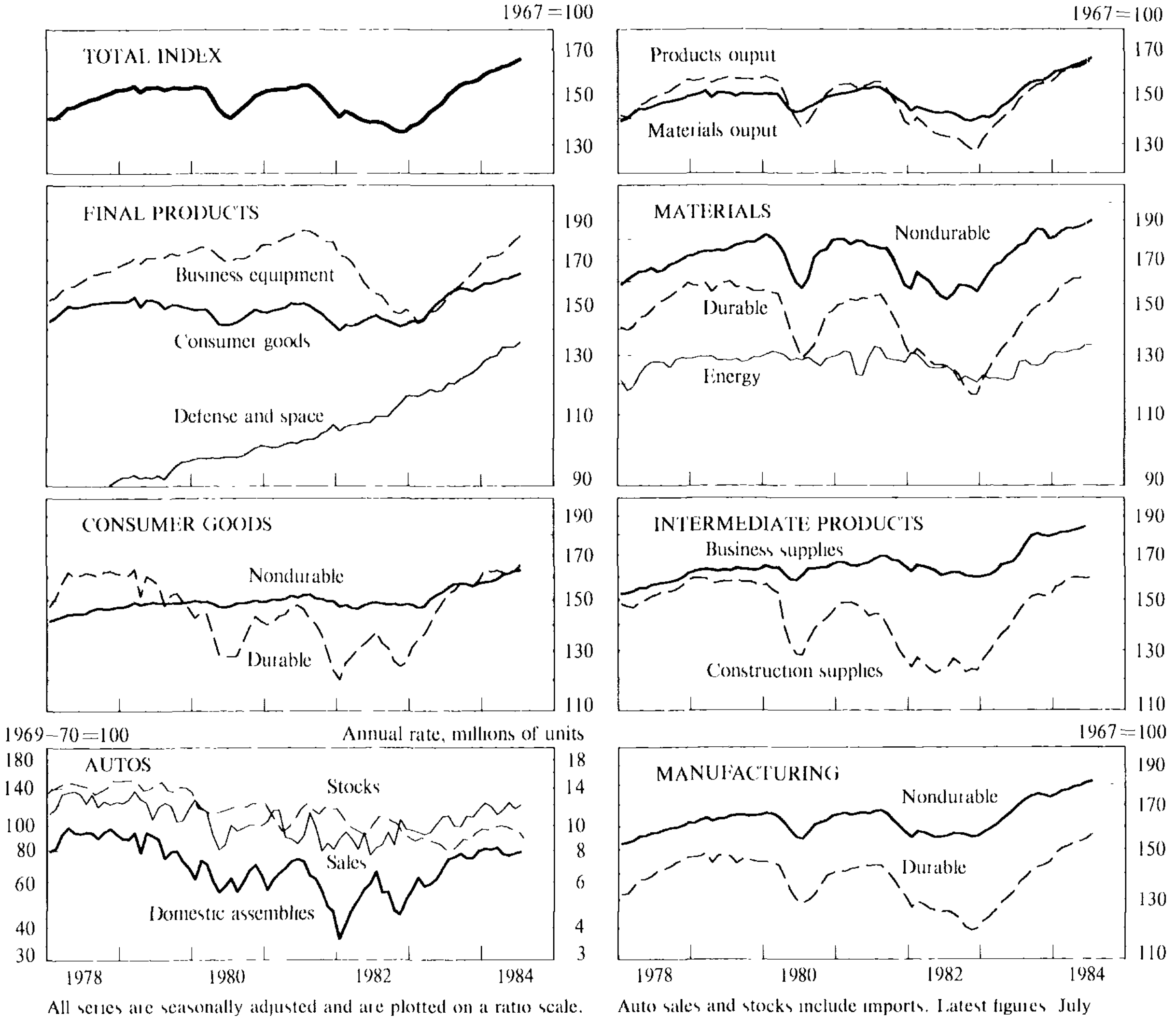
Finally, the tendency for money demand to become less sensitive to open market rates suggests that objectives for longer-term monetary growth generally can conform more closely to objectives for growth in spending. It also suggests that in the short run adjustments to the monetary control mechanism may be needed to reestablish the historical relationships between monetary and spending disturbances and interest rates and the economy.

Industrial Production

Released for publication August 15

Industrial production rose an estimated 0.9 percent in July following an upward revised gain of 0.9 percent in June. Increases in output in July were widespread among products and materials. At 165.6 percent of the 1967 average, the July index was 10.6 percent higher than a year ago.

In market groupings, output of consumer goods was up 0.6 percent, reflecting a sharp gain in durables; production of nondurables was little changed. Autos were assembled at an annual rate of 7.9 million units, compared with the rate of 7.8 million in June. Production of goods for the home—appliances and furnishings—advanced sharply. Output of business equipment increased 1.2 percent in July following upward revised gains of 1.7 and 1.8 percent in Mav and June



All series are seasonally adjusted and are plotted on a ratio scale. Auto sales and stocks include imports. Latest figures July

Grouping	1967 = 100, 1984, June	1967 = 100, 1984, July	Percentage change from preceding month, 1984, Mar.	Apr.	May	June	July	Percentage change, July 1983 to July 1984
			Major market groupings					
Total industrial production	**164.1**	**165.6**	**.5**	**.8**	**.4**	**.9**	**.9**	**10.6**
Products, total	164.6	165.9	.4	.9	.5	.8	.8	9.9
Final products	162.7	164.0	.4	1.0	.6	1.0	.8	10.1
Consumer goods	162.9	163.8	.5	.7	.2	.7	.6	5.8
Durable	162.9	165.5	4	−.6	−.5	9	1.6	8.2
Nondurable	162.9	163.1	.6	1.3	.4	7	.1	4.8
Business equipment	179 6	181.8	1	.8	1.7	1 8	1 2	18.6
Defense and space	133.4	135 1	.5	2 4	.0	.2	1.3	12.2
Intermediate products	171.8	172.7	.7	.5	.2	.2	.5	9.2
Construction supplies	159.2	159.8	1.6	.3	−.1	−.2	.4	9.6
Materials	163.3	165.1	.6	.7	.2	.9	1.1	11.7
			Major industry groupings					
Manufacturing	165.3	166.9	.4	.8	.5	.7	1.0	10.8
Durable	154.4	156 7	.6	.8	.5	.7	1.5	14.5
Nondurable	181.1	181.8	.2	8	.3	.8	.4	6.6
Mining	127.1	129.9	−.2	−.4	1.7	1.4	2.2	13.0
Utilities	185.1	183.8	2.0	1.5	− 1	1.4	−.7	4.4

NOTE. Indexes are seasonally adjusted.

respectively. Over the last 12 months, production of business equipment has increased 18.6 percent. Output of supplies for construction and business rose moderately in July.

Total output of materials advanced 1.1 percent in July following a gain of 0.9 percent in June and only a small increase in May. Durable materials gained 1.5 percent and nondurable materials, 1.0 percent; output of energy materials was unchanged overall.

In industry groupings, manufacturing output increased 1.0 percent in July. Production at mines rose sharply, with an especially large increase in coal output. Utility output, however, was off 0.7 percent from the unusually high levels attained in June because of a decline in electricity generation.

Statements to Congress

Statement by Theodore E. Allison, Staff Director for Federal Reserve Bank Activities, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs and Coinage of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, July 24, 1984.

I appreciate the opportunity to appear on behalf of the Board of Governors of the Federal Reserve System to present our view on the proposed "Currency Design Act." Under the proposal, the Secretary of the Treasury could adopt changes in the design for currency and coin only after approval by the Congress. We appreciate the fact that the proposed legislation reflects the desires of its sponsors to be kept informed about this important area. In view of the Federal Reserve's role in the issuance and maintenance of currency, we welcome the opportunity to explain the possible changes in the design of Federal Reserve notes that are being considered and why we believe such changes are desirable.

As the nation's central bank, the Federal Reserve is the issuer and caretaker of currency in circulation. Implicit in our currency-related duties is a concern for the quality and integrity of our currency. The Federal Reserve Banks and Branches process—that is, receive, count, inspect, and either destroy or subsequently recirculate—about 12 billion notes per year.

In addition to ensuring high quality levels by destroying notes judged unfit for further circulation, the Reserve Banks examine each note for authenticity. In order to preserve confidence in our currency, a principle underlying our currency-processing operations is that counterfeit notes must not be recirculated. To date, we have been quite successful in this endeavor. As a result of efforts by law enforcement agencies, depository institutions, and the public, the large majority of counterfeit notes are detected, although the public does experience some losses. It is apparent that there is a level of counterfeiting beyond which public confidence in our currency would be lost, with consequent deleterious effects on the financial systems and ultimately on the economy.

Of growing concern are advances in reprographic technology that make it easier to manufacture high quality color reproductions. This development could have serious repercussions in the areas of security printing and, in particular, currency printing. This threat has been confirmed by research conducted by Battelle Columbus Laboratories on the possible impact of recent and foreseeable advances in reprographics on counterfeiting activities. Battelle's first report was issued in January 1983, and a follow-up report was prepared in August of that year. The first report highlighted electrophotographic color copies as the main cause of concern because these copies would make counterfeiting a crime of opportunity. Battelle observed, too, that other traditional forms of counterfeiting would become easier, cheaper, and of better quality. In its second report, Battelle estimated that, with no improvements in the design of U.S. currency, there would be a significant increase in the possible level of counterfeiting activity. Most of this threat would come from color copies.

In response to this mounting counterfeiting threat, the Federal Reserve, together with the Treasury Department, has been considering a number of alternatives that could be incorporated into the design of Federal Reserve notes to make it easier for the public to determine the authenticity of their currency. Other countries as well are concerned about this problem and are taking measures similar to those that we are considering.

We support the decision of the Secretary of the Treasury last year to focus research and development on the areas of background colors, a security thread, and an optically variable device. We believe that these modifications, though representing little change in the traditional currency design, will enable the public to detect counterfeits more readily and ensure that the high confidence that the public now has in our currency is preserved.

To implement the results of this research, it will be necessary to make selected design changes to improve the resistance of our currency to counterfeiting. The replacement of most present-design currency with the more counterfeit-resistant currency should be completed during 1988. Under this schedule, the distribution of improved-design currency would be accomplished through the Federal Reserve Banks' normal currency processing procedures, wherein unfit currency would be removed from circulation and replaced with improved-design notes. In this regard, we do not anticipate any changes in the current procedures we follow in issuing Federal Reserve notes to the public. We estimate that the replacement period will last from two to two and one-half years. This schedule could be accelerated should it prove necessary, though at a higher cost.

The greatest challenge of an improved currency design is to achieve a balance among a number of complex technical variables to achieve effectiveness in counterfeiting deterrence, manufacturing feasibility, central bank processing, and automated currency processes of the public. At the same time, it is essential that aesthetic design objectives consider public acceptability and tradition, as well as national prestige. While we do not believe that legislation in this area is necessary at this time, the Board welcomes congressional interest in this important issue and your continuing review of the efforts that we have made to date in conjunction with the Treasury Department, the Secret Service, and the Bureau of Engraving and Printing to respond to the potential problem. We stand ready to provide the Congress with any and all information that it desires concerning the counterfeit deterrence program and to assure that the real and increasing threat of expanding currency counterfeiting will be met in an effective and a timely manner.

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, July 25, 1984.

I appreciate the opportunity to appear once again before this committee to review monetary policy in the context of our overall economic performance and problems. In accordance with the Humphrey–Hawkins Act, the semiannual report of the Federal Reserve Board reviewing economic developments and the decisions of the Federal Open Market Committee with respect to monetary and credit targets for 1984 and 1985 was transmitted to you this morning. (See pages 609–20 of this BULLETIN.) As indicated there, the FOMC reaffirmed the target and monitoring ranges for the various monetary and credit aggregates for 1984 and decided to reduce the top end of the ranges for M1 and M2 for 1985. I will discuss that later in my testimony. First, I would like to summarize some key points about the economy and call your attention to particular problems that present clear risks to an otherwise positive outlook.

THE OVERALL ECONOMIC PERFORMANCE

Measures of aggregate economic activity, employment, costs, and prices have provided an almost unbroken string of favorable news so far in 1984. The process of recovery from the deep and prolonged recession—a recovery that began amid widespread doubts about both its potential vigor and staying power—had proceeded strongly through 1983. There were widespread anticipations early this year that, as we moved beyond recovery into a new expansion phase, the pace of growth would slow. But in fact growth actually accelerated as we moved into this year. During the second quarter of 1984, the economy as a whole operated at a level more than 4 percent higher than in the closing months of last year and 7½ percent higher than a year earlier.

Almost three million more people have been employed so far this year, bringing the total gains over the past 18 months to close to seven million. The unemployment rate has dropped to about 7 percent. Business investment has risen very rapidly this year, while consumer spending has remained strong. The forward momentum of the economy still appears considerable.

At the same time, inflationary pressures have to this point remained subdued, with most summary price measures rising little, if at all, faster than the sharply reduced rate of 1983. In fact, a number of sensitive commodity prices have dropped recently, following sizable cyclical increases. Highly competitive domestic and international markets, influenced by the strength of the dollar overseas and continued strong efforts to discipline costs, have been key factors contributing to greater price stability. The net result has been rising productivity and good gains in real incomes, even while nominal wage and salary increases have remained moderate.

Looking only at these overall measures, this recovery and expansion period has been atypical—atypical in the sense that such a rapid expansion has been maintained longer after the recession trough than in any comparable cyclical period since World War II, excepting only the Korean War episode. But the period has been atypical in other ways as well—in ways that potentially could have severely adverse implications unless dealt with by timely and effective policy actions.

Imbalances and Strains

In any period of recovery and expansion, some sectors fare relatively better or worse than others, and in that general respect this period has been no exception. Some of our heavy industries—for instance, steel and other metals and heavy machinery—are still at operating rates well below earlier experience. Demand for our agricultural products from abroad has not been buoyant, and many farmers—particularly those with large debts—are being severely squeezed by high interest rates and falling land prices.

What is different, in degree and in kind, is that some inevitable unevenness in patterns of growth in particular sectors has been aggravated by the massive and related imbalances in both our fiscal position and our international trading accounts and by some strains in financial markets. As you know, rapid growth has been reflected in some reduction in the budgetary deficit, estimated for fiscal 1984 in the neighborhood of $170 billion to $175 billion. The Congress is in the process of enacting the so-called "down payment" against future deficits, part of which has already been signed by the President. But the hard fact is, as I am sure the Congress is fully aware, that the deficit remains huge in absolute and relative terms, and absent further action little or no further decline now seems probable for 1985 and beyond, even assuming that the economy continues to move to "full employment" levels.

That circumstance has been reflected in continued large Treasury borrowings and expectations of indefinite continuation. Meanwhile, private credit demands, responding to and supporting growth in consumption and investment, have accelerated. Personal savings relative to income have remained in the lower range characteristic of the late 1970s, and despite growth in internally generated corporate cash flows the sources of domestic funds have fallen far below our demands. In these circumstances, interest rates—already historically high—tended to move still higher during the spring. Those high interest rates, combined with favorable economic conditions generally in this country, have attracted more and more capital from abroad to help meet our domestic needs, and the dollar has appreciated despite deterioration in our trade and current accounts.

The strong dollar and the ample availability of goods from abroad at a time when growth in most other developed countries has been relatively sluggish have certainly been potent forces helping to contain inflation. The capital inflow, supplementing our net domestic savings by a quarter, has been a factor containing pressures on our own financial markets. And, the large rise in our imports has helped stimulate economic activity among some of our leading trading partners and eased somewhat the severe adjustment process under way in Latin America.

But what is in question is the sustainability of that process, as the United States becomes more and more dependent on foreign capital, as our export- and import-competing industries are damaged and seek protectionist relief, and as interest rate pressures remain strong. The only real question is whether the needed and inevitable adjustments will be facilitated and encouraged by constructive public policies, consistent with long-term growth and stability, or whether we are content, despite all the strains and dangers, to let events simply take their course. Shortsighted relapses into lack of financial discipline, widespread protectionism, and wage and pricing excesses could only aggravate the situation.

It is, in the end, the choice between building on the enormous progress of the past to achieve *sustained* growth in a framework of greater stability or a relapse into inflationary economic malaise. With that choice clear, I am confident that the needed policies are well within our collective grasp.

The continuing difficulties of some heavily indebted developing countries in Latin America, and in some other places as well, has been one point of uncertainty. A sense of greater concern has, ironically, come at a time when several of the largest borrowers have more clearly made substantial progress toward reducing external financing requirements and toward carrying out the more fundamental adjustments that should provide a firm base for their renewed growth. But other borrowing nations have made less progress, and the uncertainties have been fed by signs of growing protectionism in industrialized countries and by the increases in interest rates in the United States that impact directly on debt service costs of countries with large external dollar-denominated debt.

Within the United States, the relatively high level of interest rates has aggravated financial pressures in the farm sector. Many thrift institutions face the prospect of weak earnings at a time when capital positions have been eroded by losses earlier in the decade. And, despite the rapid growth of the economy and strong increases in business profitability overall, more stable prices have exposed some weaknesses in credit practices in the energy and other areas encouraged by earlier inflationary expectations.

MONETARY POLICY

These developments have provided the setting for the implementation of monetary policy thus far in 1984 and for the review of monetary and credit objectives by the Federal Open Market Committee for this year and next.

In reaching its policy judgments, the committee members shared the widespread view that the overall rate of economic growth would moderate soon as resources become more fully employed and would continue through 1985 at a sustainable pace. While the rate of price increase has been somewhat slower than expected over the first half of 1984, that rate is generally expected to rise a percentage point or so next year, assuming that the dollar remains in the same general range as over the past year. In making those projections, which are detailed in table 1, Committee members also noted that continued high budget deficits and other factors, unless dealt with effectively, would pose substantial risks of less satisfactory results with respect to economic activity or prices or both.[1]

The economic projections, of course, took account of the decisions made on monetary policy. Broadly, monetary policy will remain directed toward providing enough money to support sustainable growth while continuing to encourage greater price stability over time. As detailed in the full report, the Committee members felt that that broad objective was consistent with the growth ranges for money and credit specified in February for this year, and no changes were made. For 1985, the tentative decision was reached to reduce the ranges slightly for both M1 and M2, specifically by lowering the top end of the ranges specified for this year 1 percent and ½ percent respectively. The target range for M3 and the monitoring range for domestic credit were left unchanged. These tentative decisions for 1985 will be carefully reviewed at the start of next year.

In assessing the appropriate ranges, and the relative weight to be placed upon the various aggregates, the Committee reviewed the evidence of more typical cyclical behavior of M1 in recent quarters relative to GNP, following the unusual behavior of velocity in 1982 and early 1983. In the light of that examination, the Committee felt that roughly equal weight should be given each of the monetary aggregates in implementing policy. However, appraisals of their

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

movements, and relationships among them, will continue to be judged in the light of developments in economic activity, inflationary pressures, financial market conditions, and the rate of credit growth.

While both M1 and M2 have grown within their targeted ranges of this year, 4 percent to 8 percent and 6 percent to 9 percent respectively, M3 and particularly domestic credit have expanded faster than anticipated. Credit growth has, in fact, continued to outpace that of nominal GNP, as was the case last year but contrary to longer-term trends. Viewed in a medium-term or longer perspective, those growth rates for M3 and domestic credit are higher than consistent with sustainable rates of growth in the economy and progress toward price stability. For that reason, the Committee decided not to raise the target ranges for this year, feeling that such action would provide an inappropriate benchmark for measuring desired long-run growth, even though Committee members recognized that, as a practical matter, growth in these aggregates, at least for domestic credit, would likely exceed the specified ranges.

In reaching those judgments, the Committee recognized that the rate of growth in business credit had been amplified by an unusual spate of merger activity and corporate financial reorganizations—so-called "leveraged buy-outs"—that had the effect of substituting debt for equity. The implications of those financings, while potentially adverse from the standpoint of the overall financial strength of particular businesses, are relatively neutral from the standpoint of demands on real resources and overall credit market conditions. Estimated adjustments for that activity on the rate of overall credit growth would reduce the indicated expansion over the first half of the year from a rate of about 13 percent to 12 percent, closer to, but still above, the monitoring range. That growth, together with the extraordinary rise in consumer and federal government debt, is shown in table 3.

Typically, federal deficits shrink substantially as the economy moves into the second and third years of expansion—there was a day when balance or surplus was the reasonable objective. That is not happening this time. And in contrast to 1982 and most of 1983, the Treasury must compete strongly with accelerated demands for consumer and business credit and a continued high level of mortgage borrowing.

With long-term markets unreceptive, much of the increase in business and consumer borrowing is being done at banks. Thrift institutions remain highly active in the mortgage markets. These institutions, in turn, rely increasingly on certificates of deposit and other forms of market finance included in the M3 aggregate, accounting for its relative strength.

In implementing the policies reflected in the various targets, steps were taken during the late winter and early spring to increase somewhat the pressures on bank reserve positions, and the discount rate was raised once from 8½ percent to 9 percent. Reserve pressures have not changed appreciably since that time, as reflected in relatively unchanged borrowings at the discount window (apart from those by the troubled Continental Illinois Bank). With both M1 and M2 remaining within their target ranges, and against the background of the economic, price, and financial market developments reviewed earlier, stronger restraining actions on money and credit growth generally have not appeared appropriate. At the same time, the relatively rapid rates of growth in M3 and domestic credit are flashing cautionary signals.

While pressures on bank reserves did not increase further, both long- and short-term interest rates rose over the spring. The continued heavy credit demands, expectations that those demands would persist against the background of the huge federal deficit and strong economic expansion, and fears of a resurgence of inflationary pressures as both labor and capital are more fully employed all played a part. In more recent weeks, rates have tended to stabilize at high levels, perhaps partly because current price trends have, at least so far, not borne out more extreme inflationary concerns expressed earlier. Nonetheless, markets remain volatile and apprehensive.

International and Domestic Banking Markets

The atmosphere surrounding credit and banking markets at times during recent months has been appreciably influenced by the apparent difficulties of one of the nation's largest banks and by continuing concerns over the ability of some developing countries to service debts held mainly by large commercial banks around the world.

As I have reported to the committee before, orderly and full resolution of the latter problem will require a strong cooperative effort by borrowers and lenders alike over a considerable period of time. A few minutes ago, I noted that there are, in fact, encouraging signs that the difficult process of internal and external adjustment is beginning to bear fruit in important countries in Latin America, including Mexico, Venezuela, and Brazil. Negotiations are currently under way by the first two of those countries with banks looking toward a long-term restructuring of their external debt at terms reflecting the evidence of prudent policies and improving creditworthiness. Provided that growth is maintained in the industrialized countries and markets for their products are not closed, prospects for economic recovery and growth on a sustainable basis in those Latin American countries appear more favorable, helped to a substantial extent by the growth in our own markets. In other countries the adjustment process is less advanced, but the progress of some, both in adjustment and financing, can point the way for others. While the challenge for all remains substantial, we need to view it realistically as a situation that justifies neither neglect nor despair. Rather, appropriate approaches tailored to the needs of each country can bring results. But with that effort on all sides, the problem is manageable.

The problems of Continental Bank essentially reflected serious weaknesses in the domestic loan portfolio of a bank that had engaged in aggressive growth and lending practices for some time, including heavy involvement in participations in energy loans of the Penn Square Bank that failed two years ago. As other credit losses surfaced and earnings pressures continued, market sources of funding were reduced and the bank became heavily dependent on discount window borrowings during the spring. As the atmosphere surrounding the bank deteriorated and threatened to disturb markets more generally, the supervisory authorities, together with a group of other major banks, provided a massive financial assistance program pending a more permanent solution. I believe that those more lasting arrangements will be announced shortly and will provide a firm base for a healthy but considerably smaller bank.

That situation is unique for a large bank, but the episode may be an object lesson about the importance of looking ahead to anticipate problems.

In a period of rapid economic and credit expansion, there can be temptations to relax prudent credit standards in an effort to maximize growth. With deposit markets deregulated, there may be a perception by individual banks that added funds can be raised as needed in domestic or foreign markets by bidding rates higher to fund larger and larger loan portfolios—and that loan rates can be raised as fast as deposit rates. But the aggregate supply of funds is ultimately not really inexhaustible; confidence must be maintained, and high and volatile interest rates can undermine the creditworthiness of weaker borrowers.

When external economic developments and high interest rates impair the ability of otherwise creditworthy borrowers fully to maintain scheduled debt service on loans made earlier in a different economic environment, prudent banking may indeed suggest forebearance and renegotiation of outstanding loans. We, for instance, have introduced supervisory procedures to assure that examiners refrain from criticizing banks for exercising forebearance on agricultural credits when consistent with safety and soundness. I also believe that, when heavily indebted countries are moving aggressively to improve their creditworthiness, restructuring of foreign credits over a substantial period, and the provision of new money as part of an appropriate adjustment program under auspices of the International Monetary Fund, may be indispensable parts of a favorable resolution of the international debt problem over time.

But clearly the need remains to anticipate new problems, as well as to deal with old ones. Recent credit-financed mergers have attracted a great deal of attention, and some of those have involved very large and strong companies. But there is a disturbing element in some mergers and in leveraged buy-out activity viewed more generally; it reduces appreciably the equity cushions of the resulting company.

For the economy as a whole, equity in U.S. corporations (apart from retained earnings) was *retired* at an annual rate of about $75 billion over the first half of 1984. That seems anomalous at a time of rising business activity and profits, and when stronger corporate balance sheet ratios would be welcome. In evaluating prospective loans to support mergers or leveraged buy-outs, bank managers need to appraise the risks prudently, taking full account of the possibility of a more adverse economic and interest rate environment. That, of course, is and should be the customary policy of banks, and I sense that some banks have reviewed practices in that respect to make sure that they are appropriate in today's circumstances.

Asset growth in any event needs to be supported by adequate risk capital, and I am glad to report that capital positions of the largest banks and their holding companies have generally improved over the past few years from the relatively low levels reached during the 1970s. The supervisory agencies are in the process of developing guidelines for further improvement for those banks and holding companies, and specific proposals are now being tested against public comment. The approaches that we are adopting are, I believe, fully consistent with the intent of the International Lending Supervision Act sponsored by this committee last year and, so far as holding companies are concerned, with the spirit of the provisions touching upon capital in S. 2851.

In that connection, I would also emphasize that capital adequacy and asset strength are only two of several important tests of the strength of a banking organization. Maintaining an adequate liquidity cushion and opportunities for maintaining and improving earnings without undue risk are also of critical importance.

Conclusion

Indicators of overall economic performance have been exceptionally favorable for more than a year. So far, a strong economic expansion has been consistent with better price performance than we have enjoyed for many years.

At the same time, there are obvious strains, imbalances, and risks that, unless dealt with forcefully, could undercut much of what has been achieved. High interest rates are plainly a symptom of the excessive demands on our savings as well as lingering (and related) concerns about inflation. Certainly, there is no evidence, in the midst of rapid economic expansion, high rates of growth in debt, and the monetary trends that I have described, that the economy has been starved for money and credit. Indeed, the challenge over time will remain to work toward growth of money and credit consistent with lasting price stability. And we need to do that in ways that relieve heavy pressures on vulnerable sectors of the economy, make us less dependent on foreign capital, and reduce strains on the international financial system.

None of these problems will be cured by attempts to drive interest rates down artificially by excessive money creation; the inflationary repercussions could only aggravate the situation. Nor can distortions arising from other sources be dealt with effectively by any general monetary measures.

But we are, as a country, by no means helpless in dealing with the strains and risks.

With respect to the budget deficits, as things now stand, deficits next year will remain in the same area as currently, and unacceptably large thereafter. The implications for financial markets and the economy become more adverse precisely as growth in the private sector generates more need for credit and capital. That outlook must be changed in the only way it constructively can be—moving beyond the welcome "down payment" to further substantive action on the budget as soon as feasible.

With respect to our exceedingly large trade deficit, protectionist pressures are understandable, but it is no less important to avoid measures—all too likely to be emulated abroad—that would drive up costs, undermine the fabric of trade, and place new barriers in the place of heavily burdened debtors already struggling to make necessary adjustments. And industry and labor must continue to be sensitive to the need to remain competitive in their own wage and price decisions.

With respect to our financial fabric, public policy needs, at one and the same time, to respond strongly to threats as they emerge while undertaking supervisory approaches, such as encouraging banks to increase capital, to strengthen that fabric over time.

And, of course, the challenge remains to reach appropriate judgments on growth in money and credit, with the objective of encouraging sustainable growth at more stable prices. I have spoken of our plans, and I am prepared to address your questions on that matter today.

But I first want to emphasize that the success of all those approaches—and they plainly are within our capacity as a nation—are dependent on each other. No monetary policy can work without strains in the face of deficits that preempt so much of our savings as the economy is more fully employed—and, of course, efforts in fiscal and trade policy must presume a prudent monetary policy consistent with stability and growth.

In the areas of our responsibility—both monetary and supervisory policy—we are working toward that end. We count on progress in other directions as well. The facts with respect to growth and inflation for more than a year demonstrate that we all have much upon which to build. But there are also clear signals that—far from basking in the warmth of past and present progress—the strongest kind of effort will be necessary to convert potential success into sustained growth and stability. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Joint Economic Committee, July 30, 1984.

I appreciate the opportunity to appear once again before the Joint Economic Committee. As you know, the Federal Reserve submitted to the Congress last week its semiannual report required under the Humphrey–Hawkins Act, which reviewed economic developments and the decisions of the Federal Open Market Committee with respect to monetary and credit targets for 1984 and 1985. My prepared remarks this morning, therefore, will be brief and confined to more general considerations of monetary policy in the context of our overall economic performance and the problems that present evident risks to an otherwise positive outlook.

The Overall Economic Performance

Measures of aggregate economic activity, employment, costs, and prices have provided an almost unbroken string of favorable news so far in 1984. The process of recovery from the deep and prolonged recession—a recovery that began amid widespread doubts about both its potential vigor and staying power—had proceeded strongly through 1983. There were widespread anticipations early this year that, as we moved beyond the initial recovery into a new expansion phase, the pace of growth would slow. But, in fact, growth actually accelerated as we moved into this year. During the first half of 1984, the economy as a whole grew at an annual rate of nearly 9 percent, compared with a pace of 6½ percent during 1983. In addition, almost three million more people have been employed so far this year, bringing the total gains over the past 18 months close to seven million, and the unemployment rate has dropped to about 7 percent.

Much of the strength in economic activity this year has come from consumer spending, as unit auto sales in the first half rose to the highest level since mid-1979. With real income growth strong and consumer confidence high, the demand for other big ticket items—such as furniture and appliances—also has been robust. In the business sector, sales and profits have been rising rapidly, prompting a vigorous expansion in outlays for new plant and, particularly, equipment. The widespread need for acquiring new electronic and data processing technologies has continued to provide an element of strong demand for investment in capital goods. Potentially, this investment will be reflected in rising productivity, although the extent to which the trend of productivity growth is rising faster than during the late 1970s is still not clear.

Despite the surprising strength of activity this year, inflationary pressures, as measured by most summary price measures, have to this point remained subdued. In fact, a number of sensitive commodity prices have dropped recently, following sizable cyclical increases. Highly competitive domestic and international markets, influenced by the strength of the dollar overseas and continued strong efforts to discipline costs, have been key factors contributing to greater price stability. The net result has been rising productivity and good gains in real income, even while increases in nominal wage rates have remained moderate.

Looking only at these overall measures, this recovery and expansion period has been atypical—atypical in the sense that rapid expansion has been maintained longer after the recession trough than in any comparable cyclical period since World War II, excepting only the Korean war episode. But the period has been atypical in other ways as well—in ways that potentially will have severely adverse implications unless dealt with by timely and effective policy action.

Imbalances and Strains

In any period of recovery and expansion, some sectors fare relatively better or worse than others, and in that general respect this period has been no exception. What is different, in degree and in kind, is that some inevitable unevenness in patterns of growth in particular sectors has been aggravated by the massive and related imbalances in both our fiscal position and our international trading accounts and by some strains in financial markets.

As you know, rapid growth has been reflected in some reduction in the budgetary deficit, estimated for fiscal 1984 in the neighborhood of $170 billion to $175 billion. The Congress is in the process of enacting the so-called "downpayment" against future deficits, part of which has already been signed by the President. But the hard fact is, as I am sure the Congress is fully aware, that the deficit remains huge in absolute and relative terms. Absent further action, little or no further decline now seems probable for 1985 and beyond. Indeed, we cannot rule out that the deficit could be higher next year, even assuming that the economy continues to move toward "full employment" levels.

That circumstance has been reflected in continued large Treasury borrowings, and expectations of indefinite continuation. Meanwhile, private credit demands, responding to and supporting growth in consumption and investment, have accelerated. But the sources of domestic funds supplied to credit markets have fallen far below our combined public and private demands for credit. In these circumstances, interest rates—already historically high—tended to move still higher during the spring.

Those high interest rates, combined with favorable economic conditions generally in this country, have attracted more and more capital from abroad to help meet our domestic financing needs, and the dollar has appreciated despite deterioration in our trade and current accounts. The strong dollar certainly has been a potent force helping to contain inflation and reduce pressures on our financial markets. But what is in question is the sustainability of that process as the United States becomes more and more dependent on foreign capital, as our export- and import-competing industries are damaged and seek protectionist relief, and as interest rate pressures remain strong. In that sense, we are literally living on borrowed time.

The continuing difficulties of some heavily indebted developing countries in Latin America, and in some other places as well, has been another point of uncertainty. A sense of greater concern has, ironically, come at a time when several of the largest borrowers have more clearly made substantial progress toward reducing external financing requirements and toward carrying out the more fundamental adjustments that should provide a firm base for their renewed growth.

That sense of concern has been related importantly to both the increases in interest rates over the spring, and to fears of protectionist measures damaging the capabilities of the indebted countries to export. Put another way, the related deficits—budgetary and trade—place heavy pressure on the international financial and trading systems—pressures that can only be dealt with by attacking the source of the problem.

Within the United States, the relatively high level of interest rates has aggravated financial strains in the farm sector. Many thrift institutions face the prospect of weak earnings at a time when capital positions have been eroded by losses earlier in the decade. And, despite the rapid growth of the economy and strong increases in business profitability overall, more stable prices have exposed some weaknesses in credit practices of banks and others in the energy and other areas encouraged by earlier inflationary expectations.

MONETARY POLICY

These developments have provided the setting for the implementation of monetary policy thus far in 1984 and for the review of monetary and credit objectives by the Federal Open Market Committee for this year and next.

In reaching its policy judgments, the Committee members shared the widespread view that the overall rate of economic growth would moderate soon, as resources become more fully employed, and would continue at a sustainable pace through 1985. While the rate of price increase has been somewhat slower than expected over the first half of 1984, that rate is generally expected to rise a percentage point or so next year, assuming that the dollar remains in the same general range as over the past year. In making those projections, which are detailed in table 1, the Committee members also noted that the continued high budget deficits and other factors noted earlier, unless dealt with effectively, would pose substantial risks of less satisfactory results with respect to economic activity or prices or both.[1] In that sense, the projections should not be taken to assume that satisfactory results are assured, absent policy adjustments.

The economic projections, of course, took account of the decisions made on monetary policy. Broadly, monetary policy will remain directed toward providing enough money to support sustainable growth while continuing to encourage greater price stability over time. As detailed in the full report, the Committee members felt that broad objective was consistent with the growth ranges for money and credit specified in February for this year, and no changes were made. For 1985, the tentative decision was reached to reduce the ranges slightly for both M1 and M2, specifically by lowering the top end of the ranges specified for this year 1 percent and ½ percent respectively. The target range for M3 and the monitoring range for domestic credit were left unchanged. These tentative decisions for 1985 will be carefully reviewed at the start of next year.

The Committee also reviewed the relative weights to be placed upon the monetary aggregates, and felt that roughly equal weight should be given each of them in implementing policy. However, appraisal of their movements, and relationships among them, will continue to be judged in light of developments with respect to the economy, domestic and international financial markets, and price pressures.

Although both M1 and M2 have grown within their targeted ranges this year, M3 and particularly domestic credit have expanded faster than anticipated. Credit growth has, in fact, continued to outpace that of nominal GNP, as was the case last year but contrary to longer-term trends. Growth in the business component of nonfinancial credit has been amplified by an unusual spate of merger activity and corporate financial reorganizations—so-called "leveraged buy-outs"—that had the effect of substituting debt for equity. The implications of those financings, while potentially adverse from the standpoint of the overall financial strength of particular businesses, are relatively neutral from the standpoint of demands on real resources and overall credit market conditions. Estimated adjustments for that activity on the rate of overall credit growth would reduce the indicated expansion over the first half of the year from a rate of about 13 percent to 12 percent, closer to, but still above, the monitoring range. That growth, together with the extraordinary rise in consumer and federal government debt, is shown in table 3.

In implementing the policies reflected in the various targets, steps were taken during the late winter and early spring to increase somewhat pressures on bank reserve positions, and the discount rate was raised once, from 8½ percent to 9 percent. Reserve pressures have not changed appreciably since that time, as reflected in relatively unchanged borrowings at the discount window (apart from those by the troubled Continental Illinois Bank). With both M1 and M2 remaining within their target ranges, and against the background of the economic, price, and

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financial market developments reviewed earlier, stronger restraining actions on money and credit growth generally have not appeared appropriate. At the same time, the relatively rapid rates of growth in M3 and domestic credit are flashing cautionary signals.

While pressures on bank reserves did not increase further, both long- and short-term interest rates rose over the spring. The continued heavy credit demands, expectations that those demands would persist against the background of the huge federal deficit and strong economic expansion, and fears of a resurgence of inflationary pressures as both labor and capital are more fully employed all played a part. In more recent weeks, rates have tended to stabilize at high levels, perhaps partly because current price trends have, at least so far, not borne out more extreme inflationary concerns expressed earlier. Nonetheless, markets remain volatile and apprehensive.

Banking Markets

The atmosphere surrounding credit and banking markets at times during recent months has been appreciably influenced by the apparent difficulties of one of the nation's largest banks and by continuing concerns over the ability of some developing countries to service debts held mainly by large commercial banks around the world.

As I have reported to the Congress before, orderly and full resolution of the latter problem will require a strong cooperative effort by borrowers and lenders alike over a considerable period of time. As I noted a few minutes ago, the difficult process of internal and external adjustment is beginning to bear fruit in important countries in Latin America, including Mexico, Venezuela, and Brazil. In other countries the adjustment process is less advanced, but the progress of some, both in adjustment and financing, can point the way for others. While the challenge for all remains substantial, with effort on all sides, the problem is manageable.

Recent concerns about strains on our banking institutions have focused on the problems of Continental Bank. That situation is unique for a large bank, but the episode may be an object lesson for all of us concerned with maintaining the strength of the financial system. In a period of rapid economic expansion, there can be temptations to relax credit standards in an effort to maximize growth. Bank managers need to appraise the risks prudently, taking full account of the possibility of a more adverse economic and interest rate environment. That, of course, is and should be the customary policy of banks, and I sense that some have reviewed their practices to make sure that they are appropriate in today's circumstances.

Conclusion

Indicators of overall economic performance have been exceptionally favorable for more than a year. So far, a strong economic expansion has been consistent with better price performance than we have enjoyed for many years.

At the same time, there are obvious strains, imbalances, and risks that could undercut much of what has been achieved. The only real question is whether we as a nation will deal with them promptly and forcefully with constructive public policies, consistent with long-term growth and stability, or whether we will be content, despite all the strains and dangers, to let events simply take their course. Shortsighted relapses into lack of financial discipline, widespread protectionism, and wage and pricing excesses could only aggravate the situation.

None of these problems will be cured by attempts to drive interest rates down artificially by excessive money creation; the inflationary repercussions could only aggravate the situation. Nor can distortions arising from other sources be dealt with effectively by any general monetary measures.

It is, in the end, the choice between building on the enormous progress of the past to achieve *sustained* growth in a framework of greater stability or a relapse into inflationary economic malaise. With that choice clear, I am confident that the needed policies are well within our collective grasp.

In the areas of our responsibility—both monetary and supervisory policies—we are working toward achieving stability and growth. We count on progress in other directions as well. The facts with respect to growth and inflation for more than a year demonstrate that we all have much upon which to build. But there are also clear signals that—far from basking in the warmth of past and present progress—we must undertake the strongest kind of effort to convert potential success into sustained growth and stability. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Foreign Affairs, House of Representatives, August 8, 1984.

I am pleased to have this opportunity to review with you the international debt situation.

It is a large and complicated problem that must be effectively managed—managed in our own immediate economic interest in maintaining the domestic and international financial stability necessary to support our own growth, and managed in our broader interest of the economic growth, the political stability and the democratic evolution of the developing world.

For reasons I will touch upon later, the solutions, in my judgment, are not likely to be found in some grand new initiative or in a single "across-the-board" approach culminating in intergovernmental negotiations among borrowing and lending countries. Rather, the effort has required, and will continue to require, cooperative and imaginative efforts by all the affected parties to deal with the particular problems and needs of particular borrowing countries.

Certainly, there are, and will be, important common elements in those country-by-country approaches. The policies of these countries themselves are always crucial. The major commercial banks around the world, which are the major lenders and which have so much at stake, need to concert their approaches. The international financial institutions—with the International Monetary Fund initially in the lead, but with the World Bank potentially playing an increasingly critical role—provide a focus for leadership and coordination. And none of that will work effectively without the understanding and support of national governments—and, most of all, that of the United States.

As all of that implies, we face not so much a "crisis" that can be dealt with by a single master stroke, but rather a continuing hard-slogging effort to contain the strains and to manage a return to "normalcy" over a period of time extending certainly for several more years ahead. In that context, the main danger may, in fact, be a human tendency to procrastinate, to relax the necessary effort, and to fail to maintain the high level of cooperation among parties with disparate particular interests, despite the overwhelming common interest in an orderly resolution. That danger can be avoided. I believe the problem is manageable. And I also believe that your interest and your inquiries can help assure that result.

I will not burden you with reviewing the origins of the debt problem, which by now I believe are well known—the successive oil price disturbances, overly enthusiastic borrowing and lending policies fostered in substantial part by an inflationary environment and inflationary expectations, failure to encourage and attract more direct investment from abroad in developing countries, and the related undermining of the confidence of those with capital within the borrowing countries. World recession and higher interest rates helped account for the timing and extent of the difficulties, but, with the benefit of hindsight, unsustainable trends had emerged well before that time.

Suffice it to say that there are lessons for the future here for all of us. But I want to concentrate today on assessing the nature and dimensions of the problem and the more immediate approaches for dealing with it.

The Extent of the Debt-Servicing Problems

In assessing the debt problems, I would first point out that they do not uniformly impact developing countries as a whole. Many of the larger developing countries in Asia—including those that are major borrowers from banks (for instance, South Korea and Taiwan)—have continued to meet fully and on schedule their debt-servicing obligations; financial markets remain open to them, and growth has continued at a rapid rate. Their ability to achieve and maintain high rates of export sales has been a major factor of strength.

At the other end of the spectrum, most of the poorest of the developing countries, concentrated on the African continent, have been less affected by the slowing in international bank lending for the simple reason that these countries had never been able to borrow sizable amounts and had not become dependent on external private sources of credit. They do have severe development problems, and a few of them had failed to maintain debt service years before the more general problem arose. But the financial exposure of private lenders is limited.

The debt-servicing problems of more general import have been mainly concentrated in Latin America, among several East European countries, and in Nigeria and the Philippines. Among developing countries, these have generally had relatively higher incomes and they typically had experienced rapid growth during much of the 1960s and 1970s. While in varying degrees, these countries have faced—and are continuing to face—severe external payments difficulties, they also have diverse needs and capabilities. Some, for instance, are large oil exporters; others are heavily dependent on imports of energy. Some have a sizable manufacturing base, while others are more dependent on agriculture or mining. Their internal economic approaches and problems differ, so that even within this group of countries faced with large external debts, a pragmatic and flexible case-by-case approach has evolved toward dealing with them.

That approach has relied on several common elements:

- *Adjustment by Borrowing Countries*. Overextended developing countries have recognized the need to reduce external financing requirements and to improve economic management and incentives internally to restore a base for sustained growth.

- *Continued Lending by Commercial Banks*. In the process of restoring and maintaining orderly debt servicing, current maturities need to be extended and some new money—typically in diminishing amounts—may need to be provided as the internal adjustments are made. In disturbed circumstances, these arrangements involve negotiations affecting virtually all bank lenders.

- *Expanded Role of the International Monetary Fund*. Thirty-six countries are currently operating with IMF-arranged and IMF-monitored stabilization programs. The IMF also has helped in coordinating financial resources from banks and official sources to cover financing requirements of debtor countries. The IMF's capacity to operate on this scale has been strengthened by the implementation last year of the quota increase and the enlargement of the General Arrangements to Borrow.

- *Official Bilateral and Multilateral Assistance*. An expansion of official export credits and other forms of official assistance has been essential in helping cover the financial needs of a number of debtor countries. Multilateral and regional lending institutions also have redirected some of their activities to help cover the financial requirements of borrowing countries. Before bank and IMF resources come on stream, governments and central banks (sometimes under the aegis of the Bank for International Settlements) occasionally have found it necessary to provide short-term bridge financing.

- *Sustained Noninflationary World Economic Recovery*. Growing markets for exports are essential over time to enable borrowing countries to restore balance to their international accounts. The strong recovery of the United States has been especially helpful in this regard; recovery in some other industrial countries appears to be on the way and will broaden the markets for developing-country exports. The maintenance of a free and open trading system is essential if the borrowing countries are to expand their exports.

As these approaches imply, debtor countries, commercial banks, industrial countries, and international institutions must be willing to work closely together to deal with a problem beyond the capacity of any of those parties individually. In other words, an extraordinary continuing effort in international cooperation, among countries and official institutions, and between borrowers and private lenders, has been, and will continue to be, required.

The Adjustment Path of Borrowing Countries

The core of any successful effort lies in the adjustment actions of the borrowing countries themselves—all else rests on the perception and the reality of their own efforts to rebuild a base for sustained growth with reduced reliance on external funds. In most cases, those actions have been framed in cooperation with, and have received the financial support of, the International Monetary Fund, and that has been a crucial ingredient in building further financial support.

The results thus far of the adjustment efforts by some of the most important borrowing countries have been encouraging. In Mexico, Brazil, and Venezuela, for example, budget deficits are being sharply reduced by 4 percent or more of the gross national product in a single year—the equivalent of moving the U.S. budget deficit from its present position into balance or surplus in one fell swoop. Other measures, including restraint on money growth, have been taken to bring domestic demand more in line with domestic capacity and to reduce inflationary pressures. In order to correct external deficits and longstanding distortions in relative prices at home, borrowing countries have allowed sharp depreciation of their currencies and reduced subsidies, at the expense of higher prices of important goods and services.

In the midst of that difficult process, a number of countries have, perhaps inevitably, experienced a sharp contraction in economic activity. But those countries that responded promptly to their balance of payments and debt-servicing problems with comprehensive adjustment programs do show substantial improvement in their external positions. Now, some signs of a resumption of growth are appearing. At the same time, the challenge remains to restore growth over time in a manner consistent with a more limited availability of foreign bank financing.

The results of adjustment efforts adopted by borrowing countries in the aggregate have been impressive. The combined current account deficit of the non-OPEC developing countries was almost cut in half between 1981 and 1983. The reduction in the deficits of 10 major borrowing countries, most of whom have experienced debt-servicing difficulties, has been even larger—from some $46 billion in 1981 to about $16 billion in 1983. (See table 1.[1]) Some further progress is taking place this year.

Some key debtor countries—Mexico and Venezuela in Latin America, Yugoslavia and Hungary in Eastern Europe—have actually moved into current account surplus, notwithstanding their heavy interest payments. In others, notably Brazil, trade surpluses are significantly exceeding expectations, and the remaining current account deficits are smaller than anticipated. Moreover, the payments performance of some of these countries has allowed them to replenish their reserves, which were depleted following the onset of the debt problem.

The large trade surpluses being recorded by these countries are a partial counterpart of the enlargement of the U.S. trade deficit. The strength of the U.S. economic recovery and the appreciation of the dollar have stimulated U.S. demand for imports, and the weakness of internal demand in many of the major developing countries and the strong dollar have reduced foreign demand for U.S. exports. As a result, the U.S. trade deficit with Latin American and Asian developing countries nearly doubled between the fourth quarter of 1982 and the second quarter of 1984 (from about $21.5 billion to nearly $41 billion). Those countries that started effective adjustment programs earlier, and have thus been able to take advantage of growing markets in the United States and elsewhere, have benefited most from the factors contributing to the widening of the U.S. trade deficit.

At the same time, I must emphasize that so far a disproportionate part of the improvement on the external side has come from sharp declines in imports. In fact, imports in a number of countries have dropped to levels inconsistent with growth and development. Over time, both imports and economic activity must expand if the adjustment programs are to be successful and consistent with social and political stability. Moreover,

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

there are a number of countries that, so far, have not been able to implement effective policies, and related financing and refinancing programs are in abeyance.

The difficulties in this area are apparent. Effective measures in practical terms mean strong and politically difficult actions that sometimes must be shaped in the midst of blossoming democratic movements. That implies a need for a high degree of consensus—no simple task for those of us who have enjoyed stable democratic governments for many years.

In this situation, concern is often and understandably expressed that too much is expected of these countries by the IMF in shaping its lending programs, by creditor countries, or by banks. But I question whether there can be an easy, painless way to restore equilibrium, or whether failure to adjust can be in the basic interest of the borrowing countries themselves.

Economic growth in developing countries over a long period ahead, and the prospects for political stability, will be dependent on their ability to participate fully in an interdependent world. In that world, creditworthiness and credit availability will be precious, for they are essential to support trade and investment. Once lost, those qualities are difficult to restore—and democracy is not likely to flourish in the midst of accelerating inflation and economic isolation.

In many of those countries, their excessive debt burdens can be traced, in large part, to a flight of capital by their own citizens discouraged from investing at home. To me, the ultimate test of a successful economic program will not be whether, at a moment in time, it is acceptable to the IMF or to bank lenders, but whether it, in fact, can restore and maintain the confidence of a nation's own citizens—and whether, as a consequence, its own savings are employed productively at home.

Threats to Adjustment

At the same time, the efforts of the borrowing countries will not be successful without a reasonably favorable economic climate elsewhere. Specifically, prolonged increases in interest rates and increased protectionism in the industrialized world can undermine the best efforts of the borrowers. Higher interest costs directly add to debt service burdens. An unwillingness on the part of industrial countries to accept more imports would make it impossible for the borrowing countries to earn the foreign exchange they need to service their debts.

Recent changes in these respects are not so significant as to thwart the adjustment process. In fact, to the extent that the higher interest rates are a reflection of U.S. economic growth that was stronger than anticipated, the burden is offset to a considerable degree by the higher exports to the United States. Nonetheless, anticipations of further changes have been a source of considerable uncertainty, tending to undercut the cooperative effort to manage the debt problems in an orderly way.

Given our own strong interest in achieving an orderly resolution of the debt problem, these concerns reinforce the urgency of forceful and prompt action by the Congress and the administration to reach agreement on ways to reduce the huge budget deficits that have helped keep our interest rates high and indirectly aggravated the deficit in our own trade. Although I understand that these hearings on the international debt situation are not intended to result in legislation, I cannot resist suggesting that further efforts in resolving our budget deficit problem would be the single most important contribution that the Congress could make to an easing of international debt problems.

Financing Adjustment and Growth

In the near term, the major borrowing countries must, by force of circumstances, bring their current account positions into alignment with a reduced availability of external financing. By the standards of the late 1970s, new bank lending is likely to remain restrained relative to the bank's own capital and assets; a number of banks in the United States and elsewhere will probably be looking to reduce their exposure relative to their capital. The amounts of indebtedness by major borrowing countries and the loans of commercial banks are displayed in tables 2 and 3. As indicated there, growth of such lending has in fact slowed, and the exposure of banks, relative to assets or capital, has begun to decline marginally. In a context of growth, both in the industrialized and developing world, this relative exposure could decline much more significantly, even as the total loans outstanding rise moderately.

The financial constraints for the borrowers, and the risks to lenders, would both be reduced by restoration of, and increases in, the flow of direct investment to developing countries. In the light of the financial and economic uncertainties of the past two years, the opposite has happened. This emphasizes the importance of the borrowing countries, as part of a reshaping of their economic policies, to attach priority to approaches that will strengthen confidence in their economic prospects abroad as well as at home. That process inevitably takes time, but it is urgent that it begin. The adjustment programs undertaken are broadly consistent with the need, but much more could be done to deal with specific obstacles to foreign investment.

Given smaller inflows of capital from abroad, growth in major borrowing countries of necessity will have to be financed to a greater extent than in the past by internal savings. Stabilization programs designed to curb inflation, to maintain realistic interest and exchange rates, and to eliminate or reduce price distortions are designed to be consistent with that goal. Over time, encouragement of domestic savings and economically rational investment decisions can provide a far sounder base for development than unsustainable amounts of foreign borrowing, important as capital imports may continue to be at the margin.

In the best of circumstances, these adjustments could not bear fruit in self-sustaining growth immediately. And, lenders need to appreciate that countries launching an adjustment effort will need financial support from abroad for a time that will not be forthcoming spontaneously—that is by the uncoordinated action of individual banks and countries. Indeed, as debt problems first became apparent, the understandable reaction of individual lenders was to pull back abruptly, under the pressure of directors, accountants, and public opinion, suddenly conscious of risks that had not been so apparent only a short while before. But experienced bankers quickly realized that that approach would guarantee precisely the result they feared—that borrowers would, in fact, be unable to repay so suddenly, their economic futures would be jeopardized, and, as a result, the basic value of existing credits would be undermined.

By cooperation, and at times with transitional support from governments, central banks, and the IMF, a coordinated and constructive approach has been maintained, resting on analysis that extension of old credits—and, in a number of cases, new credits—can be justified when necessary policies are adopted and long-term debt servicing capacity maintained and enhanced.

That kind of approach is not new for bankers; a similar appraisal is necessary when difficulties arise in meeting debt service requirements of domestic business. What is new is the level of complexity when hundreds of lending institutions, various governments, and international institutions are all involved with many differing interests, different accounting and legal systems, and historical lending relationships. The one feature that tends to bind all these efforts together is a common appreciation that the success of the total effort depends on cooperation by all participants. And we can now see instances in which the adjustment effort and transitional financing appear to be strengthening the basic creditworthiness of borrowing countries.

A New Phase

Indeed, I believe that the stage has been set for a new phase in financing programs tailored to the progress and circumstances of individual countries. The bulk of the financing has been, and will continue to be, provided by commercial banks, and is a matter for negotiation by borrowers and lenders. But I am glad to see that, recognizing the progress made by certain countries, the banks are now engaged in negotiations for multiyear restructuring of debts on terms that both reflect the stronger creditworthiness of individual countries and permit planning on a more assured basis for the future. These arrangements, combined with prudent policies by the lender, can pave the way for meeting any more limited further needs for new money in the years ahead through more normal and spontaneous market processes.

All of this seems to me entirely consistent with the conclusions of the recent Economic Summit in London: "in cases where debtor countries are themselves making successful efforts to improve their position," the Summit participants attached particular importance to "encouraging more extended multiyear rescheduling of commercial debts and standing ready where appropriate to negotiate similarly in respect of debts to governments and government agencies."

The process of renegotiating the debts to banks has required the resolution of difficult and contentious issues in a financially and politically sensitive environment. In the process, considerable experience has been developed and the effort has become better organized and more orderly. Steering committees act as negotiators and perform a liaison function with the much larger group of lending banks, and better lines of communication have been established.

The role of the International Monetary Fund in the loan renegotiation process has been expanded and also has been defined more clearly. The IMF also has improved the flow of its technical information about borrowing countries to lending banks in a manner that does not appear to have compromised its ongoing relationship with its members. But, as time has passed, shortcomings in the process are also apparent. The new arrangements in a situation in which there could be no "track record" of adjustment, have typically been for relatively short periods, and rates and terms reflected the appreciation of extra risk. One of the dangers has been that, as the sense of emergency passed, the effort would flag and a sense of frustration about continuing negotiations would impair the effectiveness of the effort.

Now, however, the opportunity has arisen, within the general framework of a case-by-case approach, to take a longer perspective. Growth in the industrialized countries has resumed. Some important borrowing countries have demonstrated their ability to adjust their external positions and to encourage export-led growth. Lenders can recognize that progress in extending maturities and in providing more favorable terms in other respects.

As a result, there is an opportunity to move progressively from a "crisis" stage of debt management to longer-term arrangements on reasonable terms. I believe it is critically important that that opportunity be seized.

I am aware of the difficulty of conducting negotiations with so many borrowers and many lenders, and with so many individual and syndicated loan agreements involved. There are concerns that each renegotiated loan may be interpreted as a precedent for future agreements when circumstances may not be similar. Lenders or borrowers have particular negotiating objectives that may be difficult to reconcile. But both have clear and overriding incentives to build on the constructive attitudes and the efforts by important borrowing countries to restore domestic and external stability. Relevant negotiations are under way now with Mexico and Venezuela. I hope they can be concluded shortly.

Concluding Observations

In sum, there are grounds for encouragement in the progress that has been made over the past two years in dealing with the international debt problem. The record and the prospects do not justify a sense of despair. But neither do they suggest grounds for complacency—the threat to international financial stability remains real, and will need the continuing attention of governments as well as private lenders if it is to be successfully resolved.

In the light of all the difficulties and strains, proposals have been made that the slogging, difficult, continuing process of adjustment, negotiation, and refinancing country by country be essentially abandoned and replaced by some sweeping new initiative to settle the problem decisively and "across the board." These proposals seem to me based on unrealistic assumptions—typically on an expectation that someone else is prepared to assume large new burdens.

I do not sense, in that connection, any willingness on the part of the U.S. Congress, or other parliaments, to provide massive new financial assistance for countries that, in the economic hierarchy of developing countries, are among the most advanced. Lending banks understandably do not volunteer to provide large interest subsidies for, or to write down, loans that can, after all, be serviced; nor is that necessarily in the interest of countries that will be looking to international markets for credit to support growth in the years ahead. Those countries are not in the same position, in terms of their own resources and in terms of the efforts they have made to place their own economies on a sounder footing, and it would be difficult—even perverse—to provide the same terms and conditions for all.

I do not minimize the real strains or, almost as important, the sense of fatigue that can set in when a large and complicated effort needs to be sustained. Results take time. That is one reason why, as I noted above, that as progress and performance justify it, it does seem to me critically important to move to a new phase in which individual borrowers will be able to refinance maturing debt for some period ahead at reasonable terms, permitting both borrowers and lenders to have a more certain and stable base for planning.

As the initial adjustments under the aegis of the IMF are made, the role for the World Bank and the regional development banks should become relatively more important, both in helping borrowers develop appropriate investment strategies and seeing to it that they can be appropriately financed. There are promising initiatives under way in the World Bank, for instance, that could importantly supplement the efforts of the IMF, the borrowing countries and the banks as the total effort is viewed in a longer-term perspective. I am thinking in part of the possibilities of encouraging so-called "co-financing" techniques, combining the strengths and resources of private lenders with those of international institutions. These initiatives, it seems to me, deserve our sympathic attention, and the institutions themselves our continuing financial support as required by prudent and effective policies. All of this would represent a natural evolution, providing both a transition to "normalcy" and a basis for constructive new patterns of international lending.

With this continuing effort, successful management of the debt problem can continue so long as certain fundamentals are respected—persistent and effective adjustment efforts by the borrowers, continuing growth among the industrial countries as a whole, maintenance of open markets for the products of developing countries ready to compete fairly in world markets, and reasonable stability in financial markets (or better yet, declining interest rates) which, in turn, rests on keeping inflation and budgetary deficits under control. None of that requires perfection in every respect, and none of it will produce sudden and complete success in every case across the board. The process will take time. But it can work, and I believe it is working. □

Announcements

PROPOSED ACTIONS

The Federal Reserve Board has asked for comment by September 24 on a proposed revision of its guidelines regarding capital adequacy for state member banks and bank holding companies, as well as on a proposed supporting regulation establishing procedures for requiring compliance with capital requirements.

The Federal Reserve Board has also published for public comment a proposal to eliminate the fractional availability crediting option for the recovery of interterritory check float. The Board requests comment by September 7.

ACTIONS AFFECTING NET SETTLEMENT SERVICES

The Board has recently taken two actions that affect the Federal Reserve's net settlement service. First, the Board approved entering into net settlement arrangements with three small-dollar electronic funds transfer (ATM) networks. Second, the Board approved the provision of same-day finality for the net settlement services provided to BankWire.

The Board delegated to the Director of the Division of Federal Reserve Bank Operations, with the concurrence of the General Counsel, authority to approve net settlement arrangements for small-dollar electronic funds transfer networks under the following conditions. Net settlement services may be provided to small-dollar electronic funds transfer networks under the terms of a standard agreement that will be developed by the Reserve Banks and reviewed by the Board's Legal Division. The agreement must stipulate that net settlement entries are to be considered provisional until the business day following the presentment of a statement to the Federal Reserve in order to ensure the settling depository institutions' ability to cover their net debit positions. The network must agree that large-dollar payments will not be processed under any circumstances and that the Federal Reserve may terminate net settlement services immediately if there is any indication that the network is being used for large-dollar transfers. The network must agree to provide information to the Federal Reserve regarding its operations and transactions when requested. The Federal Reserve has the right to modify or terminate the agreement at any time.

In addition, the Board requests that the Reserve Banks monitor such networks' net settlement entries to ensure that the network is not being used for large-dollar transfers.

The Board has also delegated to the Director of the Division of Federal Reserve Bank Operations the authority to approve requests for same-day finality of net settlement services provided to large-dollar funds transfer networks that comply with the interim net settlement guidelines that were published by the Board on March 29, 1984. As a condition of access, the participants must also agree to implement the risk-reduction measures that the Board may adopt in the future.

In granting net settlement services to a large-dollar funds transfer network, the network will be required to establish an escrow account with its local Reserve Bank. Network participants in net debit positions will be required to send Fedwires to fund the account at the close of business. The network will then use the incoming funds to send Fedwires to participants in net credit positions. The Reserve Bank will monitor the balance in the escrow account and not release any transfer that would result in an overdraft in the escrow account.

CHANGES IN BOARD STAFF

The Federal Reserve Board has announced the following changes in its official staff in the Division of Banking Supervision and Regulation effective July 30, 1984:

Herbert A. Biern has been appointed Assistant Director. Mr. Biern joined the Board's staff in June 1979. He has a B.A. from New York University and a J.D. from Brooklyn Law School.

Anthony G. Cornyn has been appointed Assistant Director. Mr. Cornyn, a member of the Board's staff since January 1971, has a B.S. from Villanova University and an M.B.A. from the University of Pittsburgh.

Stephen C. Schemering has been appointed Assistant Director. Mr. Schemering joined the Board's staff in July 1974. He has a B.S. from Old Dominion University.

Richard Spillenkothen has been appointed Assistant Director. Mr. Spillenkothen, a Board employee since February 1976, has a B.A. from Harvard University and an M.B.A. from the University of Chicago.

Frederick M. Struble has been promoted from Deputy Associate Director in the Division of Research and Statistics to Associate Director in the Division of Banking Supervision and Regulation.

System Membership: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period July 10 through August 10, 1984:

Arizona
Safford .... Eastern Arizona Bank
Colorado
Denver .... Citizens Bank of Glendale
Florida
Hialeah .... Global Bank

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON MAY 21–22, 1984

Domestic Policy Directive

The information reviewed at this meeting suggested that growth in real GNP, while moderating from the annual rate of 8¾ percent recorded for the first quarter, was continuing at a relatively rapid pace in the current quarter. Thus far in 1984, average prices, as measured by the fixed-weight index for gross domestic business product, appeared to be increasing at about the same rate as in 1983.

Industrial production rose nearly 1½ percent in April, after slowing to an increase of ½ percent in March. Gains in April were widespread across most major product and material categories. Auto production declined, however, primarily reflecting reduced output at plants producing small cars and the less popular large-size models. Some plants producing fast-selling models were encountering capacity constraints. The rate of capacity utilization in manufacturing rose 1 percentage point further in April to 82.3 percent, somewhat above the 81.8 percent average for the 1967–82 period.

Nonfarm payroll employment surged by 400,000 in April. The rise was attributable in large part to a rebound in employment at construction sites after a weather-related decline in March and to substantial employment gains in service industries. In manufacturing, employment rose by 100,000, about the same as the average monthly increase over the previous twelve months, and the length of the average factory workweek reached 41.2 hours, its highest level in nearly two decades. Despite continued gains in employment, the civilian unemployment rate was unchanged at 7.8 percent in March and April, as the labor force increased appreciably.

Total retail sales climbed 2.9 percent in April, about offsetting declines in the preceding two months. Sales gains were reported at all major types of stores but were particularly strong at automotive outlets and at general merchandise, apparel, and furniture and appliance stores. Sales of new domestic automobiles, which had dipped in March, rebounded in April to an annual rate of 8¼ million units and then surged to a rate of about 8¾ million units in early May.

In April, private housing starts recovered from a sizable decline in March and, at an annual rate of nearly 2 million units, matched their advanced first-quarter pace. Building permits for residential construction were unchanged in April at an annual rate of slightly more than 1.7 million units, somewhat below the level earlier in the year. In the first quarter, sales of new houses continued at about the same pace as in the fourth quarter of 1983, while sales of existing homes rose appreciably.

Business investment spending moderated from the extraordinarily rapid rate of expansion in the second half of 1983, but remained brisk. In real terms, fixed investment spending rose at an annual rate of about 14¾ percent in the first quarter. Data on shipments and new orders of nondefense capital goods have moved erratically in recent months; both series declined sharply in April after exhibiting considerable strength in some earlier months of 1984. But other recent information, including survey reports that indicate upward revisions in business spending plans, generally suggests continuing strength in business fixed investment.

The producer price index for finished goods was unchanged in April, after increases of about ½ percent per month in the first quarter. A reversal of the sharp runup in food prices contributed to the favorable performance in April. The consumer price index rose ½ percent in April, slightly more than the average rate in the first quarter; large increases in prices of energy-related items and some commodities accounted for the April rise. Over the first four months of the year, the index of average hourly earnings increased at about the same pace as in 1983.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies had increased about 5¼ percent since late March to a level close to its peak for the floating-rate period, reached in the first part of January. Increases in U.S. interest rates relative to foreign rates, together with labor unrest in some European countries and conflict in the Persian Gulf area, apparently contributed to the dollar's appreciation. The merchandise trade deficit widened further in the first quarter, as a surge in non-oil imports exceeded a rise in exports.

At its meeting on March 26–27, 1984, the Federal Open Market Committee had decided to seek to maintain pressures on reserve positions that were deemed to be consistent with growth of M1, M2, and M3 from March to June at annual rates of around 6½, 8, and 8½ percent respectively; it was decided that initially those pressures should be close to those that had emerged in the days preceding the March meeting. The members had agreed that greater restraint on reserve conditions would be acceptable in the event of more substantial growth of the monetary aggregates, while somewhat lesser restraint might be acceptable if growth of the aggregates slowed significantly. It was also agreed that the need for greater or lesser restraint would be considered in the context of the continuing strength of the business expansion, inflationary pressures, and the rate of credit growth. The intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee, was set at 7½ to 11½ percent.

M1 changed little in April, but data available for early May suggested a considerable strengthening. Given the pickup in early May, it was estimated that growth of MI since March was roughly in line with the 6½ percent annual rate of expansion sought by the Committee for the March-to-June period. Expansion in M2 was at an annual rate of about 7¼ percent in April, close to the rate specified by the Committee for the three-month period, while growth in M3, at an annual rate of 10¾ percent in April, was well above its 8½ percent March-to-June growth path. From the fourth quarter of 1983 through April, M1 grew at a rate a little below the midpoint of the Committee's range of 4 to 8 percent for 1984; M2 increased at a rate in the lower part of its 6 to 9 percent longer-run range; and M3 expanded at a rate a bit above the 9 percent upper limit of its range.

Total domestic nonfinancial debt appeared to be growing at a pace above the Committee's monitoring range for the year. Credit growth accelerated in April because of a faster pace of borrowing by the federal government; business borrowing also remained brisk, with most borrowing still concentrated in the short-term area. Growth in business loans at domestic offices of U.S. commercial banks slowed from the vigorous pace of recent months, as banks booked a sizable volume of loans offshore and firms shifted more of their borrowing to the commercial paper market. In the household sector, consumer installment credit expanded at an annual rate of about 17 percent in the first quarter and appeared to have remained strong in April; mortgage borrowing also was continuing to grow at a rapid pace.

Total reserves showed little net change in April, as a decline in excess reserves offset further increases in required reserves. In the three complete reserve maintenance periods ending May 9, adjustment plus seasonal borrowing at the discount window averaged somewhat less than $1.2 billion compared with about $1.1 billion at the time of the previous meeting. In the current two-week statement period ending May 23, average borrowing was running considerably higher, in excess of $4 billion, because of advances to a large bank that was experiencing substantial outflows of funds caused by market uncertainties about the bank's underlying condition.

The federal funds rate rose from an average of around 10 percent in the period immediately preceding the March FOMC meeting to about 10½ percent recently. Most other interest rates moved considerably higher over the intermeeting interval, generally rising about ½ to 1¼ percentage points in both short- and long-term markets. Commercial banks raised their "prime" rate twice during the period, by a total of 1 percentage point, to 12½ percent. On April 6 the Federal Reserve announced an increase of ½ percentage point in the discount rate to 9 percent. The increases in market rates apparently reflected continuing strong credit demands as economic activity expanded, the absence of rapid progress in reducing the federal deficit, and related concerns about future inflationary pressures and a possible need for a more restrictive provision of reserves. Late in the intermeeting period, market conditions also reflected a heightened degree of anxiety and sensitivity to potential liquidity strains, and especially the persistent rumors that a major bank was in serious financial difficulty. There were also renewed concerns about the possible implications of continuing international debt problems, particularly in the light of increased interest rates.

The staff projections presented at this meeting continued to suggest that real GNP would grow at a much more moderate pace over the balance of the year and in 1985, in line with the slower pattern characteristic of maturing business expansions. The unemployment rate was projected to decline over the period and, while current evidence of growing cost and price pressures was limited, the rate of price increase was expected to pick up modestly from its recent pace.

In the Committee's discussion of the economic situation and outlook, the members noted that the expansion in economic activity did indeed appear to be moderating from an unsustainable pace in the first quarter, but the extent of the slowdown remained in question as did the prospective degree of upward price pressures as the expansion continued. In the course of the discussion, the members gave considerable emphasis to uncertainties inherent in the unusually sensitive conditions in financial markets and volatile market attitudes.

It was noted that growth in nominal GNP might moderate relatively little if business and consumer spending remained strongly buoyed by a highly stimulative fiscal policy. In that connection members commented that credit growth had shown no sign of slowing so far and there were, as yet, no significant indications of a stiffening in loan standards and credit availability; in fact, there were indications of aggressive lending practices in real estate and other areas. On the other hand, some members stressed the cyclical tendency for a maturing expansion to slow and they saw some evidence already pointing in that direction. It was also pointed out that there had been a sizable rise in interest rates over the past several weeks; current rate levels, particularly against the background of concerns about potential liquidity problems, could have a considerable effect, after some lag, in curbing expenditures in interest-sensitive sectors of the economy and, more broadly, in fostering more cautious consumer and investor attitudes. Developments in financial markets had already contributed to a more guarded investor climate in some respects, as reflected in some declines in stock prices and a tendency among investors to back away from the long-term debt markets. The problems of a major commercial bank had sensitized markets to other potential problem areas such as outstanding loans to less developed countries that were experiencing debt servicing difficulties. In general, it was difficult to evaluate how such uncertainties—which were seen as likely to persist for some time even if the most immediately pressing problems were resolved—would affect business and consumer spending.

Most of the members, as they had at previous meetings, expressed concern that growing capacity constraints, declining unemployment, and the prospect of reduced productivity growth might be conducive to greater inflationary pressures over time. Individual members also commented on the development of price and wage pressures in some industries and occupations. While indications of greater inflationary pressures were still limited, there was a danger that they might become more widespread later in the year. In that connection some members commented that the terms of the wage settlements in the automotive industry later in the year, should they prove to be higher than the generally restrained pattern to date, might have a pervasive effect on other settlements, while others thought the circumstances in that industry were unique.

A more optimistic view of the outlook for inflation emphasized the possibility of currently relatively favorable wage–cost developments continuing for some time. In particular, productivity growth might not diminish as much as some observers expected, given the prospect that many businesses would continue their efforts toward greater operating efficiencies. One member also observed that the relatively rapid growth in the labor force over the course of recent months, if it persisted, would have favorable wage-cost implications.

In the Committee's discussion of policy for the weeks ahead, most of the members supported a proposal to maintain the current degree of restraint, although some sentiment in favor of marginally greater restraint was also expressed. In the view of most members, no significant change in policy—in either direction—was desirable at this time in light of the performance of the economy, the behavior of the monetary aggregates, and conditions in financial markets. Under present circumstances, it was argued, any significant further restraint would produce added strains in interest-sensitive sectors of the economy such as housing and agriculture and would incur an undue risk of a pronounced effect on already somewhat unsettled financial markets, with adverse effects on economic activity. At the same time, the apparent strength of the ongoing expansion and inflationary concerns argued against any significant easing. An argument advanced in favor of slightly greater restraint was that such a policy would tend to improve the prospects of achieving a desirable moderation in the rate of business expansion and progress over time in containing inflation.

The members noted that, according to a staff analysis, implementation of approximately the current degree of reserve restraint was likely to continue to be consistent with attainment of the growth objectives for M1 and M2 that the Committee had previously established for the second quarter. Growth in M3 was expected to exceed the second-quarter objective because depository institutions were currently making more active use of managed liabilities than had been anticipated to finance their share of the large rise in total credit.

A few members favored raising the current intermeeting range for the federal funds rate by a small amount as a technical adjustment to bring the present trading level of the federal funds rate closer to the midpoint of the range. However, most of the members preferred to retain the current range, which they believed was likely to encompass the probable trading range over the intermeeting period.

At the conclusion of the discussion, all but one member agreed that no change should be made at this time in the existing degree of pressure on reserve positions. The members anticipated that this policy would continue to be associated with growth of M1 and M2 at annual rates of around 6½ and 8 percent for the period from March to June and with growth of M3 at an annual rate of about 10 percent, somewhat above the objective set in March for the second quarter. It was agreed that the intermeeting range for the federal funds rate would remain at 7½ to 11½ percent. It was also recognized that, within the context of this overall policy approach, operations might need to be modified if unusual financial strains appeared to be developing.

In keeping with the Committee's usual practice, the members contemplated that operations might be adjusted during the intermeeting period toward implementing somewhat greater or somewhat lesser restraint on reserves if monetary growth should prove to be significantly faster or slower than targeted for the current quarter. In the view of most members, the implementation of open market operations should be equally sensitive to the potential need for greater or lesser restraint over the weeks ahead. Any such adjustment should not be made automatically but should be undertaken only after an appraisal of the strength of economic activity and inflationary pressures, and evaluations of conditions in financial and banking markets and the rate of growth in total domestic nonfinancial debt.

At the conclusion of the meeting, the following domestic policy directive was issued to the Federal Reserve Bank of New York:

The information reviewed at this meeting suggests that growth in real GNP, while moderating from the unusually strong first-quarter pace, remains relatively rapid in the current quarter. In April, industrial production and nonfarm payroll employment rose substantially following decreased growth in March; the civilian unemployment rate was unchanged at 7.8 percent in March and April as the labor force increased appreciably. Retail sales grew rapidly in April after two months of decline, and housing starts recovered to a rate equaling their first-quarter average. Information on outlays and spending plans generally suggests continuing strength in business fixed investment. Since the beginning of the year, prices and wages have continued to rise at about the same pace as in 1983.

M1 changed little in April on average, but data available for early May suggest a considerable strengthening. In April M2 grew about in line with expectations while M3 expanded more rapidly than anticipated. From the fourth quarter of 1983 through

April, M1 grew at a rate a little below the midpoint of the Committee's range for 1984; M2 increased at a rate in the lower part of its longer-run range, while M3 expanded at a rate a bit above the upper limit of its range. Total domestic nonfinancial debt apparently is growing at a pace above the Committee's monitoring range for the year, with borrowing by businesses continuing to be concentrated in the short-term markets. Interest rates have risen considerably further since late March. On April 6, the Federal Reserve announced an increase in the discount rate from 8½ to 9 percent. Recently, day-to-day market conditions have reflected considerable sensitivity to potential liquidity strains, as highlighted by problems of one large bank, and to uncertainties about the financial and budgetary outlook generally.

The foreign exchange value of the dollar against a trade-weighted average of major foreign currencies has risen considerably further since late March to a level close to the peak in early January. The merchandise trade deficit widened further in the first quarter, as a sharp rise in non-oil imports offset a substantial rise in exports.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation further, promote growth in output on a sustainable basis, and contribute to an improved pattern of international transactions. The Committee established growth ranges for the broader aggregates of 6 to 9 percent for both M2 and M3 for the period from the fourth quarter of 1983 to the fourth quarter of 1984 The Committee also considered that a range of 4 to 8 percent for M1 would be appropriate for the same period, taking account of the possibility that, in the light of the changed composition of M1, its relationship to GNP over time may be shifting. Pending further experience, growth in that aggregate will need to be interpreted in the light of the growth in the other monetary aggregates, which for the time being would continue to receive substantial weight. The associated range for total domestic nonfinancial debt was set at 8 to 11 percent for the year 1984.

The Committee understood that policy implementation would require continuing appraisal of the relationships not only among the various measures of money and credit but also between those aggregates and nominal GNP, including evaluation of conditions in domestic credit and foreign exchange markets.

In the short run, the Committee seeks to maintain existing pressures on bank reserve positions. This is expected to be consistent with growth in M1, M2, and M3 at annual rates of around 6½, 8, and 10 percent, respectively, during the period from March to June. Somewhat greater reserve restraint might be acceptable in the event of more substantial growth of the monetary aggregates, while somewhat lesser restraint might be acceptable if growth of the monetary aggregates slowed significantly. In either case, such a change would be considered only in the context of appraisals of the continuing strength of the business expansion, inflationary pressures, financial market conditions, and the rate of credit growth. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that pursuit of the monetary objectives and related reserve paths during the period before the next meeting is likely to be associated with a federal funds rate persistently outside a range of 7½ to 11½ percent.

Votes for this action: Messrs. Volcker, Solomon, Boehne, Corrigan, Gramley, Mrs. Horn, Messrs. Martin, Partee, Rice, and Wallich. Vote against this action: Mr. Boykin. (Absent and not voting: Mrs. Teeters.)

Mr. Boykin dissented because he believed a directive calling for somewhat greater reserve restraint and marginally lower monetary growth would improve the prospects for curbing inflation and achieving sustainable expansion without incurring a material risk of unsettling financial markets.

Legal Developments

AMENDMENTS TO REGULATION L

The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration (collectively referred to as the "agencies") are amending their respective regulations implementing the Depository Institution Management Interlocks Act, which generally prohibits certain management official interlocks between unaffiliated depository institutions and depository holding companies depending upon their asset size and location. The amendments conform the regulations to a change in the Depository Institution Management Interlocks Act which deleted all references to "Standard Metropolitan Statistical Areas" ("SMSAs") and substituted therefore the new classifications for Metropolitan Statistical Areas adopted by the Office of Management and Budget.

Effective July 10, 1984, the Board of Governors amends 12 C.F.R. Part 212 as set forth below:

Part 212—Management Official Interlocks

1. The authority citation for Part 212 reads as follows: *Authority:* 12 U.S.C. 3201 *et seq.*
2. Section 212.2 is amended by adding a new paragraph (n) to read as follows:

Section 212.2—Definitions

* * * * *

(n) "Relevant metropolitan statistical area" means a Primary Metropolitan Statistical Area, a Metropolitan Statistical Area, or a Consolidated Metropolitan Statistical Area that is not comprised of designated Primary Metropolitan Statistical Areas as defined by the Office of Management and Budget.

3. Section 212.3 is amended by revising paragraph (b) to read as follows:

Section 212.3—General Prohibitions

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(b) *Metropolitan Statistical Area.* A management official of a depository organization may not serve at the same time as a management official of another depository organization not affiliated with it if:

(1) Both are depository institutions, each has an office in the same relevant metropolitan statistical area, and either institution has total assets of $20 million or more;
(2) Offices of depository institution affiliates of both are located in the same relevant metropolitan statistical area and either of the depository institution affiliates has total assets of $20 million or more; or
(3) One is a depository institution that has an office in the same relevant metropolitan statistical area as a depository institution affiliate of the other and either the depository institution or the depository institution affiliate has total assets of $20 million or more.

4. Section 212.6 is amended by revising paragraph (a) to read as follows:

Section 212.6—Changes in Circumstances

(a) *Non-grandfathered interlocks.* If a person's service as a management official is not grandfathered under section 212.5 of this part, the person's service must be terminated if a change in circumstances causes such service to become prohibited. Such a change may include, but is not limited to, an increase in asset size of an organization due to natural growth, a change in relevant metropolitan statistical area or community boundaries or the designation of a new relevant metropolitan statistical area, an acquisition, merger, or consolidation, the establishment of an office, or a disaffiliation.

* * * * *

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

Orders Issued Under Section 3 of Bank Holding Company Act

Commercial Landmark Corporation
Muskogee, Oklahoma

Order Approving Acquisition of a Bank Holding Company

Commercial Landmark Corporation, Muskogee, Oklahoma, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*), has applied for approval under section 3 of the Act to acquire The First Tahlequah Corporation, Tahlequah, Oklahoma ("Company"), and thereby indirectly acquire First National Bank of Tahlequah, Tahlequah, Oklahoma ("Tahlequah Bank"), and First National Bank of Fort Gibson, Fort Gibson, Oklahoma ("Fort Gibson Bank").

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

Applicant, the 18th largest commercial banking organization in Oklahoma, controls two banks with total deposits of $154 million, representing 0.6 percent of the total deposits in commercial banks in Oklahoma.[1] Company, with deposits of $78.8 million is the 66th largest commercial banking organization in the state and controls 0.3 percent of the total deposits in commercial banks in the state. After consummation of the proposal, Applicant would become the 11th largest commercial banking organization in the state and Applicant would control 0.9 percent of the total deposits in commercial banks in the state. Accordingly, consummation of this proposal would not have a significant effect on the concentration of commercial banking resources in Oklahoma.

Tahlequah Bank operates in the Cherokee County banking market where Applicant is not represented.[2] With deposits of $70.9 million, Tahlequah Bank ranks as the largest of the four commercial banking organizations in the market and controls 51.1 percent of the deposits in commercial banks in the market. Inasmuch as Applicant is not currently represented in this market, consummation of the proposal would not have any significant adverse effect upon existing competition in the market.

Applicant's bank subsidiary, Commercial Bank and Trust Company, Muskogee, Oklahoma ("Commercial Bank"), and Fort Gibson Bank both operate in the Muskogee banking market.[3] Commercial Bank is the largest of the seven commercial banking organizations in this market, with deposits of $121.1 million, representing 32 percent of the total deposits in commercial banks in the market. Fort Gibson Bank is the smallest bank in the market, with deposits of $7.9 million, representing 2.1 percent of the total deposits in commercial banks in the market. Upon consummation of the proposal, Applicant would control 34.1 percent of the total deposits in commercial banks in the market. The Muskogee banking market is concentrated, with a four-firm concentration ratio of 85.9 percent and a Herfindahl–Hirschman Index ("HHI") equal to 2118. Upon consummation of the proposed transaction, the four-firm concentration ratio would increase to 88 percent and the HHI would increase by 134 points to 2252.[4]

In view of the significant expansion of the commercial lending powers of federal thrift institutions authorized in the Garn–St Germain Depository Institutions Act of 1982, the Board has, in a number of recent cases, considered the presence and extent of competition offered by thrift institutions in the relevant banking market in analyzing the competitive effects of a proposal.[5] Two thrift institutions operate in the Muskogee banking market and are the largest and third largest depository institutions in the market. Together, these thrift institutions control $217 million in deposits, representing approximately 36.4 percent of the total deposits in the market. One of these thrift institutions, Victor Federal Savings and Loan Association, is active in soliciting commercial loan business and prominently advertises itself as a bank.[6] Both of the thrift institutions in the market offer NOW accounts and make consumer loans. Accordingly, the Board has considered the presence of thrift institutions in the Muskogee banking market as a significant factor in assessing the competitive effects of this transaction.[7]

Consequently, while consummation of the proposal would eliminate some existing competition in the relevant banking market, the Board has determined that, in view of all of the facts of record, consummation of this proposal would not have a significant adverse effect on competition in the Muskogee banking market.

The financial and managerial resources of Applicant, its subsidiary banks, Tahlequah Bank and Fort

1. All banking data are as of June 30, 1983.
2. The Cherokee County banking market is approximated by Cherokee County, Oklahoma.
3. The relevant banking market is approximated by the Muskogee, Oklahoma RMA. Tahlequah Bank acquired Fort Gibson Bank in satisfaction of a debt previously contracted.

4. Under the Department of Justice Merger Guidelines, a market in which the post-merger HHI exceeds 1800 is considered highly concentrated, and a merger that produces an increase in excess of 100 points would generally be subject to challenge by the Department. The Department of Justice, however, has not submitted any objection to the proposal.
5. *See, e.g., NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *Barnett Banks of Florida*, 69 FEDERAL RESERVE BULLETIN 44 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).
6. Victor Federal recently won a lawsuit brought by the Oklahoma Bankers Association, which sought to enjoin Victor Federal from using the words "bank" and "banking" in its advertising.
7. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, upon consummation of the transaction, the HHI would increase by 80 points to 1618 points and the four-firm concentration ratio would be 70.8 percent. Applicant would control 26.5 percent of market's deposits.

Gibson Bank, are regarded as generally satisfactory. The Board notes that this proposal entails a significant increase in Applicant's debt level. However, projections indicate that Applicant can service its debt and maintain a satisfactory consolidated capital position. Applicant's overall financial resources would remain generally satisfactory following consummation of the proposal, and Applicant's consolidated capital ratios will remain above the levels set forth in the Board's Capital Adequacy Guidelines. Considerations relating to convenience and needs of the community to be served also are consistent with approval. Based upon the foregoing and all the facts of record, the Board has determined that consummation of the proposed 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 consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City pursuant to delegated authority.

By order of the Board of Governors, effective July 25, 1984.

Voting for this action: Vice Chairman Martin and Governors Wallich, Partee, Gramley, and Seger. Absent and not voting: Chairman Volcker and Governor Rice.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

First Arkansas Bankstock Corporation Little Rock, Arkansas

Order Approving Acquisition of Bank Holding Companies and Bank

First Arkansas Bankstock Corporation, Little Rock, Arkansas, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1842(a)(3), to acquire 100 percent of the voting shares of Conway Bancshares, Inc. ("CBI"), Conway, Arkansas; 98.2 percent of the voting shares of the First National Bank in Harrison ("Harrison Bank"), Harrison, Arkansas; and 94.1 percent of the voting shares of National Bankshares Corporation ("NBC"), Pine Bluff, Arkansas.

Notice of the applications, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the Act. The time for filing comments 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 multibank holding company, is the largest banking organization in Arkansas. It has eight subsidiary banks with total deposits of $1.2 billion,[1] which represents 9.8 percent of total deposits in commercial banks in the state. CBI controls 94 percent of the outstanding shares of First State Bank and Trust Company ("First State Bank"), Conway, Arkansas. First State Bank holds total deposits of $107 million, which represents 0.8 percent of total deposits in Arkansas. NBC controls all of the voting shares of National Bank of Commerce of Pine Bluff ("Pine Bluff Bank"), Pine Bluff, Arkansas. Pine Bluff Bank holds total deposits of $159 million, which represents 1.3 percent of total deposits of commercial banks in the state. Harrison Bank has total deposits of $65 million, which represents 0.5 percent of total deposits in commercial banks in the state. The same person controls CBI, NBC, and Harrison Bank, which have combined deposits of $330 million and represent 2.6 percent of total deposits in commercial banks in Arkansas. Upon consummation of this proposal, Applicant would remain the largest banking organization in Arkansas. It would control total deposits of approximately $1.6 billion, which represents 12.4 percent of the total deposits in commercial banks in the state.

Banking resources are relatively unconcentrated in Arkansas, which has a four-firm concentration ratio of 22.4 percent. Moreover, Arkansas law limits the size of bank holding companies in Arkansas.[2] Thus, consummation of this proposal would not have any substantially adverse effects upon the concentration of banking resources in Arkansas.

No bank or bank holding company that Applicant proposes to acquire operates in the same geographic market as any of Applicant's subsidiary banks. Moreover, no principal of Applicant is a principal of another depository institution in any of the relevant markets of the bank or the bank holding companies to be acquired. Thus, this proposal will not eliminate any existing competition in the line of commerce denoted by commercial banking.

Applicant currently operates an industrial loan organization, National Credit Corporation ("NCC"), Pine Bluff, Arkansas, in the Jefferson County banking mar-

1. Unless otherwise noted, deposit data are as of December 31, 1983.

2. Ark. Stat. Ann. § 67-2112 (1983). Under section 67-2112(B), a bank holding company cannot own or control banks that have more than 12 percent (15 percent as of December 1984) of the total individual, partnership, and corporate ("IPC") deposits held by all state and national banks having principal offices in the state of Arkansas. Applicant's IPC deposits will be within the limitation upon consummation.

ket.[3] NCC does not offer transaction accounts, but does compete with Pine Bluff Bank and the other commercial banks in the Jefferson County market by offering consumer, commercial, and residential real estate loans.

In the Jefferson County market, NCC has approximately $3.9 million in direct consumer loans, and $5.8 million in consumer real estate loans. NCC's share of these products, on the basis of bank, S&L, and industrial loan assets in Jefferson County, is 5.3 percent, and 3 percent, respectively. Pine Bluff Bank has 8 percent and 9 percent, of these respective products. With regard to commercial lending, NCC holds only $1.7 million in such loans, and there are many organizations outside of the local banking market that offer such loans, and would be considered competitors for this line of business. On balance, the Board concludes that any adverse competitive effects associated with this proposal are not significant.

The Board also has considered the effect of this proposal on potential competition. In doing so the Board analyzed this proposal in light of its proposed market extension merger guidelines.[4] Under these guidelines, Applicant would be considered a probable future entrant in the Jefferson County, Harrison, and Faulkner County markets.[5] However, the Jefferson County, Harrison, and Faulkner County markets would not be considered attractive for foothold entry under the Board's guidelines, and Arkansas law prohibits an existing bank holding company from establishing or acquiring a *de novo* bank. In addition, no foothold entry possibilities exist in the Faulkner County market. Moreover, the Harrison market is only moderately concentrated. On the basis of all the facts of record, the Board concludes that consummation of the proposal would not result in any significant adverse effect on existing or probable future competition.

The financial and managerial resources and future prospects of Applicant, its subsidiaries, and the banks to be acquired are generally satisfactory. Affiliation with Applicant will allow the banks to be acquired to offer some new services to their customers, and considerations related to the convenience and needs of the communities to be served are consistent with approval.

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

By order of the Board of Governors, effective July 2, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Partee, Rice, and Gramley. Absent and not voting: Governor Wallich.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

3. The Jefferson County banking market is approximated by Jefferson County, Arkansas.

4. "Policy Statement of the Board of Governors of The Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (March 3, 1982). Although the proposed policy statement has not been approved by the Board, the Board is using the policy guidelines as part of its analysis of the effect of a proposal on probable future competition.

5. The Harrison, Arkansas banking market is approximated by the counties of Boone, Marion, Newton, and Searcy, Arkansas. The Faulkner County banking market is approximated by Faulkner County, Arkansas.

The Frankford Corporation
Philadelphia, Pennsylvania

Order Approving Acquisition of a Bank

The Frankford Corporation, Philadelphia, Pennsylvania, 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 all of the outstanding voting shares of Colonial Savings Bank, Philadelphia, Pennsylvania ("Bank"). Bank is a state-chartered savings bank operating in mutual form, the accounts of which are insured by the FDIC. Bank will convert to a state-chartered stock savings bank in connection with this proposal.

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

The Board has previously determined that a state-chartered stock savings bank is a "bank" for the purposes of the Act if it accepts demand deposits, engages in the business of making commercial loans, and is not covered by the exemption created by the Garn–St Germain Depository Institutions Deregulation Act of 1982 for FSLIC insured thrift institutions.[1]

1. *The One Bancorp*, 70 FEDERAL RESERVE BULLETIN 359 (1984); *Amoskeag Bank Shares*, 69 FEDERAL RESERVE BULLETIN 860 (1983); *First NH Banks, Inc.*, 69 FEDERAL RESERVE BULLETIN 874 (1983).

Bank accepts demand deposits and engages in the business of making commercial loans, and its deposits are not insured by the FSLIC. Accordingly, the Board has determined that Bank is a "bank" for purposes of the Act and has considered the application in light of the requirements of section 3 of the Act pertaining to the acquisition of banks.

Applicant is the 64th largest depository institution among commercial banks and savings banks in Pennsylvania, controlling one banking subsidiary, Frankford Trust Company, Philadelphia, Pennsylvania, with deposits of $223.2 million.[2] Bank is the 158th largest depository institution among commercial banks and savings banks in Pennsylvania with deposits of $71.4 million. Upon consummation, Applicant would control less than 0.3 percent of the total deposits in commercial banks and savings banks in Pennsylvania and would become the 50th largest depository institution among commercial banks and savings banks in the state. The Board has determined that the transaction would not have a significant effect upon the concentration of banking resources in Pennsylvania.

Bank is the 82nd largest depository institution in the "Philadelphia, Pennsylvania, PA-NJ PMSA" banking market,[3] and controls 0.20 percent of the total deposits in depository institutions in the market. Applicant's existing banking subsidiary operates in the same market as Bank, where it is the 20th largest commercial banking organization with 0.80 percent of total deposits in commercial banks. Among all depository institutions, Applicant is the 37th largest and controls 0.40 percent of the total deposits in depository institutions. Given Applicant's and Bank's relatively low rank and small share of deposits in the market, the Board concludes that consummation of the proposal would not have any significant effect on existing or probable future competition nor would it significantly increase the concentration of banking resources in this market.

The financial and managerial resources and future prospects of Applicant are regarded as satisfactory and consistent with approval of this proposal. Consummation of this transaction would strengthen Bank's financial and managerial resources. Applicant has indicated that it will provide Bank with additional capital upon consummation and will provide management support to Bank's existing management. Accordingly, the Board has concluded that financial and managerial considerations are consistent with approval of this proposal.

2. Banking data are as of December 31, 1983.

3. The Philadelphia, Pennsylvania, PA-NJ PMSA banking market includes the Philadelphia, Montgomery, Bucks, Chester, and Delaware Counties in Pennsylvania, and the Camden, Burlington, and Gloucester Counties in New Jersey.

The record of this application also indicates that the proposed transaction would significantly benefit the convenience and needs of the community to be served by ensuring that Bank would remain a viable competitor in the market. Applicant proposes to offer new products and services to Bank's customers. Accordingly, the Board concludes that considerations relating to the convenience and needs of the community are consistent with approval of this proposal.

Based on the foregoing and other facts of record, the Board has determined that consummation of the proposed transaction would be in the public interest and that the application should be, and hereby is, approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of the 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 Philadelphia acting pursuant to delegated authority.

By order of the Board of Governors, effective July 25, 1984.

Voting for this action: Vice Chairman Martin and Governors Wallich, Partee, Gramley, and Seger. Absent and not voting: Chairman Volcker and Governor Rice.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

Security Richland Bancorporation
Miles City, Montana

Order Approving Acquisition of a Bank

Security Richland Bancorporation, Miles City, Montana, 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 all of the outstanding voting shares of The First National Bank of Glendive, Glendive, Montana ("Bank").

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

Applicant is the seventh largest banking organization in Montana. It controls two banking subsidiaries, First Security Bank and Trust of Miles City, Miles City, Montana, and Richland National Bank and Trust, Sidney, Montana, with deposits of $126.0 million, representing 2.3 percent of the total deposits in commercial banks in the state.[1] Bank, the 14th largest banking organization in Montana, with deposits of $51.7 million, controls 0.9 percent of the total deposits in commercial banks in the state. Applicant's acquisition of Bank would increase Applicant's statewide share of deposits in commercial banks to 3.2 percent and Applicant's rank in the state would remain unchanged. Accordingly, the Board concludes that the acquisition of Bank would not have a significant effect upon the concentration of banking resources in Montana.

Bank is the largest of six banking organizations in the relevant banking market, and controls 32 percent of the total deposits in commercial banks therein. Neither of Applicant's banking subsidiaries operates in the same market as Bank. Consummation of the proposal would not have any effect on existing or probable future competition or increase the concentration of banking resources in this market.

The financial and managerial resources and the capital position of Applicant and its subsidiary banks are satisfactory. The proposed acquisition is substantial as a percentage of Applicant's total assets and is to be funded through an increase in Applicant's indebtedness. The acquisition would result in a decline in Applicant's primary capital ratio. However, Applicant's capital would remain at a level consistent with the minimum level specified in the Board's Capital Adequacy Guidelines for banking organizations of its size.[2] To address the Board's concerns with this reduction in capital as well as the increase in Applicant's indebtedness, Applicant has submitted a capital improvement plan under which it would increase its primary capital within a short period of time to a level that is materially above the minimum levels specified in the Board's Guidelines. In light of Applicant's commitments, capital improvement plan and previous favorable record of operations, the Board concludes that Applicant's financial resources are sufficient to meet its debt servicing obligations while maintaining an adequate capital position. Accordingly, the Board concludes that financial considerations are satisfactory and consistent with approval of the application.

Considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Accordingly, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

1. Banking data are as of September 30, 1983.

2. *See* the Board's Capital Adequacy Guidelines, Regulation Y, Appendix A (12 C.F.R. 225, Appendix A), reprinted in Federal Reserve Regulatory Service, ¶ 3-1506.

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

By order of the Board of Governors, effective July 20, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, Rice, Gramley, and Seger.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

Selin Corporation
Chicago, Illinois

Order Approving Acquisition of Additional Banks

Selin Corporation, Chicago, Illinois, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1842(a)(3), to acquire all of the voting shares of Wheeling Trust & Savings Bank ("Wheeling Bank"), Wheeling, Illinois; and at least 80 percent of the voting shares of the following banks: American National Bank of South Chicago Heights ("South Chicago Bank"), South Chicago Heights, Illinois; First National Bank of Crystal Lake ("Crystal Lake Bank"), Crystal Lake, Illinois; and Wauconda National Bank and Trust Co. ("Wauconda Bank"), Wauconda, Illinois.

Notice of the applications, affording an 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 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).

Applicant has one banking subsidiary, First National Bank of Niles, Niles, Illinois. First National Bank of Niles has total deposits of $101.2 million, which represents 0.1 percent of the total deposits in commercial banks in Illinois.[1] One of Applicant's principals controls Northland Insurance Agency, Inc. ("Northland"), Chicago, Illinois, a bank holding company owning shares of South Chicago Bank; and Keeco,

1. Unless otherwise indicated, all deposit data are as of December 31, 1983.

Inc. ("Keeco"), Chicago, Illinois, a bank holding company owning shares of Wheeling Bank.[2] South Chicago Bank holds total deposits of $51.2 million, which represents less than 0.1 percent of the total deposits in commercial banks in Illinois. Wheeling Bank holds total deposits of $102 million, which represents 0.1 percent of the total deposits in commercial banks in Illinois. Crystal Lake Bank holds total deposits of $46.1 million, which represents less than 0.1 percent of the total deposits in commercial banks in Illinois. Wauconda Bank holds total deposits of $43.7 million, which represents less than 0.1 percent of the total deposits in commercial banks in Illinois.

Upon consummation of this transaction, Applicant would become the 24th largest commercial banking organization in Illinois, and control total deposits of $344.2 million, which represents approximately 0.3 percent of the total deposits in commercial banks in Illinois. Consummation of this proposal would have no significant effect upon the concentration of banking resources in Illinois.

Crystal Lake Bank competes in the Elgin banking market,[3] and Applicant's subsidiary bank does not compete in that market. Accordingly, consummation of the proposal would have no effect on competition in that market. Applicant, South Chicago Bank, Wauconda Bank, and Wheeling Bank all compete in the Chicago banking market.[4] Applicant's subsidiary bank is the 110th largest banking organization in the market, controlling 0.1 percent of the total deposits in commercial banks therein. The combined market share of the three banks to be acquired in the Chicago banking market is 0.3 percent of the total deposits in commercial banks. In view of the small size and market shares of Applicant and the banks to be acquired, the unconcentrated nature of the Chicago banking market,[5] and the fact that this proposal is essentially a reorganization of the existing ownership interests of Applicant's principals, the Board concludes that the amount of existing competition that would be eliminated by this proposal is not significant. Accordingly, competitive considerations are consistent with approval of the proposal.

2. The transaction proposed by Applicant would involve the acquisition by Northland and Keeco of more than 5 percent of the voting shares of Applicant. Thus, before this transaction is consummated, Northland and Keeco must seek the Board's prior approval under section 3(a)(3) of the Act, 12 U.S.C. § 1842(a)(3), to acquire more than 5 percent of the voting shares of Applicant.

3. The Elgin banking market is approximated by the southern half of McHenry County, the northern third of Kane County, and includes the city of Elgin, Illinois.

4. The Chicago banking market is approximated by Cook, DuPage, and Lake Counties, Illinois.

5. The share of deposits held by the four largest banking organizations in the market is 51 percent and would not increase as a result of this proposal.

The Board, in acting on this application, has placed considerable weight on the fact that approval of this proposal would facilitate the injection of additional capital into one of the banks to be acquired, and on Applicant's commitments designed to maintain the financial resources of the other banks. In light of these facts, financial factors are consistent with approval of this proposal. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval of this application.

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

By order of the Board of Governors, effective July 17, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Rice, Gramley, and Seger. Absent and not voting: Governor Partee.

JAMES MCAFEE

[SEAL] *Associate Secretary of the Board*

Orders Issued Under Section 4 of Bank Holding Company Act

First Bank System, Inc.
Minneapolis, Minnesota

Order Approving Application to Acquire a General Insurance Agency

First Bank System, Inc., Minneapolis, Minnesota, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et seq.*) ("BHC Act"), has applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(2) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(2)), 49 *Federal Register* 974 (1984)), for the Board's approval to acquire 100 percent of the voting shares of Hoiness-LaBar Insurance Company, Billings, Montana ("Company"), a general insurance agency with its principal office in Billings, Montana, and an additional office in Worland, Wyoming.[1]

1 Company engages in the activity of selling to individual and commercial customers, as agent or broker, multiline insurance, such as fire, property, casualty, life, surety, professional liability, specialty, and inland marine insurance. Company also performs, on an incidental basis, third-party claims administration services for one of Company's commercial customers.

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (49 *Federal Register* 23696 (1984)). The time for filing comments has expired, and the Board has considered this application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets of $20.6 billion,[2] is one of the two largest commercial banking organizations in Minnesota. Applicant controls 80 subsidiary banks in five states in the Midwest. In addition, Applicant has a number of subsidiaries engaged in permissible nonbanking activities, including First System Agencies, Inc., a company which holds the stock of 60 general insurance agencies indirectly owned by Applicant.

Title VI of the Garn–St Germain Depository Institutions Act of 1982 amended section 4(c)(8) of the BHC Act to provide that insurance agency activities are not "closely related to banking" and thus are not permissible activities for bank holding companies, unless the activities are included within one of seven specific exemptions (contained in clauses A through G of section 4(c)(8)). Applicant claims it is authorized to engage in general insurance agency activities under exemption G, which exempts from the general insurance prohibition of the Act insurance agency activities conducted by bank holding companies that received Board approval, prior to 1971, to engage in such activities. Unless Applicant's proposal qualifies under this exemption or some other exemption in section 4(c)(8), the operation of a general insurance agency is not presently a permissible activity for bank holding companies.

The record indicates that on July 21, 1959, Applicant received approval from the Board under the provisions of the Bank Holding Company Act of 1956, to retain 19 insurance agencies (located in Minnesota, North Dakota, South Dakota, and Montana), which Applicant had organized into one subsidiary, First Service Agencies, Inc. (45 FEDERAL RESERVE BULLETIN 917 (1959)).[3] Each of these 19 insurance agencies engaged in a general insurance agency business and sold insurance to customers of Applicant's bank subsidiaries, as well as to the general public. Applicant has been engaged in general insurance agency activities on a continuous basis since receiving Board approval in 1959, and Applicant is one of 16 active bank holding companies that qualifies for exemption G.

In a previous Order, the Board interpreted exemption G, consistent with the terms and legislative history of the exemption, to permit a qualifying grandfathered bank holding company to engage in insurance agency activities without limiting those activities to the locations where the company did business prior to 1971.[4] Accordingly, the Board may approve this application, notwithstanding the fact that Applicant was not engaged in insurance agency activities in Wyoming, where Company's second office is located, in 1971.[5]

Applicant, through First System Agency of Montana, indirectly controls one general insurance agency in Fort Benton, Montana, and another in Forsyth, Montana. Fort Benton and Forsyth are located approximately 181 and 96 miles from Billings, respectively, and neither agency operates in the same market served by Company. Accordingly, no existing competition will be eliminated in the general insurance agency area upon consummation of this transaction.

There is no evidence in the record to indicate that consummation of Applicant's proposal would result in any undue concentration of resources, conflicts of interests, unsound banking practices, or other adverse effects. Moreover, the Board also has determined that the balance of the public interest factors the Board is required to consider under section 4(c)(8) of the BHC Act is favorable. Applicant has indicated that it will use its existing marketing and distribution system to provide Company's customers with additional sources of insurance or special types of insurance more efficiently.

Accordingly, based upon the foregoing and other facts of record, the Board has determined that the application should be and hereby is approved. This determination is subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b) (12 C.F.R. §§ 225.4(d) and 225.23(b)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

This transaction shall be consummated not later than three months after the effective date of this Order, unless such period is extended for good cause

2. Data on Applicant's assets is as of March 31, 1984.

3. The name of First Service Agencies, Inc. has been changed to First System Agencies, Inc.

4. *Norwest Corporation*, 70 FEDERAL RESERVE BULLETIN 235 (1984).

5. In another previous Order, the Board held that, for those companies that engaged in general insurance agency activities pursuant to Board approval prior to 1971, the continued operation of general insurance agencies, without restriction as to type of insurance sold, is permissible under exemption G of section 4(c)(8) of the BHC Act. *Norwest Corporation*, 70 FEDERAL RESERVE BULLETIN 470 (1984). Accordingly, the fact that Applicant may not have sold the exact type of insurance that company sells does not prevent the Board from approving the application.

by the Board or by the Federal Reserve Bank of Minneapolis, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 16, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Partee, Rice, Gramley, and Seger. Abstaining from this action: Governor Wallich.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

First Interstate Bancorp
Los Angeles, California

Order Approving Application to Engage in Leasing Activities Through a Joint Venture

First Interstate Bancorp, Los Angeles, California ("First Interstate"), a bank holding company within the meaning of the Bank Holding Company Act (the "Act")(12 U.S.C. §§ 1841 *et seq.*), has applied for the Board's approval pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of the Board's Regulation Y (12 C.F.R. § 225.23(a)), to engage in certain leasing activities through a joint venture arrangement with Avidyne Group, Ltd., San Francisco, California ("Avidyne"), a closely held company that leases aircraft equipment. Applicant would conduct the activity through its subsidiary, First Interstate Lease Investments Corporation, Pasadena, California ("FILIC"), and Avidyne Financial Services Company, Pasadena, California ("Company"). Company would be a subsidiary of both FILIC and Avidyne.[1]

Under the joint venture arrangement, Company and FILIC would originate, structure, syndicate and market tax-oriented,[2] personal property lease transactions for sophisticated customers throughout the United States.[3] The activities of leasing personal or real property or acting as agent, broker, or adviser in leasing such property have been determined by the Board to be closely related to banking and permissible for bank holding companies under Regulation Y, subject to the conditions set forth therein (12 C.F.R. § 225.25(b)(5)).

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published (49 *Federal Register* 18179 (1984)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, with banks in California and ten other states, is a multi-bank holding company with total domestic deposits of approximately $29.6 billion.[4] Applicant's lead bank, First Interstate Bank of California, is the fifth largest banking organization in California, with total domestic deposits of approximately $12.6 billion, representing 7.4 percent of the total deposits in commercial banks in that state. Applicant is also engaged in various nonbanking activities, including leasing, through nonbank subsidiaries.

In view of the fact that the proposal involves the use of a joint venture between a bank holding company and a nonbanking company, the Board has analyzed the proposal with respect to its effects on existing competition between Applicant and Avidyne in the relevant commercial leasing market.[5] Both Applicant and Avidyne are currently engaged in the commercial leasing business, but Applicant's leasing activities differ from those of Avidyne. Applicant engages primarily in lease servicing activities and does not have the technical expertise to engage to any significant degree in the type of commercial leasing transactions proposed in this application.[6] Avidyne does not have sufficient capital or an adequate customer base to engage in this activity independently.

The joint venture has been proposed to enable the co-venturers to combine their differing strengths and resources in order to engage in a leasing activity that neither co-venturer would engage in separately. Furthermore, the commercial leasing industry in the United States has numerous participants, and this proposal involves an association of two participants that have

1. All of the voting shares of Company will be owned by Avidyne. FILIC will lend Company $750,000 and will purchase Company's subordinated debt securities for $750,000. These securities will be convertible into nonvoting preferred shares of Company equal to 25 percent of Company's total stockholders' equity

2. Applicant proposes to offer a financial lease product under which a lessor can "leverage" a lease by borrowing up to 80 percent of the purchase price of the property from a long-term lender on a non-recourse basis, with rentals and the property pledged as collateral for the loan. The lessor derives certain tax advantages from these transactions, including interest deductions and depreciation.

3. The joint venture may not solicit any leasing business for Avidyne, and Avidyne's leasing operations must be maintained separate and distinct from those of FILIC and Company.

4. Banking data are as of December 31, 1983

5. The Board has previously expressed concerns regarding the potential for undue concentration of resources or other adverse effects that result through the combination in a joint venture of banking and nonbanking institutions. *Deutsch Bank AG*, 67 FEDERAL RESERVE BULLETIN 449 (1981); *Maryland National Corporation*, 65 FEDERAL RESERVE BULLETIN 271 (1979).

6. Avidyne's contribution to the joint venture will be the technical expertise of its principals. Company, a newly organized subsidiary of Avidyne, has been formed to serve as a mechanism to compensate the principals in a manner that will permit them to share in the profits of the proposed leasing business

only *de minimis* shares of the market. Accordingly, the Board's judgment is that consummation of this proposal would have no significant effects upon competition in any relevant market.

Consummation of the proposal may be expected to result in public benefits inasmuch as the joint venture would enable Applicant to provide an additional leasing service to its customers. The financial and managerial resources of Applicant, FILIC and Company are considered satisfactory, and there is no evidence in the record to indicate that consummation of the proposal would result in undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest.

Based on the foregoing and other facts of record, the Board concludes that the balance of the public interest factors it must consider under section 4(c)(8) of the Act favors approval of the application. Accordingly, the Board has determined that the application should be and hereby is approved. This determination is subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective July 20, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Partee, Rice, Gramley, and Seger.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

First Interstate Bancorp
Los Angeles, California

Order Conditionally Approving Application to Establish and Operate a Nonbank Bank

First Interstate Bancorp ("First Interstate"), Los Angeles, California, a bank holding company within the meaning of the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.*, has applied for the Board's approval pursuant to section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), and section 225.23 of the Board's Regulation Y (to be codified at 12 C.F.R. § 225.23), to engage in the activity of establishing and operating national or state chartered banks throughout the United States that would provide most commercial banking services, with the exception of making commercial loans (*i.e.*, "nonbank banks").

Notice of the application, affording interested persons an opportunity to submit comments and views, has been duly published. The time for filing comments has expired and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8).

First Interstate, with consolidated assets of $42.6 billion,[1] proposes to commence the activity of establishing and operating nonbank banks nationwide with the conversion of First Interstate Bancard Company, N.A. ("First Bancard"), Simi Valley, California, into a nonbank bank. First Bancard, with total assets of $139 million, is a national bank chartered in 1982. First Bancard has a full national bank charter, but has voluntarily limited its activities to credit card operations. The conversion of First Bancard into a nonbank bank will be effected by transferring First Bancard's corporate credit card accounts (which are its only commercial loans) to another subsidiary of First Interstate. First Bancard and the other proposed nonbank banks would take demand deposits, and provide consumer and residential real estate loans, as well as trust and investment advisory services. First Bancard will not make commercial loans as that term is defined in the Board's Regulation Y.

In *U.S. Trust Corporation*, the Board reluctantly found that acceptance of demand deposits through an FDIC-insured national bank was a permissible nonbanking activity under the Act, as long as the Applicant agreed not to make commercial loans as the Board had defined that term in Regulation Y.[2] There is no evidence in the record that consummation of this proposal would result in any undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects. Although the Board in *U.S. Trust Corporation* relied on several conditions that were designed to prevent certain linkages between the nonbank bank and the Applicant, such conditions appear to be unnecessary in this case because First Interstate could acquire a full service bank in California.

First Interstate argues that section 225.23(b)(1) of the Board's Regulation Y and the accompanying commentary eliminate the requirement of filing of applications before First Interstate opens subsequent *de novo* offices of First Bancard or forms *de novo* subsidiaries

1. Unless otherwise indicated, asset data are as of March 31, 1984.
2. *U.S. Trust Corporation*, 70 FEDERAL RESERVE BULLETIN 371 (1984).

to engage in the same activities as First Bancard, unless the holding company is experiencing financial problems.

That interpretation of section 225.23(b)(1) is incorrect. Section 225.23(b)(1) is not an absolute waiver of the Board's authority to require a notice or an application before *de novo* expansion of a previously approved nonbanking activity. In section 225.23(b)(1)(iii), the Board expressly reserved the authority to require notice for the *de novo* expansion of a nonbanking activity previously approved by the Board. The commentary accompanying this provision states that the Board will invoke this authority "where the Board wishes to monitor the expansion of a particular activity more closely." 49 *Federal Register* 794, 813 (1984).

The application of First Interstate to engage nationwide in the activity of establishing and operating nonbank banks involves an activity the expansion of which the Board wishes to monitor more closely. The establishment of nonbank banks nationwide could frustrate two purposes of the Act. First, nonbank banks may undermine the separation of banking and commerce. Second, nonbank banks may be used to avoid the prohibition against interstate banking contained in section 3(d) of the Act. 12 U.S.C. § 1842(d). Although First Interstate's establishment of a nonbank bank only in California would not have such effects, the acquisition of nonbank banks in other states could undermine section 3(d). Moreover, the Board must consider many factors in approving an application under section 4(c)(8) of the Act, including the applicable banking statutes in each state in which First Interstate might open a *de novo* bank outside of California.[3] This is especially true when the proposed activity is not on Regulation Y's list of permissible nonbanking activities, and when the relationship between the public benefits of the activity and its possible adverse effects may vary from state to state. Thus, the Board's approval of this application is expressly conditioned on First Interstate applying to the Board before it opens each subsequent *de novo* nonbank bank outside of California.

Based upon the foregoing and all the facts of record, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) is favorable. Accordingly, the application is approved. This determination is subject to the condition set forth in this Order and all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b). The approval of this application is also subject to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders, or to prevent evasions thereof.

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

By order of the Board of Governors, effective July 23, 1984.

Voting for this action: Vice Chairman Martin and Governors Wallich, Gramley, and Seger. Absent and not voting: Chairman Volcker and Governors Partee and Rice.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

3. In general, the Board cannot approve applications under the Act that would be prohibited by a valid state law. *Whitney National Bank v. Bank of New Orleans*, 379 U.S. 411 (1965); *Florida Association of Insurance Agents v. Board of Governors*, 591 F 2d 334 (5th Cir. 1979).

Manufacturers Hanover Corporation New York, New York

Order Approving Application to Underwrite and Deal in Government Securities and Money Market Instruments and to Offer Investment Advisory Services

Manufacturers Hanover Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.* ("BHC Act"), has applied for the Board's approval pursuant to section 4(c)(8) of the BHC Act and section 225.21(a) of the Board's Regulation Y, 49 *Federal Register* 794 (1984), to be codified at 12 C.F.R. § 225.21(a), to engage through its wholly owned subsidiary, Manufacturers Hanover Money Market Corporation ("Corporation"), in underwriting, dealing in, brokering, and purchasing and selling obligations of the U.S. government and its agencies, general obligations of the various states and their political subdivisions, and such other obligations that state member banks of the Federal Reserve System may be authorized to underwrite and deal in under 12 U.S.C. §§ 24 and 335, including money market instruments such as certificates of deposit, and bankers acceptances. These activities, subject to certain conditions, have been determined by the Board to be permissible for bank holding companies in section 225.25(b)(16) of Regulation Y. In addition, Corporation will provide general economic information and specific investment advice on a nonfee basis to customers concerning these securities and instruments. The proposed advisory services also have been determined by the Board to be permissible for bank holding companies in section 225.25(b)(4) of Regulation Y.[1]

Notice of the application, affording opportunity for interested persons to submit comments, has been given in accordance with section 4 of the BHC Act. (49 *Federal Register* 6170 and 49 *Federal Register* 9271 (1984)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Applicant, a bank holding company by virtue of its control of Manufacturers Hanover Trust Company, New York, New York ("Bank"), Manufacturers Hanover, N.A., Rochester, New York, and Manufacturers Hanover Bank, Wilmington, Delaware, has consolidated assets of approximately $64.3 billion and is the fourth largest banking organization in the United States.[2] Applicant, through its subsidiaries, engages in various permissible nonbanking activities.

Under section 4(c)(8) the Board is required to consider whether the performance of the proposed activities by Applicant would result in net public benefits. In the past, the Board has been concerned that the performance of investment advisory services in connection with securities brokerage activities could create conflicts of interests or other adverse effects within the meaning of section 4(c)(8).[3]

Although Congress has prohibited banks from underwriting and dealing in most securities, it has excluded the securities at issue here from that prohibition.[4] Moreover, the 15 banks that are primary dealers in government securities routinely provide investment advice to their customers. Applicant's clients will be limited to major corporations and sophisticated individuals who are experienced in dealing in these securities and instruments. The Board's regulation permitting investment advice requires that Applicant observe the standards of conduct applicable to fiduciaries, which also would reduce the potential for conflicts of interest, and the Board conditions its action herein on Applicant's disclosure to its customers of its interest as a principal in the proposed securities and instruments.[5] Finally, Applicant's performance of these activities will add a new competitor in the market for these services and, therefore, will be procompetitive.

Based upon a consideration of all the relevant facts, the Board concludes that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to all of the conditions set forth in Regulation Y, including those contained in sections 225.4(d), 225.23(b), 225.25(b)(4), and 225.25(b)(16), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the BHC Act and the Board's regulations issued thereunder.

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

By order of the Board of Governors, effective July 30, 1984.

Voting for this action: Vice Chairman Martin and Governors Wallich, Gramley, and Seger. Absent and not voting: Chairman Volcker and Governors Partee and Rice.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

Mark Twain Bancshares, Inc.
St. Louis, Missouri

Order Approving Acquisition of a Mortgage Banking Company

Mark Twain Bancshares, Inc., St. Louis, Missouri ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("Act") (12 U.S.C. § 1841 *et seq.*), has applied for approval under section 4(c)(8) of the Act (12 U.S.C.

1. Although Applicant has asserted that the provision of investment advisory services is incidental to its proposed underwriting and dealing activities, the Board does not believe it is necessary to decide this question at this time.
2. All banking data are as of December 31, 1983.
3. Press Release of August 11, 1983, regarding discount securities brokerage as a permissible activity for bank holding companies.
4. The Banking Act of 1933, commonly known as the Glass–Steagall Act, prohibits banks and bank holding companies from acting as an underwriter or dealer for securities except to the extent authorized for national banks. Pursuant to 12 U.S.C. §§ 24(7) and 335, national and state member banks are expressly authorized to underwrite and deal in U.S. government and agency obligations, and general obligations of states and their political subdivisions. Banks generally are authorized to deal in money market instruments as an incident to the other activities expressly permitted by statute for banks.
5. Applicant's proposed subsidiary would be a registered broker-dealer, and its government securities operations would be subject to the regulation of the National Association of Securities Dealers as well as to the anti-fraud provisions of the Securities Exchange Act of 1934. Applicant has stated that it will abide by the standards of the NASD and the anti-fraud provisions in the securities laws with regard to money market instruments as well.

§ 1843(c)(8)) and section 225.23(a)(2) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(2)), to acquire Voss Mortgage Corp., St. Louis, Missouri ("Company"), through Mark Twain Mortgage Company, St. Louis, Missouri, a wholly owned subsidiary of Applicant. The mortgage banking activities that Applicant proposes to conduct have been determined by the Board to be closely related to banking (12 C.F.R. § 225.25(b)(1)).

Notice of the application, affording opportunity for interested persons to comment, has been duly published (49 *Federal Register* 19578, May 8, 1984). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, with consolidated assets of $940.9 million, is the ninth largest commercial banking organization in Missouri, operating 11 subsidiary banks, with total deposits of approximately $767.4 million.[1] Mark Twain Mortgage Company was organized in 1981 for the purpose of conducting mortgage banking activities, but has not yet commenced business.

Company has total assets of $4.1 million and engages in the origination and servicing of home mortgage loans.[2] While Applicant, through its subsidiary banks, and Company both engage in mortgage banking activities in the St. Louis banking market, the Board believes that, in view of Company's small size, the large number of competitors in the market, and the low barriers to entering the mortgage banking business, consummation of the proposal would not have a significant adverse effect on competition in any relevant market.[3]

In addition, there is no evidence in the record to indicate that consummation of the proposal would result in undue concentration of resources, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board concludes that the balance of public interest factors that it must consider under section 4(c)(8) of the Act favors approval of the application.

Based upon the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved. This determination is subject to all the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), and the Board's authority to require a holding company or any of its subsidiaries to modify or terminate any activities necessary to assure compliance with or prevent evasion of the provisions and purposes of the Act and the Board's regulations and orders. The transaction shall be consummated not later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis, acting pursuant to delegated authority.

By order of the Board of Governors, effective July 23, 1984.

Voting for this action: Vice Chairman Martin and Governors Wallich, Gramley, and Seger. Absent and not voting: Chairman Volcker and Governors Partee and Rice.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

1. All banking data are as of March 31, 1984.
2. Company also acts on a limited basis as agent for credit-related life and health insurance. Applicant will discontinue Company's credit-related insurance agency activities upon consummation of the proposed acquisition.
3. The St. Louis banking market is approximated by the St. Louis RMA.

New City Bancorp
Orange, California

Order Approving Application to Engage in Insurance Activities

New City Bancorp, Orange, California, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), and section 225.23 of the Board's Regulation Y, 12 C.F.R. § 225.23, to engage in general insurance activities (except for the sale of life insurance and annuities) in a community that has a population greater than 5,000. Applicant, a bank holding company with total assets of $50 million or less, relies on the statutory language contained in section 601(F) of the Garn–St Germain Depository Institutions Act of 1982, 12 U.S.C. § 1843(c)(8)(F), as authorization for this activity.

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

Applicant, with total assets of $12 million,[1] proposes to engage in general insurance agency activities in

1. Unless otherwise indicated, asset data is as of December 31, 1983.

Orange, California, by expanding the activities of its subsidiary, New City Leasing.[2] Applicant's subsidiary bank, New City Bank, Orange, California, has total assets of $9.5 million.

In order to approve an application under section 4(c)(8) of the Act, the Board must determine that the proposed activity is "so closely related to banking or managing or controlling banks as to be a proper incident thereto. . ." 12 U.S.C. § 1843(c)(8). The Board has recently found by order that the sale of general insurance by bank holding companies with total assets of $50 million or less is an activity that is closely related to banking within the meaning of section 4(c)(8). *A.S.B. Bancshares, Inc.*, 70 FEDERAL RESERVE BULLETIN 363 (1984); *Whitewater Bancorp, Inc.*, 69 FEDERAL RESERVE BULLETIN 815 (1983).[3]

Section 4(c)(8) also requires the Board to determine that the performance of a proposed activity by an individual applicant "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects. . .", 12 U.S.C. § 1843(c)(8). The Board's review of the record of this application indicates that Applicant's de novo entry into the general insurance market would provide greater convenience to the public and increase competition in insurance services. Furthermore, there is no evidence in the record to indicate that consummation of the proposed transaction would result in unfair competition, conflicts of interest, unsound banking practices or any other effects that would be adverse to the public interest. Accordingly, the Board concludes that the balance of the public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval.

Based upon the foregoing, other facts of record, and Applicant's commitment, the Board has determined that the application is approved. This determination is subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), and the Board's authority to require a holding company or any of its subsidiaries to modify or terminate any activities necessary to assure compliance with or to prevent evasion of the provisions and purposes of the Act, and the Board's regulations and orders. The transaction shall be consummated not later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco acting pursuant to delegated authority.

2. On April 25, 1984, Applicant received approval from the Board to engage in leasing *de novo* through New City Leasing.

3. Applicant has committed to divest the general insurance activities once its total assets are more than $50 million.

By order of the Board of Governors, effective July 9, 1984.

Voting for this action: Chairman Volcker and Governors Martin and Gramley. Abstaining from this action: Governor Wallich. Absent and not voting: Governors Partee, Rice, and Seger.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

Orders Issued Under Sections 3 and 4 of Bank Holding Company Act

Bank of Montreal
Montreal, Canada

First Canadian Financial U.S. Holdings
New York, New York

Order Approving Acquisition of Bank Holding Company

By Order dated July 25, 1984, the Board approved the applications of Bank of Montreal, Montreal, Canada, a registered bank holding company within the meaning of the Bank Holding Company Act ("the Act") (12 U.S.C. § 1841 *et seq.*), and its wholly owned subsidiary, First Canadian Financial U.S. Holdings, Inc., New York, New York, pursuant to section 3(a) of the Act (12 U.S.C. § 1842(a)) to acquire all of the outstanding voting shares of Harris Bankcorp, Inc., Chicago, Illinois, a registered bank holding company by virtue of its ownership of Harris Trust and Savings Bank, Chicago, Illinois; Harris Bank Argo, Summit, Illinois; Harris Bank Roselle, Roselle, Illinois; Bank of Naperville, Naperville, Illinois; First National Bank of Wilmette, Wilmette, Illinois; Hinsdale Capital Corporation, Chicago, Illinois, and its subsidiary, The First National Bank of Hinsdale, Hinsdale, Illinois; Firstwin Corporation, and its subsidiary, The First National Bank of Winnetka, Winnetka, Illinois; and Glencoe Capital Corporation, and its subsidiary, Glencoe National Bank, Glencoe, Illinois. The Board also approved the applications of Bank of Montreal and First Canadian Financial U.S. Holdings, Inc., pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire the following nonbanking subsidiaries of Harris Bankcorp, Inc.: Harris Trust Company of New York, New York, Harris Trust Company of Arizona, Scottsdale, Arizona, and, Harris Trust Company of Florida, West Palm Beach, Florida, each of which is a nondeposit trust company; Harris Futures Corporation, Chicago, Illinois, which engages in the activities of a futures commission merchant; and

Harriscorp Finance, Inc., Chicago, Illinois, which engages in the Chicago Standard Metropolitan Statistical Area in consumer finance and mortgage lending activities, and in the sale of credit-related life and accident and health insurance. In addition, the Board approved the applications of Bank of Montreal and First Canadian Financial U.S. Holdings, Inc., to acquire Harris Bank International Corporation, New York, New York, which is a corporation organized pursuant to section 25(a) of the Federal Reserve Act (the "Edge Act") (12 U.S.C. § 611 *et seq.*). Finally, the Board approved the application by Bank of Montreal pursuant to section 4(c)(8) of the Act to convert the operations of its two existing U.S. bank subsidiaries, Bank of Montreal (California), San Francisco, California, and Bank of Montreal Trust Company, New York, New York, to nondeposit trust companies and to conform the activities, including the deposit taking and lending activities, of these subsidiaries to the requirements of section 225.25(b)(3) of the Board's Regulation Y.

In this Statement, the Board sets forth its reasons for approving these applications.

Bank of Montreal, with total assets of approximately $50.8 billion, is the third largest bank in Canada and the 34th largest commercial banking organization in the world.[1] In the United States, in addition to operating the bank subsidiaries in New York and in California noted above, Bank of Montreal operates a branch in New York, New York, an agency in San Francisco, California, and plans to open an additional branch in Chicago, Illinois. Bank of Montreal had originally selected New York as its home state under the Board's Regulation K (12 C.F.R. § 211.22(b)), but has notified the Board of its intention to change its home state to Illinois pursuant to the provision of Regulation K permitting a one-time change of home states (12 C.F.R. § 211.22(c)). Because its branch in New York is not grandfathered under section 5(a) of the International Banking Act ("IBA") (12 U.S.C. § 3103(a)), Bank of Montreal has committed that, effective upon the change of home state, it will limit the deposit-taking operations of its New York branch office to those permissible for a corporation organized under section 25(a) of the Federal Reserve Act (12 U.S.C. § 611 *et seq.*), as is required by section 5 of the IBA. Moreover, as discussed below, Bank of Montreal has applied to convert its bank subsidiaries in New York and California to nondeposit trust companies. Accordingly, the Board concludes that the acquisition of Harris Bankcorp by Bank of Montreal is consistent with section 5(a) of the IBA and section 3(d) of the Bank Holding Company Act (12 U.S.C. § 1842(d)).

Harris Bankcorp, with approximately $7.8 billion in total assets, is the third largest commercial banking organization in Illinois and, as of June 30, 1983, held approximately $4.0 billion in total deposits, representing 4.1 percent of deposits held by commercial banking organizations statewide. The bank subsidiaries of Harris Bankcorp, which includes Harris Trust and Savings Bank, the third largest commercial bank in Illinois, and seven smaller commercial banks, all operate in the Chicago, Illinois banking market[2] and together hold approximately 6.0 percent of the deposits held by commercial banking organizations in that market. Neither Bank of Montreal nor First Canadian Financial U.S. Holdings, Inc., operate any banking institutions in Illinois. Based on all of the facts of record, the Board concludes that consummation of the proposed transaction would have no adverse effects on either existing or potential competition in any relevant market and would not increase the concentration of resources in any relevant area or product line. Thus, competitive considerations under section 3 of the Act are consistent with approval. Considerations regarding the convenience and needs of the communities to be served are also consistent with approval.

Section 3(c) of the Act requires that, in every case, the Board consider the financial resources of the applicant organization and the bank or bank holding company to be acquired. The Board has previously stated in its policy statement on supervision and regulation of foreign bank holding companies and in subsequent Board decisions that foreign banks seeking to establish or acquire banking operations in the United States should meet the same general standards of strength, experience and reputation as are required of domestic banking organizations and should be able to serve on a continuing basis as a source of strength to their banking operations in the United States.[3] The Board is also aware that foreign banks operate outside the United States in accordance with different regulatory and supervisory requirements, which makes comparisons of the financial condition of foreign and domestic banks difficult.

Recently, in acting on an acquisition by a foreign bank to acquire a United States banking organization, the Board noted that the appropriate balancing of these concerns raises a number of complex issues that the Board believes requires careful consideration and

1. All banking data are as of January 31, 1984, unless otherwise noted.

2. The Chicago, Illinois banking market is approximated by Cook, DuPage, and Lake Counties, Illinois.

3. 1 Federal Reserve Regulatory Service ¶ 4-835 (1979)

that is currently under review.[4] The Board indicated that it would continue to consult with appropriate foreign bank supervisors, particularly with regard to work that is currently in progress among foreign and domestic bank supervisory officials to develop more fully the concept of functional equivalency of capital ratios for banks of different countries. Pending the outcome of these consultations and deliberations, the Board stated it would consider the issues raised by applications by foreign banks to acquire domestic banks on a case-by-case basis.

In applying these principles to this application, the Board has considered a number of factors that affect the ability of Applicants to serve as a source of strength to their operations in the United States. In reviewing the financial condition of Applicants, the Board noted that, after consummation of the proposal and after certain accounting adjustments to reflect United States banking practice, particularly with regard to Bank of Montreal's specific provision for loan losses, the primary capital of Bank of Montreal would be approximately at the minimum capital level for U.S. multinational bank holding companies set forth in the Board's Capital Adequacy Guidelines. Consummation of the proposal would result in an increase in the size of Bank of Montreal's U.S. banking operations to approximately 20 percent of its consolidated worldwide assets. The Board believes that when a foreign bank's U.S. operations become so significant in relation to the totality of its activities, its capital and reserves represent an especially important measure of its ability to serve as a source of financial strength to its U.S. operations.

While the Board, taking account of the guidelines applicable to U.S. bank holding companies, considers the capital position of Bank of Montreal as a negative factor, the Board has also taken into account a number of other mitigating factors that affect the Board's decision regarding the ability of Applicants to serve as a source of strength to their operations in the United States. Bank of Montreal is in compliance with the capital and other requirements of the supervisory authorities in Canada and its resources and prospects are viewed as satisfactory by those authorities. Bank of Montreal also has a large and relatively stable deposit base and has a satisfactory record of operation in local and international markets. As a further significant factor, Bank of Montreal has initiated a capital program that it projects will raise its capital ratios over time. Recently, Bank of Montreal raised approximately C$600 million in new capital in anticipation of the proposed transaction.

The Board has placed considerable weight on certain commitments made by Applicants regarding the operation of Harris Bankcorp. In this regard, Applicants have committed to take certain actions to increase the capital ratio of Harris Bankcorp to a specified level that is significantly above the Board's minimum capital guidelines and would place Harris Bankcorp among the more strongly capitalized banks of comparable size. Applicants have also committed to take any steps necessary to maintain this level of capital.

Even with the benefit of adjustments for differing financial and legal requirements and methodology between United States and Canadian banking organizations, this case presents a difficult decision for the Board, particularly because of the size of Harris Bankcorp and the relative prominence of Applicants' U.S. operations. On balance, however, after reviewing the record as it relates to the overall financial condition of Applicants and their U.S. banking operations, Applicants' commitments regarding the operation of Harris Bankcorp, the affirmations by Canadian supervisory authorities, as well as other facts of record, the Board believes that Applicants' financial condition is consistent with approval of this application.

Bank of Montreal and First Canadian Financial U.S. Holdings, Inc., have also applied, pursuant to section 4(c)(8) of the Act, to acquire the nonbanking subsidiaries of Harris Bankcorp listed above, and to conform the operations of its current U.S. bank subsidiaries, the Bank of Montreal Trust Company, New York, New York, and the Bank of Montreal (California), San Francisco, California, to the activities permissible for nondeposit trust companies under section 225.25(b)(3) of the Board's Regulation Y. The Board has previously determined that each of the activities that Applicant proposes to conduct is a permissible nonbanking activity for bank holding companies.[5]

Bank of Montreal and First Canadian Financial U.S. Holdings, Inc., currently do not operate any nonbanking institutions in the United States. Harris Bankcorp currently operates a nondeposit trust company in New York, Harris Trust Company of New York. Bank of Montreal conducts trust company activities through its New York bank subsidiary, Bank of Montreal Trust Company, and proposes to convert the operations of Bank of Montreal Trust Company exclusively to the activities of a nondeposit trust company. While there is some competition between these two companies in the New York banking market, each company serves a different and specialized segment of the market for

4. *The Mitsubishi Bank, Limited*, 70 FEDERAL RESERVE BULLETIN 518 (June 1984).

5. *See* 12 C.F.R. §§ 225.25(b)(1), (3), (8), and (18).

trust services. Moreover, the market share represented by each of these companies is small and there are numerous competitors providing trust company services in the New York market. Based on all the facts of record, the Board believes that this proposal will not result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or other effects adverse to the public interest. Accordingly, the Board has determined that considerations relating to the public interest factors under section 4 of the Act are consistent with approval of these applications.

The financial and managerial resources of Bank of Montreal and First Canadian Financial U.S. Holdings, Inc., also are consistent with the acquisition of Harris Bankcorp's Edge Corporation. The acquisition of Harris Bank International Corporation by Applicants would result in the continuation of the international services currently provided, and is consistent with the purposes of the Edge Act. Accordingly the Board finds that the acquisition of Harris Bank International Corporation by Bank of Montreal and First Canadian Financial U.S. Holdings, Inc., would be in the public interest.

Based on all the facts of record and the commitments made by Applicants, the Board has determined that the applications under sections 3 and 4 of the Act and section 25(a) of the Federal Reserve Act should be, and hereby are, approved.

The acquisitions shall not be consummated before the thirtieth day following the effective date of the Board's Order or later than three months after the effective date of the Board's Order, unless such period is extended by the Board or by the Federal Reserve Bank of Chicago, pursuant to delegated authority. The determinations herein regarding nonbank activities are subject to the conditions stated herein as well as all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the Act and the Board's regulations and orders issued thereunder.

Board of Governors of the Federal Reserve System, July 27, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Rice, Gramley, and Seger. Voting against this action: Governor Partee.

JAMES MCAFEE
Associate Secretary of the Board

[SEAL]

Dissenting Statement of Governor Partee

I dissent from the Board's decision in this case. Harris Bankcorp is a strong, well-managed institution, and, in my view, the Illinois banking community has been well served by its operation as an independent banking organization. In my estimation, in light of the structure of commercial banking in the Chicago market, the benefits to Harris Bankcorp and the Illinois banking community that derive from the continued independent operation of Harris Bankcorp—the third largest commercial banking organization in Illinois—outweigh the benefits that Applicant expects would result from the proposed affiliation. In particular, there would be the possibility—perhaps remote, but still present—that the regional emphasis of Harris Bankcorp's business could be diluted by future operational requirements of the much larger Applicant organization.

More generally, I am troubled by the difficulties referred to by the majority in judging the financial factors of foreign banks and their ability to serve as a source of strength to their U.S. operations in the context of proposals involving acquisitions of major U.S. banking organizations. This case underscores the difficulties and complex issues involved in such proposals because of the size of Harris Bankcorp and its importance to the Chicago banking market and to Illinois and Midwestern banking in general, and the fact that Applicant's capital approximates only the minimum level specified in the Board's Capital Adequacy Guidelines.

Accordingly, I do not favor approval of the proposal.

July 27, 1984

Seattle Bancorporation
Seattle, Washington

Order Denying Acquisition of Bank Holding Company

Seattle Bancorporation ("Seattle Bancorp"), Seattle, Washington, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1842(a)(3), to acquire all of the voting shares of Alaska Pacific Bancorporation ("Alaska Pacific"), Anchorage, Alaska, and thereby indirectly to acquire Alaska Pacific Bank ("Alaska Bank"), Anchorage, Alaska; and First National Bank of Fairbanks ("Fairbanks Bank"), Fairbanks, Alaska. Applicant has also applied under section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), and section 225.23 of the Board's Regulation Y, 12 C.F.R. § 225.23, to acquire indirectly the following nonbanking subsidiaries of Alaska Pacific: Alaska Pacific Mortgage Company, Anchorage, Alaska; Pentek Leasing, Inc., San Jose, California; and All Coast Financial, Inc., San Diego, California.

Notice of the applications, affording an opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act. The time for filing comments 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), and the considerations specified in section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8). In particular, the Board has considered the comments of the Acting Supervisor of Banking for the State of Washington.

Applicant, a one-bank holding company with consolidated assets of $45.1 million,[1] acquired its only subsidiary, Bank of Seattle, Seattle, Washington, on December 31, 1983. Alaska Pacific, with consolidated assets of $409.5 million, has two subsidiary banks and six nonbanking subsidiaries.

This proposal is the second phase of a two-step transaction to join Seattle Bancorp and Alaska Pacific. In the first phase, Seattle Bancorp became a bank holding company by acquiring Bank of Seattle. In the second phase, Seattle Bancorp proposes to acquire the much larger Alaska Pacific by means of a "reverse triangular merger." Under this arrangement, a subsidiary of Seattle Bancorp, formed for this purpose, will merge with Alaska Pacific, and Alaska Pacific shareholders will receive new shares of Seattle Bancorp common stock in exchange for their shares of Alaska Pacific.[2] As a result, Alaska Pacific will become a wholly owned subsidiary of Seattle Bancorp, and the existing shareholders of Alaska Pacific will control approximately 88 percent of the new shares of Seattle Bancorp common stock. The existing shareholders of Seattle Bancorp will receive new shares of Seattle Bancorp, representing approximately 12 percent of the outstanding new shares of Seattle Bancorp common stock, and will also receive from Seattle Bancorp a cash distribution of approximately $4 a share, originally to have been funded by Alaska Pacific.

Upon consummation, the Chairman of the Board and President of Alaska Pacific would become the Chairman of the Board and President of Seattle Bancorp, and the name of Seattle Bancorp would be changed to Pacific Bancorporation. The post-merger board of directors of Seattle Bancorp would consist of 11 members, two of whom would be pre-merger Seattle Bancorp people and nine of whom would be pre-merger Alaska Pacific people.[3]

The issue raised by this application is whether the acquisition is prohibited by the Douglas Amendment to the Act.[4] The Douglas Amendment generally prohibits Board approval of an application by a bank holding company to acquire a bank located outside of the bank holding company's home state unless the state in which the target bank is located has specifically authorized the acquisition. The home state of the acquiring holding company is defined for Douglas Amendment purposes as the state in which the operations of the bank holding company's banking subsidiaries were principally conducted on the later of July 1, 1966, or the date on which the company became a bank holding company.[5]

Seattle Bancorp's home state for purposes of the Douglas Amendment is Washington because that was the state where Bank of Seattle's principal operations were conducted when Seattle Bancorp became a bank holding company on December 31, 1983. As the Board has previously found,[6] the statute laws of Alaska authorize the acquisition of Alaska banks by out-of-state bank holding companies, including a bank holding company with a home state in Washington.[7]

The acquisition of Seattle Bancorp by Alaska Pacific, on the other hand, would not be permissible under the Douglas Amendment because Washington law permits the acquisition of Washington banks by out-of-state bank holding companies only if the Washington bank or bank holding company is in danger of closing,

1. Unless otherwise indicated, all asset data are as of March 31, 1984

2 Specifically, Alaska Merging Corporation ("AMC"), an Alaska corporation formed and wholly owned by Seattle Bancorp, will merge into Alaska Pacific Simultaneous with this merger, the shares of AMC stock held by Seattle Bancorp will be converted into shares of Alaska Pacific stock and all other outstanding shares of Alaska Pacific common stock will be exchanged for new shares of Seattle Bancorp common stock

3. Within 60 days of the acquisition, Seattle Bancorp would increase its board by up to 10 members so that 51 percent of its directors would be Washington residents.

4. The Douglas Amendment provides that:

> Notwithstanding any other provision of this section, no application (except an application filed as a result of a transaction authorized under section 1823(f) of this title) shall be approved under this section which will permit any bank holding company or any subsidiary thereof to acquire, directly or indirectly, any voting shares of, interest in, or all or substantially all of the assets of any additional bank located outside of the State in which the operations of such bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which such company became a bank holding company, whichever is later, unless the acquisition of such shares or assets of a State bank by an out-of-State bank holding company is specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication

12 U S C. § 1842(d)

5 For Douglas Amendment purposes, the state in which the operations of the bank holding company's banking subsidiaries were principally conducted is the state in which the total deposits of all such banking subsidiaries were largest. 12 U S C § 1842(d)

6. *Rainier Bancorporation*, 69 FEDERAL RESERVE BULLETIN 295 (1983).

7. Alaska Stat. § 06.05.235(e) (1983).

failing, or insolvency.[8] Seattle Bancorp and Bank of Seattle are not in danger of closing, failing, or insolvency.

Applicant contends that the Douglas Amendment does not prohibit this transaction because, as structured, the proposal represents the acquisition by a Washington bank holding company of an Alaska bank holding company and its two subsidiary banks, a transaction specifically authorized by the statute laws of Alaska. Applicant argues that the Board's review of the transaction under the BHC Act is limited to the form in which the applicant has structured the proposal and that the Board may not, in applying the Douglas Amendment to the proposal, take into account the great disparity in size between Seattle Bancorp and Alaska Pacific and the other factors specified above, which indicate that Alaska Pacific is the dominant and moving force behind the proposal.[9]

The Acting Supervisor of Banking for Washington State opposes the proposed merger, contending that Seattle Bancorp would be an out-of-state bank holding company under Washington law once the merger is consummated, and that its acquisition of a Washington bank is prohibited by Washington law. The supervisor also contends that the proposal violates the spirit and intent of Washington law because the proposal, in substance, represents the acquisition of a Washington bank by an out-of-state bank holding company.

After carefully considering the facts of record in this case, including the statement submitted by the Washington banking supervisor, the Board has concluded that, although the form of the transaction has been structured to reflect the acquisition of an Alaska bank holding company by a Washington bank holding company, a transaction permissible under the Douglas Amendment, the proposal represents in substance the acquisition by an Alaska bank holding company of a bank in Washington, a transaction for which Board approval is barred by the Douglas Amendment. The Board disagrees with Applicant's contention that the Board is strictly limited to the form of the proposal and may not consider its substance.[10]

Several factors indicate that this transaction is, in substance, an acquisition by Alaska Pacific of Seattle Bancorp. First, Alaska Pacific shareholders would control substantially all of the new shares of Seattle Bancorp common stock after the acquisition, and the existing Seattle Bancorp shareholders' control over Seattle Bancorp would be reduced to that of a small minority interest (approximately 12 percent). Second, in conjunction with this transaction, the existing shareholders of Seattle Bancorp would receive their *pro rata* share of a cash distribution. Third, after the merger, the managing official of Alaska Pacific would become the Chairman and President of Seattle Bancorp, and would assume control of its management and policies. Fourth, Alaska Pacific directors would constitute over 80 percent of the post-merger Seattle Bancorp board of directors.

In the Board's judgment, these factors are inconsistent with a conclusion that Seattle Bancorp is the acquiring bank holding company in this proposal.[11] In reaching this conclusion, the Board has taken into account the purposes and legislative history of the Act, which reflect an intent to preserve the authority of the states over the structure of banking within the state.[12] The Board also notes that the Act's definition of a bank holding company's home state (as that state in which the deposits of its subsidiary banks was largest on the date it became a bank holding company) was intended to prevent a bank holding company from shifting its home state and thereby expanding its banking activities in other states.[13] In effect, Alaska Pacific is attempting to accomplish that same result through the proposed "reverse triangular merger" under which it relocates its home office by assuming

8. Wash. Rev. Code Ann. § 30.04.230(4)(b)(i) (1984)

9. Applicant relies on *Marshall and Ilsey Corporation v. Heimann*, 652 F.2d 685 (7th Cir. 1981), *cert. denied*, 455 U.S. 981 (1982); *Vial v. First Commerce Corporation*, 564 F.Supp. 650 (E.D. Ka. 1983); *Leuthold v. Camp*, 273 F.Supp. 695 (D. Mont. 1967), *aff'd*, 405 F.2d 499 (9th Cir. 1969); and *State of South Dakota v. Bank of South Dakota*, 219 F.Supp 842 (D S D 1963), *aff'd*, 335 F 2d 444 (8th Cir 1964), *cert. denied*, 379 U S 970 (1965)

All of these cases are distinguishable from Seattle Bancorp's application. None of these cases involved the type of transaction at issue here and none involved an evasion of the BHC Act's prohibitions.

10. The Board has explicit authority under section 5(b) of the BHC Act to consider the substance, rather than the form, of a proposal in order to ". . . carry out the purposes of the [Bank Holding Company Act] and prevent evasions thereof." 12 U S.C § 1844(b). The courts have held that the Board is authorized to look beyond the contractual form in which a transaction has been clothed to its substance in order to prevent evasions of the Act *Wilshire Oil Company of Texas v. Board of Governors of the Federal Reserve System*, 668 F.2d 732, 738 (3d Cir. 1981), *cert. denied*, 457 U S 1132 (1982). *See also First National Bank in Plant City v Dickinson*, 396 U.S 122 (1969).

11. In this regard, the Board notes that Seattle Bancorp would be deemed the "successor" to Alaska Pacific under section 2(e) of the Act, 12 U.S.C. § 1841(e), because the acquisition by Seattle Bancorp of Alaska Pacific's bank effects no substantial change in the control of Alaska Pacific's banks or the beneficial ownership of their shares since the existing Alaska Pacific shareholders will control 88 percent of Seattle Bancorp after the acquisition. As a successor, Seattle Bancorp would succeed not only to the privileges of Alaska Pacific under the BHC Act, but should also be subject to limitations imposed by the Act on Alaska Pacific, including the limitations of the Douglas Amendment The "successor" provision was added to the Act in order to prevent a bank holding company from transferring its bank to some other organization that would not itself technically fall within the Act's prohibition. Hearings before the House Committee on Banking and Currency on H R. 6504, 82nd Cong., 2d Sess 22 (1952); Hearings on S 76 and S 1118 before the Senate Banking Committee, 83d Cong., 1st Sess. 15 (1953).

12. H. Rep. No. 609, 84th Cong., 1st Sess. 3 (1955).

13 Senate Committee on Banking and Currency, 89th Cong , 1st Sess., Analyses of S. 2353, S. 2418, and H R 7371 and Comparative Print Showing Changes in Existing Law 11–12 (Comm. Print 1965) *See also* S. Rep. No. 1179, 89th Cong., 2d Sess. 9 (1966).

the corporate identity of Seattle Bancorp without any material alteration in Alaska Pacific's shareholders, management, or business operations.

The Board is concerned that approval of this case would establish a precedent for proposals aimed at evading the restrictions of the Douglas Amendment under which a bank holding company would assume the corporate identity of a bank holding company located in another state as a means to expand its banking operations in that other state without the state's specific authority as required by the Douglas Amendment. The Board believes, however, that interstate banking should be effected through legislative action in order to establish a proper framework for its development, including the appropriateness of a transitional adjustment period and the development of standards adequate to deal with the problems of undue concentration of resources and other potential adverse factors.

For the foregoing reasons, the Board concludes that in substance this transaction involves the acquisition by Alaska Pacific of Seattle Bancorp, a transaction for which Board approval is prohibited by the Douglas Amendment.[14] Accordingly, Seattle Bancorp's applications are hereby denied.

By order of the Board of Governors, effective July 16, 1984.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Rice, Gramley, and Seger. Absent and not voting: Governor Partee.

JAMES MCAFEE
[SEAL] *Associate Secretary of the Board*

14. In view of the Board's determination with respect to the Douglas Amendment's prohibition of this transaction, the Board has not considered whether Washington law provides an independent basis for denial of this application

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During July 1984 the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
Bakken Securities Corporation St. Louis Park, Minnesota	Citizens State Bank St. Louis Park, Minnesota	July 24, 1984
First Neodesha Bancshares, Inc. Neodesha, Kansas	First National Bank of Neodesha Neodesha, Kansas	July 31, 1984
Mid-Continent Financial Services, Inc. Minneapolis, Minnesota	State Bank of Edgerton Edgerton, Minnesota	July 30, 1984
Peoples Bankshares, Ltd. Waterloo, Iowa	First State Bank Britt, Iowa	July 20, 1984
RepublicBank Corporation Dallas, Texas	RepublicBank Eldridge, N.A. Houston, Texas	July 23, 1984
Rossville Bankshares, Inc. Rossville, Georgia	Rossville Bank Rossville, Georgia	July 13, 1984
United New Mexico Financial Corporation Albuquerque, New Mexico	United New Mexico Bank at Las Cruces, N.A. Las Cruces, New Mexico	July 31, 1984

By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies of the orders are available upon request to the Reserve Banks.

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Alden Bancshares Company Alden, Iowa	Alden State Bank Alden, Iowa	Chicago	June 29, 1984
Alice Bancshares, Inc. Alice, Texas	Alice National Bank Alice, Texas	Dallas	July 6, 1984
Allied Bancshares, Inc. Houston, Texas	Allied Bank Keller, N.A. Keller, Texas	Dallas	July 9, 1984
Amarillo Western Bancshares, Inc. Amarillo, Texas	City National Bank Amarillo, Texas	Dallas	July 10, 1984
American National Bankshares Inc. Danville, Virginia	American National Bank & Trust Company of Danville Danville, Virginia	Richmond	July 24, 1984
Americorp Financial, Inc. Rockford, Illinois	First National Bank and Trust Company of Pekin Pekin, Illinois	Chicago	July 12, 1984
Amoskeag Bank Shares, Inc. Manchester, New Hampshire	Amoskeag National Bank & Trust Co. Manchester, New Hampshire	Boston	July 17, 1984
Andover Bancorp, Inc. Andover, Ohio	The Andover Bank Andover, Ohio	Cleveland	July 20, 1984
Bancshares, Inc. Houston, Texas	North Belt National Bank Harris County, Texas	Dallas	July 20, 1984
Bankers Southwest Corporation Waxahachie, Texas	State Bank and Trust Company Dallas, Texas State Bank and Trust Company Ovilla, Texas	Dallas	July 19, 1984
Bay Point Bancorp, Inc. Meredith, New Hampshire	Meredith Bank & Trust Meredith, New Hampshire	Boston	July 2, 1984
Boulevard Bancorp, Inc. Chicago, Illinois	The First National Bank of Des Plaines Des Plaines, Illinois	Chicago	July 11, 1984
Breckinridge Bancorp, Inc. Cloverport, Kentucky	Breckinridge Bank Cloverport, Kentucky	St. Louis	July 18, 1984
CSB Bancorp, Inc. Coffeyville, Kansas	Coffeyville State Bank Coffeyville, Kansas	Kansas City	July 3, 1984
C.S.B. Co. Cozad, Nebraska	St. Paul National Bank St. Paul, Nebraska	Kansas City	June 25, 1984
Cawker City Bancshares, Inc. Overland Park, Kansas	Farmers and Merchants State Bank Cawker City, Kansas	Kansas City	July 3, 1984
Citizens Bancshares of Woodville, Inc. Woodville, Wisconsin	Citizens State Bank of Woodville Woodville, Wisconsin	Minneapolis	July 23, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Community Bancshares, Inc. Senaca, Kansas	Community National Bank Senaca, Kansas	Kansas City	July 17, 1984
Community Bank Corp of Oklahoma, Inc. Stillwater, Oklahoma	Stillwater Community Bank Stillwater, Oklahoma	Kansas City	July 12, 1984
Community Banks, Inc. Middleton, Wisconsin	Brooklyn Bancshares Brooklyn, Wisconsin	Chicago	June 26, 1984
Corydon State Bancorp Corydon, Indiana	The Corydon State Bank Corydon, Indiana	St. Louis	July 24, 1984
Dyer F&M Bancshares, Inc. Dyer, Tennessee	Farmers & Merchants Bank Dyer, Tennessee	St. Louis	July 6, 1984
Elk Horn Bancshares, Inc. Arkadelphia, Arkansas	Elk Horn Bank & Trust Company Arkadelphia, Arkansas	St. Louis	July 25, 1984
Eskrow Corporation of America, Inc. Pennock, Minnesota	Citizens National Bank of Willmar Willmar, Minnesota	Minneapolis	July 12, 1984
Evergreen Bancorporation Evergreen, Colorado	Evergreen National Bank Evergreen, Colorado	Kansas City	July 20, 1984
EWN Investments, Inc. Ute, Iowa	Ute State Bank Ute, Iowa	Chicago	July 17, 1984
Fidelity Bancshares, Inc. Temple, Texas	Waco State Bank Waco, Texas	Dallas	July 18, 1984
First Charter Bancshares, Inc. North Little Rock, Arkansas	First State Bank Beebe, Arkansas	St. Louis	July 25, 1984
First Community Bancorp Lacey, Washington	First Community Bank of Washington Lacey, Washington	San Francisco	July 23, 1984
First Community Financial Corp Decatur, Indiana	The First State Bank of Decatur Decatur, Illinois	Chicago	July 13, 1984
First Farmers Bank Holding Company Bardstown, Kentucky	Farmers Bank & Trust Company Bardstown, Kentucky	St. Louis	June 26, 1984
First Fulton Bancshares, Inc. Palmetto, Georgia	First Fulton Bank and Trust Palmetto, Georgia	Atlanta	July 10, 1984
First West Chester Corporation West Chester, Pennsylvania	First National Bank of West Chester West Chester, Pennsylvania	Philadelphia	July 16, 1984
First Western Bancshares, Inc. Booneville, Arkansas	Citizens Bank Booneville, Arkansas	St. Louis	July 13, 1984
Fishkill National Corporation Beacon, New York	The Fishkill National Bank Beacon, New York	New York	July 25, 1984
FSB Corp College Corner, Ohio	The Farmers State Bank (West College Corner, Indiana) College Corner, Ohio	Chicago	July 12, 1984
Gallup Bancshares, Inc. Gallup, New Mexico	First Interstate Bank of Gallup Gallup, New Mexico	Kansas City	June 28, 1984
Geiger Corporation Edina, Minnesota	Heritage Bank, N.A. Aurelia, Iowa	Chicago	June 21, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Georgia Bancshares, Inc. Macon, Georgia	Tennille Banking Company Tennille, Georgia	Atlanta	July 11, 1984
Grant County Bancshares, Inc. Elbow Lake, Minnesota	State Bank of Wendell Wendell, Minnesota Bank of Elbow Lake Elbow Lake, Minnesota	Minneapolis	July 25, 1984
Great Plains Bank Corporation Eureka, South Dakota	Eden Bank Holding Company, Inc. Eden, South Dakota	Minneapolis	July 10, 1984
Green River Bancorp, Inc. Morgantown, Kentucky	Green River Bank Morgantown, Kentucky	St. Louis	July 13, 1984
Henderson Financial Corporation Henderson, Kentucky	Henderson County State Bank Corydon, Kentucky	St. Louis	July 25, 1984
High Plains Bank Corp Kiowa, Colorado	High Plains Bank of Elizabeth, N.A. Elizabeth, Colorado	Kansas City	July 17, 1984
Highland Community Company Chicago, Illinois	Highland Community Bank Chicago, Illinois	Chicago	July 17, 1984
Holden Bankshares, Inc. Holden, Missouri	Bank of Holden Holden, Missouri	Kansas City	June 29, 1984
Indecorp Martinsville, Indiana	Indiana Bank & Trust Company Martinsville, Indiana	Chicago	July 24, 1984
InterContinental Bank Shares Corporation San Antonio, Texas	InterContinental Bank-Lackland San Antonio, Texas InterContinental National Bank-Starcrest San Antonio, Texas	Dallas	July 19, 1984
J.E. Coonley Company Dows, Iowa	Alden Bancshares Company Alden, Iowa	Chicago	June 29, 1984
Klein Bancshares, Inc. Houston, Texas	Klein Bank Spring, Texas	Dallas	July 25, 1984
Landmark Bancshares Corporation St. Louis, Missouri	Landmark Bank of Kansas City Kansas City, Missouri	St. Louis	June 20, 1984
Liberty Investment Corp Glendale, Arizona	Liberty Bank Glendale, Arizona	San Francisco	July 17, 1984
M.G. Bancorporation, Inc. Chicago, Illinois	Worth Bancorp, Inc. Chicago, Illinois Worth Bank and Trust Worth, Illinois	Chicago	July 25, 1984
M&I American Bank & Trust Co. Racine, Wisconsin	M&I Bank of Mount Pleasant Racine, Wisconsin	Chicago	July 9, 1984
Maplesville Bancorp Maplesville, Alabama	Bank of Maplesville Maplesville, Alabama	Atlanta	July 24, 1984
Marion Bancorp Marion, Indiana	First National Bank in Marion Marion, Indiana	Chicago	June 25, 1984
Marion National Corporation Marion, South Carolina	Marion National Bank Marion, South Carolina	Richmond	July 20, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
McLeod Bancshares, Inc. Glencoe, Minnesota	The First Bank of Minnesota Stewart, Minnesota	Minneapolis	June 25, 1984
Mercantile Bancorporation Inc. St. Louis, Missouri	Mercantile Bank of Northwest County National Association St. Louis County, Missouri	St. Louis	July 18, 1984
Miami Corporation Chicago, Illinois	The First National Bank of Des Plaines Des Plaines, Illinois	Chicago	July 11, 1984
Mineola Banshares, Inc. Mineola, Iowa	Mineola State Bank Mineola, Iowa	Chicago	July 20, 1984
Nebanco, Inc. Wallace, Nebraska	American State Bank McCook, Nebraska	Kansas City	June 29, 1984
Nine Tribes Bankshares, Inc. Quapaw, Oklahoma	The Bank of Quapaw Quapaw, Oklahoma	Kansas City	July 12, 1984
Northtown Bancshares Corporation Decatur, Illinois	Northtown Bank of Decatur Decatur, Illinois	Chicago	July 23, 1984
Ohio Valley Bancorp Madison, Indiana	First Bank of Madison Madison, Indiana	St. Louis	June 25, 1984
Oneida Valley Bancshares, Inc. Oneida, New York	The Oneida Valley National Bank of Oneida Oneida, New York	New York	July 20, 1984
P.T.C. Bancorp Brookville, Indiana	People's Trust Company Brookville, Indiana	Chicago	July 12, 1984
Plainview Bancorp, Inc. Plainview, Texas	Plainview Bancshares, Inc. Plainview, Texas The City National Bank of Plainview Plainview, Texas	Dallas	July 6, 1984
Prairie Bancorporation, Inc. Walnut Grove, Minnesota	Citizens State Bank of Walnut Grove Walnut Grove, Minnesota	Minneapolis	July 23, 1984
RepublicBank Corporation Dallas, Texas	Seagoville State Bank Seagoville, Texas	Dallas	July 2, 1984
Rush County National Corporation Rushville, Indiana	The Rush County National Bank of Rushville Rushville, Indiana	Chicago	July 3, 1984
Silver Lake Bancorporation, Inc. Silver Lake, Minnesota	Citizens State Bank of Silver Lake Silver Lake, Minnesota	Minneapolis	July 6, 1984
Schmid Bros. Investment Company, Inc. Clayton, Missouri Financial Bancshares, Inc. Sunset Hills, Missouri	Bank of Illmo Scott City, Missouri	St. Louis	July 24, 1984
Soldier Valley Financial Services, Inc. Soldier, Iowa	Soldier Valley Savings Bank Soldier, Iowa	Chicago	July 5, 1984

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Somonauk FSB Bancorp, Inc. Somonauk, Illinois	Millbrook-Newark Bank Newark, Illinois	Chicago	July 12, 1984
Southern Ohio Community Bancorp, Inc. Glouster, Ohio	The Glouster Community Bank Glouster, Ohio	Cleveland	July 25, 1984
St. Croix Banco, Inc. New Richmond, Wisconsin	Polk County Banco, Inc. Balsam Lake, Wisconsin	Minneapolis	July 6, 1984
State Financial Services Corporation Hales Corners, Wisconsin	State Bank, Hales Corners Hales Corners, Wisconsin	Chicago	July 6, 1984
Stock Exchange Bancshares, Inc. Woodward, Oklahoma	The Stock Exchange Bank Woodward, Oklahoma	Kansas City	June 29, 1984
Universal Corporation Ypsilanti, Michigan	The National Bank of Ypsilanti Ypsilanti, Michigan	Chicago	July 6, 1984
Washington State Bancshares, Inc. Washington, Louisiana	Washington State Bank Washington, Louisiana	Atlanta	July 11, 1984
Western Commercial Fresno, California	Merced Bank of Commerce, N.A. Merced, California	San Francisco	June 26, 1984
White County Bancshares, Inc. Cleveland, Georgia	White County Bank Cleveland, Georgia	Atlanta	July 23, 1984

Section 4

Applicant	Nonbanking company	Reserve Bank	Effective date
Banc One Corporation Columbus, Ohio	UML Financial Corporation Pasadena, California	Cleveland	June 26, 1984
Colonial Bancshares, Inc. Des Peres, Missouri	Guido Insurance Agency, Inc. St. Louis, Missouri	St. Louis	July 16, 1984
CoreStates Financial Corp Philadelphia, Pennsylvania Signal Finance Corporation Pittsburgh,Pennsylvania	Peoples Loan Corporation Buffalo, New York	Philadelphia	July 20, 1984
Delano State Agency, Inc. Delano, Minnesota	to continue to engage in general insurance activities	Minneapolis	July 26, 1984
First Interstate Bancorp Los Angeles, California	LeLand O'Brien Ruberstein Associates Incorporated Los Angeles, California	San Francisco	July 6, 1984
First Railroad & Banking Company of Georgia Augusta, Georgia	Absher Finance Company, Inc. Wytheville, Virginia	Atlanta	July 2, 1984
Manufacturers Hanover Corporation New York, New York	Cenla Finance, Inc. Pineville, Louisiana	New York	July 13, 1984

Section 4—Continued

Applicant	Nonbanking company	Reserve Bank	Effective date
Merchants National Corporation Indianapolis, Indiana	Mortgage Company of Indiana, Inc. Indianapolis, Indiana	Chicago	July 19, 1984
Norstar Bancorp Inc. Albany, New York AM Acquisition Corporation Albany, New York	Adams, McEntee & Company New York, New York	New York	July 20, 1984

Sections 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Colorado Springs Banking Corporation Colorado Springs, Colorado	Pueblo Bancorporation Pueblo Springs, Colorado The Pueblo Bank and Trust Company Pueblo Springs, Colorado	Kansas City	July 13, 1984
Hayesville Bancshares, Inc. Hayesville, Iowa	Mertz Insurance Agency Hayesville, Iowa	Chicago	July 9, 1984
Lyons Bancorp, Inc. Brighton, Colorado	Valley Bank of Lyons Lyons, Colorado Centennial Insurance Services, Inc. Lyons, Colorado	Kansas City	June 29, 1984

Pending Cases Involving the Board of Governors

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

Old Stone Corp. v. Board of Governors, No. 84–1498 (1st Cir., filed June 20, 1984).

Bank of Boston Corp. v. Board of Governors, No. 84–4089 (2d Cir., filed June 14, 1984).

Bank of New York Company, Inc. v. Board of Governors, No. 84–4091 (2d Cir., filed June 14, 1984).

Citicorp v. Board of Governors, No. 84–4081 (2d Cir., filed May 22, 1984).

Lamb v. Pioneer First Federal Savings and Loan Association, No. C84–702 (D. Wash., filed May 8, 1984).

Girard Bank v. Board of Governors, No. 84–3262 (3rd Cir., filed May 2, 1984).

Melcher v. Federal Open Market Committee, No. 84–1335 (D.D.C., filed, Apr. 30, 1984).

Florida Bankers Association v. Board of Governors, No. 84–3269 and No. 84–3270 (11th Cir., filed Apr. 20, 1984).

Northeast Bancorp, Inc. v. Board of Governors, No. 84–4047, No. 84–4051, No. 84–4053 (2d Cir., filed Mar. 27, 1984).

Huston v. Board of Governors, No. 84–1361 (8th Cir., filed Mar. 20, 1984); and No. 84–1084 (8th Cir. filed Jan. 17, 1984).

De Young v. Owens, No. SC 9782–20–6 (Iowa Dist. Ct., filed Mar. 8, 1984).

First Tennessee National Corp. v. Board of Governors, No. 84–3201 (6th Cir., filed Mar. 6, 1984).

Independent Insurance Agents of America v. Board of Governors, No. 84–1083 (D.C. Cir., filed Mar. 5, 1984).

State of Ohio, v. Board of Governors, No. 84–1270 (10th Cir., filed Jan. 30, 1984).

Ohio Deposit Guarantee Fund v. Board of Governors, No. 84–1257 (10th Cir., filed Jan. 28, 1984).

Colorado Industrial Bankers Association v. Board of Governors, No. 84–1122 (10th Cir., filed Jan. 27, 1984).

Financial Institutions Assurance Corp. v. Board of Governors, No. 84–1101 (4th Cir., filed Jan. 27, 1984).

First Bancorporation v. Board of Governors, No. 84–1011 (10th Cir., filed Jan. 5, 1984).

Dimension Financial Corporation v. Board of Governors, No. 83–2696 (10th Cir., filed Dec. 30, 1983).

Oklahoma Bankers Association v. Federal Reserve Board, No. 83–2591 (10th Cir., filed Dec. 13, 1983).

Independent Insurance Agents of America, Inc. v. Board of Governors, No. 83–1818 (8th Cir., filed June 21, 1983); and No. 83–1819 (8th Cir., filed June 21, 1983).

The Committee for Monetary Reform v. Board of Governors, No. 84–5067 (D.C. Cir., filed June 16, 1983).

Securities Industry Association v. Board of Governors, No. 83–614 (U.S., filed Feb. 3, 1983).

Association of Data Processing Service Organizations v. Board of Governors, No. 82–1910 (D.C. Cir., filed Aug. 16, 1982); and No. 82–2108 (D.C. Cir., filed Aug. 16, 1982).

First Bancorporation v. Board of Governors, No. 82–1401 (10th Cir., filed Apr. 9, 1982).

Wolfson v. Board of Governors, No. 83–3570 (11th Cir., filed Sept. 28, 1981).

First Bank & Trust Company v. Board of Governors, No. 81–38 (E.D. Ky., filed Feb. 24, 1981).

9 to 5 Organization for Women Office Workers v. Board of Governors, No. 83–1171 (1st Cir., filed Dec. 30, 1980).

Securities Industry Association v. Board of Governors, No. 82–1766 (U.S., filed Oct. 24, 1980).

A. G. Becker, Inc. v. Board of Governors, No. 82–1766 (U.S., filed Oct. 14, 1980).

A. G. Becker, Inc. v. Board of Governors, No. 81–1493 (D.C. Cir., filed Aug. 25, 1980).

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INTEREST AND EXCHANGE RATES

1.10 RESERVES, MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1983		1984		1984				
	Q3	Q4	Q1	Q2	Feb	Mar.	Apr.	May	June
Reserves of depository institutions[2]									
1 Total	6.0	5	6.9	7.8	19.0	1.3	.0	10.7	26.5
2 Required	5.9	−1	4.5	9.6	8.0	9.3	7.4	8.0	20.6
3 Nonborrowed	2.9	8.0	8.2	−12.1	24.5	−11.7	−9.6	−46.2	17.7
4 Monetary base[3]	8.1	7.8	9.0	7.0	10.5	8	6.0	10.1	11.7
Concepts of money, liquid assets, and debt[4]									
5 M1	9.5	4.8	7.2	6.2	6.6	5.0r	.7r	12.8r	11.5
6 M2	6.9	8.5	6.9r	6.9	8.5	4.0r	7.0r	8.6r	7.1
7 M3	7.4	9.8r	9.0	10.4	10.1	9.2r	10.8r	11.4r	9.2
8 L	9.6	8.8r	10.9	n.a.	11.1r	15.6r	9.8r	11.7	n.a.
9 Debt	11.8	10.4r	12.5	n.a.	13.0	12.2	13.5r	14.8	n.a.
Nontransaction components									
10 In M2[5]	6.1	9.7	6.9	7.1	9.2	3.7	9.0	7.2r	5.7
11 In M3 only[6]	9.8r	15.8r	17.6r	25.3	16.6r	31.0r	26.7r	23.2r	17.6
Time and savings deposits									
Commercial banks									
12 Savings[7]	−6.3	−6.4	−16.2	−6.4	18.2	−11.1	2.8	−3.7	−1.9
13 Small-denomination time[8]	13.7	19.3	4.4	8.6	−.3	2.4	8.5r	15.2r	17.3
14 Large-denomination time[9,10]	−4.8	−2	10.0	24.2	5.8	23.7	18.6	37.6r	28.5
Thrift institutions									
15 Savings[7]	2.2	4.4	−5.1	5	8.1	7	2.0r	2.7r	.7
16 Small-denomination time	12.3	18.8	11.8	9.0	10.8	4.8	6.7	10.6r	18.9
17 Large-denomination time[9]	63.5	58.1	59.0r	46.4	64.3r	37.5r	41.6r	43.2r	54.3
Debt components[4]									
18 Federal	22.9	13.3	14.7	n.a.	22.0	13.7r	12.7	19.3	n.a.
19 Nonfederal	8.7	9.6r	11.8	n.a.	10.4r	13.6	13.8r	13.5	n.a.
20 Total loans and securities at commercial banks[11]	9.7	10.4	14.0	10.5	17.6r	13.4r	5.8r	10.5r	2.0

1 Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter

2 Figures incorporate adjustments for discontinuities associated with the implementation of the Monetary Control Act and other regulatory changes to reserve requirements. To adjust for discontinuities due to changes in reserve requirements on reservable nondeposit liabilities, the sum of such required reserves is subtracted from the actual series Similarly, in adjusting for discontinuities in the monetary base, required clearing balances and adjustments to compensate for float also are subtracted from the actual series

3. The monetary base not adjusted for discontinuities consists of total reserves plus required clearing balances and adjustments to compensate for float at Federal Reserve Banks plus the currency component of the money stock less the amount of vault cash holdings of thrift institutions that is included in the currency component of the money stock plus, for institutions not having required reserve balances, the excess of current vault cash over the amount applied to satisfy current reserve requirements After the introduction of contemporaneous reserve requirements (CRR), currency and vault cash figures are measured over the weekly computation period ending Monday

Before CRR, all components of the monetary base other than excess reserves are seasonally adjusted as a whole, rather than by component, and excess reserves are added on a not seasonally adjusted basis After CRR, the seasonally adjusted series consists of seasonally adjusted total reserves, which include excess reserves on a not seasonally adjusted basis, plus the seasonally adjusted currency component of the money stock plus the remaining items seasonally adjusted as a whole

4. Composition of the money stock measures and debt is as follows.

M1 (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks; (2) travelers checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to domestic banks, the U S government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float, and (4) other checkable deposits (OCD) consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions. The currency and demand deposit components exclude the estimated amount of vault cash and demand deposits respectively held by thrift institutions to service their OCD liabilities

M2: M1 plus overnight (and continuing contract) repurchase agreements (RPs) issued by all commercial banks and overnight Eurodollars issued to U S residents by foreign branches of U S banks worldwide, MMDAs, savings and small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and balances in both taxable and tax-exempt general purpose and broker/dealer money market mutual funds. Excludes individual retirement accounts (IRA) and Keogh balances at depository institutions and money market funds. Also excludes all balances held by U S. commercial banks, money market funds (general purpose and broker/dealer), foreign governments and commercial banks, and the U S. government. Also subtracted is a consolidation adjustment that represents the estimated amount of demand deposits and vault cash held by thrift institutions to service their time and savings deposits

M3. M2 plus large-denomination time deposits and term RP liabilities (in amounts of $100,000 or more) issued by commercial banks and thrift institutions, term Eurodollars held by U S residents at foreign branches of U.S banks worldwide and at all banking offices in the United Kingdom and Canada, and balances in both taxable and tax-exempt, institution-only money market mutual funds. Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions. Also subtracted is a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market mutual funds

L. M3 plus the nonbank public holdings of U.S. savings bonds, short-term Treasury securities, commercial paper and bankers acceptances, net of money market mutual fund holdings of these assets.

Debt Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. The source of data on domestic nonfinancial debt is the Federal Reserve Board's flow of funds accounts Debt data are on an end-of-month basis Growth rates for debt reflect adjustments for discontinuities over time in the levels of debt presented in other tables

5 Sum of overnight RPs and Eurodollars, money market fund balances (general purpose and broker/dealer), MMDAs, and savings and small time deposits less the estimated amount of demand deposits and vault cash held by thrift institutions to service their time and savings deposit liabilities.

6. Sum of large time deposits, term RPs, and Eurodollars of U.S. residents, money market fund balances (institution-only), less a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market mutual funds

7 Excludes MMDAs

8. Small-denomination time deposits—including retail RPs—are those issued in amounts of less than $100,000. All IRA and Keogh accounts at commercial banks and thrifts are subtracted from small time deposits

9. Large-denomination time deposits are those issued in amounts of $100,000 or more, excluding those booked at international banking facilities

10 Large-denomination time deposits at commercial banks less those held by money market mutual funds, depository institutions, and foreign banks and official institutions.

11. Changes calculated from figures shown in table 1.23. Beginning December 1981, growth rates reflect shifts of foreign loans and securities from U.S. banking offices to international banking facilities

1.11 RESERVE BALANCES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1984			1984						
	May	June	July	June 13	June 20	June 27r	July 4	July 11	July 18	July 25
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**173,797**	**175,397**	**176,910**	**174,525**	**176,524**	**176,570r**	**175,297**	**178,811**	**177,945**	**176,331**
2 U.S. government securities[1]	152,987	154,500	152,628	154,735	155,037	155,132	153,003	154,554	154,054	151,472
3 Bought outright	152,313	153,354	152,050	154,383	153,350	152,863	153,003	152,947	153,102	151,472
4 Held under repurchase agreements	674	1,146	578	352	1,687	2,269	0	1,607	952	0
5 Federal agency obligations	8,571	8,602	8,540	8,534	8,612	8,756	8,501	8,635	8,542	8,500
6 Bought outright	8,527	8,503	8,500	8,502	8,501	8,501	8,501	8,501	8,500	8,500
7 Held under repurchase agreements	44	99	40	32	111	255	0	134	42	0
8 Acceptances	50	106	0	18	175	241	0	0	0	0
9 Loans	2,964	3,166	6,023	2,508	3,421	2,973	4,845	4,824	5,891	6,849
10 Float	524	594	822	470	754	806r	314	1,739	713	603
11 Other Federal Reserve assets	8,701	8,429	8,897	8,260	8,525	8,661	8,634	9,059	8,745	8,907
12 Gold stock	11,106	11,103	11,099	11,104	11,104	11,103	11,100	11,100	11,099	11,099
13 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
14 Treasury currency outstanding	16,018	16,082	16,147	16,070	16,085	16,100	16,117	16,130	16,145	16,160
ABSORBING RESERVE FUNDS										
15 Currency in circulation	172,013	174,219	176,358	174,414	174,275	174,021	175,612	177,399	176,844	175,915
16 Treasury cash holdings	544	530	514	535	530	527	523	522	521	510
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	4,960	3,894	3,966	3,311	4,081	3,401	3,911	4,486	3,415	3,972
18 Foreign	241	244	227	234	269	236	256	206	248	227
19 Service-related balances and adjustments	1,456	1,388	1,526	1,318	1,434	1,427	1,443	1,377	1,339	2,044
20 Other	487	439	329	394	489	359	416	371	341	276
21 Other Federal Reserve liabilities and capital	5,874	6,214	6,128	5,849	6,222	6,946	6,020	6,083	6,196	6,147
22 Reserve balances with Federal Reserve Banks[2]	19,964	20,272	19,726	20,261	21,030	21,474r	18,952	20,215	20,904	19,117
	End-of-month figures			Wednesday figures						
	1984			1984						
	May	June	July	June 13	June 20	June 27	July 4	July 11	July 18	July 25
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**175,753**	**175,051**	**176,127**	**173,197**	**181,880**	**173,877**	**176,882**	**178,485**	**181,230**	**174,907**
24 U.S. government securities[1]	154,869	152,859	150,705	153,635	158,583	152,907	153,811	155,513	155,637	150,167
25 Bought outright	151,745	152,859	150,705	153,635	153,182	152,907	153,811	152,430	152,630	150,167
26 Held under repurchase agreements	3,124	0	0	0	5,401	0	0	3,083	3,007	0
27 Federal agency obligations	8,851	8,501	8,499	8,501	8,872	8,501	8,501	8,775	8,659	8,499
28 Bought outright	8,515	8,501	8,499	8,501	8,501	8,501	8,501	8,500	8,500	8,499
29 Held under repurchase agreements	336	0	0	0	371	0	0	275	159	0
30 Acceptances	426	0	0	0	619	0	0	0	0	0
31 Loans	2,832	4,760	7,238	2,404	4,394	3,332	5,222	4,600	6,958	6,995
32 Float	588	−655	671	212	590	352	674	771	1,006	198
33 Other Federal Reserve assets	8,187	9,586	9,014	8,445	8,822	8,785	8,674	8,826	8,970	9,048
34 Gold stock	11,104	11,100	11,099	11,104	11,103	11,100	11,100	11,099	11,099	11,099
35 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
36 Treasury currency outstanding	16,053	16,111	16,173	16,083	16,098	16,113	16,128	16,143	16,158	16,173
ABSORBING RESERVE FUNDS										
37 Currency in circulation	173,803	175,069	175,634	174,603	174,114	174,441	176,648	177,555	176,549	175,643
38 Treasury cash holdings	534	523	497	530	528	523	523	522	512	497
Deposits, other than reserve balances with Federal Reserve Banks										
39 Treasury	4,855	4,397	3,972	3,524	2,922	3,533	2,891	3,488	3,848	3,958
40 Foreign	295	237	215	251	179	243	205	217	195	246
41 Service-related balances and adjustments	1,148	1,148	1,159	1,150	1,150	1,149	1,148	1,155	1,156	1,158
42 Other	416	432	309	342	405	310	364	381	275	265
43 Other Federal Reserve liabilities and capital	5,939	5,971	6,035	5,752	6,240	5,942	6,054	5,938	6,126	5,967
44 Reserve balances with Federal Reserve Banks[2]	20,538	19,104	20,196	18,849	28,161	19,567	20,895	21,089	24,444	19,063

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

2 Excludes required clearing balances and adjustments to compensate for float.

NOTE For amounts of currency and coin held as reserves, see table 1.12

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	1981 Dec	1982 Dec	1983 Dec	1984 Jan	Feb	Mar	Apr	May	June	July[p]
	Monthly averages of daily figures									
1 Reserve balances with Reserve Banks[1]	26,163	24,804	20,986	21,325	18,414	19,484	20,351	19,560	20,210	19,891
2 Total vault cash[2]	19,538	20,392	20,755	22,578	22,269	20,396	20,152	20,446	20,770	21,134
3 Vault cash used to satisfy reserve requirements[3]	15,755	17,049	17,908	18,795	17,951	16,794	16,802	16,960	17,308	17,590
4 Surplus vault cash[4]	3,783	3,343	2,847	3,782	4,318	3,602	3,349	3,486	3,461	3,544
5 Total reserves[5]	41,918	41,853	38,894	40,120	36,365	36,278	37,154	36,519	37,518	37,480
6 Required reserves	41,606	41,353	38,333	39,507	35,423	35,569	36,664	35,942	36,752	36,864
7 Excess reserve balances at Reserve Banks[6]	312	500	561	613	942	709	490	577	767	616
8 Total borrowings at Reserve Banks	642	697	745	715	567	952	1,234	2,988	3,300	5,924
9 Seasonal borrowings at Reserve Banks	53	33	96	86	103	133	139	196	264	308
10 Extended credit at Reserve Banks[7]	149	187	2	4	5	27	44	37	1,873	5,008
	Biweekly averages of daily figures for weeks ending									
	1984									
	Mar 28	Apr 11	Apr 25	May 9	May 23	June 6	June 20	July 4	July 18[p]	Aug 1[p]
11 Reserve balances with Reserve Banks[1]	18,859	20,237	20,556	20,029	19,390	19,329	20,603	20,189	20,546	19,093
12 Total vault cash[2]	20,938	19,803	20,476	20,010	20,655	20,570	20,604	21,121	20,708	21,597
13 Vault cash used to satisfy reserve requirements[3]	17,188	16,520	17,103	16,582	17,167	17,023	17,284	17,513	17,404	17,814
14 Surplus vault cash[4]	3,750	3,282	3,373	3,429	3,489	3,547	3,320	3,608	3,304	3,783
15 *Total reserves*[5]	36,047	36,758	37,659	36,611	36,556	36,352	37,887	37,702	37,950	36,906
16 Required reserves	35,322	36,413	37,091	36,019	35,937	35,865	37,208	36,645	37,499	36,249
17 Excess reserve balances at Reserve Banks[6]	725	344	568	592	620	487	679	1,058	451	658
18 Total borrowings at Reserve Banks	1,136	1,313	1,232	1,064	4,180	3,070	2,965	3,909	5,358	7,155
19 Seasonal borrowings at Reserve Banks	149	131	138	159	195	239	257	289	284	340
20 Extended credit at Reserve Banks[7]	30	36	44	61	34	16	1,974	2,846	4,614	6,098

1 Excludes required clearing balances and adjustments to compensate for float

2 Dates refer to the maintenance periods in which the vault cash can be used to satisfy reserve requirements Under contemporaneous reserve requirements, maintenance periods end 30 days after the lagged computation periods in which the balances are held

3 Equal to all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances

4 Total vault cash at institutions having no required reserve balances less the amount of vault cash equal to their required reserves during the maintenance period

5 Total reserves not adjusted for discontinuities consist of reserve balances with Federal Reserve Banks, which exclude required clearing balances and adjustments to compensate for float, plus vault cash used to satisfy reserve requirements Such vault cash consists of all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances

6 Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves

7 Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures Because there is not the same need to repay such borrowing promptly as there is with traditional short term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves

1.13 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks[1]

Averages of daily figures, in millions of dollars

By maturity and source	1984 week ending Monday June 4	June 11	June 18	June 25	July 2	July 9	July 16	July 23	July 30
One day and continuing contract									
1 Commercial banks in United States	61,315	66,186	61,024	57,342	56,052	64,992	59,295	55,870	54,303
2 Other depository institutions, foreign banks and foreign official institutions, and U S government agencies	22,309	23,296	21,313	21,271	18,828	21,053	19,970	19,502	19,437
3 Nonbank securities dealers	6,043	5,553	4,893	4,916	5,570	5,361	4,740	5,027	4,750
4 All other	27,514	25,275	25,176	24,743	24,075	24,357	24,793	25,787	25,655
All other maturities									
5 Commercial banks in United States	9,870	9,790	9,604	9,647	9,296	8,908	9,084	9,065	9,131
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	12,309	11,921	11,770	12,247	11,980	11,728	12,033	10,799	10,650
7 Nonbank securities dealers	7,498	6,770	6,720	6,895	6,557	5,466	5,723	5,901	6,862
8 All other	8,835	9,207	9,294	8,957	9,186	8,535	9,586	9,484	9,734
MEMO Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	27,458	28,633	27,140	24,389	25,103	24,915	24,751	23,693	23,960
10 Nonbank securities dealers	5,938	4,971	4,951	4,845	5,328	4,936	4,896	4,239	3,951

1 Banks with assets of $1 billion or more as of Dec 31, 1977

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit			Extended credit[1]						Effective date for current rates
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		
	Rate on 6/30/84	Effective date	Previous rate	Rate on 6/30/84	Previous rate	Rate on 6/30/84	Previous rate	Rate on 6/30/84	Previous rate	
Boston	9	4/9/84	8½	9	8½	10	9½	11	10½	4/9/84
New York		4/9/84								4/9/84
Philadelphia		4/9/84								4/9/84
Cleveland		4/10/84								4/10/84
Richmond		4/9/84								4/9/84
Atlanta		4/10/84								4/10/84
Chicago		4/9/84								4/9/84
St. Louis		4/9/84								4/9/84
Minneapolis		4/9/84								4/9/84
Kansas City		4/13/84								4/13/84
Dallas		4/9/84								4/9/84
San Francisco	9	4/13/84	8½	9	8½	10	9½	11	10½	4/13/84

Range of rates in recent years[2]

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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1978— July 3	7–7¼	7¼
10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov 1	8½–9½	9½
3	9½	9½
1979— July 20	10	10
Aug 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980— Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1981— May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982— July 20	11½–12	11½
23	11½	11½
Aug. 2	11–11½	11
3	11	11
16	10½	10½
27	10–10½	10
30	10	10
Oct. 12	9½–10	9½
13	9½	9½
Nov 22	9–9½	9
26	9	9
Dec. 14	8½–9	9
15	8½–9	8½
17	8½	8½
1984— Apr. 9	8½–9	9
13	9	9
In effect July 31, 1984	9	9

1. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures. See section 201.3(b)(2) of Regulation A

2. Rates for short-term adjustment credit. For description and earlier data see the following publications of the Board of Governors. *Banking and Monetary Statistics, 1914–1941*, and *1941–1970*, *Annual Statistical Digest, 1970–1979*, *1980*, *1981*, and *1982*.

In 1980 and 1981, the Federal Reserve applied a surcharge to short-term adjustment credit borrowings by institutions with deposits of $500 million or more that had borrowed in successive weeks or in more than 4 weeks in a calendar quarter. A 3 percent surcharge was in effect from Mar. 17, 1980, through May 7, 1980. There was no surcharge until Nov. 17, 1980, when a 2 percent surcharge was adopted; the surcharge was subsequently raised to 3 percent on Dec. 5, 1980, and to 4 percent on May 5, 1981. The surcharge was reduced to 3 percent effective Sept. 22, 1981, and to 2 percent effective Oct. 12 As of Oct. 1, the formula for applying the surcharge was changed from a calendar quarter to a moving 13-week period. The surcharge was eliminated on Nov. 17, 1981

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

Type of deposit, and deposit interval	Member bank requirements before implementation of the Monetary Control Act	
	Percent	Effective date
Net demand[2]		
$0 million–$2 million	7	12/30/76
$2 million–$10 million	9½	12/30/76
$10 million–$100 million	11¾	12/30/76
$100 million–$400 million	12¾	12/30/76
Over $400 million	16¼	12/30/76
Time and savings[2,3]		
Savings	3	3/16/67
Time[4]		
$0 million–$5 million, by maturity		
30–179 days	3	3/16/67
180 days to 4 years	2½	1/8/76
4 years or more	1	10/30/75
Over $5 million, by maturity		
30–179 days	6	12/12/74
180 days to 4 years	2½	1/8/76
4 years or more	1	10/30/75

Type of deposit, and deposit interval[5]	Depository institution requirements after implementation of the Monetary Control Act[6]	
	Percent	Effective date
Net transaction accounts[7,8]		
$0–$28.9 million	3	12/29/83
Over $28.9 million	12	12/29/83
Nonpersonal time deposits[9]		
By original maturity		
Less than 1½ years	3	10/6/83
1½ years or more	0	10/6/83
Eurocurrency liabilities		
All types	3	11/13/80

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. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

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

The Federal Reserve Act as amended through 1978 specified different ranges of requirements for reserve city banks and for other banks. Reserve cities were designated under a criterion adopted effective Nov. 9, 1972, by which a bank having net demand deposits of more than $400 million was considered to have the character of business of a reserve city bank. The presence of the head office of such a bank constituted designation of that place as a reserve city. Cities in which there were Federal Reserve Banks or branches were also reserve cities. Any banks having net demand deposits of $400 million or less were considered to have the character of business of banks outside of reserve cities and were permitted to maintain reserves at ratios set for banks not in reserve cities.

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

Effective with the reserve computation period beginning Nov. 16, 1978, domestic deposits of Edge corporations were subject to the same reserve requirements as deposits of member banks.

3. Negotiable order of withdrawal (NOW) accounts and time deposits such as Christmas and vacation club accounts were subject to the same requirements as savings deposits.

The average reserve requirement on savings and other time deposits before implementation of the Monetary Control Act had to be at least 3 percent, the minimum specified by law.

4. Effective Nov. 2, 1978, a supplementary reserve requirement of 2 percent was imposed on large time deposits of $100,000 or more, obligations of affiliates, and ineligible acceptances. This supplementary requirement was eliminated with the maintenance period beginning July 24, 1980.

Effective with the reserve maintenance period beginning Oct. 25, 1979, a marginal reserve requirement of 8 percent was added to managed liabilities in excess of a base amount. This marginal requirement was increased to 10 percent beginning Apr. 3, 1980, was decreased to 5 percent beginning June 12, 1980, and was eliminated beginning July 24, 1980. Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U.S. government and federal agency securities, federal funds borrowings from nonmember institutions, and certain other obligations. In general, the base for the marginal reserve requirement was originally the greater of (a) $100 million or (b) the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U.S. branches and agencies of a foreign bank for the two reserve computation periods ending Sept. 26, 1979. For the computation period beginning Mar. 20, 1980, the base was lowered by (a) 7 percent or (b) the decrease in an institution's U.S. office gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period (Sept. 13–26, 1979) and the week ending Mar. 12, 1980, whichever was greater. For the computation period beginning May 29, 1980, the base was increased by 7½ percent above the base used to calculate the marginal reserve in the statement week of May 14–21, 1980. In addition, beginning Mar. 19, 1980, the base was reduced to the extent that foreign loans and balances declined.

5. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) provides that $2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the next succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. Effective Dec. 9, 1982, the amount of the exemption was established at $2.1 million. Effective with the reserve maintenance period beginning Jan. 12, 1984, the amount of the exemption is $2.2 million. In determining the reserve requirements of a depository institution, the exemption shall apply in the following order: (1) nonpersonal money market deposit accounts (MMDAs) authorized under 12 CFR section 1204.122; (2) net NOW accounts (NOW accounts less allowable deductions); (3) net other transaction accounts; and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

6. For nonmember banks and thrift institutions that were not members of the Federal Reserve System on or after July 1, 1979, a phase-in period ends Sept. 3, 1987. For banks that were members on or after July 1, 1979, but withdrew on or before Mar. 31, 1980, the phase-in period established by Public Law 97–320 ends on Oct. 24, 1985. For existing member banks the phase-in period of about three years was completed on Feb. 2, 1984. All new institutions will have a two-year phase-in beginning with the date that they open for business, except for those institutions that have total reservable liabilities of $50 million or more.

7. Transaction accounts include all deposits on which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers (in excess of three per month) for the purpose of making payments to third persons or others. However, MMDAs and similar accounts offered by institutions not subject to the rules of the Depository Institutions Deregulation Committee (DIDC) that permit no more than six preauthorized, automatic, or other transfers per month of which no more than three can be checks—are not transaction accounts (such accounts are savings deposits subject to time deposit reserve requirements.)

8. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage increase in transaction accounts held by all depository institutions determined as of June 30 each year. Effective Dec. 31, 1981, the amount was increased accordingly from $25 million to $26 million, and effective Dec. 30, 1982, to $26.3 million, and effective Dec. 29, 1983, to $28.9 million.

9. In general, nonpersonal time deposits are time deposits, including savings deposits, that are not transaction accounts and in which a beneficial interest is held by a depositor that is not a natural person. Also included are certain transferable time deposits held by natural persons, and certain obligations issued to depository institution offices located outside the United States. For details, see section 204.2 of Regulation D.

NOTE. Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash. Nonmembers may maintain reserve balances with a Federal Reserve Bank indirectly on a pass-through basis with certain approved institutions.

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions[1]

Percent per annum

Type of deposit	Commercial banks		Savings and loan associations and mutual savings banks (thrift institutions)[1]	
	In effect July 31, 1984		In effect July 31, 1984	
	Percent	Effective date	Percent	Effective date
1 Savings	5½	1/1/84	5½	7/1/79
2 Negotiable order of withdrawal accounts	5¼	12/31/80	5¼	12/31/80
3 Negotiable order of withdrawal accounts of $2,500 or more[2]	...	1/5/83	...	1/5/83
4 Money market deposit account[2]	...[3]	12/14/82	...[3]	12/14/82
Time accounts by maturity				
5 7–31 days of less than $2,500[4]	5½	1/1/84	5½	9/1/82
6 7–31 days of $2,500 or more[2]	...	1/5/83	...	1/5/83
7 More than 31 days	...	10/1/83	...	10/1/83

1 Effective Oct. 1, 1983, restrictions on the maximum rates of interest payable by commercial banks and thrift institutions on various categories of deposits were removed. For information regarding previous interest rate ceilings on all categories 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* before November 1983.

2. Effective Dec. 1, 1983, IRA/Keogh (HR10) Plan accounts are not subject to minimum deposit requirements.

3 Effective Dec. 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of $2,500 and an average maintenance balance of $2,500 not subject to interest rate restrictions. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days notice before withdrawals. When the average balance is less than $2,500, the account is subject to the maximum ceiling rate of interest for NOW accounts; compliance with the average balance requirement may be determined over a period of one month. Depository institutions may not guarantee a rate of interest for this account for a period longer than one month or condition the payment of a rate on a requirement that the funds remain on deposit for longer than one month.

4 Deposits of less than $2,500 issued to governmental units continue to be subject to an interest rate ceiling of 8 percent.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1981	1982	1983	1983	1984					
				Dec.	Jan	Feb.	Mar	Apr.	May	June
U.S. Government Securities										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	13,899	17,067	18,888	3,695	0	368	3,159	3,283	610	801
2 Gross sales	6,746	8,369	3,420	0	1,967	828	0	0	2,003	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	1,816	3,000	2,400	0	1,300	600	0	3,283	2,200	801
Others within 1 year										
5 Gross purchases	317	312	484	0	0	0	0	198	0	0
6 Gross sales	23	0	0	0	0	0	0	0	0	0
7 Maturity shift	13,794	17,295	18,887	915	573	-2,488	1,012	347	2,739	1,069
8 Exchange	-12,869	-14,164	-16,553	0	1,530	-4,574	0	-2,223	-1,807	0
9 Redemptions	0	0	87	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	1,702	1,797	1,896	0	0	0	0	808	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	-10,299	-14,524	-15,533	-915	-487	2,488	-1,012	-273	-2,279	-1,069
13 Exchange	10,117	11,804	11,641	0	1,530	2,861	0	2,223	1,150	0
5 to 10 years										
14 Gross purchases	393	388	890	0	0	0	0	200	0	0
15 Gross sales	0	0	0	0	300	0	0	0	0	0
16 Maturity shift	-3,495	-2,172	-2,450	0	-86	97	0	-75	383	0
17 Exchange	1,500	2,128	2,950	0	0	1,000	0	0	400	0
Over 10 years										
18 Gross purchases	379	307	383	0	0	0	0	277	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	0	-601	-904	0	0	-97	0	0	-77	0
21 Exchange	1,253	234	1,962	0	0	713	0	0	257	0
All maturities										
22 Gross purchases	16,690	19,870	22,540	3,695	0	368	3,159	1,484	610	801
23 Gross sales	6,769	8,369	3,420	0	2,267	828	0	0	2,003	0
24 Redemptions	1,816	3,000	2,487	0	1,300	600	0	0	2,200	0
Matched transactions										
25 Gross sales	589,312	543,804	578,591	58,979	54,833	55,656	66,827	72,293	79,313	61,017
26 Gross purchases	589,647	543,173	576,908	56,404	58,096	47,310	73,634	71,754	79,608	61,331
Repurchase agreements										
27 Gross purchases	79,920	130,774	105,971	3,644	14,245	0	4,996	15,313	8,267	23,298
28 Gross sales	78,733	130,286	108,291	2,260	15,629	0	4,996	8,220	12,199	26,460
29 Net change in U.S. government securities	9,626	8,358	12,631	2,504	-1,688	-9,407	9,966	11,321	-7,228	-2,047
Federal Agency Obligations										
Outright transactions										
30 Gross purchases	494	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	108	189	292	2	40	38	10	2	40	15
Repurchase agreements										
33 Gross purchases	13,320	18,957	8,833	634	931	0	609	1,247	616	1,819
34 Gross sales	13,576	18,638	9,213	426	1,139	0	609	820	744	2,117
35 Net change in federal agency obligations	130	130	-672	206	-248	-38	-10	424	-169	-313
Bankers Acceptances										
36 Repurchase agreements, net	-582	1,285	-1,062	418	-418	0	0	305	122	426
37 Total net change in System Open Market Account	**9,175**	**9,773**	**10,897**	**3,128**	**-2,354**	**-9,444**	**9,956**	**12,050**	**-7,275**	**-2,786**

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1984					1984		
	June 27	July 4	July 11	July 18	July 25	May	June	July
	Consolidated condition statement							
Assets								
1 Gold certificate account	11,100	11,100	11,099	11,099	11,099	11,104	11,100	11,099
2 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
3 Coin	445	421	437	413	429	443	435	437
Loans								
4 To depository institutions	3,332	5,222	4,600	6,958	6,995	2,832	4,760	7,238
5 Other	0	0	0	0	0	0	0	0
Acceptances—Bought outright								
6 Held under repurchase agreements	0	0	0	0	0	426	0	0
Federal agency obligations								
7 Bought outright	8,501	8,501	8,500	8,500	8,499	8,515	8,501	8,499
8 Held under repurchase agreements	0	0	275	159	0	336	0	0
U.S government securities								
Bought outright								
9 Bills	66,976	67,880	66,499	66,699	64,236	65,814	66,928	64,774
10 Notes	63,870	63,870	63,870	63,870	63,870	63,870	63,870	63,870
11 Bonds	22,061	22,061	22,061	22,061	22,061	22,061	22,061	22,061
12 Total bought outright[1]	152,907	153,811	152,430	152,630	150,167	151,745	152,859	150,705
13 Held under repurchase agreements	0	0	3,083	3,007	0	3,124	0	0
14 Total U.S government securities	152,907	153,811	155,513	155,637	150,167	154,869	152,859	150,705
15 **Total loans and securities**	**164,740**	**167,534**	**168,888**	**171,254**	**165,661**	**166,978**	**166,120**	**166,442**
16 Cash items in process of collection	7,511	10,956	7,966	8,489	6,312	8,770	6,350	9,747
17 Bank premises	555	555	555	556	555	553	556	555
Other assets								
18 Denominated in foreign currencies[2]	3,814	3,735	3,737	3,740	3,743	3,794	3,733	3,638
19 All other[3]	4,416	4,384	4,534	4,674	4,750	3,840	5,297	4,821
20 **Total assets**	**197,199**	**203,303**	**201,834**	**204,843**	**197,167**	**200,100**	**198,209**	**201,357**
Liabilities								
21 Federal Reserve notes	159,296	161,464	162,371	161,316	160,396	158,727	159,915	160,395
Deposits								
22 To depository institutions	20,716	22,043	22,244	25,600	20,221	21,686	20,252	21,355
23 U.S Treasury—General account	3,533	2,891	3,488	3,848	3,958	4,855	4,397	3,972
24 Foreign—Official accounts	243	205	217	195	246	295	237	215
25 Other	310	364	381	275	265	416	432	309
26 **Total deposits**	**24,802**	**25,503**	**26,330**	**29,918**	**24,690**	**27,252**	**25,318**	**25,851**
27 Deferred availability cash items	7,159	10,282	7,195	7,483	6,114	8,182	7,005	9,076
28 Other liabilities and accrued dividends[4]	2,530	2,485	2,567	2,705	2,553	2,593	2,528	2,463
29 **Total liabilities**	**193,787**	**199,734**	**198,463**	**201,422**	**193,753**	**196,754**	**194,766**	**197,785**
Capital Accounts								
30 Capital paid in	1,541	1,544	1,546	1,547	1,545	1,531	1,541	1,545
31 Surplus	1,465	1,465	1,465	1,465	1,465	1,465	1,465	1,465
32 Other capital accounts	406	560	360	409	404	350	437	562
33 **Total liabilities and capital accounts**	**197,199**	**203,303**	**201,834**	**204,843**	**197,167**	**200,100**	**198,209**	**201,357**
34 Memo: Marketable U.S government securities held in custody for foreign and international account	116,908	116,080	115,478	115,622	116,143	114,495	116,234	115,318
	Federal Reserve note statement							
35 Federal Reserve notes outstanding	187,787	187,827	188,448	188,860	188,964	185,998	187,637	188,428
36 Less: Held by bank	28,491	26,363	26,077	27,544	28,568	27,271	27,722	28,033
37 Federal Reserve notes, net	159,296	161,464	162,371	161,316	160,396	158,727	159,915	160,395
Collateral held against notes net								
38 Gold certificate account	11,100	11,100	11,099	11,099	11,099	11,104	11,100	11,099
39 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	143,578	145,746	146,654	145,599	144,679	143,005	144,197	144,678
42 **Total collateral**	**159,296**	**161,464**	**162,371**	**161,316**	**160,396**	**158,727**	**159,915**	**160,395**

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

2 Assets shown in this line are revalued monthly at market exchange rates.

3. Includes special investment account at Chicago of Treasury bills maturing within 90 days

4. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1984					1984		
	June 27	July 4	July 11	July 18	July 25	May 31	June 29	July 31
1 Loans—Total	3,332	5,222	4,600	6,958	6,995	2,832	4,760	7,238
2 Within 15 days	3,294	5,029	4,413	6,917	6,947	2,764	4,674	7,135
3 16 days to 90 days	38	193	187	41	48	68	86	103
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	426	0	0
6 Within 15 days	0	0	0	0	0	426	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	152,907	153,811	155,513	155,637	150,167	154,869	152,859	150,705
10 Within 15 days[1]	7,687	4,659	7,763	6,446	3,289	7,751	5,129	3,013
11 16 days to 90 days	31,614	35,021	35,497	35,293	30,853	30,922	34,053	33,317
12 91 days to 1 year	45,041	45,213	43,335	44,980	47,107	47,631	45,112	44,702
13 Over 1 year to 5 years	35,138	35,491	35,491	35,574	35,574	35,138	35,138	36,329
14 Over 5 years to 10 years	14,339	14,339	14,339	14,256	14,256	14,339	14,339	14,256
15 Over 10 years	19,088	19,088	19,088	19,088	19,088	19,088	19,088	19,088
16 Federal agency obligations—Total	8,501	8,501	8,775	8,659	8,499	8,851	8,501	8,499
17 Within 15 days[1]	159	41	381	349	103	495	159	85
18 16 days to 90 days	519	654	549	568	593	559	519	613
19 91 days to 1 year	1,647	1,630	1,669	1,566	1,684	1,638	1,647	1,719
20 Over 1 year to 5 years	4,476	4,476	4,476	4,476	4,408	4,421	4,476	4,371
21 Over 5 years to 10 years	1,301	1,301	1,301	1,301	1,312	1,339	1,301	1,312
22 Over 10 years	399	399	399	399	399	399	399	399

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE

Billions of dollars, averages of daily figures

Item	1980 Dec.	1981 Dec	1982 Dec	1983 Dec	1983 Nov	1983 Dec.	1984 Jan.	1984 Feb	1984 Mar.	1984 Apr	1984 May	1984 June
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]	Seasonally adjusted											
1 **Total reserves[2]**	**30.64**	**31.51**	**33.63**	**35.28**	**35.25**	**35.28**	**35.50**	**36.07**	**36.10**	**36.10**	**36.43**	**37.23**
2 Nonborrowed reserves	28.95	30.88	33.00	34.51	34.34	34.51	34.79	35.50	35.15	34.87	33.44	33.93
3 Nonborrowed reserves plus extended credit[3]	28.95	31.03	33.18	34.51	34.35	34.51	34.79	35.50	35.18	34.91	33.48	35.80
4 Required reserves	30.13	31.20	33.13	34.72	34.72	34.72	34.89	35.12	35.40	35.61	35.85	36.47
5 Monetary base[4]	150.11	157.82	169.81	184.97	183.95	184.97	186.94	188.58	188.72	189.66	191.26	193.12
	Not seasonally adjusted											
6 **Total reserves[2]**	**31.34**	**32.23**	**34.35**	**36.00**	**35.35**	**36.00**	**37.30**	**35.65**	**35.63**	**36.46r**	**35.76**	**36.76**
7 Nonborrowed reserves	29.65	31.59	33.71	35.22	34.45	35.22	36.59	35.09	34.68	35.23	32.78	33.46
8 Nonborrowed reserves plus extended credit[3]	29.65	31.74	33.90	35.23	34.45	35.23	36.59	35.09	34.70	35.28	32.81	35.33
9 Required reserves	30.82	31.91	33.85	35.44	34.82	35.44	36.69	34.71	34.71r	35.97r	35.19	35.99
10 Monetary base[4]	152.80	160.65	172.83	188.23	185.04	188.23	188.10	185.93	187.17	189.65	190.33	193.20
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
11 **Total reserves[2]**	**40.66**	**41.93**	**41.85**	**38.89**	**38.14**	**38.89**	**40.12**	**36.37**	**36.28**	**37.15**	**36.52**	**37.52**
12 Nonborrowed reserves	38.97	41.29	41.22	38.12	37.24	38.12	39.41	35.80	35.33r	35.92	33.53	34.22
13 Nonborrowed reserves plus extended credit[3]	38.97	41.44	41.41	38.12	37.25	38.12	39.41	35.80	35.33	35.78	33.83	36.22
14 Required reserves	40.15	41.61	41.35	38.33	37.62	38.33	39.51	35.42	35.57	36.66	35.94	36.75
15 Monetary base[4]	163.00	170.47	180.52	192.36	188.97	192.36	192.30	186.67	187.81	190.34r	191.01	193.96

1. Figures incorporate adjustments for discontinuities associated with the implementation of the Monetary Control Act and other regulatory changes to reserve requirements. To adjust for discontinuities due to changes in reserve requirements on reservable nondeposit liabilities, the sum of such required reserves is subtracted from the actual series. Similarly, in adjusting for discontinuities in the monetary base, required clearing balances and adjustments to compensate for float also are subtracted from the actual series.

2. Total reserves not adjusted for discontinuities consist of reserve balances with Federal Reserve Banks, which exclude required clearing balances and adjustments to compensate for float, plus vault cash used to satisfy reserve requirements. Such vault cash consists of all vault cash held during the lagged computation period by institutions having required reserve balances at Federal Reserve Banks plus the amount of vault cash equal to required reserves during the maintenance period at institutions having no required reserve balances.

3. Extended credit consists of borrowing at the discount window under the terms and conditions established for the extended credit program to help depository institutions deal with sustained liquidity pressures. Because there is not the same need to repay such borrowing promptly as there is with traditional short-term adjustment credit, the money market impact of extended credit is similar to that of nonborrowed reserves.

4. The monetary base not adjusted for discontinuities consists of total reserves plus required clearing balances and adjustments to compensate for float at Federal Reserve Banks and the currency component of the money stock less the amount of vault cash holdings of thrift institutions that is included in the currency component of the money stock plus, for institutions not having required reserve balances, the excess of current vault cash over the amount applied to satisfy current reserve requirements. After the introduction of contemporaneous reserve requirements (CRR), currency and vault cash figures are measured over the weekly computation period ending Monday.

Before CRR, all components of the monetary base other than excess reserves are seasonally adjusted as a whole, rather than by component, and excess reserves are added on a not seasonally adjusted basis. After CRR, the seasonally adjusted series consists of seasonally adjusted total reserves, which include excess reserves on a not seasonally adjusted basis, plus the seasonally adjusted currency component of the money stock and the remaining items seasonally adjusted as a whole.

5. Reflects actual reserve requirements, including those on nondeposit liabilities, with no adjustments to eliminate the effects of discontinuities associated with implementation of the Monetary Control Act or other regulatory changes to reserve requirements.

NOTE. Latest monthly and biweekly figures are available from the Board's H.3(502) statistical release. Historical data and estimates of the impact on required reserves of changes in reserve requirements are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Billions of dollars, averages of daily figures

Item[1]	1980 Dec	1981 Dec	1982 Dec	1983 Dec.	1984 Mar	1984 Apr r	1984 May r	1984 June
				Seasonally adjusted				
1 M1	414.9	441.9	480.5	525.3	535.1r	535.4	541.1	546.3
2 M2	1,632.6	1,796.6	1,965.3	2,196.2	2,229.9r	2,242.9	2,258.9	2,272.3
3 M3	1,989.8	2,236.7	2,460.3	2,707.8r	2,765.3r	2,790.1	2,816.7	2,838.3
4 L	2,326.0	2,598.4	2,868.7	3,178.0r	3,268.8r	3,295.4	3,327.6	n.a.
5 Debt[2]	3,946.9	4,323.8	4,710.1	5,204.3r	5,371.4r	5,431.8	5,497.2	n.a.
M1 components								
6 Currency[2]	116.7	124.0	134.1	148.0	150.9	151.8	152.9	154.2
7 Travelers checks[3]	4.2	4.3	4.3	4.9	5.0	5.1	5.1	5.1
8 Demand deposits[4]	266.5	236.2	239.7	243.7	244.0	245.3	245.3	248.3
9 Other checkable deposits[5]	27.6	77.4	102.4	128.8	135.3	133.2	137.8	138.7
Nontransactions components								
10 In M2[6]	1,217.7	1,354.6	1,484.8	1,670.9	1,694.8	1,707.5	1,717.8	1,726.0
11 In M3 only[7]	357.2	440.2	495.0	511.7r	535.3r	547.2	557.8	566.0
Savings deposits[9]								
12 Commercial Banks	185.9	159.7	164.9	134.6	128.9	128.6	128.2	128.0
13 Thrift Institutions	215.6	186.1	197.2	178.2	176.6	176.9	177.3	177.2
Small denomination time deposits[9]								
14 Commercial Banks	287.5	349.6	382.2	353.1	353.5	356.0	360.5	365.7
15 Thrift Institutions	443.9	477.7	474.7	440.0	449.9	452.4	453.4	463.6
Money market mutual funds								
16 General purpose and broker/dealer	61.6	150.6	185.2	138.2	144.8	146.0	146.5	148.8
17 Institution-only	15.0	36.2	48.4	40.3	41.8	41.8	42.0	42.3
Large denomination time deposits[10]								
18 Commercial Banks[11]	213.9	247.3	261.8	225.5	232.8	236.4	243.8	249.6
19 Thrift Institutions	44.6	54.3	66.1	100.4	115.5	119.5	123.8	129.4
Debt components								
20 Federal debt	742.8	830.1	991.4	1,174.0	1,220.7	1,233.6	1,253.4	n.a.
21 Non-federal debt	3,204.1	3,493.7	3,718.7	4,030.4r	4,150.7r	4,198.2	4,243.8	n.a.
				Not seasonally adjusted				
22 M1	424.8	452.3	491.9	537.8	528.1	543.2	543.9	545.5
23 M2	1,635.4	1,798.7	1,967.4	2,198.0	2,230.9	2,254.7	2,253.8	2,274.1
24 M3	1,996.1	2,242.7	2,466.6	2,713.9r	2,766.5r	2,798.7	2,812.0	2,837.0
25 L	2,332.8	2,605.6	2,876.5	3,185.8r	3,275.0r	3,306.9	3,323.5	n.a.
26 Debt[2]	3,946.9	4,323.8	4,710.1	5,197.5r	5,352.9r	5,409.2	5,469.8	n.a.
M1 components								
27 Currency[2]	118.8	126.1	136.4	150.5	149.8	151.5	152.9	154.9
28 Travelers checks[3]	3.9	4.1	4.1	4.6	4.8	4.8	5.0	5.4
29 Demand deposits[4]	274.7	243.6	247.3	251.6	239.4	247.8	241.3	247.0
30 Other checkable deposits[5]	27.4	78.5	104.1	131.2	134.1	139.0	135.8	138.2
Nontransactions components								
31 M2[6]	1,210.6	1,346.3	1,475.5	1,660.2	1,702.8	1,711.5	1,718.9	1,728.6
32 M3 only[7]	360.7	444.1	499.2	514.8	536.3	544.0	558.2	562.9
Money market deposit accounts								
33 Commercial banks	n.a.	n.a.	26.3	230.0	242.6	245.4	244.3	244.9
34 Thrift institutions	n.a.	n.a.	16.6	145.9	149.9	151.0	150.2	148.0
Savings deposits[8]								
35 Commercial Banks	183.8	157.5	162.1	132.0	130.2	130.5	129.9	129.7
36 Thrift Institutions	214.4	184.7	195.5	176.5	177.0	178.2	178.3	178.9
Small denomination time deposits[9]								
37 Commercial Banks	286.0	347.7	380.1	351.0	356.0	356.5	360.5	365.4
38 Thrift Institutions	442.3	475.6	472.4	437.6	451.6	454.2	457.4	463.9
Money market mutual funds								
39 General purpose and broker/dealer	61.6	150.6	185.2	138.2	144.8	146.0	146.5	148.8
40 Institution-only	15.0	36.2	48.4	40.3	41.8	41.8	42.0	42.3
Large denomination time deposits[10]								
41 Commercial Banks[11]	218.5	252.1	266.2	229.0	233.1	233.7	241.6	247.1
42 Thrift Institutions	44.3	54.3	66.2	100.7	114.2	118.2	123.3	128.2
Debt components								
43 Federal debt	742.8	830.1	991.4	1,170.2	1,223.6	1,235.9	1,248.7	n.a.
44 Non-federal debt	3,204.1	3,943.7	3,718.7	4,027.3r	4,129.3r	4,173.3	4,221.1	n.a.

For notes see bottom of next page

1.22 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1981[1]	1982[1]	1983[1]	1984 Jan	Feb.	Mar.	Apr	May	June
				Seasonally adjusted					
DEBITS TO									
Demand deposits[2]									
1 All insured banks	80,858 7	90,914.4	108,646.4	120,954.6	126,749.9	116,416.7	129,229.4	131,456.9	121,488.2
2 Major New York City banks	33,891.9	37,932.9	47,336 9	51,952.5	55,776.7	50,765 2	57,868.3	60,351.3	53,147.7
3 Other banks	46,966.9	52,981 6	61,309.5	69,002 2	70,973.1	65,651.5	71,361.1	71,105.6	68,340.4
4 ATS–NOW accounts[3]	743 4	1,036.2	1,394.9	1,345.1	1,491.1	1,464.9	1,432.1	1,608.9	1,515.8
5 Savings deposits[4]	672 7	721.4	735.7	620.8	708 3	688 9	606.5	688.8	677.9
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	285.8	324.2	376.8	414.2	434.7	394.9	441 7	442.7	401.8
7 Major New York City banks	1,105 1	1,287.6	1,512.0	1,650.9	1,747.7	1,649.5	2,012.5	1,938.7	1,665.2
8 Other banks	186.2	211 1	238 5	264 9	273.3	248.7	270 5	267.5	252.7
9 ATS–NOW accounts[3]	14 0	14.5	15.5	13 8	15.0	14.7	14.6	16 0	15 1
10 Savings deposits[4]	4.1	4 5	5 3	4.7	5.5	5 4	4 8	5.5	5.4
				Not seasonally adjusted					
DEBITS TO									
Demand deposits[2]									
11 All insured banks	81,197.9	91,031 9	108,459.5	123,567 2	114,721.3	124,088.6	121,514 4	132,521 7	128,522.3
12 Major New York City banks	34,032.0	38,001.0	47,238 2	52,895.2	50,724.8	54,301.1	53,514.4	60,214.5	57,168.1
13 Other banks	47,165.9	53,030.9	61,221.3	70,672.0	63,996.5	69,787.5	68,000.0	72,307.2	71,354.3
14 ATS–NOW accounts[3]	737.6	1,027.1	1,387.5	1,601.5	1,389.5	1,504.3	1,670.1	1,599.0	1,621.7
15 MMDA[5]	0	0	567.4	793 4	682.1	790.3	918.9	883 6	894 8
16 Savings deposits[4]	672.9	720 0	736.4	672 5	649.9	711.9	665.7	673.8	686.2
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	286.1	325 0	376.1	412 3	402.7	431.8	410.8	456.8	428 6
18 Major New York City banks	1,114.2	1,295 7	1,510.0	1,581 5	1,618 7	1,795.5	1,770.2	1,997 1	1,792 0
19 Other banks	186 2	211.5	238 1	265.4	252.4	271 4	256 0	278 1	266 3
20 ATS–NOW accounts[3]	14.0	14.3	15.4	16.2	14.3	15.2	16 4	16 1	16.2
21 MMDA[5]	0	0	2.8	3.4	2 9	3.3	3.8	3.6	3.7
22 Savings deposits[4]	4 1	4 5	5 3	5.2	5 1	5 5	5 2	5 3	5.4

1 Annual averages of monthly figures.
2 Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions
3. Accounts authorized for negotiable orders of withdrawal (NOW) and accounts authorized for automatic transfer to demand deposits (ATS) ATS data availability starts with December 1978
4. Excludes ATS and NOW accounts, MMDA and special club accounts, such as Christmas and vacation clubs
5. Money market deposit accounts

NOTE. Historical data for demand deposits are available back to 1970 estimated in part from the debits series for 233 SMSAs that were available through June 1977. Historical data for ATS–NOW and savings deposits are available back to July 1977. Back data are available on request from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D C. 20551

NOTES TO TABLE 1.21

1 Composition of the money stock measures and debt is as follows.
M1· (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks, (2) travelers checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to domestic banks, the U.S government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float, and (4) other checkable deposits (OCD) consisting of negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at depository institutions, credit union share draft accounts, and demand deposits at thrift institutions The currency and demand deposit components exclude the estimated amount of vault cash and demand deposits respectively held by thrift institutions to service their OCD liabilities.
M2. M1 plus overnight (and continuing contract) repurchase agreements (RPs) issued by all commercial banks and overnight Eurodollars issued to U S. residents by foreign branches of U.S. banks worldwide, MMDAs, savings and small-denomination time deposits (time deposits—including retail RPs—in amounts of less than $100,000), and balances in both taxable and tax-exempt general purpose and broker/dealer money market mutual funds. Excludes individual retirement accounts (IRA) and Keogh balances at depository institutions and money market funds Also excludes all balances held by U.S. commercial banks, money market funds (general purpose and broker/dealer), foreign governments and commercial banks, and the U S government. Also subtracted is a consolidation adjustment that represents the estimated amount of demand deposits and vault cash held by thrift institutions to service their time and savings deposits
M3. M2 plus large-denomination time deposits and term RP liabilities (in amounts of $100,000 or more) issued by commercial banks and thrift institutions, term Eurodollars held by U.S residents at foreign branches of U.S. banks worldwide and at all banking offices in the United Kingdom and Canada, and balances in both taxable and tax-exempt, institution-only money market mutual funds Excludes amounts held by depository institutions, the U.S. government, money market funds, and foreign banks and official institutions Also subtracted is a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market mutual funds.
L: M3 plus the nonbank public holdings of U.S. savings bonds, short-term Treasury securities, commercial paper and bankers acceptances, net of money market mutual fund holdings of these assets.
Debt· Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U S government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. The source of data on domestic nonfinancial debt is the Federal Reserve Board's flow of funds accounts Debt data are on an end-of-month basis

2. Currency outside the U.S. Treasury, Federal Reserve Banks, and vaults of commercial banks. Excludes the estimated amount of vault cash held by thrift institutions to service their OCD liabilities.
3 Outstanding amount of U.S. dollar-denominated travelers checks of non-bank issuers Travelers checks issued by depository institutions are included in demand deposits.
4. Demand deposits at commercial banks and foreign-related institutions other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float. Excludes the estimated amount of demand deposits held at commercial banks by thrift institutions to service their OCD liabilities.
5. Consists of NOW and ATS balances at all depository institutions, credit union share draft balances, and demand deposits at thrift institutions. Other checkable deposits seasonally adjusted equals the difference between the seasonally adjusted sum of demand deposits plus OCD and seasonally adjusted demand deposits. Included are all ceiling free "Super NOWs," authorized by the Depository Institutions Deregulation committee to be offered beginning Jan. 5, 1983.
6 Sum of overnight RPs and overnight Eurodollars, money market fund balances (general purpose and broker/dealer), MMDAs, and savings and small time deposits, less the consolidation adjustment that represents the estimated amount of demand deposits and vault cash held by thrift institutions to service their time and savings deposits liabilities
7 Sum of large time deposits, term RPs and term Eurodollars of U.S. residents, money market fund balances (institution-only), less a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds.
8. Savings deposits exclude MMDAs.
9. Small-denomination time deposits—including retail RPs— are those issued in amounts of less than $100,000. All individual retirement accounts (IRA) and Keogh accounts at commercial banks and thrifts are subtracted from small time deposits.
10. Large-denomination time deposits are those issued in amounts of $100,000 or more, excluding those booked at international banking facilities.
11. Large-denomination time deposits at commercial banks less those held by money market mutual funds, depository institutions, and foreign banks and official institutions.

NOTE: Latest monthly and weekly figures are available from the Board's H.6 (508) release. Historical data are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1982	1983	1984				1982	1983	1984			
	Dec	Dec.r	Mar.r	Apr.r	Mayr	June	Dec	Dec.r	Mar r	Apr.r	Mayr	June
	Seasonally adjusted						Not seasonally adjusted					
1 **Total loans and securities[3]**	**1,412.0**	**1,566.5**	**1,621.8**	**1,630.6**	**1,651.4**	**1,655.7**	**1,422.4**	**1,577.8**	**1,616.3**	**1,630.1**	**1,644.3**	**1,653.0**
2 U S. Treasury securities	130 9	188 0	187 1	185 9	187 5	183.3	131 5	188 8	189.8	189 2	186.7	183.8
3 Other securities	239.2	247.5	253 1	250.5	249 7	248.3	240 6	249.0	252.5	250.4	249.9	248.0
4 Total loans and leases[3]	1,042.0	1,131.0	1,181 7	1,194.3	1,214 2	1,224 1	1,050 3	1,140.0	1,174.0	1,190.4	1,207 8	1,221 2
5 Commercial and industrial loans	392.3	413 8	434 1	437 2	447 6	453 2	394 5	416.2	432.8	439.7	447.7	452.4
6 Real estate loans	303.1	334.6	346.7	350.5	354.6	359 3	304 0	335.6	345 7	349.4	353 2	357.5
7 Loans to individuals	191.9	219.2	231.4	235 3	239 7	243.8	193 2	220.7	229.3	233 6	238 3	242.8
8 Security loans	24 7	27.3	27.3	26.9	27.5	25 1	25.5	28.2	26 5	26 9	26.4	26.4
9 Loans to nonbank financial institutions	31.1	29.7	30 6	30.9	31 7	31 9	32.1	30 6	30.2	30.7	31.3	31 5
10 Agricultural loans	36.3	39 6	40 2	40 6	40 8	40.9	36 3	39 6	39.4	39.9	40 6	41.1
11 Lease financing receivables	13 1	13 1	13 5	13.5	13 6	13.7	13.1	13 1	13.5	13.5	13.6	13.7
12 All other loans	49 5	53.7	57 9	59 5	58 8	56.3	51.5	56.0	56.6	56.8	56.8	55.8
MEMO												
13 **Total loans and securities plus loans sold[3,4]**	**1,415.0**	**1,568.9**	**1,624.9**	**1,633.8**	**1,654.2**	**1,658.3**	**1,425.4**	**1,580.2**	**1,619.4**	**1,633.2**	**1,647.2**	**1,655.7**
14 Total loans plus loans sold[3,4]	1,044 9	1,133 4	1,184 7	1,197 4	1,217.0	1,226.8	1,053.3	1,142 4	1,177 1	1,193.6	1,210.6	1,223 9
15 Total loans sold to affiliates[3,4]	2 9	2.4	3 1	3.1	2.8	2.7	2.9	2.4	3.1	3.1	2.8	2.7
16 Commercial and industrial loans plus loans sold[4]	394.5	415.6	436 0	439 1	449.5	455.2	396 8	418 0	434 8	441.6	449.7	454.4
17 Commercial and industrial loans sold[4]	2 3	1.8	1 9	1.9	2.0	1.9	2.3	1.8	1.9	1 9	2 0	1.9
18 Acceptances held	8 5	8.3	9 4	9 6	9 9	9 6	9 5	9.1	9.0	8.8	9.3	9.7
19 Other commercial and industrial loans	383 7	405 5	424.6	427 6	437.7	443.6	385.1	407.1	423.8	430.8	438.4	442.8
20 To U.S addressees[5]	373 4	395 3	412 4	415.5	424 7	430.6	372.6	394 5	411 7	418.9	426.6	431 2
21 To non-U.S addressees	10 3	10.3	12 3	12 1	12 9	13.0	12 4	12 6	12 1	12 0	11.8	11.6
22 Loans to foreign banks	13.5	12.7	12.8	13.0	12 7	12 5	14.5	13.6	12 5	12 5	12 2	12.0

1 Includes domestically chartered banks, U.S. branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

2. *Beginning December 1981, shifts of foreign loans and securities from U S.* banking offices to international banking facilities (IBFs) reduced the levels of several items. Seasonally adjusted data that include adjustments for the amounts shifted from domestic offices to IBFs are available in the Board's G.7 (407) statistical release (available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D C 20551).

3. Excludes loans to commercial banks in the United States

4 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.

5 United States includes the 50 states and the District of Columbia.

NOTE. Data are prorated averages of Wednesday estimates for domestically chartered banks, based on weekly reports of a sample of domestically chartered banks and quarterly reports of all domestically chartered banks For foreign-related institutions, data are averages of month-end estimates based on weekly reports *from large agencies and branches and quarterly reports from all agencies,* branches, investment companies, and Edge Act corporations engaged in banking.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1981	1982	1983					1984					
	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.[r]	Mar.[r]	Apr.[r]	May[r]	June
Total nondeposit funds													
1 Seasonally adjusted[2]	96.3	82.9	83.4	85.4	82.0	96.3	100.3	98.2	102.3	108.1	111.7	116.7	105.3
2 Not seasonally adjusted	98.1	84.9	86.2	86.5	83.0	99.6	102.5	99.3	103.8	109.5	112.9	121.0	108.2
Federal funds, RPs, and other borrowings from nonbanks[3]													
3 Seasonally adjusted	111.8	127.7	132.7	134.2	135.2	140.8	140.7	139.4	143.0	141.8	142.3	142.4	136.8
4 Not seasonally adjusted	113.5	129.7	135.5	135.3	136.2	144.1	142.8	140.4	144.5	143.3	143.5	146.7	139.6
5 Net balances due to foreign-related institutions, not seasonally adjusted	−18.1	−47.7	−51.8	−51.3	−55.7	−47.0	−42.7	−43.6	−43.2	−36.9	−33.8	−28.5	−34.1
6 Loans sold to affiliates, not seasonally adjusted[4]	2.8	2.9	2.6	2.6	2.6	2.5	2.4	2.4	2.5	3.1	3.1	2.8	2.7
MEMO													
7 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[5]	−22.4	39.6	−45.2	−46.3	−48.5	−43.0	−39.8	−38.8	−39.0	−34.9	33.2	−29.9	−33.0
8 Gross due from balances	54.9	72.2	73.6	74.7	76.4	76.5	75.3	73.2	74.7	73.8	73.6	73.5	73.8
9 Gross due to balances	32.4	32.6	28.3	28.3	27.9	33.6	35.5	34.5	35.7	38.8	40.3	43.6	40.8
10 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[6]	4.3	−8.1	−6.5	−5.0	−7.2	−4.0	−3.0	−4.8	−4.2	−1.9	−0.6	1.4	−1.1
11 Gross due from balances	48.1	54.7	53.6	53.5	55.5	53.5	54.1	53.4	53.0	50.2	49.7	49.9	50.9
12 Gross due to balances	52.4	46.6	47.0	48.5	48.3	49.5	51.1	48.6	48.8	48.3	49.2	51.3	49.8
Security RP borrowings													
13 Seasonally adjusted[7]	59.0	71.0	76.1	78.1	79.9	83.3	84.8	85.5	86.9	85.5	86.9	84.0	79.0
14 Not seasonally adjusted	59.2	71.2	77.0	77.3	79.1	84.6	85.1	84.6	86.5	85.1	86.2	86.4	80.0
U.S. Treasury demand balances[8]													
15 Seasonally adjusted	12.2	12.8	20.3	16.7	18.9	12.0	13.1	16.5	20.6	16.7	15.9	12.2	12.9
16 Not seasonally adjusted	11.1	10.8	16.4	17.9	24.7	7.5	10.8	19.6	22.3	17.5	16.5	12.8	12.4
Time deposits, $100,000 or more[9]													
17 Seasonally adjusted	325.4	347.9	284.1	282.8	278.3	280.7	283.1	284.4	283.8	289.2	292.3	302.8	312.5
18 Not seasonally adjusted	330.4	354.6	284.4	284.7	280.3	283.0	288.1	287.1	285.0	288.8	288.7	298.7	307.4

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestically chartered banks and averages of current and previous month-end data for foreign-related institutions.

3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.

4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.

5. Averages of daily figures for member and nonmember banks.

6. Averages of daily data.

7. Based on daily average data reported by 122 large banks.

8. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.

9. Averages of Wednesday figures.

1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

	1982	1983									
	Dec	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov.	Dec
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and securities, excluding interbank	1,370.3	1,392.2	1,403.8	1,411.9	1,435.1	1,437.4	1,457.0	1,466.1	1,483.0	1,502.3	1,525.2
2 Loans, excluding interbank	1,000.7	1,001.7	1,005.1	1,007.5	1,025.6	1,029.1	1,043.4	1,049.7	1,060.3	1,075.5	1,095.1
3 Commercial and industrial	356.7	358.0	357.9	356.7	360.1	361.1	363.0	364.0	367.0	372.8	380.8
4 Other	644.0	643.7	647.2	650.8	665.6	668.0	680.4	685.7	693.3	702.7	714.4
5 U.S. Treasury securities	129.0	150.6	155.5	160.9	166.0	165.1	167.5	171.2	176.8	180.4	181.4
6 Other securities	240.5	239.9	243.3	243.5	243.5	243.3	246.1	245.2	245.9	246.4	248.7
7 Cash assets, total	184.4	168.9	170.1	164.5	176.9	168.7	176.9	160.0	164.0	179.0	190.5
8 Currency and coin	23.0	19.9	20.4	20.3	21.3	20.7	21.0	20.8	20.5	22.3	23.3
9 Reserves with Federal Reserve Banks	25.4	20.5	23.9	22.4	18.8	20.6	22.5	15.4	19.7	17.6	18.6
10 Balances with depository institutions	67.6	67.1	66.1	65.6	69.7	67.1	69.0	66.7	67.1	70.9	75.6
11 Cash items in process of collection	68.4	61.5	59.6	56.3	67.1	60.3	64.4	56.9	56.6	69.0	73.0
12 Other assets[2]	265.3	257.9	252.4	248.3	253.2	254.5	257.2	252.3	253.0	261.9	253.8
13 Total assets/total liabilities and capital	**1,820.0**	**1,818.9**	**1,826.3**	**1,824.8**	**1,865.2**	**1,860.6**	**1,891.0**	**1,878.4**	**1,900.0**	**1,943.9**	**1,969.5**
14 Deposits	1,361.8	1,374.2	1,368.0	1,370.8	1,402.7	1,396.5	1,420.1	1,408.1	1,419.5	1,459.2	1,482.6
15 Demand	363.9	333.4	329.2	324.5	344.4	334.2	344.7	328.1	331.3	358.1	371.0
16 Savings	296.4	419.2	426.9	440.2	445.3	447.5	449.0	448.8	451.5	458.3	460.7
17 Time	701.5	621.6	611.9	606.1	613.1	614.8	626.4	631.2	636.8	642.8	650.8
18 Borrowings	215.1	211.3	224.0	214.1	221.2	217.5	217.2	217.8	226.8	219.7	216.3
19 Other liabilities	109.2	103.5	102.3	104.7	104.3	105.5	107.6	107.1	106.5	112.6	117.9
20 Residual (assets less liabilities)	133.8	130.0	132.0	135.1	137.0	141.0	146.1	145.4	147.2	152.4	152.8
MEMO											
21 U.S. Treasury note balances included in borrowing	10.7	9.6	17.8	2.7	19.3	19.3	14.8	20.8	22.5	2.8	8.8
22 Number of banks	14,787	14,819	14,823	14,817	14,826	14,785	14,795	14,804	14,800	14,799	14,796
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and securities, excluding interbank	1,429.7	1,451.3	1,460.8	1,467.6	1,491.5	1,494.1	1,515.4	1,525.4	1,541.8	1,563.2	1,586.8
24 Loans, excluding interbank	1,054.8	1,054.5	1,055.7	1,056.4	1,075.2	1,078.8	1,094.9	1,102.5	1,112.2	1,129.2	1,149.3
25 Commercial and industrial	395.3	395.9	393.5	391.7	395.3	397.7	400.6	402.7	405.3	412.0	420.1
26 Other	659.5	658.6	662.2	664.7	679.9	681.2	694.3	699.8	706.8	717.2	729.2
27 U.S. Treasury securities	132.8	155.3	160.2	166.1	171.3	170.3	172.7	176.1	182.0	185.9	186.9
28 Other securities	242.1	241.5	244.9	245.2	245.1	245.0	247.8	246.9	247.7	248.1	250.6
29 Cash assets, total	200.7	185.5	186.3	180.3	193.5	185.2	193.3	174.7	178.4	195.0	205.0
30 Currency and coin	23.0	19.9	20.4	20.3	21.3	20.7	21.1	20.9	20.5	22.3	23.4
31 Reserves with Federal Reserve Banks	26.8	22.0	25.4	23.8	20.0	21.9	24.0	16.6	20.8	19.1	19.7
32 Balances with depository institutions	81.4	81.0	79.8	78.9	84.0	81.2	82.8	79.3	79.5	83.6	88.0
33 Cash items in process of collection	69.4	62.6	60.7	57.3	68.2	61.4	65.4	58.0	57.6	70.0	74.0
34 Other assets[2]	341.7	325.4	317.8	309.5	318.1	318.7	324.6	320.9	318.8	329.7	321.3
35 Total assets/total liabilities and capital	***1,972.1***	***1,962.2***	***1,964.9***	***1,957.4***	***2,003.2***	***1,998.0***	***2,033.3***	***2,021.0***	***2,039.1***	***2,088.0***	***2,113.1***
36 Deposits	1,409.7	1,419.5	1,411.0	1,413.1	1,443.8	1,438.1	1,461.4	1,448.9	1,459.0	1,499.4	1,524.8
37 Demand	376.2	345.7	341.1	336.4	356.4	346.4	356.6	340.0	343.2	369.9	383.2
38 Savings	296.7	419.7	427.3	440.7	445.7	448.0	449.5	449.3	452.0	458.8	461.3
39 Time	736.7	654.1	642.6	636.0	641.6	643.8	655.3	659.5	663.8	670.6	680.4
40 Borrowings	278.3	269.9	281.3	269.5	278.2	277.9	280.5	282.6	289.6	282.5	275.1
41 Other liabilities	148.4	141.1	138.6	137.9	142.3	139.1	143.4	142.3	141.5	151.9	158.6
42 Residual (assets less liabilities)	135.7	131.9	133.9	137.0	138.9	142.9	148.0	147.3	149.1	154.2	154.7
MEMO											
43 U.S. Treasury note balances included in borrowing	10.7	9.6	17.8	2.7	19.3	19.3	14.8	20.8	22.5	2.8	8.8
44 Number of banks	15,329	15,376	15,390	15,385	15,396	15,359	15,370	15,382	15,383	15,382	15,380

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks, included are member and nonmember banks, stock savings banks, and nondeposit trust companies.
2. Other assets include loans to U.S. commercial banks.
3. Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations.

NOTE. Figures are partly estimated. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Data for domestically chartered commercial banks are for the last Wednesday of the month. Data for other banking institutions are estimates made on the last Wednesday of the month based on a weekly reporting sample of foreign-related institutions and quarter-end condition report data.

1.26 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1.4 Billion or More on December 31, 1982, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1984								
	May 30	June 6r	June 13r	June 20r	June 27r	July 4	July 11	July 18	July 25
1 Cash and balances due from depository institutions	96,538	87,576	86,772	97,030	86,774	105,555	88,175	92,149	82,079
2 Total loans, leases and securities, net	**760,239**	**765,062**	**757,904**	**763,425**	**758,518**	**770,225**	**759,080**	**762,310**	**760,895**
Securities									
3 U.S Treasury and government agency	76,848	75,013	73,615	72,234	72,172	72,898	74,155	71,977	72,432
4 Trading account	11,813	9,949	8,952	7,749	7,630	8,327	10,157	8,225	8,642
5 Investment account, by maturity	65,035	65,065	64,662	64,485	64,542	64,571	63,998	63,752	63,791
6 One year or less	16,980	17,395	16,916	16,965	16,570	17,270	16,448	16,196	16,018
7 Over one through five years	35,772	35,511	35,549	35,390	35,596	34,995	35,282	35,304	35,490
8 Over five years	12,283	12,158	12,198	12,130	12,376	12,306	12,268	12,252	12,282
9 Other securities	48,675	48,569	48,168	47,263	47,590	46,977	46,417	46,666	46,911
10 Trading account	4,446	4,643	4,321	4,002	4,112	4,443	3,818	3,905	4,077
11 Investment account	44,229	43,926	43,848	43,261	43,478	42,534	42,599	42,762	42,834
12 States and political subdivisions, by maturity	40,047	39,942	39,896	39,608	39,458	38,502	38,533	38,666	38,740
13 One year or less	4,806	4,774	4,651	4,415	4,412	3,909	4,031	4,077	4,121
14 Over one year	35,241	35,168	35,245	35,193	35,046	34,594	34,501	34,589	34,619
15 Other bonds, corporate stocks, and securities	4,182	3,984	3,952	3,653	4,021	4,031	4,066	4,096	4,094
16 Other trading account assets	1,932	2,292	2,256	2,265	2,256	2,339	2,436	2,507	2,404
Loans and leases									
17 Federal funds sold[1]	44,043	48,558	43,695	48,661	42,507	47,372	40,969	46,358	41,927
18 To commercial banks	30,021	36,477	31,475	35,961	29,086	34,357	28,259	33,760	29,551
19 To nonbank brokers and dealers in securities	8,397	7,870	7,618	8,173	8,411	8,520	7,981	7,873	7,523
20 To others	5,625	4,211	4,602	4,527	5,010	4,495	4,729	4,725	4,853
21 Other loans and leases, gross	603,617	605,612	605,165	608,014	608,978	616,227	610,700	610,403	612,866
22 Other loans, gross	592,012	593,918	593,476	596,312	597,259	604,420	598,985	598,677	601,091
23 Commercial and industrial	239,622	240,759	240,703	242,940	243,601	244,652	243,457	244,296	244,198
24 Bankers acceptances and commercial paper	3,776	3,527	3,792	3,610	3,916	4,267	4,301	4,032	3,877
25 All other	235,846	237,233	236,911	239,331	239,685	240,385	239,156	240,264	240,321
26 U S addressees	229,264	230,797	230,422	232,980	233,243	233,792	232,502	233,622	233,721
27 Non-U.S. addressees	6,582	6,436	6,489	6,350	6,442	6,592	6,655	6,642	6,600
28 Real estate loans	149,327	149,608	150,226	150,550	150,773	150,848	151,282	152,009	151,860
29 To individuals for personal expenditures	97,510	97,842	98,244	98,795	99,339	99,497	99,708	100,117	100,587
30 To depository and financial institutions	42,352	42,283	41,748	40,649	41,050	43,194	41,629	41,159	41,400
31 Commercial banks in the United States	9,877	9,528	9,808	8,894	9,359	10,065	9,129	8,920	9.154
32 Banks in foreign countries	6,662	6,799	6,388	6,128	6,388	6,784	6,557	6,354	6,756
33 Nonbank depository and other financial institutions	25,813	25,956	25,552	25,627	25,303	26,346	25,943	25,886	25,489
34 For purchasing and carrying securities	14,509	14,517	13,871	14,130	13,127	14,311	12,224	11,341	12,252
35 To finance agricultural production	7,586	7,648	7,718	7,790	7,784	7,809	7,829	7,874	7,816
36 To states and political subdivisions	23,304	23,771	23,920	24,074	24,126	24,837	25,315	24,616	24,612
37 To foreign governments and official institutions	4,022	4,010	4,050	4,030	3,995	4,287	4,135	4,102	4,031
38 All other	13,780	13,478	12,996	13,354	13,463	14,984	13,404	13,162	14,335
39 Lease financing receivables	11,605	11,693	11,689	11,702	11,719	11,807	11,714	11,726	11,775
40 LESS. Unearned income	5,106	5,088	5,116	5,130	5,140	5,117	5,160	5,159	5,168
41 Loan and lease reserve	9,769	9,894	9,879	9,882	9,846	10,470	10,437	10,442	10,478
42 Other loans and leases, net	588,742	590,629	590,170	593,001	593,993	600,640	595,104	594,802	597,220
43 All other assets	134,873	140,717	137,733	139,442	140,450	145,481	142,337	138,969	136,800
44 Total assets	**991,651**	**993,355**	**982,408**	**999,897**	**985,742**	**1,021,261**	**989,592**	**993,428**	**979,774**
Deposits									
45 Demand deposits	185,052	180,237	180,307	180,545	177,274	204,450	180,661	180,600	173,460
46 Individuals, partnerships, and corporations	140,804	137,820	140,526	136,720	134,729	153,670	138,988	137,088	132,511
47 States and political subdivisions	4,623	4,669	4,261	5,041	4,701	5,444	4,799	4,938	4,633
48 U.S. government	1,076	1,879	1,366	4,066	2,295	1,417	2,191	3,035	1,741
49 Depository institutions in United States	22,562	21,132	19,903	21,382	20,964	27,510	20,623	21,246	19,231
50 Banks in foreign countries	6,585	6,345	5,772	5,618	6,215	6,519	5,914	5,913	6,281
51 Foreign governments and official institutions	845	791	798	816	788	1,140	900	866	1,015
52 Certified and officers' checks	8,557	7,601	7,681	6,901	7,581	8,751	7,246	7,513	8,048
53 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	32,673	34,386	33,569	32,700	31,967	34,483	33,447	33,033	32,342
54 Nontransaction balances	426,900	428,718	429,317	428,780	431,359	432,228	432,223	432,202	433,528
55 Individuals, partnerships and corporations	395,658	397,878	398,407	397,574	399,602	401,516	401,740	401,848	402,651
56 States and political subdivisions	19,547	19,074	19,370	19,258	19,443	19,027	19,225	19,433	19,898
57 U.S. government	324	322	303	316	311	337	311	307	314
58 Depository institutions in the United States	8,106	7,970	7,746	8,144	8,328	8,101	7,740	7,506	7,496
59 Foreign governments, official institutions and banks	3,264	3,474	3,491	3,488	3,674	3,247	3,207	3,108	3,171
60 Liabilities for borrowed money	180,319	187,058	176,711	194,274	177,603	181,874	179,122	182,230	175,757
61 Borrowings from Federal Reserve Banks	1,857	3,915	1,950	3,690	2,466	4,445	4,000	6,235	6,217
62 Treasury tax-and-loan notes	2,960	2,748	2,066	15,719	10,751	2,458	7,568	6,231	7,889
63 All other liabilities for borrowed money[2]	175,502	180,395	172,695	174,864	164,386	174,970	167,554	169,763	161,651
64 Other liabilities and subordinated note and debentures	99,626	94,957	94,707	96,160	100,249	101,351	97,120	98,556	97,839
65 Total liabilities	**924,570**	**925,356**	**914,611**	**932,458**	**918,452**	**954,386**	**922,573**	**926,620**	**912,927**
66 Residual (total assets minus total liabilities)[3]	67,080	67,999	67,797	67,439	67,290	66,874	67,019	66,808	66,847

1. Includes securities purchased under agreements to resell.
2. Includes federal funds purchased and securities sold under agreements to repurchase, for information on these liabilities at banks with assets of $1 billion or more on Dec 31, 1977, see table 1.13
3. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

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

Millions of dollars, Wednesday figures

Account	1984								
	May 30	June 6	June 13	June 20	June 27[r]	July 4	July 11	July 18	July 25
1 Cash and balances due from depository institutions	22,490	19,721	19,170	23,327	20,276	23,864	20,219	22,330	20,861
2 **Total loans, leases and securities, net**[1]	**164,164**	**163,778**	**160,949**	**164,208**	**162,920**	**167,776**	**160,555**	**163,157**	**162,231**
Securities									
3 U.S. Treasury and government agency[2]									
4 Trading account[2]	...	...	...	...	...	...	...	...	...
5 Investment account, by maturity	10,142	9,840	9,765	9,632	9,494	9,419	9,441	9,440	9,405
6 One year or less	1,905	1,791	1,719	1,637	1,498	1,832	1,695	1,650	1,658
7 Over one through five years	7,090	6,897	6,895	6,847	6,848	6,449	6,599	6,642	6,603
8 Over five years	1,148	1,152	1,151	1,149	1,149	1,138	1,147	1,148	1,144
9 Other securities[2]									
10 Trading account[2]	...	...	...	...	...	...	...	...	...
11 Investment account	9,699	9,638	9,535	9,451	9,431	9,052	9,083	9,155	9,162
12 States and political subdivisions, by maturity	8,968	8,959	8,845	8,770	8,751	8,384	8,406	8,479	8,486
13 One year or less	1,572	1,563	1,445	1,380	1,355	1,055	1,072	1,085	1,095
14 Over one year	7,396	7,396	7,400	7,391	7,397	7,328	7,333	7,394	7,391
15 Other bonds, corporate stocks and securities	731	679	690	681	679	668	677	676	676
16 *Other trading account assets*[2]									
Loans and leases									
17 Federal funds sold[3]	14,771	14,187	12,286	15,575	14,462	16,478	12,440	15,365	12,489
18 To commercial banks	7,283	8,463	6,442	9,196	8,056	10,461	6,575	9,489	7,238
19 To nonbank brokers and dealers in securities	4,324	3,617	3,426	3,848	3,660	3,829	3,310	3,336	2,838
20 To others	3,164	2,106	2,418	2,531	2,746	2,188	2,555	2,540	2,413
21 Other loans and leases, gross	134,033	134,655	133,924	134,123[r]	134,056	137,319	134,104	133,705	135,692
22 Other loans, gross	132,011	132,615	131,894	132,080[r]	132,013	135,295	132,080	131,670	133,649
23 Commercial and industrial	63,160[r]	64,118	63,821	64,432[r]	64,176	64,827	64,278	64,526	64,441
24 *Bankers acceptances and commercial paper*	948	800	870	763	736	756	780	736	782
25 All other	62,213[r]	63,319	62,951	63,668	63,441	64,071	63,498	63,790	63,658
26 U.S. addressees	60,902[r]	62,029	61,682	62,408	62,259	62,877	62,347	62,691	62,595
27 Non-U.S. addressees	1,310	1,290	1,269	1,261	1,182	1,194	1,151	1,099	1,064
28 Real estate loans	21,866[r]	21,925	22,056	22,235	22,171	22,014	22,224	22,294	21,997
29 To individuals for personal expenditures	14,605[r]	14,752	14,721	14,794	14,846	14,715	14,748	14,823	14,869
30 To depository and financial institutions	12,732	12,782	12,638	11,791	12,224	13,398	12,700	12,642	12,875
31 Commercial banks in the United States	2,010	2,014	2,265	1,696	2,010	2,379	1,860	1,891	1,714
32 Banks in foreign countries	2,187	2,402	2,125	1,875	2,016	2,318	2,288	2,228	2,626
33 Nonbank depository and other financial institutions	8,534	8,366	8,248	8,221	8,197	8,702	8,552	8,522	8,534
34 For purchasing and carrying securities	7,888[r]	7,382	7,114	6,838	6,598	7,160	5,590	5,041	5,965
35 To finance agricultural production	520	510	497	507	474	472	480	470	460
36 To states and political subdivisions	6,732	7,101	7,168	7,282	7,332	7,712	7,856	7,800	7,848
37 To foreign governments and official institutions	406	393	381	396	388	594	426	381	381
38 All other	4,101	3,650	3,500	3,804	3,803	4,402	3,777	3,693	4,813
39 Lease financing receivables	2,022	2,041	2,030	2,042	2,043	2,024	2,023	2,036	2,044
40 Less Unearned income	1,522	1,521	1,530	1,532	1,516	1,511	1,536	1,531	1,526
41 Loan and lease reserve	2,960	3,022	3,031	3,042	3,008	2,979	2,977	2,977	2,992
42 Other loans and leases, net	129,551	130,113	129,363	129,549	129,532	132,828	129,591	129,197	131,174
43 All other assets[4]	63,430	67,309	66,050	63,981	63,328	67,765	66,886	63,537	62,599
44 **Total assets**	**250,084**	**250,808**	**246,169**	**251,516**	**246,524**	**259,406**	**247,660**	**249,024**	**245,691**
Deposits									
45 Demand deposits	47,373	44,406	44,273	45,136	45,382	52,565	43,798	46,083	46,273
46 Individuals, partnerships, and corporations	32,016	29,766	30,731	31,130	30,451	35,372	29,980	31,223	30,995
47 States and political subdivisions	563	637	541	737	696	863	704	896	610
48 U.S. government	175	419	265	765	547	249	504	688	392
49 Depository institutions in the United States	4,554	4,722	4,262	4,635	4,782	6,470	4,406	4,690	4,321
50 Banks in foreign countries	5,194	4,992	4,426	4,337	4,856	5,116	4,591	4,526	4,983
51 Foreign governments and official institutions	618	594	547	618	583	932	704	664	812
52 Certified and officers' checks	4,252	3,276	3,501	2,913	3,466	3,563	2,909	3,394	4,160
53 Transaction balances other than demand deposits ATS, NOW, Super NOW, telephone transfers)	3,651	3,803	3,745	3,666	3,606	3,812	3,716	3,707	3,540
54 *Nontransaction balances*	76,050	76,875	77,285	77,490	78,519	78,750	78,278	78,531	79,536
55 Individuals, partnerships and corporations	68,522	69,189	69,614	69,591	70,259	71,248	70,723	71,066	71,850
56 States and political subdivisions	2,601	2,608	2,747	2,936	2,961	2,892	2,919	3,028	3,178
57 U.S. government	28	30	30	31	34	33	29	29	35
58 Depository institutions in the United States	3,283	3,222	2,985	3,042	3,235	2,951	2,989	2,796	2,840
59 Foreign governments, official institutions and banks	1,615	1,826	1,908	1,890	2,028	1,627	1,618	1,611	1,633
60 Liabilities for borrowed money	59,448	64,272	59,237	63,152	54,414	58,629	58,778	55,748	51,262
61 Borrowings from Federal Reserve Banks	.	575	.	750		.	.	400	
62 Treasury tax-and-loan notes	913	678	520	4,005	2,760	511	1,966	1,659	2,148
63 All other liabilities for borrowed money[5]	58,536	63,020	58,717	58,397	51,654	58,118	56,812	53,689	49,114
64 Other liabilities and subordinated note and debentures	41,629	39,040	39,404	40,046	42,691	43,453	40,837	42,814	42,956
65 **Total liabilities**	**228,152**	**228,396**	**223,944**	**229,491**	**224,612**	**237,209**	**225,406**	**226,883**	**223,567**
66 Residual (total assets minus total liabilities)[6]	21,932	22,411	22,225	22,025	21,912	22,197	22,253	22,142	22,124

1. Excludes trading account securities
2. Not available due to confidentiality
3. Includes securities purchased under agreements to resell
4. Includes trading account securities
5. Includes federal funds purchased and securities sold under agreements to repurchase.
6. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1984								
	May 30	June 6	June 13	June 20	June 27r	July 4	July 11	July 18	July 25
BANKS WITH ASSETS OF $1.4 BILLION OR MORE									
1 Total loans and leases (gross) and investments adjusted[1]	735,216r	734,040r	731,616r	733,582r	735,059	741,390	737,287	735,232	737,836
2 Total loans and leases (gross) adjusted[1]	607,762r	608,165r	607,577r	611,819r	613,040	619,177	614,280	614,081	616,088
3 Time deposits in amounts of $100,000 or more	152,853	153,412	154,512	154,256	156,846	155,835	156,229	156,196	157,291
4 Loans sold outright to affiliates—total[2]	2,518	2,557	2,618	2,675	2,741	2,753	2,794	2,918	2,895
5 Commercial and industrial	1,914	1,952	1,929	1,940	1,960	1,957	1,986	2,103	2,083
6 Other	603	605	689	735	781	796	809	816	811
7 Nontransaction savings deposits (including MMDAs)	155,357	155,819	155,195	154,360r	154,138	155,181	154,488	154,056	153,056
BANKS IN NEW YORK CITY									
8 Total loans and leases (gross) and investments adjusted[1,3]	159,352	157,843	156,804	157,889	157,378	159,427	156,632	156,286	157,797
9 Total loans and leases (gross) adjusted[1]	139,510	138,365	137,503	138,806	138,452	140,956	138,108	137,691	139,229
10 Time deposits in amounts of $100,000 or more	32,668	33,266	33,894	34,118	34,712	34,845	34,625	34,675	35,288

1. Exclusive of loans and federal funds transactions with domestic commercial banks.
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.
3. Excludes trading account securities

1.30 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS WITH ASSETS OF $750 MILLION OR MORE ON JUNE 30, 1980 Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1984								
	May 30	June 6	June 13	June 20	June 27r	July 4	July 11	July 18	July 25
1 Cash and due from depository institutions	6,489	7,351r	6,764	7,394	6,858	7,229	6,720	6,631	6,840
2 Total loans and securities	47,286	46,507	45,894	46,374	46,985	47,594	46,108	46,843	44,714
3 U.S. Treasury and govt. agency securities[1]	4,395	4,610	4,556	4,466	4,339	4,296	4,295	4,385	4,334
4 Other securities[1]	789	780	784	802	798	822	839	964	984
5 Federal funds sold[2]	4,748	3,360	3,488	3,382	4,328	4,981	3,555	4,665	2,792
6 To commercial banks in the United States	4,467	3,128	3,335	3,250	4,273r	4,786	3,427	4,480	2,736
7 To others	281	232	153	132	55r	195	128	185	56
8 Other loans, gross	37,354	37,756	37,066	37,724	37,520	37,495	37,419	36,828	36,603
9 Commercial and industrial	20,153	20,513	20,034	20,320	20,321	20,734	20,948	20,867	20,383
10 Bankers acceptances and commercial paper	3,215	3,162	3,261	3,234	3,312	3,388	3,475	3,410	3,333
11 All other	16,938	17,350	16,773	17,086	17,008	17,346	17,472	17,457	17,050
12 U.S. addressees	15,295	15,694	15,151	15,423	15,320	15,457	15,647	15,548	15,187
13 Non-U.S. addressees	1,643	1,656	1,622	1,663	1,689	1,889	1,826	1,909	1,862
14 To financial institutions	13,601	13,742	13,455	14,039	13,989	13,367	13,060	12,775	12,919
15 Commercial banks in the United States	11,400	11,640	11,353	11,966	11,714	11,178	10,914	10,627	10,790
16 Banks in foreign countries	1,456	1,470	1,399	1,348	1,450	1,431	1,542	1,505	1,505
17 Nonbank financial institutions	745	632	703	726	825	758	604	643	624
18 To foreign govts. and official institutions[3]	812	803	789	760	760	794	789	792	827
19 For purchasing and carrying securities	951	828	839	664	643	643	710	479	631
20 All other[3]	1,838	1,869	1,949	1,940	1,807	1,956	1,912	1,915	1,843
21 Other assets (claims on nonrelated parties)	15,267	15,691	15,910r	15,953	15,376	15,520	15,730	16,095	16,260
22 Net due from related institutions	9,764	11,428	11,804r	11,767	11,498	11,316	11,796	11,579	11,898
23 Total assets	78,806	80,978r	80,372	81,488	80,717	81,659	80,354	81,147	79,712
24 Deposits or credit balances due to other than directly related institutions	21,776r	21,766	21,898r	21,884r	22,362r	22,474	22,175	22,204	22,300
25 Credit balances	169	143	127	112	132	207	115	170	203
26 Demand deposits	1,794r	1,797	1,572	1,901	1,697r	1,728	1,696	1,737	1,759
27 Individuals, partnerships, and corporations	883r	791	802	806	799	926	839	810	792
28 Other	912	1,006	769	1,095	898r	802	857	926	966
29 Time and savings deposits	19,813r	19,836r	20,200r	19,871r	20,532r	20,540	20,363	20,297	20,338
30 Individuals, partnerships, and corporations	16,625	16,494	16,895r	16,473r	17,084r	17,052	16,917	16,957	16,966
31 Other	3,188r	3,343r	3,304	3,398r	3,448r	3,488	3,447	3,340	3,372
32 Borrowings from other than directly related institutions	32,220r	35,384r	34,089r	34,986r	33,903r	33,857	34,298	34,836	34,352
33 Federal funds purchased[4]	7,508	11,363	10,258	10,836	8,770	9,310	9,734	10,387	9,985
34 From commercial banks in the United States	4,718	8,757	7,811	8,066	5,976	6,629	7,101	7,398	6,951
35 From others	2,791	2,606	2,447	2,770	2,794	2,681	2,634	2,990	3,034
36 Other liabilities for borrowed money	24,712r	24,022r	23,830r	24,150r	25,132r	24,547	24,563	24,449	24,367
37 To commercial banks in the United States	21,280r	20,798r	20,375r	20,467r	21,060r	20,445	20,480	20,302	20,228
38 To others	3,432	3,224	3,455r	3,683	4,072	4,102	4,083	4,147	4,139
39 Other liabilities to nonrelated parties	15,803	16,265	16,418	16,477	15,872	16,206	16,394	16,564	16,799
40 Net due to related institutions	9,006	7,552r	7,967	8,140	8,581	9,121	7,487	7,543	6,260
41 Total liabilities	78,806	80,978r	80,372	81,488	80,717	81,659	80,354	81,147	79,712
MEMO									
42 Total loans (gross) and securities adjusted[5]	31,419	31,738	31,207	31,158	30,998r	31,630	31,767	31,736	31,188
43 Total loans (gross) adjusted[5]	26,236	26,348	25,867	25,890	25,862r	26,512	26,633	26,386	25,870

1. Prior to Jan 4, 1984, U.S. government agency securities were included in other securities
2. Includes securities purchased under agreements to resell
3. As of Jan 4, 1984, loans to foreign governments and official institutions is reported as a separate item. Before that date it was included in all other loans.
4. Includes securities sold under agreements to repurchase.
5. Exclusive of loans to and federal funds sold to commercial banks in the United States

1.31 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations[1]

Billions of dollars, estimated daily-average balances

Type of holder	Commercial banks									
	1978	1979[2]	1980	1981	1982	1983				1984
	Dec	Dec	Dec	Dec	Dec	Mar.	June	Sept	Dec	Mar
1 All holders—Individuals, partnerships, and corporations	***290.0***	***302.3***	***315.5***	***288.9***	***291.7***	***272.0***	***281.9***	***280.3***	***293.5***	***279.3***
2 Financial business	27.0	27.1	29.8	28.0	35.4	32.7	34.6	32.1	32.8	31.7
3 Nonfinancial business	146.9	157.7	162.8	154.8	150.5	139.9	146.9	150.2	161.3	150.3
4 Consumer	98.2	99.2	102.4	86.6	85.9	79.4	80.3	77.9	78.5	78.1
5 Foreign	2.8	3.1	3.3	2.9	3.0	3.1	3.0	2.9	3.3	3.3
6 Other	15.1	15.1	17.2	16.7	17.0	16.9	17.2	17.1	17.8	15.9
	Weekly reporting banks									
	1978	1979[3]	1980	1981	1982	1983				1984
	Dec	Dec	Dec	Dec	Dec.	Mar	June	Sept	Dec[4]	Mar
7 All holders—Individuals, partnerships, and corporations	**127.6**	**139.3**	**147.4**	**137.5**	**144.2**	**133.0**	**139.6**	**136.3**	**146.2**	**139.2**
8 Financial business	18.2	20.1	21.8	21.0	26.7	24.3	26.1	23.6	24.2	23.5
9 Nonfinancial business	67.2	74.1	78.3	75.2	74.3	68.9	72.8	72.9	79.8	76.4
10 Consumer	32.8	34.3	35.6	30.4	31.9	28.7	28.5	28.1	29.7	28.4
11 Foreign	2.5	3.0	3.1	2.8	2.9	3.0	2.8	2.8	3.1	3.2
12 Other	6.8	7.8	8.6	8.0	8.4	8.1	9.3	8.9	9.3	7.7

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

2 Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0; nonfinancial business, 146.9; consumer, 98.3; foreign, 2.8; and other, 15.1.

3 After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

4 In January 1984 the weekly reporting panel was revised; it now includes 168 banks. Beginning with March 1984, estimates are constructed on the basis of 92 sample banks and are not comparable with earlier data. Estimates in billions of dollars for December 1983 based on the newly weekly reporting panel are: financial business, 24.4; nonfinancial business, 80.9; consumer, 30.1; foreign, 3.1; other, 9.5.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1979[1] Dec.	1980 Dec.	1981 Dec	1982 Dec [2]	1983 Dec.	1984[3] Jan.	Feb	Mar	Apr	May	June
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**112,803**	**124,374**	**165,829**	**166,670**	**185,852**	**184,480**	**191,004**	**200,517**	**209,565**	**213,582**	**218,583**
Financial companies[4]											
Dealer-placed paper[5]											
2 Total	17,359	19,599	30,333	34,634	41,688	42,796	44,749	46,573	49,864	51,926	52,356
3 Bank-related (not seasonally adjusted)	2,784	3,561	6,045	2,516	2,441	2,087	1,765	1,767	1,865	1,696	1,943
Directly placed paper[6]											
4 Total	64,757	67,854	81,660	84,130	96,548	98,495	102,606	107,421	109,376	110,791	109,413
5 Bank-related (not seasonally adjusted)	17,598	22,382	26,914	32,034	35,566	37,636	36,958	39,617	41,881	46,338	43,960
6 Nonfinancial companies[7]	30,687	36,921	53,836	47,906	47,616	43,189	43,649	46,523	50,325	50,865	56,814
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**45,321**	**54,744**	**69,226**	**79,543**	**78,309**	**73,450**	**74,367**	**73,221**	**78,457**	**79,530**	**82,067**
Holder											
8 Accepting banks	9,865	10,564	10,857	10,910	9,355	9,546	9,237	8,734	11,160	9,927	10,877
9 Own bills	8,327	8,963	9,743	9,471	8,125	7,814	7,897	7,040	9,029	8,422	9,354
10 Bills bought	1,538	1,601	1,115	1,439	1,230	1,732	1,340	1,694	2,131	1,504	1,523
Federal Reserve Banks											
11 Own account	704	776	195	1,480	418	0	0	0	0	0	0
12 Foreign correspondents	1,382	1,791	1,442	949	729	729	777	896	834	679	697
13 Others	33,370	41,614	56,731	66,204	68,225	63,174	64,353	63,592	66,468	68,925	70,493
Basis											
14 Imports into United States	10,270	11,776	14,765	17,683	15,649	15,028	15,495	15,107	16,579	16,687	17,301
15 Exports from United States	9,640	12,712	15,400	16,328	16,880	16,159	15,818	15,572	16,283	15,938	16,421
16 All other	25,411	30,257	39,060	45,531	45,781	42,262	43,055	42,542	45,545	46,906	48,345

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979
2. Effective Dec 1, 1982, there was a break in the commercial paper series. The key changes in the content of the data involved additions to the reporting panel, the exclusion of broker or dealer placed borrowings under any master note agreements from the reported data, and the reclassification of a large portion of bank-related paper from dealer-placed to directly placed.
3. Correction of a previous misclassification of paper by a reporter has created a break in the series beginning January 1984. The correction shifts some paper from nonfinancial companies to dealer-placed financial paper.
4. 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.
5 Includes all financial company paper sold by dealers in the open market
6. As reported by financial companies that place their paper directly with investors.
7 Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

1.33 PRIME RATE CHARGED BY BANKS on Short-Term Business Loans

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1981—Nov. 24	16 00	1982—Oct 7	13.00	1982—Jan.	15.75	1983—Apr.	10.50
Dec 1	15 75	14	12.00	Feb.	16.56	May	10.50
		Nov 22	11.50	Mar.	16.50	June	10.50
				Apr.	16.50	July	10.50
1982—Feb 2	16 50			May	16.50	Aug.	10.89
18	17.00	1983—Jan. 11	11.00	June	16.50	Sept.	11.00
23	16.50	Feb. 28	10.50	July	16.26	Oct	11.00
July 20	16.00	Aug. 8	11.00	Aug.	14.39	Nov.	11.00
29	15 50			Sept.	13.50	Dec.	11 00
Aug. 2	15.00	1984—Mar. 19	11.50	Oct.	12.52		
16	14 50	Apr 5	12.00	Nov.	11.85	1984—Jan.	11.00
18	14.00	May 8	12.50	Dec.	11.50	Feb.	11.00
23	13 50	June 25	13 00			Mar.	11.21
				1983—Jan.	11 16	Apr.	11 93
				Feb.	10.98	May	12.39
				Mar.	10.50	June	12.58
						July	13.00

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, May 7–11, 1984

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)	38,733,851	1,071,948	786,804	947,786	2,643,636	987,715	32,295,962
2 Number of loans	194,776	135,176	23,944	14,370	15,327	1,503	4,456
3 Weighted-average maturity (months)	1.4	4 5	4 6	5 0	5 4	3 5	8
4 With fixed rates	1.0	3.8	4.0	3.0	4 1	2 1	7
5 With floating rates	2 1	6.0	5.4	7 0	6 3	4 6	1.1
6 Weighted-average interest rate (percent per annum)	12 45	14 93	14 46	14.41	13 86	13 37	12.12
7 Interquartile range[1]	11.82–12 75	13 95–15 87	13 70–15 39	13 80–14 94	13 24–14.37	12.68–13.88	11 75–12 36
8 With fixed rates	12.23	14 89	14.16	14.28	13.76	12 86	11.99
9 With floating rates	12.80	14 99	14 80	14 50	13.90	13.61	12 36
Percentage of amount of loans							
10 With floating rate	39.2	34.7	46.2	57 8	67 4	68.8	35 4
11 Made under commitment	69 7	32 3	40.1	51 7	54.8	70.6	73 4
12 With no stated maturity	9 9	9.1	10.2	18 6	24 7	35.4	7 7
13 With one-day maturity	39 0	1	.1	.1	3	3 4	46.7
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS		1–99					
14 Amount of loans (thousands of dollars)	4,129,515	683,061			348,909	198,394	2,899,152
15 Number of loans	35,908	33,322			1,689	296	600
16 Weighted-average maturity (months)	47.9	42.8			46.1	45 2	49.4
17 With fixed rates	44.3	38.2			57 2	54 6	44.6
18 With floating rates	50 2	46 2			42.5	43 7	53 1
19 Weighted-average interest rate (percent per annum)	13 12	15 00			13.91	13.50	12 56
20 Interquartile range[1]	12.00–13 92	14 37–15.87			13.10–14 45	12 68–14.09	11 75–13.24
21 With fixed rates	12.58	14.98			14 03	12.75	11.94
22 With floating rates	13.49	15 02			13.87	13.62	13 04
Percentage of amount of loans							
23 With floating rate	59 9	58 4			75 7	86.7	56 5
24 Made under commitment	75 4	37 0			57 1	74.5	86 7
CONSTRUCTION AND LAND DEVELOPMENT LOANS		1–24	25–49	50–99		500 and over	
25 Amount of loans (thousands of dollars)	2,567,543	211,528	118,448	163,406	890,297	1,183,865	
26 Number of loans	32,938	22,087	3,012	2,292	4,563	984	
27 Weighted-average maturity (months)	8.2	10.4	9 3	7 7	5 9	9 7	
28 With fixed rates	7.9	12.7	9 3	6 1	4.2	11 0	
29 With floating rates	8.5	5.8	9.1	11.8	8 5	8.6	
30 Weighted-average interest rate (percent per annum)	13.76	15.04	14.78	14.71	13 92	13 19	
31 Interquartile range[1]	13.22–14.50	14.37–15.79	14.75–15.03	14.37–15 57	13.24–14 50	12 02–14 09	
32 With fixed rates	13 53	15 05	14 87	14 80	14.00	12.28	
33 With floating rates	14.07	15 03	14.33	14.51	13 80	14.06	
Percentage of amount of loans							
34 With floating rate	43 2	35 3	17.1	31 7	40 8	50.7	
35 Secured by real estate	72 6	95 4	98 3	97 8	78.7	57 8	
36 Made under commitment	43 8	50.0	18.0	25 1	37 9	52.2	
37 With no stated maturity	9 5	3 7	33 6	5 8	3.4	13.1	
38 With one-day maturity	0	0	1	6	0	.0	
Type of construction							
39 1- to 4-family	28.8	53.5	91 1	79 3	34.0	7 2	
40 Multifamily	3.6	3 0	2.2	5 9	2 8	4 1	
41 Nonresidential	67 6	43 5	6 8	14 8	63 1	88.6	
LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
42 Amount of loans (thousands of dollars)	1,502,201	199,153	176,270	195,641	173,959	339,127	418,052
43 Number of loans	77,344	53,658	11,974	6,105	2,720	2,312	574
44 Weighted-average maturity (months)	8 3	6 6	7 1	8 0	8 4	11.3	7 5
45 Weighted-average interest rate (percent per annum)	14 25	14 64	14 35	14 41	14 24	14 51	13.75
46 Interquartile range[1]	13 55–14.95	13.96–15.02	13.67–15.02	13.80–14 95	13 59–15.03	14 09–15 02	12 55–14.49
By purpose of loan							
47 Feeder livestock	14.51	14.79	14 07	14.34	14 63	14 84	13.74
48 Other livestock	13 86	13.97	14.59	14 63	(2)	(2)	13.33
49 Other current operating expenses	14 29	14 56	14 41	14.54	14.21	14.44	13 89
50 Farm machinery and equipment	15 04	15.88	14.55	14 68	(2)	(2)	(2)
51 Other	13.93	14.59	14.02	13.91	14.10	14.14	13 63

1 Interest rate range that covers the middle 50 percent of the total dollar amount of loans made
2. Fewer than 10 sample loans.

NOTE. For more detail, see the Board's E.2 (111) statistical release

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per annum, weekly and monthly figures are averages of business day data unless otherwise noted.

Instrument	1981	1982	1983	1984				1984, week ending				
				Apr	May	June	July	July 6	July 13	July 20	July 27	Aug 3
MONEY MARKET RATES												
1 Federal funds[1,2]	16.38	12.26	9.09	10.29	10.32	11.06	11.23	10.91	11.25	11.21	11.19	11.53
2 Discount window borrowing[1,2,3]	13.42	11.02	8.50	8.87	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Commercial paper[4,5]												
3 1-month	15.69	11.83	8.87	10.17	10.38	10.82	11.06	11.11	11.13	11.03	10.98	11.02
4 3-month	15.32	11.89	8.88	10.18	10.65	10.98	11.19	11.28	11.26	11.18	11.11	11.12
5 6-month	14.76	11.89	8.89	10.22	10.87	11.23	11.34	11.42	11.41	11.34	11.26	11.19
Finance paper, directly placed[4,5]												
6 1-month	15.30	11.64	8.80	10.08	10.26	10.76	10.99	11.14	11.11	10.96	10.90	10.83
7 3-month	14.08	11.23	8.70	9.86	10.16	10.38	10.54	10.52	10.56	10.51	10.55	10.58
8 6-month	13.73	11.20	8.69	9.76	10.03	10.25	10.42	10.41	10.47	10.40	10.40	10.45
Bankers acceptances[5,6]												
9 3-month	15.32	11.89	8.90	10.22	10.84	11.04	11.30	11.40	11.36	11.31	11.22	11.14
10 6-month	14.66	11.83	8.91	10.26	11.06	11.30	11.44	11.55	11.52	11.48	11.34	11.17
Certificates of deposit, secondary market[7]												
11 1-month	15.91	12.04	8.96	10.24	10.62	11.02	11.28	11.41	11.32	11.25	11.19	11.21
12 3-month	15.91	12.27	9.07	10.41	11.11	11.34	11.56	11.75	11.60	11.54	11.47	11.39
13 6-month	15.77	12.57	9.27	10.73	11.64	11.96	12.08	12.20	12.18	12.10	11.98	11.77
14 Eurodollar deposits, 3-month[8]	16.79	13.12	9.56	10.83	11.53	11.68	12.02	12.25	12.08	12.00	11.86	11.73
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	14.03	10.61	8.61	9.69	9.83	9.87	10.12	9.92	10.04	10.11	10.25	10.42
16 6-month	13.80	11.07	8.73	9.84	10.31	10.51	10.53	10.43	10.50	10.55	10.56	10.63
17 1-year	13.14	11.07	8.80	9.95	10.57	10.93	10.89	11.01	10.94	10.89	10.79	10.73
Auction average[10]												
18 3-month	14.029	10.686	8.63	9.69	9.90	9.94	10.13	10.01	10.04	10.17	10.30	10.40
19 6-month	13.776	11.084	8.75	9.83	10.31	10.55	10.58	10.54	10.52	10.60	10.64	10.64
20 1-year	13.159	11.099	8.86	9.86	10.64	10.92	10.99		10.99			
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	14.78	12.27	9.57	10.90	11.66	12.08	12.03	12.17	12.10	12.03	11.90	11.84
22 2-year	14.56	12.80	10.21	11.69	12.47	12.91	12.88	13.12	12.97	12.88	12.70	12.50
23 2-½-year[13]	...					...	...		13.05		12.75	
24 3-year	14.44	12.92	10.45	11.98	12.75	13.18	13.08	13.38	13.19	13.06	12.86	12.63
25 5-year	14.24	13.01	10.80	12.37	13.17	13.48	13.28	13.67	13.39	13.23	13.03	12.77
26 7-year	14.06	13.06	11.02	12.56	13.34	13.56	13.35	13.77	13.46	13.31	13.10	12.83
27 10-year	13.91	13.00	11.10	12.63	13.41	13.56	13.36	13.80	13.46	13.32	13.11	12.82
28 20-year	13.72	12.92	11.34	12.65	13.43	13.54	13.36	13.76	13.43	13.31	13.15	12.87
29 30-year	13.44	12.76	11.18	12.65	13.43	13.44	13.21	13.57	13.24	13.16	13.06	12.79
Composite[14]												
30 Over 10 years (long-term)	12.87	12.23	10.84	12.17	12.89	13.00	12.82	13.21	12.89	12.79	12.62	12.36
State and local notes and bonds												
Moody's series[15]												
31 Aaa	10.43	10.88	8.80	9.54	9.98	10.05	10.10	10.25	10.15	10.10	9.90	9.75
32 Baa	11.76	12.48	10.17	10.30	10.55	10.68	10.61	10.70	10.60	10.65	10.50	10.45
33 *Bond Buyer* series[16]	11.33	11.66	9.51	9.96	10.49	10.67	10.42	10.69	10.44	10.36	10.19	9.92
Corporate bonds												
Seasoned issues[17]												
34 All industries	15.06	14.94	12.78	13.59	14.13	14.40	14.32	14.54	14.40	14.31	14.18	13.96
35 Aaa	14.17	13.79	12.04	12.81	13.28	13.55	13.44	13.69	13.53	13.36	13.32	13.05
36 Aa	14.75	14.41	12.42	13.48	14.10	14.33	14.12	14.38	14.20	14.15	13.92	13.66
37 A	15.29	15.43	13.10	13.77	14.37	14.66	14.57	14.80	14.69	14.54	14.40	14.25
38 Baa	16.04	16.11	13.55	14.31	14.74	15.05	15.15	15.29	15.16	15.18	15.09	14.89
39 A-rated, recently-offered utility bonds[18]	16.63	15.49	12.73	13.96	14.79	15.00	14.93	15.30	14.88	14.85	14.54	14.10
MEMO Dividend/price ratio[19]												
40 Preferred stocks	12.36	12.53	11.02	11.66	11.72	12.04	12.13	12.12	12.17	12.09	12.13	12.08
41 Common stocks	5.20	5.81	4.40	4.64	4.72	4.86	4.93	4.86	4.97	4.91	4.99	4.84

1 Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates

2 Weekly figures are averages for statement week ending Wednesday

3. Rate for the Federal Reserve Bank of New York

4 Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper) Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper, and 30–59 days, 90–119 days, and 150–179 days for finance paper

5 Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure)

6 Dealer closing offered rates for top-rated banks Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers)

7 Unweighted average of offered rates quoted by at least five dealers early in the day

8 Calendar week average For indication purposes only

9 Unweighted average of closing bid rates quoted by at least five dealers

10 Rates are recorded in the week in which bills are issued Beginning with the Treasury bill auction held on Apr 18, 1983, bidders were required to state the percentage yield (on a bank discount basis) that they would accept to two decimal places Thus, average issuing rates in bill auctions will be reported using two rather than three decimal places

11 Yields are based on closing bid prices quoted by at least five dealers

12 Yields adjusted to constant maturities by the U.S. Treasury. That is, yields are read from a yield curve at fixed maturities Based on only recently issued, actively traded securities.

13 Each biweekly figure is the average of five business days ending on the Monday following the date indicated Until Mar 31, 1983, the biweekly rate determined the maximum interest rate payable in the following two-week period on 2-½-year small saver certificates (See table 1 16)

14 Averages (to maturity or call) for all outstanding bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds

15 General obligations based on Thursday figures, Moody's Investors Service

16 General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality Based on figures for Thursday

17. Daily figures from Moody's Investors Service Based on yields to maturity on selected long-term bonds

18. Compilation of the Federal Reserve This series is an estimate of the yield on recently-offered, A-rated utility bonds with a 30-year maturity and 5 years of call protection Weekly data are based on Friday quotations

19 Standard and Poor's corporate series Preferred stock ratio based on a sample of ten issues four public utilities, four industrials, one financial, and one transportation Common stock ratios on the 500 stocks in the price index.

1.36 STOCK MARKET Selected Statistics

Indicator	1981	1982	1983	1983 Nov	1983 Dec	1984 Jan.	1984 Feb.	1984 Mar.	1984 Apr	1984 May	1984 June	1984 July
					Prices and trading (averages of daily figures)							
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	74.02	68.93	92.63	95.36	94.92	96.16	90.60	90.66	90.67	90.07	88.28	87.08
2 Industrial	85.44	78.18	107.45	110.77	110.60	112.16	105.44	105.92	106.56	105.94	104.04	102.29
3 Transportation	72.61	60.41	89.36	97.68	98.79	97.98	86.33	86.10	83.61	81.62	79.29	76.72
4 Utility	38.90	39.75	47.00	48.50	47.00	47.43	45.67	44.83	43.86	44.22	43.65	44.17
5 Finance	73.52	71.99	95.34	94.48	94.25	95.79	89.95	89.50	88.22	85.06	80.75	79.03
6 Standard & Poor's Corporation (1941–43 = 10)[1]	128.05	119.71	160.41	165.23	164.36	166.39	157.70	157.44	157.60	156.55	153.12	151.08
7 American Stock Exchange[2] (Aug. 31, 1973 = 100)	171.79	141.31	216.48	218.42	221.31	224.83	207.95	210.09	207.66	206.39	201.24	192.82
Volume of trading (thousands of shares)												
8 New York Stock Exchange	46,967	64,617	85,418	86,405	88,041	105,518	96,641	84,328	85,874	88,170	85,920	79,156
9 American Stock Exchange	5,346	5,283	8,215	6,160	6,939	7,167	6,431	5,382	5,863	5,935	5,071	5,141
					Customer financing (end-of-period balances, in millions of dollars)							
10 Margin credit at broker–dealers[3]	**14,411**	**13,325**	**23,000**	**22,075**	**23,000**	**23,132**	**22,557**	**22,668**	**22,830**	**22,360**	**23,450**	n.a.
11 Margin stock	14,150	12,980	22,720	21,790	22,720	22,870	22,330	22,460	n.a.	n.a.	n.a.	n.a.
12 Convertible bonds	259	344	279	285	279	261	226	208	n.a.	n.a.	n.a.	n.a.
13 Subscription issues	2	1	1	1	1	1	1	*	n.a.	n.a.	n.a.	n.a.
Free credit balances at brokers[4]												
14 Margin-account	3,515	5,735	6,620	6,512	6,620	6,510	6,420	6,520	6,450	6,685	6,430	n.a.
15 Cash-account	7,150	8,390	8,430	7,599	8,430	8,230	8,420	8,265	7,910	8,115	8,304	n.a.
					Margin-account debt at brokers (percentage distribution, end of period)							
16 Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	n.a.
By equity class (in percent)[5]												
17 Under 40	37.0	21.0	41.0	48.0	41.0	43.0	48.0	46.0	47.0	53.0	50.0	n.a.
18 40–49	24.0	24.0	22.0	22.0	22.0	21.0	20.0	20.0	20.0	18.0	19.0	n.a.
19 50–59	17.0	24.0	16.0	17.0	16.0	15.0	13.0	14.0	13.0	12.0	12.0	n.a.
20 60–69	10.0	14.0	9.0	10.0	9.0	9.0	8.0	9.0	8.0	7.0	8.0	n.a.
21 70–79	6.0	9.0	6.0	7.0	6.0	6.0	6.0	6.0	6.0	5.0	6.0	n.a.
22 80 or more	6.0	8.0	6.0	6.0	6.0	6.0	5.0	5.0	6.0	5.0	5.0	n.a.
					Special miscellaneous-account balances at brokers (end of period)							
23 Total balances (millions of dollars)[6]	**25,870**	**35,598**	**58,329**	**57,490**	**58,329**	**62,670**	**63,410**	**65,860r**	**66,340**	**70,110**	**69,410**	n.a.
Distribution by equity status (percent)												
24 Net credit status	58.0	62.0	63.0	63.0	63.0	61.0	59.0	61.0	60.0	60.0	56.0	n.a.
Debt status, equity of												
25 60 percent or more	31.0	29.0	28.0	29.0	28.0	29.0	29.0	28.0	29.0	27.0	30.0	n.a.
26 Less than 60 percent	11.0	9.0	9.0	8.0	9.0	10.0	12.0	11.0	11.0	13.0	14.0	n.a.
					Margin requirements (percent of market value and effective date)[7]							
	Mar. 11, 1968		June 8, 1968		May 6, 1970		Dec. 6, 1971		Nov. 24, 1972		Jan. 3, 1974	
27 Margin stocks	70		80		65		55		65		50	
28 Convertible bonds	50		60		50		50		50		50	
29 Short sales	70		80		65		55		65		50	

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

2. Beginning July 5, 1983, the American Stock Exchange rebased its index effectively cutting previous readings in half

3 Beginning July 1983, under the revised Regulation T, margin credit at broker-dealers includes credit extended against stocks, convertible bonds, stocks acquired through exercise of subscription rights, corporate bonds, and government securities Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984, and margin credit at broker-dealers became the total that is distributed by equity class and shown on lines 17–22

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

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

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

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

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1981	1982	1983					1984					
			Aug.	Sept.	Oct	Nov	Dec	Jan.[r]	Feb[r]	Mar[r]	Apr.	May	June[p]
	Savings and loan associations												
1 **Assets**	**664,167**	**707,646**	**746,998**	**748,491**	**756,953**	**763,365**	**771,705**	**772,723**	**780,107**	**796,095**	**806,482**	**823,737**	**838,169**
2 Mortgages	518,547	483,614	483,178	482,305	485,366	489,720	493,432	494,682	497,987	502,143	509,283	518,214	526,838
3 Cash and investment securities[1]	63,123	85,438	99,812	100,243	101,553	101,553	103,395	101,883	103,917	108,565	105,950	109,102	107,862
4 Other	82,497	138,594	164,008	165,943	170,034	172,259	174,878	176,158	178,203	185,387	191,249	196,421	203,469
5 **Liabilities and net worth**	**664,167**	**707,646**	**746,998**	**748,491**	**756,953**	**763,365**	**771,705**	**772,723**	**780,107**	**796,095**	**806,482**	**823,737**	**838,169**
6 Savings capital	525,061	567,961	615,369	618,002	622,577	625,013	634,076	639,694	644,588	656,252	660,262	670,259	681,492
7 Borrowed money	88,782	97,850	84,267	85,976	87,367	89,235	91,443	86,322	86,526	93,321	97,468	102,281	107,032
8 FHLBB	62,794	63,861	52,182	52,179	52,678	51,735	52,626	50,880	50,465	50,663	51,951	53,485	56,501
9 Other	25,988	33,989	32,085	33,797	34,689	37,500	38,817	35,442	36,061	42,658	45,517	48,796	50,531
10 Loans in process[2]	6,385	9,934	17,967	18,812	19,209	19,728	21,117	21,498	21,939	22,929	23,898	24,717	25,701
11 Other	15,544	15,602	18,615	15,496	17,458	19,179	15,275	15,777	17,520	14,938	16,904	19,207	16,827
12 Net worth[3]	28,395	26,233	28,626	29,017	29,551	29,938	30,911	30,930	31,473	31,584	31,848	31,990	32,818
13 MEMO Mortgage loan commitments outstanding[4]	15,225	18,054	32,415	32,483	32,798	34,780	32,996	33,504	36,150	39,813	41,672	45,207	44,395
	Mutual savings banks[5]												
14 **Assets**	**175,728**	**174,197**	**183,612**	**186,041**	**187,385**	**189,149**	**193,535**	**194,217**	**195,168**	**197,178**	**198,000**	**200,087**	
Loans													
15 Mortgage	99,997	94,091	93,941	94,831	94,863	95,600	97,356	97,703	97,895	98,472	99,017	99,881	
16 Other	14,753	16,957	17,929	17,830	19,589	19,675	19,129	20,463	21,694	21,971	22,531	22,907	
Securities													
17 U.S government[6]	9,810	9,743	14,484	14,794	14,634	15,092	15,360	15,167	15,667	15,772	15,913	16,404	
18 State and local government	2,288	2,470	2,247	2,244	2,195	2,195	2,177	2,180	2,054	2,067	2,033	2,024	
19 Corporate and other[7]	37,791	36,161	41,045	41,889	42,092	42,629	43,580	43,542	43,439	43,547	43,122	43,200	
20 Cash	5,442	6,919	5,168	5,560	4,993	4,983	6,263	4,788	4,580	5,040	5,008	5,031	
21 Other assets	5,649	7,855	8,799	8,893	9,019	8,975	9,670	10,374	9,839	10,309	10,376	10,640	
22 **Liabilities**	**175,728**	**174,197**	**183,612**	**186,041**	**187,385**	**189,149**	**193,535**	**194,217**	**195,168**	**197,178**	**198,000**	**200,087**	**n.a.**
23 Deposits	155,110	155,196	165,087	165,887	168,064	169,356	172,665	173,636	174,370	176,044	175,875	176,253	
24 Regular[8]	153,003	152,777	162,600	162,998	165,575	167,006	170,135	171,099	171,957	173,385	173,010	173,310	
25 Ordinary savings	49,425	46,862	39,360	39,768	38,485	38,448	38,554	37,992	37,642	37,866	37,329	37,147	
26 Time	103,578	96,369	86,446	85,603	91,795	93,073	95,129	96,519	96,005	97,339	96,920	97,236	
27 Other	2,108	2,419	2,487	2,889	2,489	2,350	2,530	2,537	2,413	2,659	2,865	2,943	
28 Other liabilities	10,632	8,336	7,884	9,475	8,779	9,185	10,154	9,917	10,019	10,390	11,211	12,861	
29 General reserve accounts	9,986	9,235	9,932	9,879	10,015	10,210	10,368	10,350	10,492	10,373	10,466	10,554	
30 MEMO. Mortgage loan commitments outstanding[9]	1,293	1,285	2,046	2,023	2,210	2,418	2,387	n.a	n a	n a	n a	n a	
	Life insurance companies												
31 **Assets**	**525,803**	**588,163**	**638,826**	**644,295**	**647,149**	**652,904**	**658,979**	**663,013**	**664,677**	**668,833**	**673,410**		
Securities													
32 Government	25,209	36,499	45,700	46,109	47,767	47,170	49,417	49,690	49,711	50,505	50,697		
33 United States[10]	8,167	16,529	22,817	23,134	24,380	24,232	26,364	26,659	27,285	28,267	28,484		
34 State and local	7,151	8,664	10,695	10,739	10,791	10,686	10,796	10,673	10,048	9,822	9,727		
35 Foreign[11]	9,891	11,306	12,188	12,236	12,596	12,252	12,257	12,358	12,378	12,416	12,486		
36 Business	255,769	287,126	318,584	321,568	320,964	325,787	325,015	329,697	330,303	332,342	334,965	n.a.	n.a.
37 Bonds	208,099	231,406	253,977	256,131	256,332	260,432	259,591	264,430	266,234	268,173	270,551		
38 Stocks	47,670	55,720	64,607	65,437	64,632	65,355	65,424	65,267	64,069	64,169	64,414		
39 Mortgages	137,747	141,989	146,400	147,356	148,256	148,947	151,599	151,878	151,630	151,968	152,880		
40 Real estate	18,278	20,264	21,749	21,903	22,141	22,278	22,683	22,700	23,032	23,420	23,606		
41 Policy loans	48,706	52,961	54,063	54,165	54,255	54,362	54,518	54,559	54,631	54,698	54,801		
42 Other assets	40,094	48,571	52,330	53,194	53,765	54,360	55,747	54,474	55,370	55,900	56,461		
	Credit unions[12]												
43 **Total assets/liabilities and capital**	**60,611**	**69,585**	**79,241**	**80,189**	**80,419**	**81,094**	**81,961**	**82,287**	**83,779**	**86,498**	**87,204**	**89,378**	**90,021**
44 Federal	39,181	45,493	52,261	53,086	53,297	53,801	54,482	54,770	55,753	57,569	58,127	59,636	59,748
45 State	21,430	24,092	26,980	27,103	27,122	27,293	27,479	27,517	28,026	28,929	29,077	29,742	30,273
46 Loans outstanding	42,333	43,232	46,940	47,829	48,454	49,240	50,083	50,477	51,386	52,353	53,355	54,813	56,272
47 Federal	27,096	27,948	30,582	31,212	31,691	32,304	32,930	33,270	33,878	34,510	35,286	36,274	36,872
48 State	15,237	15,284	16,358	16,617	16,763	16,936	17,153	17,207	17,508	17,843	18,069	18,539	19,400
49 Savings	54,152	62,990	72,214	73,280	73,661	74,051	74,739	75,373	76,423	79,150	80,032	81,571	82,319
50 Federal (shares)	35,250	41,352	47,847	48,709	49,044	49,400	49,889	50,438	51,218	52,905	53,587	54,632	54,780
51 State (shares and deposits)	18,902	21,638	24,367	24,571	24,617	24,651	24,850	24,935	25,205	26,245	26,445	26,939	27,539

1.37 Continued

Account	1981	1982	1983 Aug	1983 Sept.	1983 Oct.	1983 Nov	1983 Dec	1984 Jan.[r]	1984 Feb.[r]	1984 Mar.[r]	1984 Apr.	1984 May	1984 June[p]
	FSLIC-insured federal savings banks												
52 **Assets**	......	**6,859**	**46,191**	**57,496**	**59,422**	**61,717**	**64,969**	**69,835**	**72,143**	**75,555**	**77,374**	**78,952**	**81,301**
53 Mortgages	.	3,353	28,086	34,814	35,637	37,166	38,698	41,754	43,371	44,708	45,900	46,791	48,175
54 Cash and investment securities[1]	.	....	7,514	9,245	9,587	9,653	10,436	11,243	11,662	12,552	12,762	12,814	13,079
55 Other	.	.....	10,591	13,437	14,198	14,898	15,835	16,838	17,110	18,295	18,712	19,347	20,047
56 **Liabilities and net worth**	......	**6,859**	**46,191**	**57,496**	**59,422**	**61,717**	**64,969**	**69,835**	**72,143**	**75,555**	**77,374**	**78,952**	**81,301**
57 Savings and capital		5,877	37,284	47,058	48,544	50,384	53,227	57,195	59,107	61,433	62,495	63,026	64,341
58 Borrowed money	..	.	5,445	6,598	6,775	6,981	7,477	8,048	8,088	9,213	9,707	10,475	11,487
59 FHLBB			3,572	4,192	4,323	4,381	4,640	4,751	4,884	5,232	5,491	5,900	6,551
60 Other	..		1,873	2,406	2,452	2,600	2,837	3,297	3,204	3,981	4,216	4,575	4,936
61 Other	...		1,142	1,089	1,293	1,428	1,157	1,347	1,545	1,360	1,548	1,747	1,662
62 Net worth[3]	...		2,320	2,751	2,810	2,924	3,108	3,245	3,403	3,549	3,624	3,704	3,811
MEMO													
63 Loans in process[2]		98	934	1,120	1,181	1,222	1,264	1,387	1,531	1,669	1,716	1,787	1,861
64 Mortgage loan committments outstanding[4]			1,774	2,130	2,064	2,230	2,151	2,974	2,704	3,253	3,714	3,763	3,566

1 Holdings of stock of the Federal Home Loan Banks are in "other assets "
2 Beginning in 1982, loans in process are classified as contra-assets and are not included in total liabilities and net worth. Total assets are net of loans in process
3. Includes net undistributed income accrued by most associations
4 Excludes figures for loans in process
5 The National Council reports data on member mutual savings banks and on savings banks that have converted to stock institutions, and to federal savings banks
6. Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other "
7 Includes securities of foreign governments and international organizations and, before April 1979, nonguaranteed issues of U S government agencies
8. Excludes checking, club, and school accounts.
9. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the State of New York.
10. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
11. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development
12 As of June 1982, data include only federal or federally insured state credit unions serving natural persons

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 Council of Savings Institutions for all savings banks in the United States
Life insurance companies. Estimates of the American Council of Life Insurance for all life insurance companies in the United States Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."
Credit unions Estimates by the National Credit Union Administration for a group of federal and federally insured state credit unions serving natural persons. Figures are preliminary and revised annually to incorporate recent data

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1981	Fiscal year 1982	Fiscal year 1983	Calendar year 1982 H1	1982 H2	1983 H1	1984 Apr	1984 May	1984 June
U S. budget									
1 Receipts[1]	599,272	617,766	600,562	322,478	286,338	306,331	80,180	37,459	69,282
2 Outlays[1]	657,204	728,375	795,917	348,678	390,846	396,477	68,687	71,391	71,283
3 Surplus, or deficit (−)	−57,932	−110,609	−195,355	−26,200	−104,508	−90,146	11,493	−33,932	−2,001
4 Trust funds	6,817	5,456	23,056	−17,690	−6,576	22,680	5,033	3,849	10,425
5 Federal funds[2,3]	64,749	−116,065	−218,410	−43,889	97,934	−112,822	6,459	−37,781	−12,425
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	20,769	−14,142	−10,404	−7,942	−4,923	−5,418	−920	1,171	1,504
7 Other[3,4]	−236	−3,190	−1,953	227	2,267	−528	262	−181	−296
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	78,936	−127,940	−207,711	−33,914	111,699	−96,094	10,833	−35,284	3,801
Source of financing									
9 Borrowing from the public	79,329	134,993	212,425	41,728	119,609	102,538	17,038	8,604	5,524
10 Cash and monetary assets (decrease, or increase (−))[4]	−1,878	−11,911	−9,889	−408	−9,057	9,664	−24,772	31,023	−6,388
11 Other[5]	1,485	4,858	5,176	−7,405	1,146	3,222	3,099	4,344	4,666
MEMO									
12 Treasury operating balance (level, end of period)	18,670	29,164	37,057	10,999	19,773	100,243	38,204	8,182	13,567
13 Federal Reserve Banks	3,520	10,975	16,557	4,099	5,033	19,442	16,729	4,855	4,397
14 Tax and loan accounts	15,150	18,189	20,500	6,900	14,740	72,037	21,474	3,327	9,170

1. Effective Feb 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function.
2. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit)
3. Other off-budget includes Postal Service Fund, Rural Electrification and Telephone Revolving Fund; Rural Telephone Bank, and petroleum acquisition and transportation and strategic petroleum reserve effective November 1981
4. Includes U.S Treasury operating cash accounts, SDRs, gold tranche drawing rights, loans to International Monetary Fund, and other cash and monetary assets
5 Includes accrued interest payable to the public; allocations of special drawing rights, deposit funds, miscellaneous liability (including checks outstanding) and asset accounts; seigniorage, increment on gold; net gain/loss for U S currency valuation adjustment; net gain/loss for IMF valuation adjustment, and profit on the sale of gold.

SOURCE "Monthly Treasury Statement of Receipts and Outlays of the U S Government " *Treasury Bulletin*, and the *Budget of the United States Government, Fiscal Year 1985*

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1981	Fiscal year 1982	Fiscal year 1983	Calendar year					
				1982		1983	1984		
				H1	H2	H1	Apr	May	June
RECEIPTS									
1 **All sources**	**599,272**	**617,766**	**600,563**	**322,478**	**286,338**	**306,331**	**80,180**	**37,459**	**69,282**
2 Individual income taxes, net	285,917	297,744	288,938	150,565	145,676	144,550	39,192	4,333	32,200
3 Withheld	256,332	267,513	266,010	133,575	131,567	135,531	22,321	23,519	23,347
4 Presidential Election Campaign Fund	41	39	36	34	5	30	5	8	3
5 Nonwithheld	76,844	84,691	83,586	66,174	20,040	63,014	31,993	1,269	11,196
6 Refunds	47,299	54,498	60,692	49,217	5,938	54,024	15,127	20,463	2,346
Corporation income taxes									
7 Gross receipts	73,733	65,991	61,780	37,836	25,661	33,522	11,786	2,295	11,929
8 Refunds	12,596	16,784	24,758	8,028	11,467	13,809	2,691	2,015	614
9 Social insurance taxes and contributions, net	182,720	201,498	209,001	108,079	94,278	110,521	26,036	26,441	19,759
10 Payroll employment taxes and contributions[1]	156,932	172,744	179,010	88,795	85,063	90,912	18,532	17,168	17,811
11 Self-employment taxes and contributions[2]	6,041	7,941	6,756	7,357	177	6,427	4,637	432	1,165
12 Unemployment insurance	15,763	16,600	18,799	9,809	6,857	11,146	2,501	8,457	373
13 Other net receipts[3]	3,984	4,212	4,436	2,119	2,181	2,196	366	384	410
14 Excise taxes	40,839	36,311	35,300	17,525	16,556	16,904	3,042	3,322	3,229
15 Customs deposits	8,083	8,854	8,655	4,310	4,299	4,010	937	990	1,060
16 Estate and gift taxes	6,787	7,991	6,053	4,208	3,445	2,883	505	550	466
17 Miscellaneous receipts[4]	13,790	16,161	15,594	7,984	7,891	7,751	1,374	1,543	1,253
OUTLAYS									
18 **All types**	**657,204**	**728,424**	**795,917**	**348,683**	**390,847**	**396,477**	**68,687**	**71,391**	**71,283**
19 National defense	159,765	187,418	210,461	93,154	100,419	105,072	18,711	19,955	19,659
20 International affairs	11,130	9,982	8,927	5,183	4,406	4,705	973	999	857
21 General science, space, and technology	6,359	7,070	7,777	3,370	3,903	3,486	685	756	705
22 Energy	10,277	4,674	4,035	2,946	2,059	2,073	57	119	350
23 Natural resources and environment	13,525	12,934	12,676	5,636	6,940	5,892	923	951	975
24 Agriculture	5,572	14,875	22,173	7,087	13,260	10,154	1,364	687	191
25 Commerce and housing credit	3,946	3,865	4,721	1,408	2,244	2,164	-22	2,013	296
26 Transportation	23,381	20,560	21,231	9,915	10,686	9,918	1,716	1,798	2,077
27 Community and regional development	9,394	7,165	7,302	3,055	4,186	3,124	481	563	638
28 Education, training, employment, social services	31,402	26,300	25,726	12,607	12,187	12,801	2,210	2,260	2,022
29 Health	26,858	27,435	28,655				2,577	2,638	2,515
30 Social security and medicare	178,733	202,531	223,311	150,001[5]	172,852	184,207	19,405	19,555	21,718
31 Income security	85,514	92,084	106,211				8,677	8,498	6,380
32 Veterans benefits and services	22,988	23,955	24,845	112,782	13,241	11,334	891	2,204	3,151
33 Administration of justice	4,696	4,671	5,014	2,334	2,373	2,522	476	441	463
34 General government	4,614	4,726	4,991	2,400	2,322	2,434	265	558	471
35 General-purpose fiscal assistance	6,856	6,393	6,287	3,325	3,152	3,124	1,219	80	204
36 Net interest[6]	68,726	84,697	89,774	41,883	44,948	42,358	9,211	10,235	9,606
37 Undistributed offsetting receipts[7]	-16,509	-13,270	-21,424	-6,490	-8,333	-8,885	-1,130	-2,918	-998

1 Old-age, disability, and hospital insurance, and railroad retirement accounts

2 Old-age, disability, and hospital insurance

3 Federal employee retirement contributions and civil service retirement and disability fund

4 Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts

5 In accordance with the Social Security Amendments Act of 1983, the Treasury now provides social security and medicare outlays as a separate function Before February 1984, these outlays were included in the income security and health functions

6 Net interest function includes interest received by trust funds

7 Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement

SOURCE "Monthly Treasury Statement of Receipts and Outlays of the U S Government" and the *Budget of the U.S. Government, Fiscal Year 1985*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1982				1983				1984
	Mar. 31	June 30	Sept 30	Dec 31	Mar 31	June 30	Sept 30	Dec 31	Mar 31
1 **Federal debt outstanding**	**1,066.4**	**1,084.7**	**1,147.0**	**1,201.9**	**1,249.3**	**1,324.3**	**1,381.9**	**1,415.3**	**1,468.3**
2 Public debt securities	1,061.3	1,079.6	1,142.0	1,197.1	1,244.5	1,319.6	1,377.2	1,410.7	1,463.7
3 Held by public	858.9	867.9	925.6	987.7	1,043.3	1,090.3	1,138.2	1,174.4	1,223.9
4 Held by agencies	202.4	211.7	216.4	209.4	201.2	229.3	239.0	236.3	239.8
5 Agency securities	5.1	5.0	5.0	4.8	4.8	4.7	4.7	4.6	4.6
6 Held by public	3.9	3.9	3.7	3.7	3.7	3.6	3.6	3.5	3.5
7 Held by agencies	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1
8 **Debt subject to statutory limit**	**1,062.2**	**1,080.5**	**1,142.9**	**1,197.9**	**1,245.3**	**1,320.4**	**1,378.0**	**1,411.4**	**1,464.5**
9 Public debt securities	1,060.7	1,079.0	1,141.4	1,196.5	1,243.9	1,319.0	1,376.6	1,410.1	1,463.1
10 Other debt[1]	1.5	1.5	1.5	1.4	1.4	1.4	1.3	1.3	1.3
11 MEMO: Statutory debt limit	1,079.8	1,143.1	1,143.1	1,290.2	1,290.2	1,389.0	1,389.0	1,490.0	1,490.0

1. Includes guaranteed debt of government agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department)

1.41 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1979	1980	1981	1982	1983		1984	
					Q3	Q4	Q1	Q2
1 **Total gross public debt**	**845.1**	**930.2**	**1,028.7**	**1,197.1**	**1,377.2**	**1,410.7**	**1,463.7**	**1,512.7**
By type								
2 Interest-bearing debt	844.0	928.9	1,027.3	1,195.5	1,375.8	1,400.9	1,452.1	1,501.1
3 Marketable	530.7	623.2	720.3	881.5	1,024.0	1,050.9	1,097.7	1,126.6
4 Bills	172.6	216.1	245.0	311.8	340.7	343.8	350.2	343.3
5 Notes	283.4	321.6	375.3	465.0	557.5	573.4	604.9	632.1
6 Bonds	74.7	85.4	99.9	104.6	125.7	133.7	142.6	151.2
7 Nonmarketable[1]	313.2	305.7	307.0	314.0	351.8	350.0	354.4	374.5
8 State and local government series	24.6	23.8	23.0	25.7	35.1	36.7	38.1	39.9
9 Foreign issues[2]	28.8	24.0	19.0	14.7	11.5	10.4	9.9	8.8
10 Government	23.6	17.6	14.9	13.0	11.5	10.4	9.9	8.8
11 Public	5.3	6.4	4.1	1.7	0	0	0	0
12 Savings bonds and notes	79.9	72.5	68.1	68.0	70.3	70.7	71.6	72.3
13 Government account series[3]	177.5	185.1	196.7	205.4	234.7	231.9	234.6	253.2
14 Non-interest-bearing debt	1.2	1.3	1.4	1.6	1.5	9.8	11.6	11.6
By holder[4]								
15 U.S. government agencies and trust funds	187.1	192.5	203.3	209.4	239.0	236.3	239.8	
16 Federal Reserve Banks	117.5	121.3	131.0	139.3	155.4	151.9	150.8	
17 Private investors	540.5	616.4	694.5	848.4	982.7	1,022.6	1,073.0	
18 Commercial banks	96.4	116.0	109.4	131.4	176.3	188.8	189.8	
19 Money market funds	4.7	5.4	5.2	n.a.	22.1	22.8	19.4	
20 Insurance companies	16.7	20.1	19.1	38.7	47.3	48.9	n.a.	n.a.
21 Other companies	22.9	25.7	37.8	n.a.	35.9	40.2	43.1	
22 State and local governments	69.9	78.8	85.6	113.4	n.a.	n.a.	n.a.	
Individuals								
23 Savings bonds	79.9	72.5	68.0	68.3	70.6	71.5	72.2	
24 Other securities	36.2	56.7	75.6	48.2	58.4	61.9	64.1	
25 Foreign and international[5]	124.4	127.7	141.4	149.4	160.2	168.9	166.4	
26 Other miscellaneous investors[6]	90.1	106.9	152.3	233.2	n.a.	n.a.	n.a.	

1. Includes (not shown separately) Securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.

2. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.

3. Held almost entirely by U.S. government agencies and trust funds.

4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

5. Consists of investments of foreign and international accounts. Excludes non-interest-bearing notes issued to the International Monetary Fund.

6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. government deposit accounts, and U.S. government-sponsored agencies.

SOURCES. Data by type of security, U.S. Treasury Department, *Monthly Statement of the Public Debt of the United States*, data by holder, *Treasury Bulletin*.

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

Item	1981	1982	1983	1984			1984 week ending Wednesday					
				May[r]	June[r]	July	June 6[r]	June 13	June 20	June 27	July 4	July 11
Immediate delivery[1]												
1 U.S. government securities	24,728	32,271	42,135	54,972	51,010	47,316	65,524	51,002	50,742	45,804	45,817	51,331
By maturity												
2 Bills	14,768	18,398	22,393	29,016	27,513	23,407	34,751	29,435	28,757	22,051	24,106	25,621
3 Other within 1 year	621	810	708	1,168	1,206	1,195	1,400	989	968	1,359	1,535	1,208
4 1–5 years	4,360	6,272	8,758	11,387	10,606	9,813	11,876	8,606	9,225	13,488	9,486	8,869
5 5–10 years	2,451	3,557	5,279	6,736	6,785	7,679	11,686	6,970	6,637	5,137	6,199	9,465
6 Over 10 years	2,528	3,234	4,997	6,665	4,899	5,222	5,811	5,002	5,154	3,769	4,492	6,168
By type of customer												
7 U.S. government securities dealers	1,640	1,769	2,257	2,459	2,270	2,395	2,716	1,835	2,264	2,413	2,902	2,660
8 U.S. government securities brokers	11,750	15,659	21,045	28,000	26,510	23,525	33,288	27,023	28,043	23,032	21,324	24,649
9 All others[2]	11,337	15,344	18,832	24,512	22,231	21,397	29,520	22,144	20,435	20,359	21,593	24,022
10 Federal agency securities	3,306	4,142	5,576	6,574	7,088	7,954	8,284	6,665	8,523	6,310	6,889	7,737
11 Certificates of deposit	4,477	5,001	4,333	6,181	3,976	4,508	4,692	3,876	3,549	3,813	4,257	4,993
12 Bankers acceptances	1,807	2,502	2,642	3,324	3,107	3,183	3,689	3,267	2,803	2,816	2,981	3,260
13 Commercial paper	6,128	7,595	8,036	8,877	10,034	11,580	10,480	9,435	9,608	10,361	12,251	11,038
Futures transactions[3]												
14 Treasury bills	3,523	5,031	6,655	11,285	8,173	7,126	10,871	7,302	9,603	7,389	6,033	6,699
15 Treasury coupons	1,330	1,490	2,501	5,512	4,960	4,260	6,235	4,509	5,528	4,239	3,821	4,883
16 Federal agency securities	234	259	265	356	381	221	367	350	445	213	417	263
Forward transactions[4]												
17 U.S. government securities	365	835	1,493	1,773	1,703	1,138	1,609	1,221	2,590	1,285	1,382	1,151
18 Federal agency securities	1,370	982	1,646	3,069	2,810	2,711	3,231	3,015	3,406	1,943	2,997	3,367

1. Before 1981, data for immediate transactions include forward transactions.
2. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.
3. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.
4. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues

NOTE Averages for transactions are based on number of trading days in the period.

Transactions are market purchases and sales of U.S. government securities dealers reporting to the Federal Reserve Bank of New York. The figures exclude allotments of, and exchanges for, new U.S. government securities, redemptions of called or matured securities, purchases or sales of securities under repurchase agreement, reverse repurchase (resale), or similar contracts.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

Item	1981	1982	1983	1984			1984 week ending Wednesday				
				May[r]	June[r]	July	May 30[r]	June 6	June 13	June 20	June 27
	Positions										
Net immediate[1]											
1 U.S. government securities	9,033	9,328	6,263	−9,052	−6,387	−6,118	−11,218	−6,985	−5,023	−4,696	−7,714
2 Bills	6,485	4,837	4,282	−7,097	−2,628	−2,359	−8,046	−4,432	−1,350	−712	−4,087
3 Other within 1 year	−1,526	−199	−177	−291	−596	−601	−541	−427	−365	−647	−848
4 1–5 years	1,488	2,932	1,709	50	343	326	716	−177	−125	171	1,093
5 5–10 years	292	−341	−78	−939	−1,341	−858	−1,719	−541	−1,463	−1,502	−1,431
6 Over 10 years	2,294	2,001	528	−865	−2,250	−2,715	−1,713	−1,490	−1,803	−2,089	−2,535
7 Federal agency securities	2,277	3,712	7,172	16,857	15,999	16,040	16,715	17,279	16,547	15,714	14,981
8 Certificates of deposit	3,435	5,531	5,839	6,403	6,990	7,400	6,029	6,679	6,667	6,991	7,289
9 Bankers acceptances	1,746	2,832	3,332	3,186	3,498	4,183	2,624	3,236	3,606	3,841	3,172
10 Commercial paper	2,658	3,317	3,159	2,937	3,969	3,161	3,050	4,232	4,039	4,001	3,817
Futures positions											
11 Treasury bills	−8,934	−2,508	−4,125	9,273	2,613	−1,385	11,525	8,223	4,922	−547	−95
12 Treasury coupons	−2,733	−2,361	−1,032	1,083	1,844	3,368	1,340	1,537	1,700	1,043	2,354
13 Federal agency securities	522	−224	170	602	826	622	620	604	840	701	977
Forward positions											
14 U.S. government securities	−603	−788	−1,935	−4,588	−836	−1,794	−3,844	−2,734	−667	−283	−416
15 Federal agency securities	−451	−1,190	−3,561	−10,278	−10,763	−10,272	−9,711	−10,860	−11,242	−10,563	−10,161
	Financing[2]										
Reverse repurchase agreements[3]											
16 Overnight and continuing	14,568	26,754	29,099	46,269	44,990	n.a.	47,621	44,539	46,331	45,490	44,412
17 Term agreements	32,048	48,247	52,493	65,742	65,225	n.a.	65,805	61,823	63,221	64,082	68,725
Repurchase agreements[4]											
18 Overnight and continuing	35,919	49,695	57,946	72,513	70,133	n.a.	71,484	72,335	70,385	72,674	71,413
19 Term agreements	29,449	43,410	44,410	54,805	102,380	n.a.	56,375	53,130	52,722	52,160	55,059

For notes see opposite page.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	*1980*	*1981*	*1982*	1984					
				Jan	Feb	Mar	Apr	May	June
1 **Federal and federally sponsored agencies**	**188,665**	**221,946**	**237,085**	**239,872**	**241,628**	**244,691r**	**247,148**	**252,044**	**255,376**
2 Federal agencies	28,606	31,806	33,055	33,919	33,785	32,800	34,273	34,231	34,473
3 Defense Department[1]	610	484	354	234	215	206	197	188	181
4 Export-Import Bank[2,3]	11,250	13,339	14,218	14,852	14,846	15,347	15,344	15,344	15,604
5 Federal Housing Administration[4]	477	413	288	173	169	166	162	156	155
6 Government National Mortgage Association participation certificates[5]	2,817	2,715	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service[6]	1,770	1,538	1,471	1,404	1,404	1,404	1,404	1,337	1,337
8 Tennessee Valley Authority	11,190	13,115	14,365	14,980	14,875	14,805	14,890	14,930	14,980
9 United States Railway Association[6]	492	202	194	111	111	111	111	111	51
10 Federally sponsored agencies[7]	160,059	190,140	204,030	205,953	207,843	211,891	212,872	217,813	220,903
11 Federal Home Loan Banks	37,268	54,131	55,967	48,344	48,224	48,594	49,786	52,281	54,799
12 Federal Home Loan Mortgage Corporation	4,686	5,480	4,524	6,679	7,556	8,633	8,134	9,131	8,988
13 Federal National Mortgage Association	55,182	58,749	70,052	74,676	75,865	77,966	78,073	79,267	79,871
14 Farm Credit Banks	62,923	71,359	71,896	73,023	72,856	73,180	73,130	73,138	73,061
15 Student Loan Marketing Association	(8)	421	1,591	3,231	3,342	3,518	3,749	3,996	4,184
MEMO									
16 **Federal Financing Bank debt[9]**	***87,460***	***110,698***	***126,424***	***135,940***	***135,859***	***137,707***	***138,769***	***139,936***	***141,734***
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	10,654	12,741	14,177	14,789	14,789	15,296	15,296	15,296	15,556
18 Postal Service[6]	1,520	1,288	1,221	1,154	1,154	1,154	1,154	1,087	1,087
19 Student Loan Marketing Association	2,720	5,400	5,000	5,000	5,000	5,000	5,000	5,000	5,000
20 Tennessee Valley Authority	9,465	11,390	12,640	13,255	13,150	13,080	13,165	13,205	13,255
21 United States Railway Association[6]	492	202	194	111	111	111	111	111	51
Other Lending[10]									
22 Farmers Home Administration	39,431	48,821	53,261	54,776	54,471	55,186	55,691	56,476	57,701
23 Rural Electrification Administration	9,196	13,516	17,157	19,927	19,982	20,186	20,413	20,456	20,611
24 Other	11,262	12,740	22,774	26,928	27,202	27,694	27,939	28,305	28,473

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 before 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. Includes outstanding noncontingent liabilities Notes, bonds, and debentures
8. Before late 1981, the Association obtained financing through the Federal Financing Bank
9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting
10. Includes FFB purchases of agency assets and guaranteed loans, the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans

NOTES TO TABLE 1 43

1. Immediate positions are 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 (RPs). The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes Prior to 1984, securities owned, and hence dealer positions, do not include all securities acquired under reverse RPs. After January 1984, immediate positions include reverses to maturity, which are securities that were sold after having been obtained under reverse repurchase agreements that mature on the same day as the securities Before 1981, data for immediate positions include forward positions
2. Figures cover financing involving U S government and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper
3. Includes all reverse repurchase agreements, including those that have been arranged to make delivery on short sales and those for which the securities obtained have been used as collateral on borrowings, that is, matched agreements
4. Includes both repurchase agreements undertaken to finance positions and "matched book" repurchase agreements

NOTE Data for positions are averages of daily figures, in terms of par value, based on the number of trading days in the period Positions are shown net and are on a commitment basis Data for financing are based on Wednesday figures, in terms of actual money borrowed or lent

1.45 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1981	1982	1983	1983			1984				
				Oct	Nov	Dec	Jan r	Feb r	Mar r	Apr. r	May
1 **All issues, new and refunding**[1]	**47,732**	**79,138**	**86,421**	**6,701**	**5,945**	**9,833**	**5,061**	**4,535**	**5,422**	**5,302**	**7,057**
Type of issue											
2 General obligation	12,394	21,094	21,566	1,951	1,730	1,153	1,117	1,830	2,491	2,235	2,380
3 U.S. government loans[2]	34	225	96	15	15	15	0	2	2	3	3
4 Revenue	35,338	58,044	64,855	4,750	4,215	8,680	3,944	2,705	2,931	3,067	4,677
5 U.S. government loans[2]	55	461	253	39	39	39	1	2	4	8	13
Type of issuer											
6 State	5,288	8,438	7,140	856	405	204	327	935	584	885	497
7 Special district and statutory authority	27,499	45,060	51,297	4,406	3,358	6,323	3,500	2,114	2,962	2,693	3,742
8 Municipalities, counties, townships, school districts	14,945	25,640	27,984	1,439	2,182	3,306	1,234	1,486	1,876	1,724	2,818
9 **Issues for new capital, total**	**46,530**	**74,804**	**72,441**	**5,238**	**5,448**	**9,405**	**4,058**	**3,950**	**4,618**	**4,209**	**5,983**
Use of proceeds											
10 Education	4,547	6,482	8,099	470	406	753	388	348	592	446	883
11 Transportation	3,447	6,256	4,387	250	353	438	126	327	53	546	402
12 Utilities and conservation	10,037	14,259	13,588	608	1,122	1,243	1,915	734	1,261	636	1,368
13 Social welfare	12,729	26,635	26,910	2,599	2,175	2,951	830	1,108	1,060	1,020	1,353
14 Industrial aid	7,651	8,349	7,821	355	584	2,945	126	287	76	319	438
15 Other purposes	8,119	12,822	11,637	956	808	1,075	673	1,146	1,576	1,242	1,539

1. Par amounts of long-term issues based on date of sale.
2. Consists of tax-exempt issues guaranteed by the Farmers Home Administration.

SOURCE. Public Securities Association.

1.46 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1981	1982r	1983r	1983			1984				
				Oct r	Nov	Dec	Jan r	Feb	Mar	Apr	May
1 **All issues**[1,2]	**70,441**	**84,640**	**98,550**	**6,884**	**8,103**	**6,812**	**7,690**	**7,629**	**5,442**	**6,047**	**4,023**
2 **Bonds**	**45,092**	**54,078**	**46,971**	**3,042**	**4,075**	**3,173**	**5,647**	**5,250**	**3,346**	**4,262**	**2,214**
Type of offering											
3 Public	38,103	44,280	46,971	3,042	4,075	3,173	5,647	5,250	3,346	4,262	2,214
4 Private placement	6,989	9,798	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
5 Manufacturing	12,325	12,923	7,842	366	22	423	179	452	68	691	383
6 Commercial and miscellaneous	5,229	5,579	5,158	114	23	201	976	626	258	1,096	221
7 Transportation	2,052	1,491	1,038	0	111	105	10	75	180	69	0
8 Public utility	8,963	12,237	7,241	510	910	120	325	385	521	495	100
9 Communication	4,280	2,389	3,159	50	0	0	210	0	200	0	0
10 Real estate and financial	12,243	19,460	22,531	2,002	3,009	2,324	3,947	3,712	2,119	1,911	1,510
11 **Stocks**[3]	**25,349**	**30,562**	**51,579**	**3,842**	**4,028**	**3,639**	**2,043**	**2,379**	**2,096**	**1,785**	**1,809**
Type											
12 Preferred	1,797	5,113	7,213	300	433	253	305	425	227	339	579
13 Common	23,552	25,449	44,366	3,542	3,595	3,386	1,738	1,954	1,869	1,446	1,230
Industry group											
14 Manufacturing	5,074	5,649	14,135	744	498	649	427	299	387	165	442
15 Commercial and miscellaneous	7,557	7,770	13,112	868	1,498	852	465	616	486	732	718
16 Transportation	779	709	2,729	305	192	413	54	15	105	62	84
17 Public utility	5,577	7,517	5,001	588	622	245	225	45	134	188	116
18 Communication	1,778	2,227	1,822	36	13	12	30	20	18	94	16
19 Real estate and financial	4,584	6,690	14,780	1,301	1,145	1,468	842	1,384	966	544	433

1. Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.
2. Data for 1983 include only public offerings.
3. Beginning in August 1981, gross stock offerings include new equity volume from swaps of debt for equity.

SOURCE. Securities and Exchange Commission and the Board of Governors of the Federal Reserve System.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1982	1983	1983		1984					
			Nov	Dec	Jan	Feb	Mar	Apr	May	June
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	45,675	84,793	6,341	6,846	10,274	8,233	8,857	9,549	8,657	8,343
2 Redemptions of own shares[3]	30,078	57,120	3,920	5,946	5,544	5,162	5,339	7,451	5,993	6,156
3 Net sales	15,597	27,673	2,421	900	4,730	3,071	3,518	2,098	2,664	2,187
4 Assets[4]	76,841	113,599	113,052	113,599	114,839	111,068	114,537	116,812	111,071r	115,034
5 Cash position[5]	6,040	8,343	9,395	8,343	8,963	9,140	10,406	10,941	10,847	12,072
6 Other	70,801	105,256	103,657	105,256	105,876	101,928	104,131	105,871	100,224r	102,962

1 Excluding money market funds

2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.

3 Excludes share redemption resulting from conversions from one fund to another in the same group

4 Market value at end of period, less current liabilities

5 Also includes all U.S. government securities and other short-term debt securities

NOTE Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data are at seasonally adjusted annual rates

Account	1981r	1982r	1983r	1982r			1983r				1984r
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1 Corporate profits with inventory valuation and capital consumption adjustment	189.9	159.1	225.2	161.7	163.3	151.6	179.1	216.7	245.0	260.0	277.4
2 Profits before tax	221.1	165.5	203.2	169.8	168.9	155.8	161.7	198.2	227.4	225.5	243.3
3 Profits tax liability	81.1	60.7	75.8	62.9	61.9	55.0	59.1	74.8	84.7	84.5	92.7
4 Profits after tax	140.0	104.8	127.4	106.9	107.0	100.8	102.6	123.4	142.6	141.1	150.6
5 Dividends	66.5	69.2	72.9	68.6	69.0	70.2	71.1	71.7	73.3	75.4	77.7
6 Undistributed profits	73.5	35.6	54.5	38.2	38.1	30.6	31.4	51.7	69.3	65.6	72.9
7 Inventory valuation	23.6	9.5	11.2	8.9	10.1	12.6	4.3	12.1	19.3	9.2	13.5
8 Capital consumption adjustment	7.6	3.1	33.2	8	4.5	8.4	21.7	30.6	36.9	43.6	47.6

SOURCE *Survey of Current Business* (Department of Commerce)

1.49 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1977	1978	1979	1980	1981	1982	1983			
						Q4	Q1	Q2	Q3	Q4
1 **Current assets**	**912.7**	**1,043.7**	**1,214.8**	**1,327.0**	**1,419.3**	**1,425.4**	**1,437.3**	**1,465.1**	**1,522.5**	**1,561.2**
2 Cash	97.2	105.5	118.0	126.9	131.8	144.0	138.7	145.0	148.1	164.9
3 U.S. government securities	18.2	17.2	16.7	18.7	17.4	22.4	26.0	27.9	26.6	30.2
4 Notes and accounts receivable	330.3	388.0	459.0	506.8	530.3	511.0	518.4	535.0	563.4	579.0
5 Inventories	376.9	431.8	505.1	542.8	585.1	575.2	573.4	571.0	590.7	591.9
6 Other	90.1	101.1	116.0	131.8	154.6	172.6	180.7	186.2	193.7	195.3
7 **Current liabilities**	**557.1**	**669.5**	**807.3**	**889.3**	**976.3**	**977.8**	**987.1**	**996.4**	**1,037.1**	**1,056.7**
8 Notes and accounts payable	317.6	383.0	460.8	513.6	558.8	552.8	542.7	550.8	577.3	598.8
9 Other	239.6	286.5	346.5	375.7	417.5	425.0	444.4	445.6	459.9	457.9
10 **Net working capital**	**355.5**	**374.3**	**407.5**	**437.8**	**442.9**	**447.6**	**450.2**	**468.6**	**485.4**	**504.6**
11 MEMO: Current ratio[1]	1.638	1.559	1.505	1.492	1.454	1.458	1.456	1.470	1.468	1.477

1. Ratio of total current assets to total current liabilities.

NOTE. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SOURCE. Federal Trade Commission and Bureau of the Census

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry[1]	1982	1983	1984[1]	1983				1984			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3[1]	Q4[1]
1 **Total nonfarm business**	**282.71**	**269.22**	**308.98**	**261.71**	**261.16**	**270.05**	**283.96**	**293.15**	**303.79**	**314.52**	**324.45**
Manufacturing											
2 Durable goods industries	56.44	51.78	61.40	50.74	48.48	53.06	54.85	58.94	58.28	63.39	65.00
3 Nondurable goods industries	63.23	59.75	67.36	59.12	60.31	58.06	61.50	63.84	67.72	67.02	70.86
Nonmanufacturing											
4 Mining	15.45	11.83	13.97	12.03	10.91	11.93	12.43	13.95	13.32	14.14	14.47
Transportation											
5 Railroad	4.38	3.92	4.90	3.35	3.64	4.07	4.63	4.41	5.12	5.40	4.67
6 Air	3.93	3.77	2.67	4.09	4.10	3.57	3.32	2.77	2.69	2.57	2.65
7 Other	3.64	3.50	4.40	3.60	3.14	3.36	3.91	4.28	4.32	4.35	4.64
Public utilities											
8 Electric	33.40	34.99	35.58	33.97	34.86	35.84	35.31	35.74	35.12	35.38	36.07
9 Gas and other	8.55	7.00	9.40	7.64	6.62	6.38	7.37	7.87	9.31	9.75	10.67
10 Commercial and other[2]	93.68	92.67	109.30	87.17	89.10	93.79	100.62	101.35	107.92	112.52	115.42

▲Trade and services are no longer being reported separately. They are included in Commercial and other, line 10

1 Anticipated by business

2. "Other" consists of construction, wholesale and retail trade, finance and insurance, personal and business services; and communication.

SOURCE. *Survey of Current Business* (Department of Commerce).

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1978	1979	1980	1981	1982	1983				1984
						Q1	Q2	Q3	Q4	Q1
ASSETS										
Accounts receivable, gross										
1 Consumer	52.6	65.7	73.6	85.5	89.5	89.9	91.3	92.3	92.8	96.9
2 Business	63.3	70.3	72.3	80.6	81.0	82.2	84.9	86.8	95.2	101.1
3 Total	116.0	136.0	145.9	166.1	170.4	172.1	176.2	179.0	188.0	198.0
4 LESS: Reserves for unearned income and losses	15.6	20.0	23.3	28.9	30.5	29.7	30.4	30.1	30.6	31.9
5 Accounts receivable, net	100.4	116.0	122.6	137.2	139.8	142.4	145.8	148.9	157.4	166.1
6 Cash and bank deposits	3.5									
7 Securities	1.3	24.9[1]	27.5	34.2	39.7	42.8	44.3	45.0	45.3	47.1
8 All other	17.3									
9 **Total assets**	**122.4**	**140.9**	**150.1**	**171.4**	**179.5**	**185.2**	**190.2**	**193.9**	**202.7**	**213.2**
LIABILITIES										
10 Bank loans	6.5	8.5	13.2	15.4	18.6	16.6	16.3	17.0	19.1	14.7
11 Commercial paper	34.5	43.3	43.4	51.2	45.8	45.2	49.0	49.7	53.6	58.4
Debt										
12 Short-term, n.e.c.	8.1	8.2	7.5	9.6	8.7	9.8	9.6	8.7	11.3	12.2
13 Long-term, n.e.c.	43.6	46.7	52.4	54.8	63.5	64.7	64.5	66.2	65.4	68.7
14 Other	12.6	14.2	14.3	17.8	18.7	22.8	24.0	24.4	27.1	29.8
15 Capital, surplus, and undivided profits	17.2	19.9	19.4	22.8	24.2	26.0	26.7	27.9	26.2	29.4
16 **Total liabilities and capital**	**122.4**	**140.9**	**150.1**	**171.4**	**179.5**	**185.2**	**190.2**	**193.9**	**202.7**	**213.2**

1. Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding May 31, 1984[1]	Changes in accounts receivable			Extensions			Repayments		
		1984			1984			1984		
		Mar.	Apr	May	Mar	Apr	May	Mar	Apr	May
1 **Total**	**102,682**	**706**	**818**	**997**	**26,006**	**24,643**	**27,451**	**25,300**	**23,825**	**26,454**
2 Retail automotive (commercial vehicles)	24,503	364	466	816	1,878	2,002	2,391	1,514	1,536	1,575
3 Wholesale automotive	16,855	−10	343	−402	7,728	8,713	8,626	7,738	8,370	9,028
4 Retail paper on business, industrial, and farm equipment	29,432	352	−5	233	1,304	1,142	1,406	952	1,147	1,173
5 Loans on commercial accounts receivable and factored commercial accounts receivable	10,715	−236	78	302	12,709	10,705	12,468	12,945	10,783	12,166
6 All other business credit	21,177	236	92	48	2,387	2,081	2,560	2,151	1,989	2,512

1. Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1981	1982	1983	1983	1984					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	90.4	94.6	92.8	94.8	92.9	104.1	94.0	92.4	93.9r	93.4
2 Amount of loan (thousands of dollars)	65.3	69.8	69.6	73.3	71.7	77.8	73.4	71.1	72.8r	72.5
3 Loan/price ratio (percent)	74.8	76.6	77.1	79.1	79.2	77.8	80.4	79.2	79.8r	79.9
4 Maturity (years)	27.7	27.6	26.7	27.3	27.8	27.3	27.9	28.0	27.6r	28.1
5 Fees and charges (percent of loan amount)[2]	2.67	2.95	2.40	2.56	2.61	2.41	2.52	2.63	2.63r	2.58
6 Contract rate (percent per annum)	14.16	14.47	12.20	11.94	11.80	11.78	11.56	11.55	11.68r	11.61
Yield (percent per annum)										
7 FHLBB series[3]	14.74	15.12	12.66	12.42	12.29	12.23	12.02	12.04	12.18r	12.10
8 HUD series[4]	16.52	15.79	13.43	13.41	13.28	13.31	13.57	13.77	14.38	14.65
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	16.31	15.31	13.11	13.25	13.08	13.20	13.68	13.80	15.01	14.91
10 GNMA securities[6]	15.29	14.68	12.26	12.49	12.35	12.31	12.70	13.01	13.67	14.14
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	58,675	66,031	74,847	78,256	79,049	79,350	80,974	81,956	82,697	83,243
12 FHA/VA-insured	39,341	39,718	37,393	36,211	40,873	35,420	35,329	35,438	35,309	35,153
13 Conventional	19,334	26,312	37,454	42,045	38,177	43,930	45,645	46,518	47,388	48,090
Mortgage transactions (during period)										
14 Purchases	6,112	15,116	17,554	2,204	1,285	1,507	2,030	1,775	1,379	1,209
15 Sales	2	2	3,528	250	20	723	0	235	0	0
Mortgage commitments[7]										
16 Contracted (during period)	9,331	22,105	18,607	1,471	1,772	1,930	1,626	1,561	1,233	1,995
17 Outstanding (end of period)	3,717	7,606	5,461	5,461	5,470	5,872	5,333	5,135	4,981	5,640
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	5,231	5,131	5,996	7,633	8,049	8,566	8,980	9,143	9,224	
19 FHA/VA	1,065	1,027	974	941	940	934	929	924	918	
20 Conventional	4,166	4,102	5,022	6,691	7,109	7,632	8,050	8,219	8,306	n.a.
Mortgage transactions (during period)										
21 Purchases	3,800	23,673	23,089	1,685	1,419	1,389	1,291	983	987	
22 Sales	3,531	24,170	19,686	1,115	984	810	863	717	829	
Mortgage commitments[9]										
23 Contracted (during period)	6,896	28,179	32,852	1,704	1,470	1,386	1,874	1,701	1,966	
24 Outstanding (end of period)	3,518	7,549	16,964	16,964	16,994	16,944	17,514	18,183	19,139	

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) 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, from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.
7. 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.
8. Includes participation as well as whole loans.
9. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1981	1982	1983	1983			1984	
				Q2	Q3	Q4	Q1[r]	Q2
1 **All holders**	**1,583,264**	**1,655,036[r]**	**1,826,395**	**1,723,052**	**1,775,117**	**1,826,395**	**1,868,630**	**1,927,073**
2 1- to 4-family	1,065,294	1,105,717[r]	1,214,592	1,146,926	1,182,356	1,214,592	1,244,154	1,281,179
3 Multifamily	136,354	140,551[r]	150,949	144,731	147,052	150,949	153,400	159,607
4 Commercial	279,889	302,055[r]	351,287	323,427	336,697	351,287	361,018	375,346
5 Farm	101,727	106,713[r]	109,567	107,968	109,012	109,567	110,058	110,941
6 Major financial institutions	1,040,827	1,023,611[r]	1,109,963	1,048,688	1,079,605	1,109,963	1,136,168	1,180,558
7 Commercial banks[1]	284,536	300,203	328,878	310,217	320,299	328,878	338,877	351,246
8 1- to 4-family	170,013	173,157	181,672	174,032	178,054	181,672	184,925	190,727
9 Multifamily	15,132	16,421	18,023	16,876	17,424	18,023	19,689	20,548
10 Commercial	91,026	102,219	119,843	110,437	115,692	119,843	124,571	129,961
11 Farm	8,365	8,406	9,340	8,872	9,129	9,340	9,692	10,010
12 Mutual savings banks	99,997	97,805	136,054	119,236	129,645	136,054	143,180	148,756
13 1- to 4-family	68,187	66,777	96,569	84,349	92,467	96,569	101,868	105,836
14 Multifamily	15,960	15,305	17,785	16,667	17,588	17,785	18,441	19,077
15 Commercial	15,810	15,694	21,671	18,192	19,562	21,671	22,841	23,813
16 Farm	40	29	29	28	28	29	30	30
17 Savings and loan associations	518,547	483,614	493,432	474,510	482,305	493,432	502,143	526,838
18 1- to 4-family	433,142	393,323	389,811	377,947	381,744	389,811	395,940	413,304
19 Multifamily	37,699	38,979	42,435	39,954	41,334	42,435	43,435	45,835
20 Commercial	47,706	51,312	61,186	56,609	59,227	61,186	62,768	67,699
21 Life insurance companies	137,747	141,989[r]	151,599	144,725	147,356	151,599	151,968	153,718
22 1- to 4-family	17,201	16,751[r]	15,385	15,860	15,534	15,385	14,971	14,982
23 Multifamily	19,283	18,856[r]	19,189	18,778	18,857	19,189	19,153	19,312
24 Commercial	88,163	93,547[r]	104,279	97,416	100,209	104,279	105,270	106,774
25 Farm	13,100	12,835[r]	12,746	12,671	12,756	12,746	12,574	12,650
26 Federal and related agencies	126,094	138,138	147,370	142,094	142,224	147,370	150,784	153,389
27 Government National Mortgage Association	4,765	4,227	3,395	3,643	3,475	3,395	2,900	3,050
28 1- to 4-family	693	676	630	651	639	630	618	633
29 Multifamily	4,072	3,551	2,765	2,992	2,836	2,765	2,282	2,417
30 Farmers Home Administration	2,235	1,786	2,141	1,605	600	2,141	2,094	1,844
31 1- to 4-family	914	783	1,159	381	211	1,159	1,005	885
32 Multifamily	473	218	173	555	32	173	303	267
33 Commercial	506	377	409	248	113	409	319	281
34 Farm	342	408	400	421	244	400	467	411
35 Federal Housing and Veterans Administration	5,999	5,228	4,894	5,084	5,050	4,894	4,832	4,771
36 1- to 4-family	2,289	1,980	1,893	1,911	2,061	1,893	1,956	1,846
37 Multifamily	3,710	3,248	3,001	3,173	2,989	3,001	2,876	2,925
38 Federal National Mortgage Association	61,412	71,814	78,256	74,669	75,174	78,256	80,975	83,243
39 1- to 4-family	55,986	66,500	73,045	69,396	69,938	73,045	75,770	77,633
40 Multifamily	5,426	5,314	5,211	5,273	5,236	5,211	5,205	5,610
41 Federal Land Banks	46,446	50,350	51,052	50,858	51,069	51,052	51,004	51,107
42 1- to 4-family	2,788	3,068	3,000	3,030	3,008	3,000	2,982	2,966
43 Farm	43,658	47,282	48,052	47,828	48,061	48,052	48,022	48,141
44 Federal Home Loan Mortgage Corporation	5,237	4,733	7,632	6,235	6,856	7,632	8,979	9,374
45 1- to 4-family	5,181	4,686	7,559	6,119	6,799	7,559	8,847	9,188
46 Multifamily	56	47	73	116	57	73	132	186
47 Mortgage pools or trusts[2]	163,000	216,654	285,073	252,665	272,611	285,073	296,481	304,468
48 Government National Mortgage Association	105,790	118,940	159,850	139,276	151,597	159,850	166,261	170,693
49 1- to 4-family	103,007	115,831	155,801	135,628	147,761	155,801	161,943	166,260
50 Multifamily	2,783	3,109	4,049	3,648	3,836	4,049	4,318	4,433
51 Federal Home Loan Mortgage Corporation	19,853	42,964	57,895	50,934	54,152	57,895	59,376	61,169
52 1- to 4-family	19,501	42,560	57,273	50,446	53,539	57,273	58,776	60,119
53 Multifamily	352	404	622	488	613	622	600	1,050
54 Federal National Mortgage Association[3]	717	14,450	25,121	20,933	23,819	25,121	28,354	29,256
55 1- to 4-family	717	14,450	25,121	20,933	23,819	25,121	28,354	29,256
56 Farmers Home Administration	36,640	40,300	42,207	41,522	43,043	42,207	42,490	43,350
57 1- to 4-family	18,378	20,005	20,404	20,728	21,083	20,404	20,573	20,989
58 Multifamily	3,426	4,344	5,090	4,343	5,042	5,090	5,081	5,184
59 Commercial	6,161	7,011	7,351	7,303	7,542	7,351	7,456	7,607
60 Farm	8,675	8,940	9,362	9,148	9,376	9,362	9,380	9,570
61 Individual and others[4]	253,343	276,633	283,989	279,605	280,677	283,989	285,197	288,658
62 1- to 4-family[5]	167,297	185,170	185,270	185,515	185,699	185,270	185,626	186,555
63 Multifamily	27,982	30,755	32,533	31,868	31,208	32,533	31,885	32,763
64 Commercial	30,517	31,895	36,548	33,222	34,352	36,548	37,793	39,211
65 Farm	27,547	28,813	29,638	29,000	29,418	29,638	29,893	30,129

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 Outstanding balances on FNMA's issues of securities backed by pools of conventional mortgages held in trust. Implemented by FNMA in October 1981

4 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 for which separate data are not readily available

5 Includes estimate of residential mortgage credit provided by individuals

NOTE Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units

1.55 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change▲

Millions of dollars

Holder, and type of credit	1980	1981	1982	1983 Nov	1983 Dec	1984 Jan.	1984 Feb	1984 Mar	1984 Apr	1984 May	1984 June
	Amounts outstanding (end of period)										
1 **Total**	**314,910**	**335,691**	**355,849**	**384,410**	**396,082**	**394,922**	**399,177**	**402,466**	**407,671**	**418,080**	**427,565**
By major holder											
2 Commercial banks	147,013	147,622	152,490	165,670	171,978	171,934	175,941	177,625	181,022	186,668	191,519
3 Finance companies	76,756	89,818	98,693	102,560	102,862	101,680	101,702	101,619	101,119	102,967	104,460
4 Credit unions	44,041	45,953	47,253	52,578	53,471	53,882	54,851	55,892	56,962	58,517	59,893
5 Retailers[2]	28,697	31,348	32,735	32,371	35,911	34,505	33,455	33,208	33,327	33,730	34,206
6 Savings and loans	9,911	12,410	15,823	21,023	21,615	21,823	22,269	23,071	23,957	24,915	25,837
7 Gasoline companies	4,468	4,403	4,063	4,157	4,131	4,300	4,025	3,944	3,955	4,020	4,289
8 Mutual savings banks	4,024	4,137	4,792	6,051	6,114	6,798	6,934	7,107	7,329	7,263	7,361
By major type of credit											
9 Automobile	116,838	125,331	131,086	141,107	142,449	143,186	146,047	146,047	147,944	152,225	155,937
10 Commercial banks	61,536	58,081	59,555	65,917	67,557	68,747	71,327	71,237	73,016	75,787	78,018
11 Indirect paper	35,233	34,375	34,755	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
12 Direct loans	26,303	23,706	23,472	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
13 Credit unions	21,060	21,975	22,596	25,147	25,574	25,771	26,234	26,732	27,244	27,988	49,273
14 Finance companies	34,242	45,275	48,935	50,043	49,318	48,668	48,486	48,078	47,684	48,450	28,646
15 Revolving	58,506	64,500	69,998	74,032	80,823	78,566	77,671	79,110	80,184	82,436	84,598
16 Commercial banks	29,765	32,880	36,666	40,774	44,184	43,118	43,506	45,235	46,149	47,936	49,374
17 Retailers	24,273	27,217	29,269	29,101	32,508	31,148	30,140	29,931	30,080	30,480	30,935
18 Gasoline companies	4,468	4,403	4,063	4,157	4,131	4,300	4,025	3,944	3,955	4,020	4,289
19 Mobile home	17,321	17,958	22,254	23,492	23,680	23,668	23,571	23,661	23,850	24,104	24,427
20 Commercial banks	10,371	10,187	9,605	9,871	9,842	9,829	9,663	9,589	9,580	9,573	9,621
21 Finance companies	3,745	4,494	9,003	9,270	9,365	9,345	9,324	9,333	9,361	9,434	9,528
22 Savings and loans	2,737	2,788	3,143	3,793	3,906	3,923	4,003	4,147	4,306	4,478	4,644
23 Credit unions	469	489	503	558	567	571	581	592	603	619	634
24 Other	122,244	127,903	132,511	145,779	149,130	149,502	151,888	153,648	155,693	159,315	162,603
25 Commercial banks	45,341	46,474	46,664	49,108	50,395	50,240	51,445	51,564	52,277	53,372	54,506
26 Finance companies	38,769	40,049	40,755	43,247	44,179	43,667	43,892	44,208	44,074	45,083	45,659
27 Credit unions	22,512	23,490	24,154	26,873	27,330	27,540	28,036	28,568	29,115	29,910	30,613
28 Retailers	4,424	4,131	3,466	3,270	3,403	3,357	3,315	3,277	3,247	3,250	3,271
29 Savings and loans	7,174	9,622	12,680	17,230	17,709	17,900	18,266	18,924	19,651	20,437	21,193
30 Mutual savings banks	4,024	4,137	4,792	6,051	6,114	6,798	6,934	7,107	7,329	7,263	7,361
	Net change (during period)[4]										
31 **Total**	**1,448**	**18,217**	**13,096**	**4,819**	**5,782**	**4,469**	**6,608**	**5,870**	**6,408**	**10,233**	**7,825**
By major holder											
32 Commercial banks	-7,163	607	4,442	2,832	3,977	2,029	4,914	3,422	4,025	6,065	3,835
33 Finance companies	8,438	13,062	4,504	-40	-146	-66	258	-193	-350	1,304	1,353
34 Credit unions	-2,475	1,913	1,298	912	731	916	712	1,230	1,529	1,453	962
35 Retailers[2]	329	1,103	651	318	537	422	325	355	278	476	471
36 Savings and loans	1,485	1,682	2,290	584	589	364	414	813	868	979	1,069
37 Gasoline companies	739	-65	-340	58	-31	72	-172	2	2	46	89
38 Mutual savings banks	95	-85	251	155	126	731	156	242	66	-90	46
By major type of credit											
39 Automobile	477	8,495	4,898	1,268	1,468	2,106	2,799	326	2,158	3,689	2,897
40 Commercial banks	-5,830	-3,455	-9	1,257	1,568	1,722	2,635	432	1,766	2,807	1,907
41 Indirect paper	-3,104	-858	225	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
42 Direct loans	-2,726	-2,597	-234	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
43 Credit unions	-1,184	914	622	436	349	428	276	660	734	695	461
44 Finance companies	7,491	11,033	3,505	-425	-449	-44	-112	-766	-342	187	529
45 Revolving	1,415	4,467	4,365	1,427	1,690	505	1,273	2,962	1,868	2,817	1,569
46 Commercial banks	-97	3,115	3,808	1,040	1,207	18	1,127	2,613	1,568	2,298	1,047
47 Retailers	773	1,417	897	329	515	414	318	347	298	473	433
48 Gasoline companies	739	-65	-340	58	-31	72	-172	2	2	46	89
49 Mobile home	483	1,049	609	-64	1	-92	-127	285	285	302	454
50 Commercial banks	-276	-186	-508	-4	39	-15	-112	-85	27	-50	10
51 Finance companies	355	749	471	-164	-166	-104	-93	218	110	156	258
52 Savings and loans	430	466	633	94	120	18	68	141	132	183	174
53 Credit unions	-25	20	14	10	9	9	10	10	16	13	12
54 Other	-927	4,206	3,224	2,188	2,623	1,950	2,662	2,298	2,097	3,425	2,905
55 Commercial banks	-960	1,133	372	539	1,163	304	1,264	463	653	1,010	871
56 Finance companies	592	1,280	528	549	469	82	463	355	-118	961	566
57 Credit unions	-1,266	975	662	466	374	479	426	558	780	745	489
58 Retailers	-444	-314	-246	-11	22	8	7	8	-20	3	38
59 Savings and loans	1,056	1,217	1,657	490	469	346	346	673	735	796	895
60 Mutual savings banks	95	-85	251	155	126	731	156	242	66	-90	46

▲ These data have been revised from July 1979 through February 1984.

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.

2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

3. Not reported after December 1982.

4. For 1982 and earlier, net change equals extensions, seasonally adjusted less liquidations, seasonally adjusted. Beginning 1983, net change equals outstandings, seasonally adjusted less outstandings of the previous period, seasonally adjusted.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted, $80.7 billion at the end of 1981, $85.9 billion at the end of 1982, and $96.9 billion at the end of 1983.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1981	1982	1983	1983	1984					
				Dec.	Jan	Feb	Mar	Apr	May	June
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	16.54	16.83	13.92	...	...	13.32	...	...	13.53	...
2 24-month personal	18.09	18.65	16.68	...	...	16.16	...	...	16.35	...
3 120-month mobile home[2]	17.45	18.05	15.91	...	...	15.45	...	...	15.54	...
4 Credit card	17.78	18.51	18.73	...	...	18.73	...	...	18.71	...
Auto finance companies										
5 New car	16.17	16.15	12.58	13.92	14.18	14.11	14.05	14.06	14.17	14.33
6 Used car	20.00	20.75	18.74	18.06	17.54	17.59	17.52	17.59	17.60	17.64
OTHER TERMS[3]										
Maturity (months)										
7 New car	45.4	46.0	45.9	46.3	46.3	46.4	46.7	47.1	47.7	48.2
8 Used car	35.8	34.0	37.9	37.9	39.5	39.4	39.4	39.5	39.7	39.8
Loan-to-value ratio										
9 New car	86.1	85.3	86.0	87	88	87	87	88	88	88
10 Used car	91.8	90.3	92.0	92	92	91	92	92	92	92
Amount financed (dollars)										
11 New car	7,339	8,178	8,787	9,167	9,099	9,072	9,139	9,190	9,262	9,311
12 Used car	4,343	4,746	5,033	5,401	5,392	5,418	5,474	5,547	5,675	5,774

1. Data for midmonth of quarter only
2. Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months
3. At auto finance companies

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-yearly data are at seasonally adjusted annual rates

Transaction category, sector	1978	1979	1980	1981	1982	1983	1981 H1	1981 H2	1982 H1	1982 H2	1983 H1	1983 H2
	Nonfinancial sectors											
1 Total net borrowing by domestic nonfinancial sectors	**369.8**	**386.0**	**343.2**	**377.2**	**395.3**	**523.3**	**392.4**	**362.0**	**356.8**	**434.8**	**504.7**	**541.9**
By sector and instrument												
2 U.S. government	53.7	37.4	79.2	87.4	161.3	186.6	87.8	86.9	106.9	215.5	231.3	141.8
3 Treasury securities	55.1	38.8	79.8	87.8	162.1	186.7	88.3	87.3	108.3	215.9	231.4	141.9
4 Agency issues and mortgages	1.4	-1.4	.6	.5	.9	.1	.5	.4	1.4	.4	.1	.1
5 Private domestic nonfinancial sectors	316.2	348.6	264.0	289.8	234.1	336.8	304.6	275.1	249.9	219.3	273.4	400.1
6 Debt capital instruments	199.7	211.2	192.0	158.4	152.4	237.6	179.3	137.5	139.7	166.1	221.7	253.5
7 Tax-exempt obligations	28.4	30.3	30.3	21.9	50.5	52.0	21.1	22.6	41.7	59.4	60.3	43.8
8 Corporate bonds	21.1	17.3	26.7	22.1	18.8	14.9	26.1	18.0	10.8	26.9	21.1	8.6
9 Mortgages	150.2	163.6	135.1	114.5	83.0	170.7	132.0	96.9	87.3	79.9	140.3	201.1
10 Home mortgages	112.2	120.0	96.7	75.9	56.6	110.9	92.6	59.2	55.8	58.6	92.9	128.9
11 Multifamily residential	9.2	7.8	8.8	4.3	1.3	8.9	4.9	3.7	4.2	1.7	6.3	11.6
12 Commercial	21.7	23.9	20.2	24.6	20.0	48.0	25.2	23.9	21.4	18.6	40.1	55.8
13 Farm	7.2	11.8	9.3	9.7	5.2	2.9	9.3	10.1	5.9	4.4	1.0	4.7
14 Other debt instruments	116.5	137.5	72.0	131.5	81.6	99.2	125.3	137.6	110.1	53.2	51.7	146.7
15 Consumer credit	48.8	45.4	4.9	24.1	18.3	51.3	28.9	19.3	19.3	17.4	35.9	66.6
16 Bank loans n.e.c.	37.4	51.2	36.7	54.7	54.4	26.1	45.5	63.9	70.1	38.8	17.3	34.9
17 Open market paper	5.2	11.1	5.7	19.2	-3.3	1.2	12.0	26.3	6.5	13.0	-16.3	14.0
18 Other	25.1	29.7	24.8	33.4	12.2	23.0	38.9	28.0	14.3	10.2	14.9	31.1
19 By borrowing sector	316.2	348.6	264.0	289.8	234.1	336.8	304.6	275.1	249.9	219.3	273.4	400.1
20 State and local governments	19.1	20.5	20.3	9.7	36.3	43.7	9.1	10.2	29.3	43.3	50.7	36.7
21 Households	169.4	176.4	117.5	120.6	86.3	166.7	139.8	101.3	87.6	86.1	134.5	199.0
22 Farm	14.6	21.4	14.4	16.3	9.0	3.8	20.1	12.5	9.0	9.1	.4	7.9
23 Nonfarm noncorporate	32.4	34.4	33.7	39.6	29.8	65.0	39.8	39.5	34.6	24.9	51.4	78.7
24 Corporate	80.6	96.0	78.1	103.7	72.7	57.5	95.8	111.5	89.3	56.0	37.2	77.9
25 Foreign net borrowing in United States	33.8	20.2	27.2	27.2	15.7	17.7	31.9	22.5	12.8	18.6	18.4	17.0
26 Bonds	4.2	3.9	.8	5.4	6.6	3.6	3.3	7.6	2.4	10.8	4.4	2.9
27 Bank loans n.e.c.	19.1	2.3	11.5	3.7	6.2	3.8	3.1	4.2	5.1	7.2	14.6	7.0
28 Open market paper	6.6	11.2	10.1	13.9	10.7	6.0	20.6	7.1	12.5	9.0	4.6	16.5
29 U.S. government loans	3.9	2.9	4.7	4.2	4.5	4.3	4.9	3.5	3.0	6.0	4.0	4.6
30 Total domestic plus foreign	**403.6**	**406.2**	**370.4**	**404.4**	**411.0**	**541.0**	**424.4**	**384.5**	**369.6**	**453.4**	**523.1**	**558.9**
	Financial sectors											
31 Total net borrowing by financial sectors	**74.6**	**82.5**	**63.3**	**85.4**	**69.3**	**89.8**	**87.4**	**83.4**	**89.8**	**48.7**	**75.2**	**104.4**
By instrument												
32 U.S. government related	37.1	47.9	44.8	47.4	64.9	67.7	45.2	49.6	61.3	68.4	68.0	67.5
33 Sponsored credit agency securities	23.1	24.3	24.4	30.5	14.9	1.4	28.9	32.1	23.6	6.3	2.4	5.3
34 Mortgage pool securities	13.6	23.1	19.2	15.0	49.5	66.3	14.9	15.1	37.0	62.1	70.4	62.3
35 Loans from U.S. government	.4	.6	1.2	1.9	.4		1.4	2.4	.8			
36 Private financial sectors	37.5	34.6	18.5	38.0	4.4	22.0	42.2	33.8	28.5	19.7	7.2	36.9
37 Corporate bonds	7.5	7.8	7.1	.8	2.3	17.1	.3	1.4	1.2	5.8	15.4	18.8
38 Mortgages	.1	*	.1	.5	.1	*	.8	.2	.1	.1	*	*
39 Bank loans n.e.c.	2.8	.4	-.4	2.2	3.2	-1.0	3.2	1.1	5.2	1.2	-4.7	2.6
40 Open market paper	14.6	18.0	4.8	20.9	2.0	13.0	23.5	18.4	14.0	18.0	9.3	16.6
41 Loans from Federal Home Loan Banks	12.5	9.2	7.1	16.2	.8	7.0	16.7	15.8	10.4	8.8	12.9	1.2
By sector												
42 Sponsored credit agencies	23.5	24.8	25.6	32.4	15.3	1.4	30.3	34.5	24.4	6.3	-2.4	5.3
43 Mortgage pools	13.6	23.1	19.2	15.0	49.5	66.3	14.9	15.1	37.0	62.1	70.4	62.3
44 Private financial sectors	37.5	34.6	18.5	38.0	4.4	22.0	42.2	33.8	28.5	-19.7	7.2	36.9
45 Commercial banks	1.3	1.6	.5	.4	1.2	.5	.2	.5	.7	1.7	.8	.2
46 Bank affiliates	7.2	6.5	6.9	8.3	1.9	8.6	6.9	9.7	9.7	5.8	6.1	11.1
47 Savings and loan associations	13.5	12.6	7.4	15.5	3.0	4.2	16.8	14.1	9.1	15.2	12.8	4.4
48 Finance companies	18.1	16.6	6.3	14.1	4.9	17.7	18.5	9.7	9.5	.2	13.7	21.7
49 REITs	1.4	1.3	2.2	.2	.1	.2	.2	.2	.1	.1	.2	.2
	All sectors											
50 Total net borrowing	**478.2**	**488.7**	**433.7**	**489.8**	**480.3**	**630.8**	**511.8**	**467.9**	**459.4**	**502.1**	**598.3**	**663.3**
51 U.S. government securities	90.5	84.8	122.9	133.0	225.9	254.4	131.8	134.3	167.6	284.0	299.4	209.4
52 State and local obligations	28.4	30.3	30.3	21.9	50.5	52.0	21.1	22.6	41.7	59.4	60.3	43.8
53 Corporate and foreign bonds	32.8	29.0	34.6	26.7	27.7	35.6	29.1	24.2	12.0	43.5	40.8	30.3
54 Mortgages	150.2	163.5	134.9	113.9	83.0	170.6	131.1	96.6	87.3	79.8	140.2	201.0
55 Consumer credit	48.8	45.4	4.9	24.1	18.3	51.3	28.9	19.3	19.3	17.4	35.9	66.6
56 Bank loans n.e.c.	59.3	53.0	47.8	60.6	51.4	28.9	51.8	69.3	70.2	32.8	27.2	30.6
57 Open market paper	26.4	40.3	20.6	54.0	5.4	17.8	56.1	51.9	33.0	22.1	-11.5	47.1
58 Other loans	41.9	42.4	37.8	55.8	17.9	20.2	61.8	49.7	28.4	7.4	6.0	34.5
	External corporate equity funds raised in United States											
59 Total new share issues	**1.9**	**−3.8**	**22.2**	**−3.7**	**35.4**	**70.6**	**10.2**	**−17.7**	**23.7**	**47.0**	**87.2**	**54.1**
60 Mutual funds	.1	.1	5.2	6.8	18.6	34.1	8.1	5.6	13.2	24.0	39.0	29.3
61 All other	1.9	-3.9	17.1	-10.6	16.8	36.5	2.1	23.2	10.6	23.0	48.2	24.8
62 Nonfinancial corporations	.1	7.8	12.9	-11.5	11.4	28.3	.9	-23.8	7.0	15.8	38.2	18.4
63 Financial corporations	2.5	3.2	2.1	.9	4.1	4.3	.5	1.2	3.8	4.4	4.3	4.4
64 Foreign shares purchased in United States	.5	.8	2.1	*	1.3	3.9	.7	.7	-.2	2.9	5.7	2.1

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted, half-yearly data are at seasonally adjusted annual rates

Transaction category, or sector	1978	1979	1980	1981	1982	1983	1981		1982		1983	
							H1	H2	H1	H2	H1	H2
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**369.8**	**386.0**	**343.2**	**377.2**	**395.3**	**523.3**	**392.4**	**362.0**	**356.8**	**434.8**	**504.7**	**541.9**
By public agencies and foreign												
2 Total net advances	102.3	75.2	97.0	97.4	109.3	117.2	113.8	81.0	107.9	110.8	129.1	105.2
3 U.S. government securities	36.1	6.3	15.7	17.2	17.9	27.4	31.2	3.1	17.7	18.2	50.8	4.0
4 Residential mortgages	25.7	35.8	31.7	23.4	61.1	76.0	21.9	25.0	48.1	74.0	80.7	71.3
5 FHLB advances to savings and loans	12.5	9.2	7.1	16.2	.8	-7.0	16.7	15.8	10.4	8.8	12.9	1.2
6 Other loans and securities	28.0	36.5	42.4	40.6	29.5	20.8	44.1	37.1	31.7	27.4	10.5	31.2
Total advanced, by sector												
7 U.S. government	17.1	19.0	23.7	24.1	16.7	9.7	27.9	20.3	14.2	19.1	8.2	11.2
8 Sponsored credit agencies	40.3	53.0	45.6	48.2	65.3	68.8	47.2	49.2	62.5	68.1	69.1	68.4
9 Monetary authorities	7.0	7.7	4.5	9.2	9.8	10.9	2.4	16.0	.1	19.5	12.0	9.8
10 Foreign	38.0	-4.6	23.2	16.0	17.6	27.8	36.4	4.4	31.1	4.1	39.9	15.7
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	37.1	47.9	44.8	47.4	64.9	67.7	45.2	49.6	61.3	68.4	68.0	67.5
12 Foreign	33.8	20.2	27.2	27.2	15.7	17.7	31.9	22.5	12.8	18.6	18.4	17.0
Private domestic funds advanced												
13 Total net advances	338.4	379.0	318.2	354.4	366.6	491.6	355.7	353.1	323.0	411.0	461.9	521.2
14 U.S. government securities	54.3	91.1	107.2	115.9	207.9	227.0	100.6	131.1	149.9	265.8	248.6	205.4
15 State and local obligations	28.4	30.3	30.3	21.9	50.5	52.0	21.1	22.6	41.7	59.4	60.3	43.8
16 Corporate and foreign bonds	23.4	18.5	19.3	19.4	15.4	12.7	20.9	17.9	1.7	32.4	19.9	5.6
17 Residential mortgages	95.6	91.9	73.7	56.7	3.3	43.8	75.5	37.9	11.7	17.2	18.4	69.2
18 Other mortgages and loans	149.3	156.3	94.8	156.9	96.8	149.0	154.3	159.5	131.7	62.0	101.9	196.1
19 Less: Federal Home Loan Bank advances	12.5	9.2	7.1	16.2	.8	7.0	16.7	15.8	10.4	-8.8	12.9	-1.2
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	302.3	294.7	262.3	305.2	271.2	373.8	317.3	293.1	272.8	268.9	353.5	394.0
21 Commercial banking	129.0	123.1	101.1	103.6	108.5	132.7	99.6	107.6	109.7	107.1	130.0	135.5
22 Savings institutions	72.8	56.7	54.9	27.2	30.6	133.6	41.5	12.8	29.5	31.0	132.1	135.1
23 Insurance and pension funds	75.0	66.4	74.4	79.3	94.2	103.1	75.3	83.4	95.4	93.0	107.4	98.7
24 Other finance	25.5	48.5	32.0	95.2	37.9	4.4	101.0	89.4	38.1	37.8	-16.0	24.8
25 Sources of funds	302.3	294.7	262.3	305.2	271.2	373.8	317.3	293.1	272.8	268.9	353.5	394.0
26 Private domestic deposits and RPs	141.0	142.0	168.6	211.7	173.4	204.4	213.8	209.6	163.4	182.7	219.7	189.0
27 Credit market borrowing	37.5	34.6	18.5	38.0	4.4	22.0	42.2	33.8	28.5	19.7	7.2	36.9
28 Other sources	123.8	118.1	75.2	55.5	93.5	147.4	61.3	49.8	80.8	105.9	126.7	168.1
29 Foreign funds	6.5	27.6	-21.7	-8.7	-27.7	22.4	-8.7	-8.7	30.1	25.4	-18.0	62.9
30 Treasury balances	6.8	.4	2.6	1.1	6.1	-5.3	6.5	8.7	2.1	14.1	8.8	19.5
31 Insurance and pension reserves	62.2	49.1	65.4	73.2	85.9	89.8	62.7	83.8	85.4	86.4	93.1	86.6
32 Other, net	48.4	41.0	34.0	7.9	29.2	40.5	.8	16.7	27.6	30.7	42.8	38.1
Private domestic nonfinancial investors												
33 Direct lending in credit markets	73.6	118.9	74.4	87.2	99.7	139.8	80.6	93.8	78.7	122.4	115.6	164.0
34 U.S. government securities	36.3	61.4	38.3	47.4	58.1	89.6	37.2	57.6	43.1	72.7	88.9	90.2
35 State and local obligations	3.6	9.9	7.0	9.6	30.9	35.9	9.5	9.7	28.4	33.4	48.2	23.5
36 Corporate and foreign bonds	1.8	5.7	.6	-8.9	-9.4	-3.3	5.5	-12.4	26.3	7.4	19.2	12.6
37 Open market paper	15.6	12.1	4.3	3.7	-2.0	6.6	-3.3	10.7	6.7	10.7	-10.1	23.4
38 Other	19.9	29.8	32.9	35.4	22.1	11.0	42.7	28.2	26.8	19.6	7.7	14.3
39 Deposits and currency	152.2	151.4	180.0	221.7	179.4	222.5	222.6	220.7	166.2	192.1	239.9	205.0
40 Currency	9.3	7.9	10.3	9.5	8.4	13.6	8.0	11.0	4.5	12.3	14.1	13.2
41 Checkable deposits	16.2	18.7	5.0	18.1	13.0	21.0	29.8	6.5	6.7	19.1	55.4	-13.4
42 Small time and savings accounts	65.9	59.2	83.1	47.2	137.0	220.8	30.7	63.6	95.1	178.6	300.2	141.4
43 Money market fund shares	6.9	34.4	29.2	107.5	24.7	-44.1	104.1	110.8	39.4	10.0	-84.0	4.2
44 Large time deposits	44.4	23.0	44.7	36.4	5.2	1.9	41.6	31.2	21.2	-31.6	63.1	59.2
45 Security RPs	7.5	6.6	6.5	2.5	3.8	8.5	7.7	-2.6	1.1	6.6	11.0	6.0
46 Deposits in foreign countries	2.0	1.5	1.1	.5	-2.4	4.5	.8	.2	1.8	2.9	6.1	2.8
47 **Total of credit market instruments, deposits and currency**	**225.8**	**270.3**	**254.4**	**308.9**	**279.1**	**362.3**	**303.3**	**314.5**	**244.9**	**314.5**	**355.5**	**369.1**
48 Public holdings as percent of total	25.3	18.5	26.2	24.1	26.6	21.7	26.8	21.1	29.2	24.4	24.7	18.8
49 Private financial intermediation (in percent)	89.3	77.7	82.4	86.1	74.0	76.0	89.2	83.0	84.4	65.4	76.5	75.6
50 *Total foreign funds*	44.6	23.0	1.5	7.3	-10.2	50.2	27.8	13.1	1.0	21.3	21.9	78.6
MEMO: Corporate equities not included above												
51 **Total net issues**	**1.9**	**-3.8**	**22.2**	**-3.7**	**35.4**	**70.6**	**10.2**	**-17.7**	**23.7**	**47.0**	**87.2**	**54.1**
52 Mutual fund shares	-.1	.1	5.2	6.8	18.6	34.1	8.1	5.6	13.2	24.0	39.0	29.3
53 Other equities	1.9	3.9	17.1	10.6	16.8	36.5	2.1	23.2	10.6	23.0	48.2	24.8
54 Acquisitions by financial institutions	4.5	9.7	16.8	22.1	27.9	55.3	25.3	18.9	19.3	36.4	68.4	42.3
55 Other net purchases	-2.7	13.5	5.4	25.9	7.5	15.3	15.1	36.6	4.4	10.6	18.8	11.9

NOTES BY LINE NUMBER

1. Line 1 of table 1.58.
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.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
30. Demand deposits at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 12 less line 20 plus line 27.
34-38. Lines 14-18 less amounts acquired by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
51, 53. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types in flows and in 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	1981	1982	1983	1983 Nov.	1983 Dec.	1984 Jan.	1984 Feb	1984 Mar.	1984 Apr.[r]	1984 May[r]	1984 June[r]	1984 July
1 **Industrial production**	**151.0**	**138.6**	**147.6**	**155.3**	**156.2**	**158.5**	**160.0**	**160.8**	**162.1**	**162.7**	**164.1**	**165.6**
Market groupings												
2 Products, total	150.6	141.8	149.2	155.8	157.4	159.7	160.4	161.1	162.5	163.3	164.6	165.9
3 Final, total	149.5	141.5	147.1	153.2	155.2	157.5	158.0	158.6	160.2	161.1	162.7	164.0
4 Consumer goods	147.9	142.6	151.7	156.1	157.7	159.5	159.4	160.2	161.4	161.7	162.9	163.8
5 Equipment	151.5	139.8	140.8	149.1	151.8	154.9	156.1	156.4	158.5	160.4	162.4	164.4
6 Intermediate	154.4	143.3	156.6	165.5	165.4	167.8	169.0	170.2	171.0	171.4	171.8	172.7
7 Materials	151.6	133.7	145.2	154.5	154.5	156.6	159.4	160.4	161.5	161.9	163.3	165.1
Industry groupings												
8 Manufacturing	150.4	137.6	148.2	156.4	156.8	159.5	161.4	162.1	163.4	164.2	165.3	166.9
Capacity utilization (percent)[1]												
9 Manufacturing	79.4	71.1	75.2	78.8	78.9	80.1	80.9	81.0	81.5	81.6	82.0	82.6
10 Industrial materials industries	80.7	70.1	75.2	79.6	79.6	80.6	81.9	82.2	82.5	82.6	83.1	83.9
11 Construction contracts (1977 = 100)[2]	111.0	111.0	138.0	145.0	134.0	150.0	150.0	144.0	145.0	165.0	148.0	n.a.
12 Nonagricultural employment, total[3]	138.5	136.2	136.8	139.3	139.9	140.4	141.1	141.4	142.0	142.5	143.0	143.4
13 Goods-producing, total	109.4	102.6	101.5	103.2	103.8	104.6	105.4	105.5[r]	106.2	106.6	107.2	107.8
14 Manufacturing, total	103.7	96.9	96.0	97.8	98.4	99.0	99.6	100.1	100.4	100.6	101.0	101.5
15 Manufacturing, production-worker	98.0	89.4	88.7	91.2	91.9	92.5	93.1	93.6	94.0	94.1	94.4	95.1
16 Service-producing	154.4	154.6	156.1	159.1	159.6	160.0	160.7	161.1	161.6	162.2	162.6	163.0
17 Personal income, total	386.5	410.3[r]	435.6[r]	449.9[r]	454.0[r]	459.9[r]	464.0[r]	466.8[r]	471.3	473.1	476.9	
18 Wages and salary disbursements	349.7	367.4[r]	388.6[r]	401.0[r]	404.7[r]	409.3[r]	411.0[r]	413.3[r]	418.1	419.0	421.9	n.a.
19 Manufacturing	287.3	285.5[r]	294.7[r]	307.2[r]	310.4[r]	314.0[r]	317.1[r]	318.8[r]	322.0	321.8	323.2	
20 Disposable personal income[4]	372.6[r]	398.0[r]	427.1[r]	442.9[r]	446.9[r]	453.0[r]	457.1[r]	459.9[r]	464.5	466.2	469.7	
21 Retail sales[5]	330.6	326.0	373.0	389.3	391.4	407.3	403.0	396.9	410.8	413.6	415.7	411.9
Prices[6]												
22 Consumer	272.4	289.1	298.4	303.1	303.5	305.2	306.6	307.3	308.8	309.7	310.7	n.a.
23 Producer finished goods	269.8	280.7	285.2	286.8	287.2	289.5[r]	290.6	291.7	291.4	291.5	291.2	n.a.

1. Ratios of indexes of production to indexes of capacity Based on data from Federal Reserve, McGraw-Hill Economics Department, Department of Commerce, and other sources
2. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F W Dodge Division.
3. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces
4. Based on data in *Survey of Current Business* (U S. Department of Commerce)
5. Based on Bureau of Census data published in *Survey of Current Business*.
6. Data without seasonal adjustment, as published in *Monthly Labor Review*. Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor

NOTE Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business*

Figures for industrial production for the last two months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1983 Q3	1983 Q4	1984 Q1	1984 Q2[r]	1983 Q3	1983 Q4	1984 Q1	1984 Q2[r]	1983 Q3	1983 Q4	1984 Q1	1984 Q2[r]
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Total industry**	**151.8**	**155.5**	**159.8**	**163.0**	**196.4**	**197.3**	**198.4**	**199.7**	**77.3**	**78.8**	**80.5**	**81.6**
2 Mining	116.1	121.0	124.2	125.3	165.4	165.5	165.7	165.9	70.2	73.1	75.0	75.5
3 Utilities	178.2	178.4	179.2	183.4	211.1	212.4	213.8	215.3	84.4	84.0	83.8	85.2
4 **Manufacturing**	**152.8**	**156.5**	**161.0**	**164.3**	**197.5**	**198.4**	**199.5**	**201.0**	**77.4**	**78.9**	**80.7**	**81.7**
5 Primary processing	152.8	156.4	160.5	162.2	195.3	195.8	196.5	197.2	78.3	79.9	81.7	82.3
6 Advanced processing	152.8	156.1	161.7	165.2	198.6	199.7	201.0	203.0	76.9	78.2	80.3	81.4
7 **Materials**	**149.9**	**154.3**	**158.8**	**162.2**	**193.4**	**194.0**	**194.7**	**195.9**	**77.5**	**79.6**	**81.6**	**82.8**
8 Durable goods	144.2	150.3	157.6	161.8	196.0	196.5	197.1	198.3	73.6	76.5	79.9	81.6
9 Metal materials	89.3	93.8	97.3	100.0	139.8	139.6	139.1	138.5	63.9	67.2	70.0	72.2
10 Nondurable goods	179.1	183.5	183.7	186.9	219.6	220.6	221.8	223.4	81.5	83.2	82.8	83.6
11 Textile, paper, and chemical	188.0	193.2	193.2	196.4	231.6	232.7	234.2	236.2	81.2	83.0	82.5	83.1
12 Paper	162.8	167.4	165.8	166.7	166.9	167.7	168.5	169.5	97.5	99.8	98.4	98.3
13 Chemical	227.8	235.0	236.7	242.1	298.3	300.1	302.3	305.2	76.4	78.3	78.3	79.3
14 Energy materials	127.4	127.8	131.2	132.7	154.7	155.3	155.8	156.4	82.3	82.3	84.2	84.8

2.11 Continued

Series	Previous cycle[1] High	Previous cycle[1] Low	Latest cycle[2] High	Latest cycle[2] Low	1983 June[r]	1983 Nov	1983 Dec.	1984 Jan	1984 Feb.	1984 Mar	1984 Apr.[r]	1984 May[r]	1984 June[r]	1984 July
	Capacity utilization rate (percent)													
15 **Total industry**	**88.4**	**71.1**	**87.3**	**69.6**	**76.3**	**78.7**	**79.0**	**80.1**	**80.7**	**80.9**	**81.3**	**81.5**	**82.0**	**82.5**
16 Mining	91.8	86.0	88.5	69.6	69.5	73.2	74.7	75.4	74.9	74.7	74.3	75.6	76.6	78.2
17 Utilities	94.9	82.0	86.7	79.0	83.5	83.0	85.7	84.8	82.5	84.0	85.0	84.8	85.8	85.0
18 **Manufacturing**	**87.9**	**69.0**	**87.5**	**68.8**	**76.4**	**78.8**	**78.9**	**80.1**	**80.9**	**81.0**	**81.5**	**81.6**	**82.0**	**82.6**
19 Primary processing	93.7	68.2	91.4	66.2	77.1	80.0	79.2	80.6	82.2	82.2	82.2	82.3	82.2	83.0
20 Advanced processing	85.5	69.4	85.9	70.0	76.0	78.0	78.6	80.0	80.4	80.6	81.0	81.2	81.9	82.5
21 **Materials**	**92.6**	**69.3**	**88.9**	**66.6**	**76.5**	**79.6**	**79.6**	**80.6**	**81.9**	**82.2**	**82.5**	**82.6**	**83.1**	**83.9**
22 Durable goods	91.4	63.5	88.4	59.8	72.1	76.5	77.0	78.5	80.5	80.7	81.5	81.4	81.8	83.0
23 Metal materials	97.8	68.0	95.4	46.2	62.3	66.8	66.8	67.3	71.1	71.5	73.0	72.3	71.2	72.0
24 Nondurable goods	94.4	67.4	91.7	70.7	80.7	83.8	81.6	81.9	83.0	83.6	83.2	83.6	84.0	84.6
25 Textile, paper, and chemical	95.1	65.4	92.3	68.6	80.4	83.7	81.2	81.5	82.8	83.1	82.7	83.0	83.6	84.4
26 Paper	99.4	72.4	97.9	86.3	96.7	101.3	98.8	99.3	99.0	96.8	98.5	97.8	98.6	99.3
27 Chemical	95.5	64.2	91.3	64.0	75.9	79.0	76.2	76.7	78.6	79.5	78.9	79.1	80.0	80.9
28 Energy materials	94.5	84.4	88.9	78.5	82.6	81.8	83.6	84.4	84.1	84.1	84.5	84.5	85.5	85.4

1. Monthly high 1973; monthly low 1975.

2. Monthly highs 1978 through 1980; monthly lows 1982

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1981	1982	1983	1983 Dec	1984 Jan.	1984 Feb	1984 Mar	1984 Apr.	1984 May	1984 June	1984 July
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**172,272**	**174,450**	**176,414**	**177,325**	**177,733**	**177,882**	**178,033**	**178,185**	**178,337**	**178,501**	**178,669**
2 Labor force (including Armed Forces)[1]	110,812	112,383	113,749	114,340	114,415	114,896	115,121	115,461	116,017	116,094	116,167
3 Civilian labor force	108,670	110,204	111,550	112,136	112,215	112,693	112,912	113,245	113,803	113,877	113,938
Employment											
4 Nonagricultural industries[2]	97,030	96,125	97,450	99,585	99,918	100,496	100,859	101,009	101,899	102,344	102,050
5 Agriculture	3,368	3,401	3,383	3,356	3,271	3,395	3,281	3,393	3,389	3,403	3,345
Unemployment											
6 Number	8,273	10,678	10,717	9,195	9,026	8,801	8,772	8,843	8,514	8,130	8,543
7 Rate (percent of civilian labor force)	7.6	9.7	9.6	8.2	8.0	7.8	7.8	7.8	7.5	7.1	7.5
8 Not in labor force	61,460	62,067	62,665	62,985	63,318	62,986	62,912	62,724	62,320	62,407	62,502
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**91,156**	**89,596**	**89,986**	**92,026**	**92,391**	**92,846**	**93,058**	**93,449**	**93,768**[r]	**94,076**[r]	**94,378**
10 Manufacturing	20,170	18,853	18,678	19,143	19,254	19,373	19,466	19,530	19,570[r]	19,639[r]	19,744
11 Mining	1,132	1,143	1,021	969	975	978	978	984	995[r]	1,002[r]	1,002
12 Contract construction	4,176	3,911	3,949	4,086	4,154	4,226	4,151	4,246	4,286[r]	4,348[r]	4,380
13 Transportation and public utilities	5,157	5,081	4,943	5,055	5,095	5,105	5,112	5,129	5,144[r]	5,151[r]	5,179
14 Trade	20,551	20,401	20,508	21,228	21,320	21,418	21,493	21,568	21,658[r]	21,735[r]	21,775
15 Finance	5,301	5,340	5,456	5,546	5,573	5,593	5,613	5,640	5,662[r]	5,676[r]	5,677
16 Service	20,547	19,064	19,685	20,130	20,162	20,278	20,378	20,449	20,549[r]	20,652[r]	20,692
17 Government	16,024	15,803	15,747	15,869	15,858	15,875	15,873	15,903	15,904[r]	15,873[r]	15,931

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. Department 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 March 1983 benchmark and only seasonally adjusted data are available at this time Based on data from *Employment and Earnings* (U.S. Department of Labor)

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted

Grouping	1967 proportion	1983 avg.	1983 July	1983 Aug.	1983 Sept	1983 Oct	1983 Nov	1983 Dec.	1984 Jan	1984 Feb.	1984 Mar	1984 Apr r	1984 May	1984 June p	1984 July e
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**147.6**	**149.7**	**151.8**	**153.8**	**155.0**	**155.3**	**156.2**	**158.5**	**160.0**	**160.8**	**162.1**	**162.7**	**164.1**	**165.6**
2 Products	60.71	149.2	150.9	153.2	154.9	155.6	155.8	157.4	159.7	160.4	161.1	162.5	163.3	164.6	165.9
3 Final products	47.82	147.1	149.0	150.7	152.1	152.7	153.2	155.2	157.5	158.0	158.6	160.2	161.1	162.7	164.0
4 Consumer goods	27.68	151.7	154.8	156.3	157.4	156.9	156.1	157.7	159.5	159.4	160.2	161.4	161.7	162.9	163.8
5 Equipment	20.14	140.8	141.0	143.1	144.9	147.0	149.1	151.8	154.9	156.1	156.4	158.5	160.4	162.4	164.4
6 Intermediate products	12.89	156.6	158.1	162.2	165.3	166.5	165.5	165.4	167.8	169.0	170.2	171.0	171.4	171.8	172.7
7 Materials	39.29	145.2	147.8	149.7	152.3	154.0	154.5	154.5	156.6	159.4	160.4	161.5	161.9	163.3	165.1
Consumer goods															
8 Durable consumer goods	7.89	147.5	152.9	154.2	157.4	156.7	155.9	158.6	163.4	162.5	163.1	162.2	161.4	162.9	165.5
9 Automotive products	2.83	158.2	167.0	168.1	172.9	171.3	171.5	178.4	184.5	182.1	184.1	180.9	179.8	182.9	185.7
10 Autos and utility vehicles	2.03	134.0	145.4	147.0	153.1	149.2	149.2	157.8	163.3	162.2	164.1	158.4	155.9	158.7	162.4
11 Autos	1.90	117.4	129.8	132.0	135.0	129.6	129.4	137.4	140.7	140.4	142.4	134.5	132.9	136.2	138.7
12 Auto parts and allied goods	.80	219.6	221.9	221.8	223.1	227.4	228.2	230.7	238.4	232.6	234.7	238.0	240.6	244.2	244.9
13 Home goods	5.06	141.4	144.9	146.4	148.7	148.4	147.2	147.5	151.5	151.5	151.3	151.7	151.0	151.7	154.2
14 Appliances, A/C, and TV	1.40	116.4	116.2	121.2	125.2	129.2	127.0	126.3	136.4	135.1	134.4	136.1	133.4	133.0	138.2
15 Appliances and TV	1.33	120.1	119.7	125.0	129.7	133.3	131.3	130.2	140.0	138.6	138.0	138.8	136.2	136.1	
16 Carpeting and furniture	1.07	178.1	187.3	187.5	186.3	185.5	182.7	184.0	183.1	178.7	180.2	181.0	180.1	181.0	
17 Miscellaneous home goods	2.59	139.9	143.0	143.2	145.9	143.6	143.4	143.9	146.7	149.1	148.5	148.0	148.6	149.7	151.0
18 Nondurable consumer goods	19.79	153.4	155.6	157.1	157.5	157.1	156.1	157.3	157.9	158.2	159.1	161.1	161.8	162.9	163.1
19 Clothing	4.29	...	...		.	...		.	...		.	.		...	
20 Consumer staples	15.50	163.7	166.1	168.0	168.0	167.2	165.4	166.0	166.5	166.9	168.0	170.2	171.4	173.1	173.0
21 Consumer foods and tobacco	8.33	153.5	156.6	156.3	154.9	156.0	154.5	155.4	156.5	156.8	157.6	160.4	161.3	.	...
22 Nonfood staples	7.17	175.4	177.2	181.6	183.2	180.3	178.1	178.3	178.2	178.7	180.1	181.6	183.2	186.3	186.2
23 Consumer chemical products	2.63	231.0	233.8	239.7	241.5	238.7	232.4	229.9	231.6	231.9	231.3	233.4	233.9	240.9	.
24 Consumer paper products	1.92	132.7	132.6	137.4	138.2	137.6	136.6	137.2	138.8	140.3	141.8	144.0	145.6	147.2	.
25 Consumer energy products	2.62	150.9	153.2	155.7	157.7	153.0	154.1	156.5	153.4	153.3	156.8	157.1	159.8	160.3	.
26 Residential utilities	1.45	173.4	173.2	179.9	182.8	174.5	175.8	185.2	180.0	172.8	177.7	177.4	181.1	.	
Equipment															
27 Business	12.63	153.3	153.3	156.6	158.8	161.3	164.1	167.3	170.7	171.9	172.1	173.5	176.5	179.6	181.8
28 Industrial	6.77	120.4	119.9	124.3	125.6	126.6	128.6	130.8	133.7	134.6	134.8	135.9	138.5	140.2	142.2
29 Building and mining	1.44	159.3	154.4	159.2	160.8	166.9	175.8	185.3	185.1	182.0	175.2	173.6	182.9	186.5	188.9
30 Manufacturing	3.85	107.1	108.9	113.3	115.0	114.6	114.3	115.1	119.7	120.9	124.2	126.2	127.4	128.6	130.5
31 Power	1.47	117.1	114.6	119.0	118.8	118.5	119.4	118.4	120.0	123.8	122.7	124.1	124.1	125.2	127.1
32 Commercial transit, farm	5.86	191.3	191.9	194.0	196.7	201.3	205.1	209.6	213.3	215.1	215.3	217.0	220.5	225.2	227.5
33 Commercial	3.26	273.2	276.0	277.4	281.2	288.1	292.5	298.9	303.2	305.9	306.9	309.6	315.5	322.0	324.9
34 Transit	1.93	95.2	92.0	95.9	97.6	100.0	103.2	106.0	110.1	110.1	109.2	108.9	109.7	113.1	114.5
35 Farm	.67	69.5	70.8	70.8	71.0	70.9	73.5	73.5	73.6	75.7	75.0	78.0	77.1	76.8	.....
36 Defense and space	7.51	119.9	120.4	120.2	121.8	122.9	124.0	125.7	128.3	129.5	130.1	133.2	133.2	133.4	135.1
Intermediate products															
37 Construction supplies	6.42	142.5	145.8	149.0	151.1	152.3	151.6	151.5	155.5	156.6	159.1	159.6	159.5	159.2	159.8
38 Business supplies	6.47	170.7	170.4	175.3	179.3	180.6	179.4	179.3	180.1	181.3	181.3	182.3	183.1	184.3	.....
39 Commercial energy products	1.14	184.3	185.2	186.9	190.2	187.0	187.6	188.0	192.1	191.6	187.0	190.0	190.9	191.7	..
Materials															
40 Durable goods materials	20.35	138.6	141.1	144.2	147.2	149.4	150.3	151.3	154.6	158.6	159.5	161.3	161.5	162.7	165.2
41 Durable consumer parts	4.58	113.6	115.6	119.9	123.1	124.9	125.0	127.9	131.6	133.1	133.0	133.2	132.6	133.7	135.9
42 Equipment parts	5.44	176.4	180.8	183.6	186.0	188.3	192.5	193.4	198.2	204.0	206.7	210.9	210.6	214.1	218.4
43 Durable materials n.e.c.	10.34	129.9	131.5	134.2	137.4	139.8	139.3	139.5	141.8	146.0	146.3	147.7	148.5	148.5	150.1
44 Basic metal materials	5.57	90.2	90.8	93.1	94.5	98.0	97.1	96.9	97.7	103.0	103.0	105.7	104.7	103.1	.....
45 Nondurable goods materials	10.47	174.5	177.0	178.0	183.4	185.3	184.8	180.3	181.2	184.1	185.9	185.7	186.7	188.2	190.0
46 Textile, paper, and chemical materials	7.62	182.6	186.1	186.4	192.0	195.4	194.7	189.6	190.5	193.9	195.3	195.0	196.1	198.2	200.5
47 Textile materials	1.85	116.2	119.0	121.5	123.1	124.0	121.9	121.3	119.9	119.9	120.6	118.9	121.2	120.4	
48 Paper materials	1.62	158.2	161.1	161.8	165.4	166.3	169.8	166.0	167.0	166.8	163.5	166.7	165.8	167.6	
49 Chemical materials	4.15	221.7	225.9	225.1	233.1	238.7	237.0	229.3	231.3	237.6	241.1	240.0	241.3	244.9	....
50 Containers, nondurable	1.70	167.9	166.5	170.6	179.1	175.9	176.6	173.0	173.5	173.0	176.0	175.7	176.1	175.8	
51 Nondurable materials n.e.c.	1.14	130.5	131.3	133.0	132.6	131.9	130.6	129.5	130.5	135.2	137.7	138.6	140.1	139.6	...
52 Energy materials	8.48	124.8	127.7	128.0	126.4	126.3	127.1	130.0	131.3	131.0	131.3	132.1	132.1	133.9	133.9
53 Primary energy	4.65	114.7	115.4	113.9	112.8	114.1	115.5	117.6	119.3	121.3	119.6	119.5	120.3	121.7	
54 Converted fuel materials	3.82	137.0	142.7	145.2	142.8	141.2	141.1	145.1	145.8	142.8	145.4	147.3	146.5	148.8	..
Supplementary groups															
55 Home goods and clothing	9.35	129.9	132.3	133.3	135.2	135.5	135.9	137.6	140.1	140.3	140.1	141.0	140.0	139.9	142.0
56 Energy, total	12.23	135.9	138.5	139.4	139.0	137.7	138.5	141.1	141.6	141.4	141.9	142.8	143.5	144.9	144.4
57 Products	3.76	161.0	162.9	165.2	167.5	163.3	164.3	166.0	165.1	164.9	166.0	167.1	169.3	169.8	...
58 Materials	8.48	124.8	127.7	128.0	126.4	126.3	127.1	130.0	131.3	131.0	131.3	132.1	132.1	133.9	133.9

2.13 Continued

Grouping	SIC code	1967 proportion	1983 avg	1983 July	Aug	Sept	Oct	Nov	Dec	1984 Jan	Feb	Mar	Apr.[r]	May	June[p]	July[e]
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities		12.05	142.9	143.8	146.0	146.5	145.8	147.2	151.5	151.4	148.9	150.4	151.3	152.4	154.5	155.3
2 Mining		6.36	116.6	115.0	116.1	117.1	118.3	121.1	123.7	124.8	124.1	123.8	123.3	125.4	127.1	129.9
3 Utilities		5.69	172.4	176.0	179.3	179.3	176.5	176.3	182.5	181.0	176.5	180.0	182.7	182.5	185.1	183.8
4 Electric		3.88	196.0	200.9	205.4	204.5	200.7	200.2	208.0	206.8	200.0	204.6	207.7	207.1	210.6	208.5
5 Manufacturing		87.95	148.2	150.6	152.8	155.1	156.2	156.4	156.8	159.5	161.4	162.1	163.4	164.2	165.3	166.9
6 Nondurable		35.97	168.1	170.6	172.9	174.6	175.6	174.8	173.9	175.2	177.2	177.6	179.1	179.7	181.1	181.8
7 Durable		51.98	134.5	136.8	138.8	141.6	142.8	143.6	145.0	148.6	150.5	151.4	152.6	153.4	154.4	156.7
Mining																
8 Metal	10	.51	80.9	82.5	80.9	78.7	81.0	84.6	82.3	89.4	97.4	100.0	98.5	98.5	98.3	
9 Coal	11.12	.69	136.3	139.9	141.2	140.5	142.7	144.8	145.2	151.5	163.2	164.0	151.4	153.4	161.0	177.0
10 Oil and gas extraction	13	4.40	116.6	113.9	114.7	116.3	117.3	119.8	123.4	123.1	119.6	118.2	118.8	120.9	121.8	122.9
11 Stone and earth minerals	14	.75	122.8	121.2	125.0	126.5	127.4	132.2	133.9	134.8	133.0	135.8	140.4	144.5	146.2	
Nondurable manufactures																
12 Foods	20	8.75	156.4	159.9	159.3	158.2	157.6	157.1	157.7	159.4	160.0	161.2	163.1	164.6		
13 Tobacco products	21	.67	112.1	112.9	117.1	112.7	109.1	109.5	112.3	116.4	110.9	111.8	113.3	112.8		
14 Textile mill products	22	2.68	140.8	146.7	147.4	148.7	148.7	145.8	145.0	143.9	142.3	143.5	140.0	140.5	141.1	
15 Apparel products	23	3.31	.													
16 Paper and products	26	3.21	164.3	165.1	168.6	170.4	171.5	172.1	170.1	172.3	176.6	173.8	172.4	170.9	173.0	173.7
17 Printing and publishing	27	4.72	152.5	152.0	157.8	161.7	162.7	162.0	161.7	163.4	164.8	165.2	166.3	167.5	168.3	168.9
18 Chemicals and products	28	7.74	215.0	218.3	220.3	224.1	228.4	225.6	221.1	221.5	224.8	225.0	228.3	227.9	232.2	
19 Petroleum products	29	1.79	120.3	124.3	123.2	125.1	123.6	125.4	114.4	118.8	127.6	127.0	126.8	127.9	127.6	125.0
20 Rubber and plastic products	30	2.24	291.9	296.1	306.9	310.9	310.8	309.1	314.4	317.2	318.5	323.8	328.0	334.1	335.9	
21 Leather and products	31	.86	61.9	62.3	64.4	64.2	64.0	63.2	66.0	61.4	63.9	63.9	63.5	60.8	63.3	
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	95.4	95.2	96.8	98.0	98.8	99.3	99.8	99.7	99.6	100.6	101.4	101.4	101.8	103.0
23 Lumber and products	24	1.64	137.2	141.3	141.6	142.3	141.7	141.0	143.8	146.0	145.6	149.3	151.2	146.3	147.4	
24 Furniture and fixtures	25	1.37	170.5	175.2	179.0	180.7	181.0	177.5	177.9	183.8	185.6	184.6	186.6	190.5	193.9	
25 Clay, glass, stone products	32	2.74	143.4	145.8	147.9	151.7	151.9	152.7	153.8	157.8	160.4	160.2	160.0	161.6	159.7	
26 Primary metals	33	6.57	85.4	85.5	87.5	90.6	95.3	92.2	90.4	93.2	98.4	97.5	99.3	98.3	95.9	97.4
27 Iron and steel	331.2	4.21	71.5	71.8	75.1	78.2	84.3	79.2	74.1	80.7	86.0	84.4	84.0	83.5	81.4	
28 Fabricated metal products	34	5.93	120.2	122.7	126.0	127.4	126.9	128.5	129.2	131.7	132.8	134.9	135.5	136.5	137.2	138.5
29 Nonelectrical machinery	35	9.15	150.6	154.2	157.3	158.3	159.2	161.8	164.3	169.5	170.9	171.9	174.9	178.8	182.2	183.0
30 Electrical machinery	36	8.05	185.5	188.3	189.2	195.8	198.4	200.1	201.5	206.2	209.9	212.0	214.6	214.4	215.8	222.0
31 Transportation equipment	37	9.27	117.8	119.7	121.1	124.7	125.5	127.3	130.8	134.9	135.2	135.8	134.5	135.0	137.1	139.4
32 Motor vehicles and parts	371	4.50	137.1	142.3	144.3	150.9	150.9	152.9	158.9	166.3	164.4	165.8	161.9	163.0	165.0	167.5
33 Aerospace and miscellaneous transportation equipment	372.9	4.77	99.6	98.5	99.2	100.0	101.6	103.2	104.3	105.3	107.7	107.5	108.8	108.6	110.9	113.0
34 Instruments	38	2.11	158.7	159.3	161.6	163.6	163.0	163.0	164.6	167.8	168.6	169.7	171.0	171.8	174.3	175.7
35 Miscellaneous manufactures	39	1.51	146.2	153.7	153.1	151.7	149.1	148.9	149.3	151.1	152.0	152.3	152.1	152.0	148.9	151.3
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
36 Products, total		**507.4**	**612.6**	**620.5**	**626.6**	**637.0**	**637.8**	**638.4**	**645.4**	**655.1**	**656.9**	**661.8**	**661.1**	**665.6**	**670.0**	**673.9**
37 Final		390.9	472.6	478.2	481.8	489.9	490.7	490.8	497.8	505.3	505.0	509.6	509.0	514.2	518.6	520.5
38 Consumer goods		277.5	328.7	333.7	336.7	341.6	340.2	338.3	341.9	345.3	345.3	347.7	347.8	349.8	351.1	352.3
39 Equipment		113.4	144.0	144.5	145.1	148.4	150.5	152.5	155.9	160.0	159.7	161.9	161.2	164.4	167.5	168.2
40 Intermediate		116.6	140.0	142.3	144.8	147.1	147.1	147.6	147.6	149.8	151.9	152.2	152.2	151.4	151.4	153.5

1. 1972 dollar value

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1981	1982	1983	1983				1984					
				Sept	Oct	Nov.	Dec	Jan	Feb.	Mar r	Apr r	May r	June
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	986	1,001	1,605	1,540	1,650	1,649	1,602	1,799	1,902	1,727	1,758	1,745	1,776
2 1-family	564	546	902	864	905	919	913	989	1,083	974	957	913	906
3 2-or-more-family	421	454	703	676	745	730	689	810	819	753	801	832	870
4 Started	1,084	1,062	1,703	1,679	1,672	1,730	1,694	1,980	2,262	1,662	2,015	1,805	1,900
5 1-family	705	663	1,068	1,038	1,017	1,074	1,021	1,301	1,463	1,071	1,196	1,151	1,068
6 2-or-more-family	379	400	636	641	655	656	673	679	799	591	819	654	832
7 Under construction, end of period[1]	682	720	1,003	991	994	1,011	1,020	1,032	1,033	1,065	1,095	1,108	
8 1-family	382	400	524	545	542	543	542	552	557	571	584	596	
9 2-or-more-family	301	320	479	446	452	468	478	480	477	494	511	513	
10 Completed	1,266	1,006	1,391	1,512	1,567	1,445	1,489	1,606	1,565	1,590	1,631	1,705	n.a.
11 1-family	818	631	924	1,006	1,028	994	986	1,014	1,034	1,031	965	1,069	
12 2-or-more-family	447	374	466	506	539	451	503	592	531	559	666	636	
13 Mobile homes shipped	241	240r	295	305	308	313	310	314	293	287	287	295	
Merchant builder activity in 1-family units													
14 Number sold	436	413	622	597	624	636	755	681	712	682	645	616	620
15 Number for sale, end of period[1]	278	255	303	299	301	304	300	302	303	320	329	335	341
Price (thousands of dollars)[2]													
Median													
16 Units sold	68.8	69.3	75.5	81.0	75.9	75.9	75.9	76.2	79.2	78.4	79.6	82.1	78.9
Average													
17 Units sold	83.1	83.8	89.9	97.8	89.5	91.4	91.7	92.2	94.4	97.7	96.2	103.6	100.0
EXISTING UNITS (1-family)													
18 Number sold	2,418	1,991	2,719	2,770	2,720	2,700	2,850	2,890	2,910	3,020	3,090	3,060	2,990
Price of units sold (thousands of dollars)[2]													
19 Median	66.1	67.7	69.8	69.9	69.8	70.4	69.9	71.3	71.8	72.2	72.5	73.1	74.2
20 Average	78.0	80.4	82.5	82.8	83.0	83.4	82.9	84.8	84.9	85.1	86.1	86.2	88.3
	Value of new construction[3] (millions of dollars)r												
CONSTRUCTION													
21 Total put in place	**239,112**	**230,068**	**262,167**	**281,725**	**267,930**	**267,017**	**263,867**	**280,897**	**300,355**	**309,744**	**305,262**	**311,304**	**310,631**
22 Private	185,761	179,090	211,369	229,616	219,164	217,444	213,272	229,972	248,104	254,958	250,696	255,800	253,607
23 Residential	86,564	74,808	111,727	128,573	118,605	113,455	109,706	121,931	137,403	141,087	133,694	134,235	131,176
24 Nonresidential, total	99,197	104,282	99,642	101,043	100,559	103,989	103,566	108,041	110,701	113,871	117,002	121,565	122,431
Buildings													
25 Industrial	17,031	17,346	12,863	12,617	10,363	11,632	12,208	12,872	13,969	14,363	13,734	15,092	15,006
26 Commercial	34,243	37,281	35,787	37,173	37,441	38,132	37,364	41,057	42,076	45,280	47,501	49,564	50,189
27 Other	9,543	10,507	11,660	12,144	12,243	12,028	11,854	12,742	12,999	13,190	13,384	13,899	13,713
28 Public utilities and other	38,380	39,148	39,332	39,109	40,512	42,197	42,140	41,370	41,657	41,038	42,383	43,010	43,523
29 Public	53,346	50,977	50,798	52,109	48,766	49,573	50,596	50,925	52,251	54,786	54,566	55,504	57,023
30 Military	1,966	2,205	2,544	2,630	2,590	3,064	2,898	2,608	2,474	2,872	3,020	2,867	2,961
31 Highway	13,599	13,428	14,225	15,092	14,397	14,059	14,666	14,240	14,993	16,205	16,734	16,899	16,954
32 Conservation and development	5,300	5,029	4,822	4,995	4,041	3,916	4,984	4,319	4,608	4,531	4,516	4,357	4,487
33 Other	32,481	30,315	29,207	29,392	27,738	28,534	28,048	29,758	30,176	31,178	30,296	31,381	32,621

1 Not at annual rates
2 Not seasonally adjusted
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods because of changes by the Bureau of the Census in its estimating techniques For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976

NOTE Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 16,000 jurisdictions beginning with 1978

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (at annual rate)				Change from 1 month earlier					Index level June 1984 (1967 = 100)[1]
	1983 June	1984 June	1983		1984		1984					
			Sept	Dec	Mar	June	Feb	Mar	Apr	May	June	
CONSUMER PRICES[2]												
1 **All items**	**2.6**	**4.2**	**4.5**	**4.0**	**5.0**	**3.3**	**.4**	**.2**	**.5**	**.2**	**.2**	**310.7**
2 Food	1.5	3.4	1.1	4.3	9.0	−.7	.7	.1	.0	−.3	.1	302.0
3 Energy items	2.1	.3	3.4	−1.7	1.4	.8	.2	.2	.7	.2	.7	428.5
4 All items less food and energy	3.0	5.1	5.9	4.9	5.1	4.7	.3	.4	.5	.3	.3	300.2
5 Commodities	4.1	4.7	6.8	4.6	3.4	3.7	.2	.4	.6	.2	.1	252.8
6 Services	2.0	5.4	5.2	5.3	5.9	5.3	.4	.4	.5	.4	.4	354.7
PRODUCER PRICES												
7 Finished goods	1.8	2.2	2.0	1.1	6.0	−.3	.4	.5	.0	.0	.0	291.2
8 Consumer foods	−.8	3.7	2.5	5.8	17.4	−8.9	.6	.8	−.6	−1.2	.6	270.8
9 Consumer energy	.2	−2.9	−1.3	−10.4	7.2	8.5	.3r	−1.0r	.7	1.5	−.2	768.5
10 Other consumer goods	3.2	2.5	2.7	1.5	4.7	1.1	.2r	.8r	.1	.1	.3	245.5
11 Capital equipment	2.7	2.6	2.1	1.8	4.3	2.2	.4r	.4r	.3	.2	.0	294.2
12 Intermediate materials[3]	.5	3.2	4.0	2.5	2.6	3.6	.3r	.4r	.1	.3	.5	326.5
13 Excluding energy	1.4	3.3	3.6	4.1	3.5	2.1	.3r	.5r	.1	.1	.3	304.1
Crude materials												
14 Foods	3.0	3.4	15.6	12.1	13.7	−22.1	−3.1r	4.3r	1.2	−2.7	−2.3	260.7
15 Energy	−.1	−.4	−1.7	−2.3	−1.3	3.8	.1	−.7r	.4	.4	.2	788.1
16 Other	6.6	9.1	16.6	2.4	−9.2	30.0	.8	.2	2.9	2.6	1.2	272.3

1. Not seasonally adjusted.
2. Figures for consumer prices are those for all urban consumers and reflect a rental equivalence measure of homeownership after 1982.
3. Excludes intermediate materials for food manufacturing and manufactured animal feeds.

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	1981[r]	1982[r]	1983[r]	1983[r] Q2	1983[r] Q3	1983[r] Q4	1984 Q1[r]	1984 Q2
GROSS NATIONAL PRODUCT								
1 **Total**	**2,957.8**	**3,069.2**	**3,304.8**	**3,267.0**	**3,346.6**	**3,431.7**	**3,553.3**	**3,646.4**
By source								
2 Personal consumption expenditures	1,849.1	1,984.9	2,155.9	2,141.6	2,181.4	2,230.2	2,276.5	2,326.7
3 Durable goods	235.4	245.1	279.8	276.1	284.1	299.8	310.9	318.7
4 Nondurable goods	730.7	757.5	801.7	796.9	811.7	823.0	841.3	857.8
5 Services	883.0	982.2	1,074.4	1,068.6	1,085.7	1,107.5	1,124.4	1,150.2
6 Gross private domestic investment	484.2	414.9	471.6	449.6	491.9	540.0	623.8	631.5
7 Fixed investment	458.1	441.0	485.1	469.0	496.2	527.3	550.0	577.7
8 Nonresidential	353.9	349.6	352.9	339.3	353.9	383.9	398.8	421.2
9 Structures	135.3	142.1	129.7	125.6	126.2	136.6	142.2	152.1
10 Producers' durable equipment	218.6	207.5	223.2	213.6	227.8	247.3	256.7	269.1
11 Residential structures	104.2	91.4	132.2	129.8	142.3	143.4	151.2	156.6
12 Nonfarm	99.8	86.6	127.6	125.3	137.7	138.7	146.4	151.4
13 Change in business inventories	26.0	−26.1	−13.5	−19.4	−4.3	12.7	73.8	53.8
14 Nonfarm	18.2	−24.0	−3.1	−5.4	11.6	14.1	60.6	51.2
15 Net exports of goods and services	28.0	19.0	−8.3	−6.5	−16.4	−29.8	−51.5	−58.0
16 Exports	369.9	348.4	336.2	328.1	342.0	346.1	358.9	371.4
17 Imports	341.9	329.4	344.4	334.5	358.4	375.9	410.4	429.4
18 Government purchases of goods and services	596.5	650.5	685.5	682.2	689.8	691.4	704.4	746.1
19 Federal	228.9	259.0	269.7	270.5	269.2	266.3	267.6	299.3
20 State and local	367.6	391.5	415.8	411.6	420.6	425.1	436.8	446.7
By major type of product								
21 Final sales, total	2,931.7	3,095.4	3,318.3	3,286.4	3,350.9	3,419.0	3,479.5	3,592.5
22 Goods	1,294.8	1,276.8	1,355.7	1,337.2	1,373.1	1,423.9	1,498.0	1,540.5
23 Durable	530.4	499.9	555.3	541.1	576.9	607.4	632.3	632.3
24 Nondurable	764.4	776.9	800.4	796.1	796.2	816.5	865.7	908.2
25 Services	1,373.0	1,510.8	1,639.3	1,627.2	1,654.5	1,681.3	1,713.7	1,745.6
26 Structures	289.9	281.7	309.8	302.6	319.0	326.5	341.6	360.2
27 Change in business inventories	26.0	−26.1	−13.5	−19.4	−4.3	12.7	73.8	53.8
28 Durable goods	7.3	−18.0	−2.1	−5.5	12.5	14.5	34.9	11.3
29 Nondurable goods	18.8	−8.1	−11.3	−13.9	−16.8	−1.7	38.9	42.5
30 MEMO: **Total GNP in 1972 dollars**	**1,512.2**	**1,480.0**	**1,534.7**	**1,524.8**	**1,550.2**	**1,572.7**	**1,610.9**	**1,640.2**
NATIONAL INCOME								
31 **Total**	**2,363.8**	**2,446.8**	**2,646.7**	**2,609.0**	**2,684.4**	**2,766.5**	**2,873.5**	**n.a.**
32 Compensation of employees	1,765.4	1,864.2	1,985.0	1,962.4	2,000.7	2,055.4	2,113.4	2,157.9
33 Wages and salaries	1,493.2	1,568.7	1,658.8	1,640.8	1,670.8	1,715.4	1,755.9	1,792.2
34 Government and government enterprises	284.6	306.6	328.2	325.0	330.6	335.0	342.9	347.5
35 Other	1,208.6	1,262.2	1,331.1	1,315.9	1,340.3	1,380.4	1,413.0	1,444.7
36 Supplement to wages and salaries	272.2	295.5	326.2	321.6	329.9	340.0	357.4	365.7
37 Employer contributions for social insurance	132.3	140.0	153.1	151.7	153.9	157.9	169.4	172.2
38 Other labor income	140.0	155.5	173.1	169.9	175.9	182.1	188.1	193.5
39 Proprietors' income[1]	125.1	111.1	121.7	116.9	123.3	131.9	154.9	152.9
40 Business and professional[1]	93.6	89.2	107.9	106.8	112.1	114.6	122.5	126.8
41 Farm[1]	31.5	21.8	13.8	10.1	11.2	17.3	32.5	26.1
42 Rental income of persons[2]	42.3	51.5	58.3	59.0	56.2	60.4	61.0	62.4
43 Corporate profits[1]	189.9	159.1	225.2	216.7	245.0	260.0	277.4	n.a.
44 Profits before tax[3]	221.2	165.5	203.2	198.2	227.4	225.5	243.3	n.a.
45 Inventory valuation adjustment	−23.6	−9.5	−11.2	−12.1	−19.3	−9.2	−13.5	−7.9
46 Capital consumption adjustment	−7.6	3.1	33.2	30.6	36.9	43.6	47.6	52.9
47 Net interest	241.0	260.9	256.6	254.2	259.2	258.9	266.8	280.6

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

SOURCE. *Survey of Current Business* (Department of Commerce).

2.17 PERSONAL INCOME AND SAVING

Billions of current dollars; quarterly data are at seasonally adjusted annual rates. Exceptions noted.

Account	1981[r]	1982[r]	1983[r]	1983[r]			1984	
				Q2	Q3	Q4	Q1[r]	Q2
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,429.5**	**2,584.6**	**2,744.2**	**2,714.4**	**2,763.3**	**2,836.5**	**2,920.5**	**2,984.8**
2 Wage and salary disbursements	1,493.1	1,568.7	1,659.2	1,642.1	1,671.3	1,715.4	1,755.7	1,792.0
3 Commodity-producing industries	509.3	509.3	519.3	511.4	523.5	539.0	555.9	567.2
4 Manufacturing	385.6	382.9	395.2	389.3	399.1	411.9	424.6	432.3
5 Distributive industries	361.6	378.6	398.6	395.4	399.7	413.2	419.2	428.6
6 Service industries	337.7	374.3	413.1	409.1	417.0	428.2	437.9	448.9
7 Government and government enterprises	284.6	306.6	328.2	326.2	331.0	335.0	342.8	347.3
8 Other labor income	140.0	155.5	173.1	169.9	175.9	182.1	188.1	193.5
9 Proprietors' income[1]	125.1	111.1	121.7	116.9	123.3	131.9	154.9	152.9
10 Business and professional[1]	93.6	89.2	107.9	106.8	112.1	114.6	122.5	126.8
11 Farm[1]	31.5	21.8	13.8	10.1	11.2	17.3	32.5	26.1
12 Rental income of persons[2]	42.3	51.5	58.3	59.0	56.2	60.4	61.0	62.4
13 Dividends	64.3	66.5	70.3	69.1	70.7	72.8	75.0	77.2
14 Personal interest income	331.8	366.6	376.3	368.8	382.3	388.2	403.9	422.6
15 Transfer payments	337.2	376.0	405.0	407.3	403.9	408.8	411.3	415.9
16 Old-age survivors, disability, and health insurance benefits	182.0	204.5	221.6	219.8	222.4	227.7	232.1	234.4
17 LESS: Personal contributions for social insurance	104.5	111.4	119.6	118.5	120.4	123.2	129.6	131.7
18 EQUALS: Personal income	2,429.5	2,584.6	2,744.2	2,714.4	2,763.3	2,836.5	2,920.5	2,984.8
19 LESS: Personal tax and nontax payments	387.7	404.1	404.2	411.6	395.8	407.9	418.3	427.2
20 EQUALS: *Disposable personal income*	2,041.7	2,180.5	2,340.1	2,302.9	2,367.4	2,428.6	2,502.2	2,557.6
21 LESS: Personal outlays	1,904.4	2,044.5	2,222.0	2,206.1	2,248.4	2,300.0	2,349.6	2,403.6
22 EQUALS: Personal saving	137.4	136.0	118.1	96.7	119.0	128.7	152.5	154.0
MEMO								
Per capita (1972 dollars)								
23 Gross national product	6,572.8	6,369.6	6,543.4	6,509.8	6,601.9	6,681.4	6,829.4	6,939.3
24 Personal consumption expenditures	4,131.4	4,145.9	4,302.8	4,295.8	4,325.2	4,386.0	4,426.5	4,491.8
25 Disposable personal income	4,561.0	4,555.0	4,670.0	4,619.0	4,694.0	4,776.0	4,865.0	4,937.0
26 Saving rate (percent)	6.7	6.2	5.0	4.2	5.0	5.3	6.1	6.0
GROSS SAVING								
27 **Gross saving**	**484.3**	**408.8**	**437.2**	**414.7**	**455.2**	**485.7**	**543.9**	**n.a.**
28 Gross private saving	509.9	524.0	571.7	538.1	588.6	615.0	651.3	n.a.
29 Personal saving	137.4	136.0	118.1	96.7	119.0	128.7	152.5	154.0
30 Undistributed corporate profits[1]	42.3	29.2	76.5	70.2	86.9	100.0	107.0	n.a.
31 Corporate inventory valuation adjustment	-23.6	-9.5	-11.2	-12.1	-19.3	-9.2	13.5	-7.9
Capital consumption allowances								
32 Corporate	202.6	221.8	231.2	228.2	233.4	236.4	239.9	243.9
33 Noncorporate	127.6	137.1	145.9	143.0	149.4	150.0	151.8	154.3
34 Wage accruals less disbursements	0	.0	.0	0	.0	0	0	n.a.
35 Government surplus, or deficit (-), national income and product accounts	-26.7	-115.2	-134.5	-123.4	-133.5	-129.3	107.4	n.a.
36 Federal	-64.3	-148.2	-178.6	167.3	-180.9	180.5	-161.3	n.a.
37 State and local	37.6	32.9	44.1	43.9	47.4	51.2	53.9	n.a.
38 Capital grants received by the United States, net	1.1	0	0	0	.0	0	0	0
39 **Gross investment**	490.0	408.3	437.7	418.7	450.3	480.9	546.1	548.0
40 Gross private domestic	484.2	414.9	471.6	449.6	491.9	540.0	623.8	631.5
41 Net foreign	5.8	6.6	-33.9	-30.9	-41.5	-59.1	-77.7	-83.5
42 **Statistical discrepancy**	5.6	5	.5	4.1	-4.8	4.8	2.2	2.2

1 With inventory valuation and capital consumption adjustments
2 With capital consumption adjustment

SOURCE: *Survey of Current Business* (Department of Commerce)

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1981	1982	1983	1983 Q1	1983 Q2	1983 Q3	1983 Q4	1984 Q1[p]
1 Balance on current account	6,294	−9,199	−41,563	−2,943	−9,560	−11,846	−17,213	−19,408
2 Not seasonally adjusted	...	...	...	−2,332	−8,769	−14,498	−15,964	−18,360
3 Merchandise trade balance[2]	−28,001	−36,469	−61,055	−9,277	−14,870	−17,501	−19,407	−25,641
4 Merchandise exports	237,085	211,198	200,257	49,246	48,745	50,437	51,829	54,164
5 Merchandise imports	−265,086	−247,667	−261,312	−58,523	−63,615	−67,938	−71,236	−79,805
6 Military transactions, net	−1,116	195	515	790	53	−55	−273	−284
7 Investment income, net[3]	34,053	27,802	23,508	5,238	5,978	7,172	5,119	7,619
8 Other service transactions, net	8,191	7,331	4,121	1,879	1,127	681	434	1,050
9 Remittances, pensions, and other transfers	−2,382	−2,635	−2,590	−599	−638	−665	−688	−723
10 U.S. government grants (excluding military)	−4,451	−5,423	−6,060	−974	−1,210	−1,478	−2,398	−1,429
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−5,107	−6,143	−5,013	−1,130	−1,251	−1,204	−1,429	−1,989
12 Change in U.S. official reserve assets (increase, −)	−5,175	−4,965	−1,196	−787	16	529	−953	−657
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−1,823	−1,371	−66	−98	−303	−209	545	−226
15 Reserve position in International Monetary Fund	−2,491	−2,552	−4,434	−2,139	−212	−88	−1,996	−200
16 Foreign currencies	−861	−1,041	3,304	1,450	531	826	498	−231
17 Change in U.S. private assets abroad (increase, −)[3]	−100,694	−107,790	−43,281	−22,447	175	−8,548	−12,461	−3,281
18 Bank-reported claims	−84,175	−111,070	−25,391	−18,175	3,894	−2,871	−8,239	−334
19 Nonbank-reported claims	−1,181	6,626	−5,333	−3,199	−230	−233	−1,671	n.a.
20 U.S. *purchase of foreign securities, net*	−5,714	−8,102	−7,676	−1,866	−3,257	−1,571	−983	244
21 U.S. direct investments abroad, net[3]	−9,624	4,756	−4,881	793	−232	−3,873	−1,568	−3,191
22 Change in foreign official assets in the United States (increase, +)	5,003	3,318	5,339	−252	1,739	−2,703	6,555	−2,859
23 U.S. Treasury securities	5,019	5,728	6,989	3,012	1,985	−611	2,603	−269
24 Other U.S. government obligations	1,289	−694	−487	−371	−170	−363	417	−36
25 Other U.S. government liabilities[4]	−300	382	199	−533	434	137	161	185
26 Other U.S. liabilities reported by U.S. banks	−3,670	−1,747	433	−1,978	316	−1,403	3,498	−2,140
27 Other foreign official assets[5]	2,665	−351	−1,795	−382	−826	−463	−124	−599
28 Change in foreign private assets in the United States (increase, +)[3]	76,310	91,863	76,383	16,139	10,714	22,281	27,249	14,662
29 U.S. bank-reported liabilities	42,128	65,922	49,059	10,244	1,698	14,792	22,325	9,763
30 U.S. nonbank-reported liabilities	917	−2,383	−1,318	−2,337	−64	1,311	−228	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	2,946	7,062	8,731	2,924	3,139	995	1,673	1,490
32 Foreign purchases of other U.S. securities, net	7,171	6,396	8,612	3,003	2,614	1,861	1,134	1,547
33 Foreign direct investments in the United States, net[3]	23,148	14,865	11,299	2,305	3,327	3,322	2,345	1,862
34 Allocation of SDRs	1,093	0	0	0	0	0	0	0
35 Discrepancy	22,275	32,916	9,331	11,420	−1,833	1,491	−1,748	13,532
36 Owing to seasonal adjustments	...		...	−579	439	−2,518	2,657	−172
37 Statistical discrepancy in recorded data before seasonal adjustment	22,275	32,916	9,331	11,999	−2,272	4,009	−4,405	13,704
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−5,175	−4,965	−1,196	−787	16	529	−953	−657
39 Foreign official assets in the United States (increase, +)	5,303	2,936	5,140	281	1,305	−2,840	6,394	−3,044
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	13,581	7,291	−8,639	−1,466	−3,482	−2,051	−1,640	−2,525
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	675	593	205	42	30	49	84	27

1. Seasonal factors are no longer calculated for lines 6, 10, 12–16, 18–20, 22–34, and 38–41.
2. Data are on an international accounts (IA) basis. Differs from the Census basis data, shown in table 3.11, for reasons of coverage and timing; military exports are excluded from merchandise data and are included in line 6.
3. Includes reinvested earnings.
4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
5. 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* (Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted

Item	1981	1982	1983	1983 Dec	1984 Jan	Feb	Mar	Apr	May	June
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	233,677	212,193	200,486	17,298	18,326	17,212	17,727	17,521	17,950	17,633
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	261,305	243,952	258,048	22,976	26,586	26,147	26,771	28,368	25,569	25,356
3 **Trade balance**	**−27,628**	**−31,759**	**−57,562**	**−5,678**	**−8,260**	**−8,935**	**−9,044**	**−10,846**	**−7,619**	**−7,723**

NOTE. The data through 1981 in this table are reported by the Bureau of Census data of a free-alongside-ship (f a s) value basis—that is, value at the port of export Beginning in 1981, foreign trade of the U S Virgin Islands is included in the Census basis trade data, this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis

The Census basis data differ from merchandise trade data shown in table 3 10, *U.S. International Transactions Summary, for reasons of coverage and timing*. On the *export side*, the largest adjustments are. (1) the addition of exports to Canada not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3 10, line 6) On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions, military payments are excluded and shown separately as indicated above

SOURCE FT900 "Summary of U S Export and Import Merchandise Trade" (Department of Commerce, Bureau of the Census)

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1981	1982	1983	1984 Jan	Feb	Mar	Apr	May	June	July
1 **Total**	**30,075**	**33,958**	**33,747**	**33,887**	**34,820**	**34,975**	**34,585**	**34,713**	**34,547**	**34,392**
2 Gold stock, including Exchange Stabilization Fund[1]	11,151	11,148	11,121	11,120	11,116	11,111	11,107	11,104	11,100	11,099
3 Special drawing rights[2,3]	4,095	5,250	5,025	5,050	5,320	5,341	5,266	5,513	5,459	5,453
4 Reserve position in International Monetary Fund[2]	5,055	7,348	11,312	11,422	11,707	11,706	11,618	11,666	11,659	11,735
5 Foreign currencies[4]	9,774	10,212	6,289	6,295	6,677	6,817	6,594	6,430	6,329	6,105

1 Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States see table 3 13 Gold stock is valued at $42 22 per fine troy ounce

2 Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used The U S SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3 Includes allocations by the International Monetary Fund of SDRs as follows $867 million on Jan 1, 1970, $717 million on Jan 1, 1971, $710 million on Jan 1, 1972, $1,139 million on Jan 1, 1979, $1,152 million on Jan. 1, 1980, and $1,093 million on Jan 1, 1981, plus transactions in SDRs

4 Valued at current market exchange rates

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1981	1982	1983	1984 Jan	Feb	Mar	Apr	May	June	July
1 Deposits	505	328	190	251	246	222	345	295	238	215
Assets held in custody										
2 U S Treasury securities[1]	104,680	112,544	117,670	117,076	119,499	116,768	117,808	114,562	117,143	115,760
3 Earmarked gold[2]	14,804	14,716	14,414	14,347	14,291	14,278	14,278	14,268	14,266	14,270

1 Marketable U.S. Treasury bills, notes, and bonds, and nonmarketable U S Treasury securities payable in dollars and in foreign currencies

2 Earmarked gold is valued at $42 22 per fine troy ounce

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

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1980	1981	1982	1983r		1984				
				Nov.	Dec	Jan.r	Feb r	Mar r	Apr	May p
					All foreign countries					
1 **Total, all currencies**	**401,135**	**462,847**	**469,712**	**464,207**	**476,539**	**457,936**	**465,498**	**480,629**	**474,103**	**484,881**
2 Claims on United States	28,460	63,743	91,805	109,714	115,065	112,237	112,778	121,813	120,834	125,659
3 Parent bank	20,202	43,267	61,666	75,724	81,113	77,697	79,429	86,379	85,150	88,863
4 Other	8,258	20,476	30,139	33,990	33,952	34,540	33,349	35,434	35,684	36,796
5 Claims on foreigners	354,960	378,954	358,493	335,959	342,609	326,312	332,383	338,726	333,187	338,633
6 Other branches of parent bank	77,019	87,821	91,168	89,457	92,718	85,985	85,754	90,703	92,842	95,095
7 Banks	146,448	150,763	133,752	114,557	117,593	107,633	110,848	114,200	107,048	112,199
8 Public borrowers	28,033	28,197	24,131	24,319	24,508	25,288	25,719	24,775	24,753	24,385
9 Nonbank foreigners	103,460	112,173	109,442	107,626	107,790	107,406	110,062	109,048	108,544	106,954
10 Other assets	17,715	20,150	19,414	18,534	18,865	19,387	20,337	20,090	20,082	20,589
11 **Total payable in U.S. dollars**	**291,798**	**350,735**	**361,982**	**358,581**	**370,958**	**349,408**	**350,306**	**364,591**	**358,606**	**371,620**
12 Claims on United States	27,191	62,142	90,085	107,223	112,959	110,139	110,543	119,436	118,355	123,284
13 Parent bank	19,896	42,721	61,010	74,202	80,018	76,550	78,200	85,067	83,729	87,683
14 Other	7,295	19,421	29,075	33,021	32,941	33,589	32,343	34,369	34,626	35,601
15 Claims on foreigners	255,391	276,937	259,871	240,925	247,327	228,647	229,241	235,215	229,872	237,487
16 Other branches of parent bank	58,541	69,398	73,537	71,460	75,207	68,113	66,792	70,940	70,100	75,503
17 Banks	117,342	122,110	106,447	90,155	93,257	82,551	84,230	87,764	82,702	86,138
18 Public borrowers	23,491	22,877	18,413	17,778	17,881	17,880	18,127	18,104	17,935	17,669
19 Nonbank foreigners	56,017	62,552	61,474	61,532	60,982	60,103	60,092	58,407	59,135	58,177
20 Other assets	9,216	11,656	12,026	10,433	10,672	10,622	10,522	9,940	10,379	10,849
					United Kingdom					
21 **Total, all currencies**	**144,717**	**157,229**	**161,067**	**155,964**	**158,732**	**155,096**	**157,972**	**161,007**	**161,109**	**159,059**
22 Claims on United States	7,509	11,823	27,354	32,352	34,433	36,603	36,646	38,072	38,428	36,148
23 Parent bank	5,275	7,885	23,017	26,872	29,111	30,728	30,875	32,201	32,855	30,266
24 Other	2,234	3,938	4,337	5,480	5,322	5,875	5,771	5,871	5,573	5,882
25 Claims on foreigners	131,142	138,888	127,734	118,275	119,280	113,316	116,055	118,200	117,713	117,808
26 Other branches of parent bank	34,760	41,367	37,000	35,642	36,565	33,871	33,296	34,617	38,571	36,804
27 Banks	58,741	56,315	50,767	42,683	43,352	40,119	42,300	43,804	39,779	42,084
28 Public borrowers	6,688	7,490	6,240	6,307	5,898	6,063	6,213	6,076	6,072	5,992
29 Nonbank foreigners	30,953	33,716	33,727	33,643	33,465	33,263	34,246	33,703	33,291	32,928
30 Other assets	6,066	6,518	5,979	5,337	5,019	5,177	5,271	4,735	4,968	5,103
31 **Total payable in U.S. dollars**	**99,699**	**115,188**	**123,740**	**121,744**	**126,012**	**121,195**	**121,944**	**124,501**	**123,174**	**122,215**
32 Claims on United States	7,116	11,246	26,761	31,671	33,756	35,886	35,934	37,282	37,598	35,210
33 Parent bank	5,229	7,721	22,756	26,537	28,756	30,383	30,515	31,789	32,453	29,876
34 Other	1,887	3,525	4,005	5,134	5,000	5,503	5,419	5,493	5,145	5,334
35 Claims on foreigners	89,723	99,850	92,228	86,614	88,917	82,190	83,067	84,599	82,769	83,925
36 Other branches of parent bank	28,268	35,439	31,648	30,371	31,838	28,770	28,103	28,723	29,247	30,278
37 Banks	42,073	40,703	36,717	31,158	32,188	28,749	30,158	31,613	29,135	30,036
38 Public borrowers	4,911	5,595	4,329	4,377	4,194	4,356	4,414	4,390	4,408	4,296
39 Nonbank foreigners	14,471	18,113	19,534	20,708	20,697	20,315	20,392	19,873	19,979	19,315
40 Other assets	2,860	4,092	4,751	3,459	3,339	3,119	2,943	2,620	2,807	3,080
					Bahamas and Caymans					
41 **Total, all currencies**	**123,837**	**149,108**	**145,156**	**147,457**	**151,532**	**141,573**	**140,198**	**149,164**	**144,502**	**155,805**
42 Claims on United States	17,751	46,546	59,403	71,563	74,832	70,729	70,706	77,807	75,443	83,311
43 Parent bank	12,631	31,643	34,653	44,614	47,807	43,444	44,474	50,146	47,566	54,122
44 Other	5,120	14,903	24,750	26,949	27,025	27,285	26,232	27,661	27,877	29,189
45 Claims on foreigners	101,926	98,057	81,450	71,995	72,788	66,926	65,609	67,422	65,152	68,440
46 Other branches of parent bank	13,342	12,951	18,720	17,993	17,340	15,989	14,657	15,265	14,811	16,931
47 Banks	54,861	55,151	42,699	35,353	36,767	32,451	32,525	34,295	32,231	33,237
48 Public borrowers	12,577	10,010	6,413	5,890	6,084	5,992	5,956	6,028	5,983	5,920
49 Nonbank foreigners	21,146	19,945	13,618	12,759	12,597	12,494	12,471	11,834	12,127	12,352
50 Other assets	4,160	4,505	4,303	3,899	3,912	3,918	3,883	3,935	3,907	4,054
51 **Total payable in U.S. dollars**	**117,654**	**143,743**	**139,605**	**141,046**	**145,091**	**135,166**	**133,836**	**142,677**	**138,102**	**149,340**

3.14 Continued

Liability account	1980	1981	1982	1983r Nov	1983r Dec	1984 Jan r	1984 Feb r	1984 Mar r	1984 Apr	1984 May p
	All foreign countries									
52 **Total, all currencies**	**401,135**	**462,847**	**469,712**	**464,207**	**476,539r**	**457,936**	**465,498**	**480,629**	**474,103**	**484,881**
53 To United States	91,079	137,767	179,015	184,443	187,602r	181,735	184,482	187,444	183,691	190,340
54 Parent bank	39,286	56,344	75,621	79,615	80,537r	79,136	81,112	77,320	75,282	80,027
55 Other banks in United States	14,473	19,197	33,405	26,202	29,107	26,660	25,678	28,689	26,810	27,451
56 Nonbanks	37,275	62,226	69,989	78,626	77,958r	75,939	77,692	81,435	81,599	82,862
57 To foreigners	295,411	305,630	270,853	260,813	269,602r	257,155	261,522	273,151	270,242	274,753
58 Other branches of parent bank	75,773	86,396	90,191	86,793	89,055r	81,793	81,684	87,229	90,937	92,254
59 Banks	132,116	124,906	96,860	88,080	92,882r	86,961	89,538	95,690	90,166	94,050
60 Official institutions	32,473	25,997	19,614	18,487	18,893r	19,702	20,549	18,250	17,882	19,608
61 Nonbank foreigners	55,049	68,331	64,188	67,453	68,772r	68,699	69,751	71,982	71,257	68,841
62 Other liabilities	14,690	19,450	19,844	18,951	19,335r	19,046	19,494	20,034	20,170	19,788
63 **Total payable in U.S. dollars**	**303,281**	**364,447**	**379,270**	**374,798**	**387,740r**	**367,557**	**369,156**	**381,976**	**374,664**	**389,683**
64 To United States	88,157	134,700	175,528	180,401	183,837	177,864	180,161	183,148	179,389	185,966
65 Parent bank	37,528	54,492	73,295	77,160	78,328	76,778	78,512	74,729	72,856	77,568
66 Other banks in United States	14,203	18,883	33,040	25,711	28,573	26,166	25,111	28,103	26,223	26,798
67 Nonbanks	36,426	61,325	69,193	77,530	76,936	74,920	76,538	80,316	80,310	81,600
68 To foreigners	206,883	217,602	192,510	184,452	194,056r	180,676	179,884	189,612	185,165	193,763
69 Other branches of parent bank	58,172	69,299	72,921	69,457	72,002	64,830	63,480	68,557	69,096	73,380
70 Banks	87,497	79,594	57,463	52,086	57,015	50,583	50,683	56,202	50,874	54,932
71 Official institutions	24,697	20,288	15,055	13,453	13,852	14,673	15,835	13,161	13,347	14,835
72 Nonbank foreigners	36,517	48,421	47,071	49,456	51,187r	50,590	49,886	51,692	51,848	50,616
73 Other liabilities	8,241	12,145	11,232	9,945	9,847	9,017	9,111	9,216	10,110	9,954
	United Kingdom									
74 **Total, all currencies**	**144,717**	**157,229**	**161,067**	**155,964**	**158,732**	**155,096**	**157,972**	**161,007**	**161,109**	**159,059**
75 To United States	21,785	38,022	53,954	57,095	55,799	55,618	56,550	56,228	56,526	55,353
76 Parent bank	4,225	5,444	13,091	17,312	14,021	17,075	18,307	15,850	16,311	17,820
77 Other banks in United States	5,716	7,502	12,205	10,176	11,328	10,640	10,570	11,440	10,542	9,487
78 Nonbanks	11,844	25,076	28,658	29,607	30,450	27,903	27,673	28,938	29,673	28,046
79 To foreigners	117,438	112,255	99,567	91,714	95,847	92,268	93,734	97,109	97,064	96,339
80 Other branches of parent bank	15,384	16,545	18,361	18,841	19,038	18,526	17,741	21,477	21,939	20,617
81 Banks	56,262	51,336	44,020	38,888	41,624	38,812	39,548	42,073	40,751	41,597
82 Official institutions	21,412	16,517	11,504	10,071	10,151	10,530	11,531	8,833	9,403	10,377
83 Nonbank foreigners	24,380	27,857	25,682	23,914	25,034	24,400	24,914	24,726	24,971	23,748
84 Other liabilities	5,494	6,952	7,546	7,155	7,086	7,210	7,688	7,670	7,519	7,367
85 **Total payable in U.S. dollars**	**103,440**	**120,277**	**130,261**	**127,234**	**131,167**	**126,987**	**127,622**	**130,985**	**128,369**	**128,255**
86 To United States	21,080	37,332	53,029	55,907	54,691	54,535	55,105	55,031	55,201	54,094
87 Parent bank	4,078	5,350	12,814	17,094	13,839	16,838	17,900	15,606	16,127	17,624
88 Other banks in United States	5,626	7,249	12,026	9,880	11,044	10,406	10,247	11,204	10,292	9,200
89 Nonbanks	11,376	24,733	28,189	28,933	29,808	27,291	26,958	28,221	28,782	27,270
90 To foreigners	79,636	79,034	73,477	68,011	73,279	69,557	69,438	72,892	69,739	70,764
91 Other branches of parent bank	10,474	12,048	14,300	15,044	15,403	14,758	13,956	17,559	14,801	15,733
92 Banks	35,388	32,298	28,810	26,343	29,320	26,386	26,229	28,833	27,286	27,308
93 Official institutions	17,024	13,612	9,668	8,029	8,279	8,594	9,777	6,910	7,650	8,760
94 Nonbank foreigners	16,750	21,076	20,699	18,595	20,277	19,819	19,476	19,590	20,002	18,963
95 Other liabilities	2,724	3,911	3,755	3,316	3,197	2,895	3,079	3,062	3,429	3,397
	Bahamas and Caymans									
96 **Total, all currencies**	**123,837**	**149,108**	**145,156**	**147,457**	**151,532**	**141,573**	**140,198**	**149,164**	**144,502**	**155,805**
97 To United States	59,666	85,759	104,425	106,828	110,831	104,170	104,552	109,975	106,672	113,920
98 Parent bank	28,181	39,451	47,081	46,709	50,256	44,734	44,186	45,227	43,211	45,987
99 Other banks in United States	7,379	10,474	18,466	14,117	15,711	14,401	13,578	15,636	14,867	16,530
100 Nonbanks	24,106	35,834	38,878	46,002	44,864	45,035	46,788	49,112	48,594	51,403
101 To foreigners	61,218	60,012	38,274	38,169	38,362	35,163	33,409	36,836	35,502	39,390
102 Other branches of parent bank	17,040	20,641	15,796	15,521	13,376	12,253	11,790	11,987	12,858	14,031
103 Banks	29,895	23,202	10,166	9,618	11,869	9,883	9,351	11,405	9,859	12,106
104 Official institutions	4,361	3,498	1,967	1,624	1,916	2,309	1,870	2,395	1,869	2,197
105 Nonbank foreigners	9,922	12,671	10,345	11,406	11,201	10,718	10,398	11,049	10,916	11,056
106 Other liabilities	2,953	3,337	2,457	2,460	2,339	2,240	2,237	2,353	2,328	2,495
107 **Total payable in U.S. dollars**	**119,657**	**145,284**	**141,908**	**143,804**	**147,727**	**137,709**	**136,517**	**145,128**	**140,261**	**151,664**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1981	1982	1983	1984					
			Dec.	Jan	Feb.	Mar.	Apr	May	June[p]
1 **Total**[1]	**169,735**	**172,718**	**177,922**	**176,232**	**176,461**	**174,906**	**175,319**	**177,243**	**173,068**
By type									
2 Liabilities reported by banks in the United States[2]	26,737	24,989	25,503	22,768	23,169	23,373	23,834	23,124	23,366
3 U.S. Treasury bills and certificates[3]	52,389	46,658	54,341	55,327	56,084	53,681	53,171	51,035	53,977
U.S Treasury bonds and notes									
4 Marketable	53,186	67,733	68,514	69,053	69,061	69,545	70,167	69,146	68,269
5 Nonmarketable[4]	11,791	8,750	7,250	7,250	6,600	6,600	6,600	6,600	6,600
6 U.S. securities other than U.S Treasury securities[5]	25,632	24,588	22,314	21,823	21,907	21,707	21,547	21,338	20,856
By area									
7 Western Europe[1]	65,699	61,298	67,645	66,185	67,903	67,714	69,928	69,333	69,202
8 Canada	2,403	2,070	2,438	2,511	2,329	1,944	1,557	1,247	994
9 Latin America and Caribbean	6,953	6,057	6,248	6,443	7,605	6,460	7,468	6,474	7,077
10 Asia	91,607	96,034	92,544	92,185	90,547	90,610	88,517	86,382	88,321
11 Africa	1,829	1,350	958	1,051	1,067	1,038	941	1,179	996
12 Other countries[6]	1,244	5,909	8,089	7,846	7,370	7,140	6,908	6,628	6,478

1 Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries
4 *Excludes notes issued to foreign official nonreserve agencies. Includes* bonds and notes payable in foreign currencies.
5 Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1980	1981	1982	1983			1984
				June[r]	Sept.[r]	Dec.[r]	Mar.[p]
1 Banks' own liabilities	3,748	3,523	4,844	5,880	5,976	5,310	6,168
2 Banks' own claims	4,206	4,980	7,707	7,879	7,998	7,231	8,992
3 Deposits	2,507	3,398	4,251	3,907	3,045	2,731	4,000
4 Other claims	1,699	1,582	3,456	3,971	4,953	4,501	4,992
5 Claims of banks' domestic customers[1]	962	971	676	684	717	1,059	361

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE Data on claims exclude foreign currencies held by U.S. monetary authorities

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars
Millions of dollars, end of period

Holder and type of liability	1980	1981▲	1982	1983	1984					
				Dec r	Jan.	Feb	Mar.	Apr r	May	June p
1 **All foreigners**	**205,297**	**243,889**	**307,056**	**369,560**	**358,958r**	**368,902r**	**377,173**	**379,806**	**393,441**	**400,025**
2 Banks' own liabilities	124,791	163,817	227,089	278,977	264,951r	271,858r	284,926	286,601	301,039	303,350
3 Demand deposits	23,462	19,631	15,889	17,602	16,124r	16,639	17,466	17,162	17,183	17,553
4 Time deposits[1]	15,076	29,039	68,035	89,977	87,846r	91,220r	96,462	96,629	103,345	105,197
5 Other[2]	17,583	17,647	23,946	26,406	23,277r	24,012r	24,485	24,082	23,733	22,934
6 Own foreign offices[3]	68,670	97,500	119,219	144,993	137,703r	139,988r	146,513	148,728	156,778	157,665
7 Banks' custody liabilities[4]	80,506	80,072	79,967	90,582	94,007	97,043	92,247	93,205	92,402	96,675
8 U.S. Treasury bills and certificates[5]	57,595	55,315	55,628	68,669	71,083	74,277	69,666	69,893	68,511	72,191
9 Other negotiable and readily transferable instruments[6]	20,079	18,788	20,636	17,529	18,063	17,864	18,075	18,703	18,780	19,480
10 Other	2,832	5,970	3,702	4,385	4,862	4,903	4,506	4,608	5,112	5,003
11 **Nonmonetary international and regional organizations**[7]	**2,344**	**2,721**	**4,922**	**5,957**	**4,759**	**6,831**	**6,243**	**6,356**	**5,316**	**5,055**
12 Banks' own liabilities	444	638	1,909	4,632	2,867	2,317	4,047	3,528	2,229	2,920
13 Demand deposits	146	262	106	297	271	347	414	194	255	182
14 Time deposits[1]	85	58	1,664	3,584	2,235	1,611	2,656	2,468	1,640	2,209
15 Other[2]	212	318	139	750	361	360	977	866	335	529
16 Banks' custody liabilities[4]	1,900	2,083	3,013	1,325	1,892	4,514	2,196	2,827	3,087	2,135
17 U.S. Treasury bills and certificates	254	541	1,621	463	1,045	3,416	1,224	1,759	2,057	887
18 Other negotiable and readily transferable instruments[6]	1,646	1,542	1,392	862	847	1,098	971	1,068	1,030	1,248
19 Other	0	0	0	0	0	0	0	0	0	0
20 **Official institutions**[8]	**86,624**	**79,126**	**71,647**	**79,844**	**78,095**	**79,253**	**77,053**	**77,005**	**74,160**	**77,343**
21 Banks' own liabilities	17,826	17,109	16,640	19,396	16,488	17,512	17,105	17,532	16,779	16,345
22 Demand deposits	3,771	2,564	1,899	1,837	1,753	1,663	1,955	1,761	1,733	1,897
23 Time deposits[1]	3,612	4,230	5,528	7,320	7,286	7,638	6,698	7,489	7,168	7,387
24 Other[2]	10,443	10,315	9,212	10,239	7,449	8,211	8,452	8,282	7,878	7,061
25 Banks' custody liabilities[4]	68,798	62,018	55,008	60,448	61,607	61,741	59,948	59,473	57,380	60,998
26 U.S. Treasury bills and certificates[5]	56,243	52,389	46,658	54,341	55,327	56,084	53,681	53,171	51,035	53,977
27 Other negotiable and readily transferable instruments[6]	12,501	9,581	8,321	6,082	6,257	5,623	6,249	6,287	6,307	6,930
28 Other	54	47	28	25	23	34	19	15	38	91
29 **Banks**[9]	**96,415**	**136,008**	**185,881**	**226,886**	**218,387r**	**222,995r**	**233,424**	**234,285**	**249,019**	**251,743**
30 Banks' own liabilities	90,456	124,312	169,449	205,347	195,811r	200,477r	211,040	211,812	225,869	227,070
31 Unaffiliated foreign banks	21,786	26,812	50,230	60,354	58,107r	60,489r	64,527	63,083	69,092	69,405
32 Demand deposits	14,188	11,614	8,675	8,787	8,175r	8,394	8,328	8,797	8,879	9,010
33 Time deposits[1]	1,703	8,720	28,386	36,964	35,189r	37,538r	41,905	40,055	45,369	45,751
34 Other[2]	5,895	6,477	13,169	14,603	14,743	14,557r	14,294	14,230	14,845	14,644
35 Own foreign offices[3]	68,670	97,500	119,219	144,993	137,703r	139,988r	146,513	148,728	156,778	157,665
36 Banks' custody liabilities[4]	5,959	11,696	16,432	21,540	22,576	22,519	22,384	22,473	23,150	24,673
37 U.S. Treasury bills and certificates	623	1,685	5,809	10,178	10,776	10,756	10,760	10,795	11,182	12,771
38 Other negotiable and readily transferable instruments[6]	2,748	4,400	7,857	7,485	7,416	7,378	7,447	7,586	7,523	7,531
39 Other	2,588	5,611	2,766	3,877	4,384	4,385	4,177	4,092	4,445	4,371
40 **Other foreigners**	**19,914**	**26,035**	**44,606**	**56,872**	**57,717r**	**59,822**	**60,454**	**62,160**	**64,946**	**65,884**
41 Banks' own liabilities	16,065	21,759	39,092	49,603	49,785r	51,552	52,734	53,728	56,161	57,014
42 Demand deposits	5,356	5,191	5,209	6,681	5,925	6,234	6,770	6,409	6,317	6,463
43 Time deposits	9,676	16,030	32,457	42,109	43,136r	44,434	45,203	46,617	49,169	49,851
44 Other[2]	1,033	537	1,426	813	724r	884	761	703	675	701
45 Banks' custody liabilities[4]	3,849	4,276	5,514	7,269	7,932	8,270	7,719	8,431	8,785	8,870
46 U.S. Treasury bills and certificates	474	699	1,540	3,686	3,935	4,021	4,001	4,168	4,238	4,556
47 Other negotiable and readily transferable instruments[6]	3,185	3,265	3,065	3,100	3,542	3,764	3,408	3,763	3,919	3,772
48 Other	190	312	908	483	455	484	311	501	628	541
49 MEMO. Negotiable time certificates of deposit in custody for foreigners	10,745	10,747	14,307	10,407	10,307	9,416	9,688	10,128	10,630	10,948

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness 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."

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.17 Continued

Area and country	1980	1981▲	1982	1983	1984					
				Dec	Jan.	Feb.	Mar	Apr	May	June[p]
1 **Total**	**205,297**	**243,889**	**307,056**	**369,560r**	**358,958r**	**368,902r**	**377,173**	**379,806r**	**393,441**	**400,025**
2 **Foreign countries**	**202,953**	**241,168**	**302,134**	**363,603r**	**354,199r**	**362,070r**	**370,931**	**373,450r**	**388,125**	**394,970**
3 Europe	90,897	91,275	117,756	138,045r	134,899r	140,061r	142,406	147,724r	151,531	155,475
4 Austria	523	596	519	585	755	756	861	883r	867	764
5 Belgium-Luxembourg	4,019	4,117	2,517	2,709	2,972	3,218	3,367	3,585r	4,680	5,129
6 Denmark	497	333	509	466	372	355	285	307	378	291
7 Finland	455	296	748	531	298	398	287	485	405	1,241
8 France	12,125	8,486	8,171	9,441	8,122	10,098	10,728	10,730r	12,118	11,668
9 Germany	9,973	7,645	5,351	3,599	3,823	4,586r	4,878	5,205r	3,990	3,660
10 Greece	670	463	537	520	513	513	503	528	594	596
11 Italy	7,572	7,267	5,626	8,462r	7,622	7,648	7,395	7,813r	8,315	8,135
12 Netherlands	2,441	2,823	3,362	4,290	4,008	4,210	4,444	5,036r	5,030	5,735
13 Norway	1,344	1,457	1,567	1,673	1,481	1,452	1,285	1,847	1,536	2,082
14 Portugal	374	354	388	373	377	352	403	414r	401	422
15 Spain	1,500	916	1,405	1,603	1,645	1,664	1,749	1,707r	1,663	1,757
16 Sweden	1,737	1,545	1,390	1,799	1,896	1,755r	1,838	1,673	1,962	1,479
17 Switzerland	16,689	18,716	29,066	32,219r	31,956	32,241r	32,237	32,765	32,784	35,164
18 Turkey	242	518	296	467	334	400	318	335	444	315
19 United Kingdom	22,680	28,286	48,172	60,683r	61,806r	64,436r	64,971	67,805r	69,006	69,674
20 Yugoslavia	681	375	499	562	505	477	479	448	511	555
21 Other Western Europe[1]	6,939	6,541	7,006	7,403r	5,872	4,965	5,738	5,584	6,309	6,165
22 U.S.S.R.	68	49	50	65	62	74	177	61	53	41
23 Other Eastern Europe[2]	370	493	576	596	482	464	464	510	484	600
24 Canada	10,031	10,250	12,232	16,026	16,270	17,679	17,182	16,707	17,455	17,573
25 Latin America and Caribbean	53,170	85,223	114,163	140,270r	136,091r	138,465r	143,255	143,864r	151,894	151,818
26 Argentina	2,132	2,445	3,578	4,011	4,303	4,536	4,365	4,616	4,534	4,546
27 Bahamas	16,381	34,856	44,744	55,977r	52,381r	52,845r	58,141	56,930	62,656	61,411
28 Bermuda	670	765	1,572	2,328	2,745	3,165	2,886	3,097	3,276	2,604
29 Brazil	1,216	1,568	2,014	3,178r	2,997	3,485r	3,723	3,795r	3,562	3,780
30 British West Indies	12,766	17,794	26,381	34,545r	33,082r	32,504r	32,677	32,936r	33,777	34,300
31 Chile	460	664	1,626	1,842	1,811	1,935	1,876	1,972	1,887	1,969
32 Colombia	3,077	2,993	2,594	1,689	1,586r	1,840	1,669	1,814	1,765	1,807
33 Cuba	6	9	9	8	9	13	8	8	10	9
34 Ecuador	371	434	455	1,047	828	826	825	970	885	908
35 Guatemala	367	479	670	788	800	812	815	850	842	825
36 Jamaica	97	87	126	109	113	131	132	131	131	157
37 Mexico	4,547	7,235	8,377	10,392r	11,006r	10,705r	10,699	11,187r	11,874	11,976
38 Netherlands Antilles	413	3,182	3,597	3,879	3,773	4,503	4,901	4,668r	4,397	4,458
39 Panama	4,718	4,857	4,805	5,924	5,372r	5,545	5,498	5,482	6,293	6,650
40 Peru	403	694	1,147	1,166	1,130	1,146	1,157	1,179	1,249	1,279
41 Uruguay	254	367	759	1,232	1,278	1,321	1,418	1,330	1,367	1,309
42 Venezuela	3,170	4,245	8,417	8,622r	9,332r	9,461r	8,566	9,076	9,434	10,049
43 Other Latin America and Caribbean	2,123	2,548	3,291	3,533r	3,543r	3,693r	3,899	3,823r	3,955	3,781
44 Asia	42,420	49,822	48,716	58,490r	56,043r	55,344r	57,662	54,951r	57,180	60,173
China										
45 Mainland	49	158	203	249	249	168	272	302	400	469
46 Taiwan	1,662	2,082	2,761	3,997	4,270	4,291	4,193	4,388	4,364	4,578
47 Hong Kong	2,548	3,950	4,465	6,610	6,196	5,884	6,387	5,447	5,862	6,412
48 India	416	385	433	464	670	749	687	651	646	498
49 Indonesia	730	640	857	997	1,093	859	753	784	897	1,281
50 Israel	883	592	606	1,722	786	752	832	706r	754	768
51 Japan	16,281	20,750	16,078	18,079	17,069	17,615	19,216	18,862	20,522	19,434
52 Korea	1,528	2,013	1,692	1,648	1,614	1,542	1,748	1,409	1,337	1,276
53 Philippines	919	874	770	1,234	1,235	1,280	1,264	1,015	1,130	1,030
54 Thailand	464	534	629	747r	776	622	714	636r	730	865
55 Middle-East oil-exporting countries[3]	14,453	12,992	13,433	12,970r	12,516	11,587	12,197	12,269r	11,615	12,337
56 Other Asia	2,487	4,853	6,789	9,693r	9,570r	9,994r	9,398	8,482	8,924	11,225
57 Africa	5,187	3,180	3,124	2,800	2,917	3,070	3,111	3,182	3,140	3,322
58 Egypt	485	360	432	645	572	568	561	649	698	887
59 Morocco	33	32	81	84	109	138	122	127	132	133
60 South Africa	288	420	292	449	486	502	538	264	329	420
61 Zaire	57	26	23	87	61	66	77	119	124	136
62 Oil-exporting countries[4]	3,540	1,395	1,280	620	869	839	893	1,046	895	816
63 Other Africa	783	946	1,016	917	821	957	920	978	962	931
64 Other countries	1,247	1,419	6,143	8,053	7,979	7,451	7,315	7,023	6,925	6,608
65 Australia	950	1,223	5,904	7,857	7,742	7,197	7,095	6,803	6,685	6,316
66 All other	297	196	239	196	237	255	220	220	240	292
67 Nonmonetary international and regional organizations	2,344	2,721	4,922	5,957	4,759	6,831	6,243	6,356	5,316	5,055
68 International	1,157	1,661	4,049	5,273	4,174	6,189	5,426	5,641	4,741	4,436
69 Latin American regional	890	710	517	419	433	457	451	419	428	438
70 Other regional[5]	296	350	357	265	152	186	366	296	146	180

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, the German Democratic Republic, Hungary, Poland, and Romania.
3 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4 Comprises Algeria, Gabon, Libya, and Nigeria.
5 Asian, African, Middle Eastern, and European regional organizations, *except the Bank for International Settlements, which is included in "Other* Western Europe."
▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.18 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	1980	1981▲	1982	1983	1984					
				Dec	Jan	Feb	Mar	Apr r	May	June p
1 **Total**	**172,592**	**251,589**	**355,705**	**389,329r**	**373,493r**	**377,732r**	**385,029**	**387,429**	**398,940**	**407,286**
2 ***Foreign countries***	***172,514***	***251,533***	***355,636***	***389,166r***	***373,429r***	***377,568r***	***384,879***	***387,355***	***398,837***	***407,172***
3 Europe	32,108	49,262	85,584	91,416r	90,578r	91,496r	91,836	95,959	97,993	103,537
4 Austria	236	121	229	401	354	414	449	679	456	587
5 Belgium-Luxembourg	1,621	2,849	5,138	5,639	5,942	6,182	5,970	6,238	6,626	6,790
6 Denmark	127	187	554	1,275	1,301r	1,244	1,283	1,197	1,118	1,212
7 Finland	460	546	990	1,044	945	952	931	1,021	1,041	1,099
8 France	2,958	4,127	7,251	8,766r	7,998r	8,314	8,388	8,734	9,029	9,393
9 Germany	948	940	1,876	1,294	1,058	1,047	1,098	1,502	1,111	1,203
10 Greece	256	333	452	476	508	549	694	830	940	1,036
11 Italy	3,364	5,240	7,560	9,018r	7,899r	7,904	8,161	8,286	7,901	8,551
12 Netherlands	575	682	1,425	1,302	1,407	1,319	1,309	2,329	1,787	1,781
13 Norway	227	384	572	690	652	645	638	705	719	729
14 Portugal	331	529	950	939	954	944	908	1,079	1,146	1,247
15 Spain	993	2,095	3,744	3,583r	3,391	3,280	3,347	3,719	3,700	3,791
16 Sweden	783	1,205	3,038	3,358	3,373	3,356	3,528	3,646	2,957	3,206
17 Switzerland	1,446	2,213	1,639	1,856	1,452	1,302	1,447	1,844	1,570	1,903
18 Turkey	145	424	560	812	814r	933r	958	1,019	1,002	1,103
19 United Kingdom	14,917	23,849	45,781	47,025r	48,621r	49,219r	48,800	49,051	52,850	55,754
20 Yugoslavia	853	1,225	1,430	1,673	1,718	1,702	1,706	1,694	1,719	1,746
21 Other Western Europe[1]	179	211	368	477	493	547	499	651	565	571
22 U.S.S.R.	281	377	263	192	162	169	181	174	154	158
23 Other Eastern Europe[2]	1,410	1,725	1,762	1,598	1,537	1,475	1,540	1,562	1,602	1,678
24 Canada	4,810	9,193	13,678	16,336r	15,881r	15,984	17,233	17,065	17,874	17,531
25 Latin America and Caribbean	92,992	138,347	187,969	204,053r	194,811r	197,398r	201,810	201,573	209,720	208,829
26 Argentina	5,689	7,527	10,974	11,740	11,746	11,751	11,626	11,427	11,071	11,172
27 Bahamas	29,419	43,542	56,649	58,808r	53,084r	52,278r	57,169	56,958	61,526	59,341
28 Bermuda	218	346	603	566	644	409	532	614	845	554
29 Brazil	10,496	16,926	23,271	24,482	24,828r	24,928	25,697	25,926	25,865	26,000
30 British West Indies	15,663	21,981	29,101	35,232r	31,558r	33,188r	33,157	33,893	36,788	37,433
31 Chile	1,951	3,690	5,513	6,038r	6,163	6,286	6,131	6,085	6,146	6,492
32 Colombia	1,752	2,018	3,211	3,745	3,695	3,536	3,667	3,649	3,524	3,562
33 Cuba	3	3	3	0	0	0	0	4	0	21
34 Ecuador	1,190	1,531	2,062	2,307	2,367	2,350	2,334	2,335	2,332	2,371
35 Guatemala[3]	137	124	124	129	189	126	128	129	127	104
36 Jamaica[3]	36	62	181	215	218	219	210	227	242	218
37 Mexico	12,595	22,439	29,552	34,705r	34,565r	34,685	34,593	34,575	35,228	35,575
38 Netherlands Antilles	821	1,076	839	1,154	971	1,043	1,245	1,149	1,163	1,312
39 Panama	4,974	6,794	10,210	7,848	7,847	8,794	8,367	7,679	7,964	7,813
40 Peru	890	1,218	2,357	2,536	2,467	2,415	2,453	2,380	2,438	2,466
41 Uruguay	137	157	686	977	982	908	924	923	887	950
42 Venezuela	5,438	7,069	10,643	11,287	11,255r	11,183	11,142	11,105	11,019	11,169
43 Other Latin America and Caribbean	1,583	1,844	1,991	2,283r	2,232	2,298	2,436	2,514	2,555	2,275
44 Asia	39,078	49,851	60,952	67,802r	62,876r	62,746r	64,347	63,004	63,546	67,443
China										
45 Mainland	195	107	214	292	420	337	364	428	348	552
46 Taiwan	2,469	2,461	2,288	1,908	1,810r	1,710	1,657	1,654	1,585	2,200
47 Hong Kong	2,247	4,132	6,787	8,429	8,129	8,030	7,470	7,921	7,448	8,125
48 India	142	123	222	330	344	253	337	372	362	365
49 Indonesia	245	352	348	805	853	899	935	911	983	966
50 Israel	1,172	1,567	2,029	1,832r	1,556	1,478	1,607	1,846	1,822	2,006
51 Japan	21,361	26,797	28,379	30,564r	27,333	27,845	28,688	26,173	27,147	29,154
52 Korea	5,697	7,340	9,387	9,889r	9,600r	9,513	9,676	10,259	9,565	9,595
53 Philippines	989	1,819	2,625	2,099	2,408	2,357	2,371	2,359	2,404	2,467
54 Thailand	876	565	643	1,099r	1,091r	1,109r	999	1,014	1,139	945
55 Middle East oil-exporting countries[4]	1,432	1,581	3,087	4,954	4,637	4,264	5,039	5,122	5,208	5,099
56 Other Asia	2,252	3,009	4,943	5,599r	4,696r	4,952r	5,203	4,945	5,535	5,969
57 Africa	2,377	3,503	5,346	6,654	6,571	7,226	6,919	6,645	6,762	6,838
58 Egypt	151	238	322	747	738	712	744	698	666	734
59 Morocco	223	284	353	440	450	481	484	486	561	497
60 South Africa	370	1,011	2,012	2,634	2,684	2,928	2,989	2,908	2,974	3,065
61 Zaire	94	112	57	33	29	16	13	26	28	39
62 Oil-exporting countries[5]	805	657	801	1,073	1,037	1,124	1,029	1,000	967	1,001
63 Other	734	1,201	1,802	1,727	1,631	1,964	1,661	1,526	1,566	1,503
64 Other countries	1,150	1,376	2,107	2,904	2,712	2,718	2,734	3,109	2,942	2,995
65 Australia	859	1,203	1,713	2,276r	2,105	2,048	2,007	2,489	2,345	2,434
66 All other	290	172	394	627r	607	670	727	620	597	561
67 Nonmonetary international and regional organizations[6]	78	56	68	164	64	164	150	74	103	114

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, the German Democratic Republic, Hungary, Poland, and Romania.
3. Included in "Other Latin America and Caribbean" through March 1978.
4. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
5. Comprises Algeria, Gabon, Libya, and Nigeria.
6. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period before April 1978 include claims of banks' domestic customers on foreigners.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

3.19 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	1980	1981▲	1982	1983	1984					
				Dec.[r]	Jan.[r]	Feb.[r]	Mar.	Apr[r]	May	June[p]
1 **Total**	**198,698**	**287,557**	**396,015**	**424,232**	....	....	**421,214**	....	....	....
2 Banks' own claims on foreigners	172,592	251,589	355,705	389,329	373,493	377,732	385,029	387,429	398,940	407,286
3 Foreign public borrowers	20,882	31,260	45,422	57,500	58,248	57,349	57,731	58,041	58,053	58,618
4 Own foreign offices[1]	65,084	96,653	127,293	144,964	139,476	141,717	146,467	145,865	155,694	157,758
5 Unaffiliated foreign banks	50,168	74,704	121,377	123,344	115,225	116,877	119,496	121,472	123,419	128,218
6 Deposits	8,254	23,381	44,223	47,005	43,105	44,742	45,364	45,068	47,066	49,769
7 Other	41,914	51,322	77,153	76,338	72,120	72,135	74,132	76,403	76,354	78,449
8 All other foreigners	36,459	48,972	61,614	63,522	60,544	61,788	61,335	62,051	61,774	62,693
9 Claims of banks' domestic customers[2]	26,106	35,968	40,310	34,903	......	......	36,185	......	......	......
10 Deposits	885	1,378	2,491	2,969		......	3,660		......	
11 Negotiable and readily transferable instruments[3]	15,574	26,352	30,763	26,064	....	.	25,992	......		......
12 *Outstanding collections and other claims*	9,648	8,238	7,056	5,870		.....	6,533		....	...
13 MEMO: Customer liability on acceptances	22,714	29,952	38,153	37,820		.	36,984	..	.	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	24,468	40,369	42,358	44,994	44,836	46,991	46,136[r]	47,272	46,962	n.a

1 *U S banks* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks*, principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank

2 Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers

3. Principally negotiable time certificates of deposit and bankers acceptances.

4 Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U S dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p 550

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents

NOTE Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

3.20 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	1980	1981▲	1982	1983			1984
				June[r]	Sept.[r]	Dec[r]	Mar
1 **Total**	**106,748**	**154,590**	**228,150**	**232,669**	**237,217**	**243,602**	**235,501**
By borrower							
2 Maturity of 1 year or less[1]	82,555	116,394	173,917	174,949	176,258	176,623	161,864
3 Foreign public borrowers	9,974	15,142	21,256	23,194	25,563	24,455	20,656
4 All other foreigners	72,581	101,252	152,661	151,756	150,695	152,168	141,208
5 Maturity of over 1 year[1]	24,193	38,197	54,233	57,720	60,958	66,979	73,637
6 Foreign public borrowers	10,152	15,589	23,137	26,516	28,284	32,478	35,825
7 All other foreigners	14,041	22,608	31,095	31,204	32,674	34,501	37,812
By area							
Maturity of 1 year or less[1]							
8 Europe	18,715	28,130	50,500	52,210	53,499	56,078	53,167
9 Canada	2,723	4,662	7,642	7,119	6,652	6,206	6,566
10 Latin America and Caribbean	32,034	48,717	73,291	74,953	76,396	73,974	65,082
11 Asia	26,686	31,485	37,578	35,277	33,686	34,569	31,238
12 Africa	1,757	2,457	3,680	3,854	4,570	4,206	4,472
13 All other[2]	640	943	1,226	1,536	1,454	1,589	1,340
Maturity of over 1 year[1]							
14 Europe	5,118	8,100	11,636	12,297	12,358	13,354	13,068
15 Canada	1,448	1,808	1,931	1,861	1,760	1,857	2,035
16 Latin America and Caribbean	15,075	25,209	35,247	36,759	39,150	43,561	49,907
17 Asia	1,865	1,907	3,185	4,070	4,735	4,828	5,131
18 Africa	507	900	1,494	1,667	1,819	2,278	2,291
19 All other[2]	179	272	740	1,066	1,136	1,101	1,206

1. Remaining time to maturity.

2 Includes nonmonetary international and regional organizations.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1979	1980	1981	1982			1983				1984
				June	Sept.	Dec.	Mar.	June	Sept	Dec	Mar.[p]
1 **Total**	**303.9**	**352.0**	**415.2**	**435.5**	**438.4**	**438.7**	**441.1**	**437.4**	**428.3**	**434.1**	**430.8**
2 G-10 countries and Switzerland	138.4	162.1	175.5	176.3	175.4	179.7	182.2	176.9	168.3	167.2	165.0
3 Belgium-Luxembourg	11.1	13.0	13.3	14.1	13.6	13.1	13.7	13.3	12.6	12.4	11.0
4 France	11.7	14.1	15.3	16.5	15.8	17.1	17.1	17.1	16.2	16.3	15.9
5 Germany	12.2	12.1	12.9	12.7	12.2	12.7	13.5	12.6	11.6	11.3	11.7
6 Italy	6.4	8.2	9.6	9.0	9.7	10.3	10.2	10.5	10.0	11.4	11.2
7 Netherlands	4.8	4.4	4.0	4.1	3.8	3.6	4.3	4.0	3.6	3.5	3.4
8 Sweden	2.4	2.9	3.7	4.0	4.7	5.0	4.3	4.7	4.9	5.1	5.2
9 Switzerland	4.7	5.0	5.5	5.1	5.1	5.0	4.6	4.8	4.2	4.3	4.2
10 United Kingdom	56.4	67.4	70.1	69.4	70.3	72.1	72.9	70.3	67.4	64.4	63.9
11 Canada	6.3	8.4	10.9	11.4	11.0	10.4	12.5	10.8	9.0	8.3	8.6
12 Japan	22.4	26.5	30.2	29.9	29.3	30.2	29.2	28.7	28.8	30.1	30.0
13 Other developed countries	19.9	21.6	28.4	32.2	32.7	33.7	34.0	34.4	34.2	35.9	35.5
14 Austria	2.0	1.9	1.9	2.1	2.0	1.9	2.1	2.1	1.9	1.9	2.0
15 Denmark	2.2	2.3	2.3	2.6	2.5	2.4	3.3	3.4	3.3	3.4	3.4
16 Finland	1.2	1.4	1.7	1.6	1.8	2.2	2.1	2.1	1.8	2.4	2.1
17 Greece	2.4	2.8	2.8	2.7	2.6	3.0	2.9	2.9	2.9	2.8	3.0
18 Norway	2.3	2.6	3.1	3.2	3.4	3.3	3.3	3.4	3.2	3.3	3.2
19 Portugal	7	6	1.1	1.5	1.6	1.5	1.4	1.4	1.3	1.3	1.1
20 Spain	3.5	4.4	6.6	7.3	7.7	7.5	7.1	7.2	7.2	7.1	7.1
21 Turkey	1.4	1.5	1.4	1.5	1.5	1.4	1.5	1.4	1.5	1.7	1.9
22 Other Western Europe	1.4	1.7	2.1	2.2	2.1	2.3	2.3	2.0	2.1	1.8	1.8
23 South Africa	1.3	1.1	2.8	3.5	3.6	3.7	3.6	3.9	4.7	4.7	4.8
24 Australia	1.3	1.3	2.5	4.0	4.0	4.4	4.6	4.6	4.4	5.5	5.2
25 OPEC countries[2]	22.9	22.7	24.8	26.4	27.3	27.4	28.5	28.3	27.2	28.9	28.5
26 Ecuador	1.7	2.1	2.2	2.4	2.3	2.2	2.2	2.2	2.1	2.2	2.1
27 Venezuela	8.7	9.1	9.9	10.1	10.4	10.5	10.4	10.4	9.8	9.9	9.7
28 Indonesia	1.9	1.8	2.6	2.8	2.9	3.2	3.5	3.2	3.4	3.8	4.0
29 Middle East countries	8.0	6.9	7.5	8.7	9.0	8.7	9.3	9.5	9.1	10.0	9.8
30 African countries	2.6	2.8	2.5	2.5	2.7	2.8	3.0	3.0	2.8	3.0	3.0
31 Non-OPEC developing countries	63.0	77.4	96.3	103.7	104.1	107.1	107.7	108.3	109.1	110.6	111.9
Latin America											
32 Argentina	5.0	7.9	9.4	9.6	9.2	8.9	9.0	9.4	9.5	9.5	9.5
33 Brazil	15.2	16.2	19.1	21.4	22.4	22.9	23.1	22.6	22.9	22.9	24.9
34 Chile	2.5	3.7	5.8	6.4	6.2	6.3	6.0	5.8	6.2	6.4	6.4
35 Colombia	2.2	2.6	2.6	2.6	2.8	3.1	2.9	3.2	3.2	3.2	3.1
36 Mexico	12.0	15.9	21.6	25.2	25.0	24.5	25.1	25.2	25.8	26.0	25.5
37 Peru	1.5	1.8	2.0	2.4	2.6	2.6	2.4	2.6	2.4	2.4	2.3
38 Other Latin America	3.7	3.9	4.1	4.0	4.3	4.0	4.2	4.3	4.2	4.2	4.4
Asia											
China											
39 Mainland	1	.2	2	3	2	.2	2	2	2	3	4
40 Taiwan	3.4	4.2	5.1	5.0	4.9	5.3	5.1	5.1	5.2	5.3	5.0
41 India	.2	3	3	5	.5	6	4	5	5	6	1.0
42 Israel	1.3	1.5	2.1	2.2	1.9	2.3	2.0	2.3	1.7	1.8	1.6
43 Korea (South)	5.4	7.1	9.4	8.9	9.4	10.9	10.9	10.8	10.8	11.3	11.1
44 Malaysia	1.0	1.1	1.7	1.9	1.8	2.1	2.5	2.6	2.8	2.9	2.8
45 Philippines	4.2	5.1	6.0	6.3	6.1	6.3	6.6	6.4	6.2	6.2	6.7
46 Thailand	1.5	1.6	1.5	1.3	1.3	1.6	1.6	1.8	1.7	2.0	1.9
47 Other Asia	.5	6	1.0	1.1	1.3	1.1	1.4	1.2	1.0	1.0	9
Africa											
48 Egypt	6	8	1.1	1.3	1.3	1.2	1.1	1.3	1.4	1.5	1.4
49 Morocco	.6	7	7	.7	.8	7	8	8	.8	8	8
50 Zaire	.2	2	2	.2	1	1	1	1	1	1	1
51 Other Africa[3]	1.7	2.1	2.3	2.3	2.2	2.4	2.3	2.2	2.4	2.3	2.2
52 Eastern Europe	7.3	7.4	7.8	6.7	6.3	6.2	5.7	5.7	5.3	5.3	4.9
53 U.S.S.R.	.7	4	.6	.4	3	3	.3	.4	2	2	2
54 Yugoslavia	1.8	2.3	2.5	2.4	2.2	2.2	2.2	2.3	2.3	2.3	2.2
55 Other	4.8	4.6	4.7	3.9	3.8	3.7	3.2	3.0	2.8	2.8	2.5
56 Offshore banking centers	40.4	47.0	63.7	72.1	72.2	66.8	66.2	67.6	67.5	69.2	68.9
57 Bahamas	13.7	13.7	19.0	24.1	21.4	19.0	17.4	19.6	20.5	20.7	23.6
58 Bermuda	8	.6	7	7	8	.9	1.0	8	8	9	7
59 Cayman Islands and other British West Indies	9.4	10.6	12.4	12.4	13.6	12.9	12.0	12.2	10.6	12.2	10.8
60 Netherlands Antilles	1.2	2.1	3.2	3.0	3.3	3.3	3.1	2.6	4.1	4.2	3.2
61 Panama[4]	4.3	5.4	7.7	7.4	8.1	7.6	7.1	6.6	5.7	6.0	6.3
62 Lebanon	2	2	2	.2	1	1	1	.1	1	1	1
63 Hong Kong	6.0	8.1	11.8	14.4	15.1	13.9	15.1	14.6	15.1	14.9	14.3
64 Singapore	4.5	5.9	8.7	9.9	9.8	9.2	10.3	11.0	10.5	10.2	9.8
65 Others[5]	4	3	1	1	0	0	0	0	1	0	.0
66 Miscellaneous and unallocated[6]	11.7	14.0	18.8	18.4	20.4	17.9	16.8	16.1	16.8	17.0	16.2

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Besides the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type, and area or country	1980	1981	1982	1983				1984
					Mar	June	Sept	Dec[r]	Mar.[p]
1	**Total**	**29,434**	**28,618**	**25,663**	**23,450**	**22,846**	**24,762**	**23,791**	**27,958**
2	Payable in dollars	25,689	24,909	22,470	20,459	19,922	21,895	20,715	24,677
3	Payable in foreign currencies	3,745	3,709	3,193	2,991	2,924	2,867	3,076	3,282
	By type								
4	Financial liabilities	11,330	12,157	11,001	10,996	11,181	10,946	10,504	14,129
5	Payable in dollars	8,528	9,499	8,829	8,952	9,120	8,976	8,646	12,037
6	Payable in foreign currencies	2,802	2,658	2,172	2,044	2,061	1,971	1,858	2,092
7	Commercial liabilities	18,104	16,461	14,662	12,454	11,665	13,815	13,286	13,829
8	Trade payables	12,201	10,818	7,707	5,627	6,026	7,056	6,615	6,758
9	Advance receipts and other liabilities	5,903	5,643	6,955	6,827	5,640	6,760	6,672	7,071
10	Payable in dollars	17,161	15,409	13,641	11,507	10,802	12,919	12,069	12,639
11	Payable in foreign currencies	943	1,052	1,021	947	864	896	1,218	1,190
	By area or country								
	Financial liabilities								
12	Europe	6,481	6,825	6,438	6,319	6,337	6,027	5,721	7,041
13	Belgium-Luxembourg	479	471	557	459	482	379	302	426
14	France	327	709	731	725	756	785	820	933
15	Germany	582	491	470	487	460	454	498	524
16	Netherlands	681	748	711	699	728	730	581	532
17	Switzerland	354	715	753	710	629	530	486	641
18	United Kingdom	3,923	3,565	3,075	3,097	3,108	2,992	2,885	3,835
19	Canada	964	963	746	733	876	788	768	798
20	Latin America and Caribbean	3,136	3,356	2,749	2,787	2,623	2,709	2,592	4,858
21	Bahamas	964	1,279	904	857	776	771	749	1,411
22	Bermuda	1	7	14	18	10	13	13	51
23	Brazil	23	22	28	39	34	32	32	37
24	British West Indies	1,452	1,241	1,025	1,053	1,033	1,023	1,003	2,595
25	Mexico	99	102	121	149	151	185	215	245
26	Venezuela	81	98	114	121	124	117	124	121
27	Asia	723	976	1,039	1,124	1,319	1,388	1,396	1,404
28	Japan	644	792	715	781	943	957	962	1,013
29	Middle East oil-exporting countries[2]	38	75	169	168	205	201	170	170
30	Africa	11	14	17	20	17	19	18	19
31	Oil-exporting countries[3]	1	0	0	0	0	0	0	0
32	All other[4]	15	24	12	13	9	15	10	9
	Commercial liabilities								
33	Europe	4,402	3,770	3,649	3,443	3,368	3,384	3,153	3,354
34	Belgium-Luxembourg	90	71	52	45	41	47	62	40
35	France	582	573	597	578	617	506	437	481
36	Germany	679	545	467	455	439	461	427	416
37	Netherlands	219	220	346	351	342	243	268	259
38	Switzerland	499	424	363	354	357	448	241	413
39	United Kingdom	1,209	880	850	679	633	786	637	734
40	Canada	888	897	1,490	1,433	1,465	1,407	1,841	1,789
41	Latin America and Caribbean	1,300	1,044	1,008	1,066	1024	1,067	1,125	1,426
42	Bahamas	8	2	16	4	1	1	1	14
43	Bermuda	75	67	89	117	76	76	67	144
44	Brazil	111	67	60	51	49	48	44	68
45	British West Indies	35	2	32	4	22	14	6	33
46	Mexico	367	340	379	355	399	429	536	619
47	Venezuela	319	276	165	198	236	217	180	254
48	Asia	10,242	9,384	7,160	5,437	4,799	6,852	6,032	5,961
49	Japan	802	1,094	1,226	1,235	1,236	1,294	1,247	1,291
50	Middle East oil-exporting countries[2,5]	8,098	7,008	4,531	2,803	2,294	4,072	3,498	3,209
51	Africa	817	703	704	497	492	506	442	539
52	Oil-exporting countries[3]	517	344	277	158	167	204	157	243
53	All other[4]	456	664	651	578	518	600	692	760

1 For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550

2 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States)

3 Comprises Algeria, Gabon, Libya, and Nigeria

4 Includes nonmonetary international and regional organizations

5. Revisions include a reclassification of transactions, which also affects the totals for Asia and the grand totals

3.23 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1980	1981	1982	1983				1984
				Mar	June	Sept	Dec[r]	Mar[p]
1 **Total**	**34,482**	**36,185**	**28,483**	**31,230**	**31,505**	**31,656**	**34,083**	**32,426**
2 Payable in dollars	31,528	32,582	25,851	28,510	28,849	28,780	31,077	29,519
3 Payable in foreign currencies	2,955	3,603	2,632	2,720	2,656	2,877	3 006	2,908
By type								
4 Financial claims	19,763	21,142	17,501	20,261	20,896	20,831	22,978	21,579
5 Deposits	14,166	15,081	12,965	15,610	16,072	15,987	17 911	16,495
6 Payable in dollars	13,381	14,456	12,534	15,130	15,632	15,542	17,415	16,066
7 Payable in foreign currencies	785	625	430	480	439	445	497	428
8 Other financial claims	5,597	6,061	4,536	4,651	4,824	4,845	5,067	5,084
9 Payable in dollars	3,914	3,599	2,895	3,006	3,226	3,019	3,165	3,277
10 Payable in foreign currencies	1,683	2,462	1,641	1,645	1,598	1,826	1,902	1,808
11 Commercial claims	14,720	15,043	10,982	10,969	10,609	10,825	11,105	10,847
12 Trade receivables	13,960	14,007	9,973	9,765	9,241	9,526	9,695	9,540
13 Advance payments and other claims	759	1,036	1,010	1,203	1,367	1,299	1,410	1,307
14 Payable in dollars	14,233	14,527	10,422	10,374	9,991	10,219	10,498	10,176
15 Payable in foreign currencies	487	516	561	595	618	606	607	671
By area or country								
Financial claims								
16 Europe	6,069	4,596	4,868	6,229	6,847	6,202	6,374	6,446
17 Belgium-Luxembourg	145	43	10	58	12	25	37	30
18 France	298	285	134	98	140	135	130	145
19 Germany	230	224	178	127	216	151	129	121
20 Netherlands	51	50	97	140	136	89	49	57
21 Switzerland	54	117	107	107	37	34	38	90
22 United Kingdom	4,987	3,546	4,064	5,434	6,058	5,547	5,768	5,783
23 Canada	5,036	6,755	4,287	4,613	4,885	4,958	5,836	5,577
24 Latin America and Caribbean	7,811	8,812	7,458	8,527	8,089	8,609	9,767	8,467
25 Bahamas	3,477	3,650	3,265	3,811	3,291	3,389	4,732	3,233
26 Bermuda	135	18	32	21	92	62	96	3
27 Brazil	96	30	62	50	48	49	53	87
28 British West Indies	2,755	3,971	3,171	3,408	3,447	3,932	3,801	4,243
29 Mexico	208	313	274	352	348	315	291	279
30 Venezuela	137	148	139	156	152	137	134	130
31 Asia	607	758	698	712	771	764	709	776
32 Japan	189	366	153	233	288	257	242	333
33 Middle East oil-exporting countries[2]	20	37	15	18	14	8	4	7
34 Africa	208	173	158	153	154	151	147	144
35 Oil-exporting countries[3]	26	46	48	45	48	45	55	42
36 All other[4]	32	48	31	25	149	148	145	169
Commercial claims								
37 Europe	5,544	5,405	3,777	3,594	3,410	3,349	3,678	3,623
38 Belgium-Luxembourg	233	234	150	140	144	131	142	188
39 France	1,129	776	473	489	499	486	459	413
40 Germany	599	561	356	424	364	381	348	363
41 Netherlands	318	299	347	309	242	282	333	308
42 Switzerland	354	431	339	227	303	270	317	336
43 United Kingdom	929	985	808	754	739	734	809	786
44 Canada	914	967	632	648	716	788	829	1,052
45 Latin America and Caribbean	3,766	3,479	2,521	2,699	2,722	2,864	2,695	2,420
46 Bahamas	21	12	21	30	30	15	8	8
47 Bermuda	108	223	259	172	108	242	190	216
48 Brazil	861	668	258	402	512	611	493	357
49 British West Indies	34	12	12	21	21	12	7	7
50 Mexico	1,102	1,022	774	894	956	897	884	745
51 Venezuela	410	424	351	288	273	282	272	268
52 Asia	3,522	3,959	3,048	3,128	2,871	2,936	3,041	2,994
53 Japan	1,052	1,245	1,047	1,115	949	1,037	1,092	1,200
54 Middle East oil-exporting countries[2]	825	905	751	702	700	719	737	701
55 Africa	653	772	588	559	528	562	585	497
56 Oil-exporting countries[3]	153	152	140	131	130	131	139	133
57 All other[4]	321	461	417	342	361	326	277	261

1. For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p 550
2 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States)
3 Comprises Algeria, Gabon, Libya, and Nigeria
4 Includes nonmonetary international and regional organizations

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1982	1983	1984	1983	1984					
			Jan.– June	Dec.	Jan.	Feb.	Mar.	Apr.	May	June^p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	41,881	69,770^r	31,883	6,007^r	5,438^r	6,234	6,101	4,510	5,048	4,552
2 Foreign sales	37,981	64,360^r	31,804	5,736^r	5,799^r	5,823	5,599	4,189	5,494	4,899
3 **Net purchases, or sales (−)**	**3,901**	**5,410^r**	**79**	**271^r**	**−361^r**	**411**	**502**	**321**	**−446**	**−347**
4 **Foreign countries**	**3,816**	**5,312^r**	**109**	**281^r**	**−350^r**	**480**	**470**	**320**	**−454**	**−357**
5 Europe	2,530	3,979^r	−82	−281^r	−168^r	147	329	208	−281	−317
6 France	−143	−97	−38	−64	−72^r	−97	−4	38	100	−3
7 Germany	333	1,045	280	−51	95	116	151	−43	−40	2
8 Netherlands	−63	−109	−104	13	1^r	1	32	−15	−47	−76
9 Switzerland	−579	1,325	−63	−208	−92	282	−3	90	−220	−120
10 United Kingdom	3,117	1,799^r	−275	47^r	−94^r	−168	125	137	−96	−179
11 Canada	222	1,151	877	183	83	323	300	73	−61	158
12 Latin America and Caribbean	317	529	325	239	124	43	14	25	82	38
13 Middle East[1]	366	−807	−1,043	13	−361	−44	−197	−58	−168	−215
14 Other Asia	247	394	31	122	−48	36	33	66	−28	−27
15 Africa	2	42	11	2	5	10	−7	5	−4	3
16 Other countries	131	24	−11	1	16	−34	−1	2	6	2
17 **Nonmonetary international and regional organizations**	**85**	**98**	**−30**	**−7**	**−11**	**−70**	**32**	**1**	**8**	**10**
BONDS[2]										
18 Foreign purchases	21,639	24,049^r	11,614	1,698^r	1,834^r	2,113	2,200	1,701^r	1,763	2,004
19 Foreign sales	20,188	23,092^r	10,881	1,496^r	1,773^r	1,943^r	2,074	1,857	1,442	1,792
20 **Net purchases, or sales (−)**	**1,451**	**957^r**	**733**	**202^r**	**61^r**	**170^r**	**126**	**−156^r**	**321**	**211**
21 **Foreign countries**	**1,479**	**942^r**	**640**	**195^r**	**72**	**82^r**	**183**	**−224^r**	**355**	**171**
22 Europe	2,082	961^r	383	−53^r	72	−55^r	−15	21^r	85	275
23 France	305	−89	−8	−4	−1	−5	−1	−5	0	4
24 Germany	2,110	347^r	345	−27^r	−37^r	−32	117	68	107	122
25 Netherlands	33	51	35	3	3	25	9	−12	−1	11
26 Switzerland	157	632	−115	78	12	−102^r	−45	−22	8	35
27 United Kingdom	−589	434^r	−41	−128^r	127^r	101	−58	−239	−59	87
28 Canada	24	123	−74	−22	1	−10	−23	−77	3	32
29 Latin America and Caribbean	159	100	207	20	9	16	18	−8	157	15
30 Middle East[1]	−752	−1,159	−477	42	−26	58^r	30	−263	11	−287
31 Other Asia	−22	865	600	207	18	75	170	102	100	135
32 Africa	−19	0	0	0	−1	0	0	1	0	0
33 Other countries	7	52	1	0	0	−2	3	1	0	0
34 **Nonmonetary international and regional organizations**	**−28**	**15**	**93**	**7**	**−11**	**87**	**−57**	**67**	**−34**	**40**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−1,341	−3,765^r	382	−187^r	−114^r	345^r	145^r	−18	64	−40
36 Foreign purchases	7,163	13,281^r	7,785	1,132^r	1,215^r	1,487^r	1,575	1,242	1,156	1,110
37 Foreign sales	8,504	17,046^r	7,403	1,320^r	1,329^r	1,142	1,429^r	1,260	1,092	1,150
38 Bonds, net purchases, or sales (−)	−6,631	−3,651^r	−505	−884^r	267^r	−72^r	77^r	−399	−631	252
39 Foreign purchases	27,167	35,922^r	26,588	3,076^r	3,424^r	3,903^r	4,985^r	3,812	5,165	5,298
40 Foreign sales	33,798	39,572^r	27,093	3,960^r	3,157^r	3,975	4,907	4,211	5,797	5,045
41 **Net purchases, or sales (−), of stocks and bonds**	**−7,972**	**−7,416^r**	**123**	**−1,071^r**	**153^r**	**273^r**	**223^r**	**−417**	**−567**	**212**
42 **Foreign countries**	**−6,806**	**−6,971^r**	**−357**	**−910^r**	**124^r**	**241^r**	**138^r**	**−415**	**−642**	**198**
43 Europe	−2,584	−5,866^r	−3,187	−643^r	−34^r	−404	−236^r	537	−1,520	−456
44 Canada	−2,363	−1,344^r	−288	−60^r	14^r	185^r	117^r	−187	38	122
45 Latin America and Caribbean	336	1,120	1,541	17	114	188	49	126	602	462
46 Asia	−1,822	−855^r	1,046	−81	33	282^r	220	187	243	80
47 Africa	−9	141	−51	0	−5	−11	−10	−4	−16	−4
48 Other countries	−364	−166	6	−143	2	1	−3	0	12	−6
49 **Nonmonetary international and regional organizations**	**−1,165**	**−445**	**233**	**−161**	**28**	**32**	**85**	**−2**	**74**	**15**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1982	1983r	1984 Jan.–June	1983 Dec.r	1984 Jan	Feb	Mar.	Apr	May	June p
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**85,220**	**88,932**	....	**88,932**	**89,645r**	**90,206r**	**89,656r**	**92,005r**	**92,848**	**92,799**
2 Foreign countries[2]	80,637	83,818	......	83,818	84,534r	84,382r	84,383r	85,408r	85,227	86,254
3 Europe[2]	29,284	35,509		35,509	36,009r	37,319r	37,226r	37,787r	37,800	38,690
4 Belgium-Luxembourg	447	16		16	33	50	57	91	61	135
5 Germany[2]	14,841	17,290		17,290	17,581	18,527	18,834r	19,201	19,507	19,593
6 Netherlands	2,754	3,129		3,129	3,113	3,052	3,023	3,117	2,979	3,000
7 Sweden	677	847		847	878r	898r	945r	949r	954	940
8 Switzerland[2]	1,540	1,118		1,118	1,167	1,206	1,256	1,241	979	1,328
9 United Kingdom	6,549	8,515		8,515	8,701r	8,587r	8,406r	8,411r	8,647	9,191
10 Other Western Europe	2,476	4,594		4,594	4,536r	5,000r	4,707r	4,776r	4,674	4,503
11 Eastern Europe	0	0		0	0	0	0	0	-1	1
12 Canada	602	1,301		1,301	1,298	1,310	1,090	1,299	1,308	1,415
13 Latin America and Caribbean	1,076	863		863	1,426	840	563	572	962	862
14 Venezuela	188	64	......	64	64	64	64	65	65	75
15 Other Latin America and Caribbean	656	716		716	696	574	504	453	546	490
16 Netherlands Antilles	232	83		83	665	201	−6	53	351	297
17 Asia	49,543	46,026		46,026	45,690r	44,811r	45,401r	45,610r	44,992	45,122
18 Japan	11,578	13,911		13,911	14,013r	14,351	14,334r	14,547	14,871	15,361
19 Africa	77	79		79	79	78	82	85	88	88
20 All other	55	38		38	31r	23r	21r	57r	77	77
21 Nonmonetary international and regional organizations	4,583	5,114		5,114r	5,111r	5,824r	5,273r	6,597r	7,621	6,545
22 International	4,186	4,404		4,404	4,467	5,139	4,614	5,936	6,946	5,860
23 Latin American regional	6	6		6	6	6	6	6	6	6
	Transactions (net purchases, or sales (−) during period)									
24 **Total[2]**	**14,972**	**3,711**	**3,867**	**−612**	**713r**	**561r**	**−550**	**2,348**	**843**	**−49**
25 Foreign countries[2]	16,072	3,180	2,436	116	716r	-152r	1	1,025	182	1,027
26 Official institutions	14,550	779	-253	−435	539	8r	476	622r	−1,021	-878
27 Other foreign[2]	1,518	2,400	2,693	551	178r	−159r	-475	403r	840	1,906
28 Nonmonetary international and regional organizations	−1,097	535	1,426	-727	−4r	712	−551	1,322	1,024	-1,077
MEMO Oil-exporting countries										
29 Middle East[3]	7,575	−5,419	−2,945	−54	-515	−829r	46	-678	−1,063	95
30 Africa[4]	552	-1	0	0	0	0	0	0	0	0

1. 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.

2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on July 31, 1984 Percent	Rate on July 31, 1984 Month effective	Country	Rate on July 31, 1984 Percent	Rate on July 31, 1984 Month effective	Country	Rate on July 31, 1984 Percent	Rate on July 31, 1984 Month effective
Austria	4.5	June 1984	France[1]	11.25	July 1984	Norway	8.0	June 1979
Belgium	11.0	Feb. 1984	Germany, Fed. Rep. of	4.5	June 1984	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	15.5	May 1984	United Kingdom[2]	.....	
Canada	13.24	July 1984	Japan	5.0	Oct. 1983	Venezuela	11.0	May 1983
Denmark	7.0	Oct. 1983	Netherlands	5.0	Sept. 1983			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.

2. Minimum lending rate suspended as of Aug. 20, 1981.

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1981	1982	1983	1984						
				Jan	Feb	Mar	Apr.	May	June	July
1 Eurodollars	16.79	12.24	9 57	9.78	9.91	10 40	10 83	11 53	11.68	12.02
2 United Kingdom	13.86	12 21	10.06	9 40	9 35	8 90	8.84	9 32	9.43	11 38
3 Canada	18.84	14 38	9.48	9 84	9.85	10.40	10.75	11 52	11 86	13 03
4 Germany	12.05	8 81	5.73	6.07	5.91	5.82	5.81	6.08	6.11	6 09
5 Switzerland	9 15	5.04	4 11	3.65	3 47	3 60	3 61	3.83	4.15	4.72
6 Netherlands	11 52	8.26	5 58	6.01	5.95	6 09	6.04	6.05	6.09	6.39
7 France	15 28	14 61	12.44	12 22	12 36	12 53	12.46	12.16	12.23	11.70
8 Italy	19.98	19 99	18.95	17.75	17 40	17.28	17.38	16.80	16.75	16.73
9 Belgium	15.28	14 10	10.51	10 68	11.43	12.02	11 66	11 80	11 90	11.90
10 Japan	7.58	6 84	6.49	6 35	6 34	6.41	6.26	6.24	6 35	6.31

NOTE Rates are for 3-month interbank loans except for Canada, finance company paper; Belgium, 3-month Treasury bills, and Japan, Gensaki rate

3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1981	1982	1983	1984					
				Feb	Mar.	Apr.	May	June	July
1 Australia/dollar[1]	114.95	101.65	90.14	93 48	95.13	92.31	90.61	88 26	83 42
2 Austria/schilling	15 948	17.060	17 968	19.028	18.285	18 630	19.316	19 226	19.998
3 Belgium/franc	37.194	45.780	51.121	55.279	53 135	54 078	55.925	55.840	57.714
4 Brazil/cruzeiro	92.374	179 22	573.27	1131.37	1266 64	1387 52	1497.64	1,643 81	1,819.00
5 Canada/dollar	1 1990	1.2344	1 2325	1.2480	1.2697	1 2796	1 2944	1 3040	1.3238
6 China, P.R /yuan	1 7031	1.8978	1 9809	2.0628	2.0646	2 0929	2 1866	2 2178	2.2996
7 Denmark/krone	7 1350	8.3443	9.1483	9.8549	9 5175	9 7311	10.0618	10.050	10.4178
8 Finland/markka	4.3128	4 8086	5.5636	5 7892	5.6136	5.6434	5.8115	5.8182	6 0187
9 France/franc	5.4396	6.5793	7.6203	8.3051	8.0022	8.1411	8 4435	8 4181	8 7438
10 Germany/deutsche mark	2.2631	2 428	2.5539	2 6984	2.5973	2.6474	2.7484	2.7397	2 8492
11 Greece/drachma	n.a	66 872	87.895	101 80	102 40	104.89	108.37	108 85	112 40
12 Hong Kong/dollar	5.5678	6.0697	7.2569	7 7883	7.7942	7.8073	7.8159	7.8131	7 8519
13 India/rupee	8 6807	9.4846	10 1040	10 744	10.714	10.820	11.017	11.064	11 371
14 Ireland/pound[1]	161 32	142 05	124.81	114 21	117 88	115.67	111.75	111 67	107 63
15 Israel/shekel	n a	24.407	55 865	130.21	146.40	168 76	191 56	215 06	253 14
16 Italy/lira	1138 60	1354.00	1519.30	1666.39	1614.17	1638.48	1696.32	1,694 80	1,751.18
17 Japan/yen	220.63	249 06	237.55	233.60	225.27	225 20	230.48	233.57	243.07
18 Malaysia/ringgit	2.3048	2.3395	2.3204	2 3363	2.2933	2.2904	2.3029	2.3109	2 3385
19 Mexico/peso	24.547	72 990	155 01	168.49	172 93	179 07	198.35	196.54	196.63
20 Netherlands/guilder	2.4998	2 6719	2.8543	3.0455	2 9326	2 9864	3.0926	3.0882	3.2155
21 New Zealand/dollar[1]	86.848	75 101	66.790	65 810	66.714	65.834	64.892	64.205	55 631
22 Norway/krone	5.7430	6.4567	7.3012	7 6937	7.5028	7.5992	7 8100	7 8162	8 2151
23 Philippines/peso	7.8113	8 5324	11 0940	14.050	14.186	14.257	14 262	14.250	n a.
24 Portugal/escudo	61 739	80 101	111.610	135.01	131 70	134 46	139 85	141 83	152 17
25 Singapore/dollar	2.1053	2 1406	2.1136	2.1279	2 0893	2 0853	2.1006	2.1122	2.1473
26 South Africa/rand[1]	114.77	92 297	89.85	81.31	82 10	80.19	78 15	76.49	66.52
27 South Korea/won	n.a	731 93	776.04	799 06	794 51	796 41	801.54	802.20	810.96
28 Spain/peseta	92 396	110.09	143 500	154 20	149.68	150 26	154 03	154 75	161 37
29 Sri Lanka/rupee	18.967	20 756	23 510	25 270	25.177	25.133	25.161	25.176	25.223
30 Sweden/krona	5 0659	6.2838	7 6717	7 9976	7.7323	7.8444	8 0782	8.0993	8 3063
31 Switzerland/franc	1 9674	2.0327	2 1006	2 2050	2.1490	2.1913	2.2680	2.2832	2.4115
32 Taiwan/Dollar	n.a.	n a	n.a.	40.236	40 078	39 784	39 716	39.843	39.477
33 Thailand/baht	21 731	23.014	22.991	23.000	23.004	23.010	23 010	23.010	23.020
34 United Kingdom/pound[1]	202 43	174.80	151 59	144 17	145.57	142.10	138 94	137 70	132.00
35 Venezuela/bolivar	4.2781	4 2981	10.6840	13 023	13 470	14.375	15 661	14.709	13.067
MEMO									
United States/dollar[2]	102.94	116 57	125 34	131 71	128.07	130.01	133 99	134.31	139.30

1 Value in U S cents.

2. 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 p. 700 of the August 1978 BULLETIN.

NOTE Averages of certified noon buying rates in New York for cable tranfers

Guide to Tabular Presentation, Statistical Releases, and Special Tables

Guide to Tabular Presentation

Symbols and Abbreviations

c	Corrected	0	Calculated to be zero
e	Estimated	n.a.	Not available
p	Preliminary	n.e.c.	Not elsewhere classified
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)	IPCs	Individuals, partnerships, and corporations
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)	REITs	Real estate investment trusts
		RPs	Repurchase agreements
		SMSAs	Standard metropolitan statistical areas
		. . . . .	Cell not applicable

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Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

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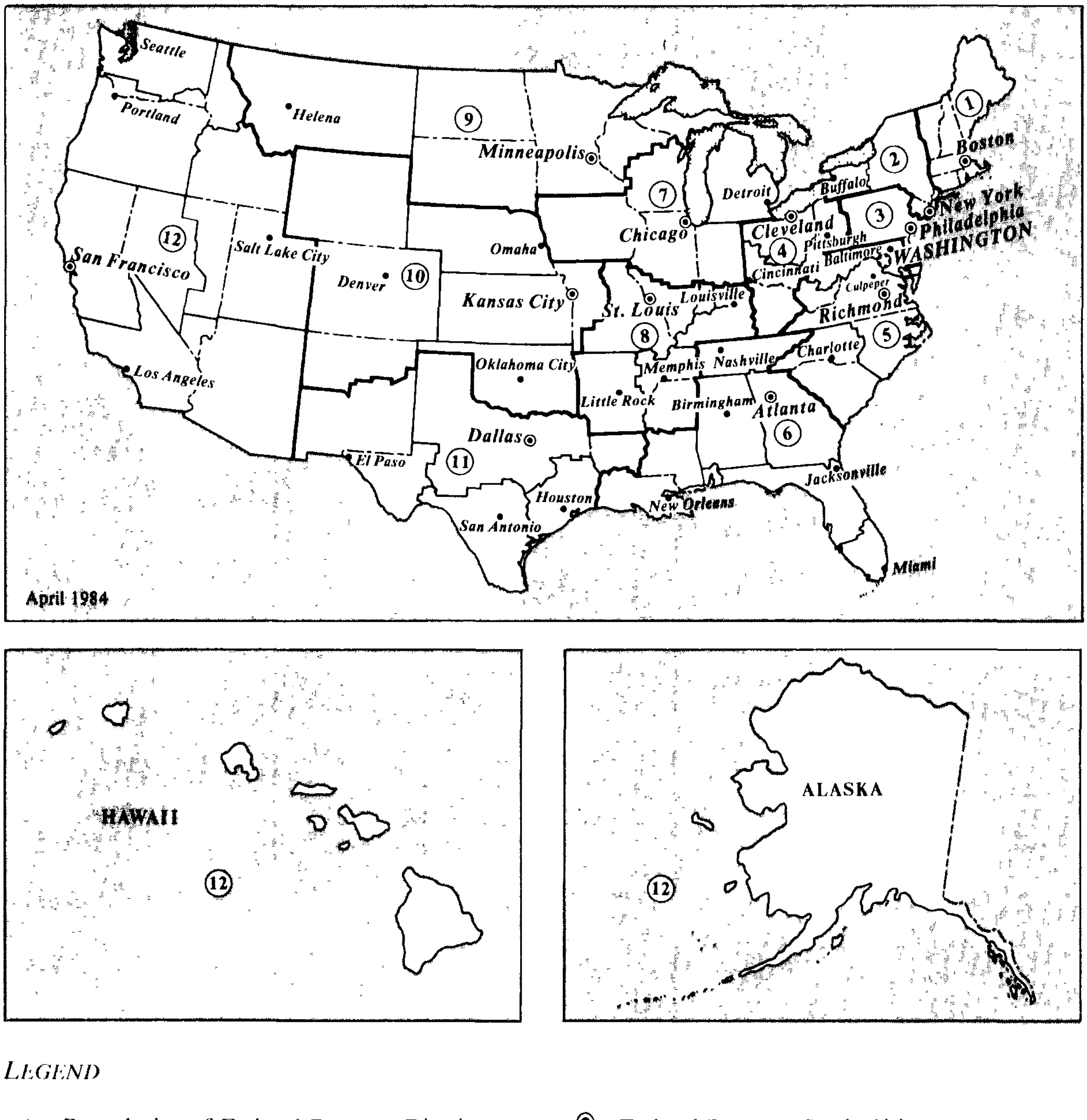
DALLAS 75222	Robert D. Rogers John V. James	Robert H. Boykin William H. Wallace	
El Paso...................79999	Mary Carmen Saucedo		Joel L. Koonce, Jr.
Houston..................77252	Paul N. Howell		J.Z. Rowe
San Antonio............78295	Lawrence L. Crum		Thomas H. Robertson
SAN FRANCISCO......94120	Caroline L. Ahmanson Alan C. Furth	John J. Balles Richard T. Griffith	
Los Angeles............90051	Bruce M. Schwaegler		Richard C. Dunn
Portland..................97208	Paul E. Bragdon		Angelo S. Carella
Salt Lake City..........84125	Wendell J. Ashton		A. Grant Holman
Seattle....................98124	John W. Ellis		Gerald R. Kelly

*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424, Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204, and Milwaukee, Wisconsin 53202.

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