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Monetary Policy Report to the Congress

Report submitted to the Congress on July 20, 1989, pursuant to the Full Employment and Balanced Growth Act of 1978.[1]

MONETARY POLICY AND THE ECONOMIC OUTLOOK FOR 1989 AND 1990

As 1989 began, a reduction in inflationary pressures appeared essential if the ongoing economic expansion was to be sustained. Monetary policy during 1988 had been directed toward reducing the risks of an escalation of inflation and inflation expectations, but at the time of the Board's report to the Congress in February of this year, success in that effort seemed far from assured.

Indeed, among the data reported in the early part of 1989 were very large increases in the producer and consumer price indexes, reflecting not only the effects of run-ups in oil and agricultural commodity prices, but also broader inflationary developments, including unfavorable trends in unit labor costs over the preceding year. Under the circumstances, with pressures on productive resources still intense, monetary policy was tightened further. Reserve availability was curtailed through open market operations, and the discount rate was raised ½ percentage point in late February. In response to these policy actions and to expectations that additional tightening moves might be needed, market interest rates climbed throughout the first quarter, and money growth was subdued.

Over the course of the second quarter, several indicators suggested the emergence of conditions that were more conducive to a future easing of inflationary pressures. Growth of the monetary aggregates weakened further, with M2 running noticeably below its target range for the year. Aggregate demand for goods and services moderated, reducing somewhat the strains on productive resources, especially in the industrial sector of the economy. The dollar exhibited considerable strength in the foreign exchange markets, portending a direct reduction in price pressures and slower growth in demands on domestic production capacity. Although the unemployment rate remained essentially unchanged in the neighborhood of 5¼ percent—the lowest level since the early 1970s—trends in wages and total compensation showed little, if any, further step-up, reflecting at least in part an awareness among workers and management of the need to contain costs in a highly competitive world economy. Meanwhile, prices of actively traded industrial commodities leveled out, enhancing the prospects for a broader slackening in the pace of inflation.

In this environment, interest rates turned down during the spring, as financial market participants responded not only to the better outlook for inflation but also in anticipation of an easing of monetary restraint by the Federal Reserve. The System began to provide reserves slightly more generously through open market operations at the beginning of June and took an additional small easing step in early July. This helped bring about a further decline in market rates of interest, which by mid-July generally had more than retraced the increases that had occurred earlier in the year. Most short-term interest rates were down about ½ percentage point from their December levels, while long-term rates had fallen as much as 1 percentage point on balance.

Monetary Objectives for 1989 and 1990

In February, the Federal Open Market Committee (FOMC) specified a range for M2 growth in 1989 that was a full percentage point below that of 1988 and ranges for M3 and debt that were ½ percentage point below those of the previous year (table 1). This was the third consecutive

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.

year in which the ranges had been lowered. At the same time, the Committee recognized that, in light of the continuing uncertainty regarding the shorter-term relation between monetary growth and changes in income and spending, a variety of indicators of inflation pressures and economic activity as well as the behavior of the aggregates would have to be considered in determining policy.

In February, the Committee had anticipated relatively slow money growth over the first half of the year because of the effects of the firming of policy through late 1988 and into 1989. In addition to the influence of the higher interest rates on desired holdings of money, however, several special factors—including the difficulties of the thrift industry and a drawdown of liquid assets to meet unusually large individual tax payments—appear to have further reduced money balances in the first half. These factors contributed to a substantial rise in velocity, the ratio of nominal GNP to the stock of money.

By June, money growth had picked up. Nonetheless, M2 ended the quarter just 2 percent at an annual rate above the fourth quarter of last year, compared with its annual growth range of 3 to 7 percent. In June, M3 was at the lower end of its annual range of 3½ to 7½ percent. The rate of expansion of domestic nonfinancial sector debt also slowed in the first half of this year compared with 1988, though by less than the monetary aggregates; debt has grown about 8 percent so far this year, near the middle of its monitoring range of 6½ to 10½ percent.

At its meeting earlier this month, the Committee agreed to retain the current ranges for growth of money and debt in 1989. The Committee anticipates that by the fourth quarter all three aggregates will be well within those ranges. The more rapid growth in M2 and M3 already evident since mid-May is expected to extend through the second half. The recent declines in short-term market interest rates have made M2 holdings more attractive, tending to offset the restraining effects on M2 of previous increases of interest rates. With M2 expansion likely also to be boosted by a further replenishing of liquid balances depleted by tax payments, this aggregate is expected to grow a little faster than nominal gross national product in the second half, bringing it into the lower portion of its annual growth

1. Ranges of growth
for monetary and credit aggregates
Percent change, fourth quarter to fourth quarter

Aggregate	1988	1989	Provisional ranges for 1990
M2	4 to 8	3 to 7	3 to 7
M3	4 to 8	3½ to 7½	3½ to 7½
Debt	7 to 11	6½ to 10½	6½ to 10½

range. The faster growth of M2 should show through at least in part to a quickening in M3 growth over the second half of the year, so that this aggregate would move into the middle part of its range. Domestic nonfinancial debt is likely to remain in the middle portion of its range through year-end.

For 1990, the Committee provisionally decided to use, for all three aggregates, the same growth ranges in force for 1989. The Committee recognized that the economic and financial outlook over the next year and a half is uncertain; in particular, it is unclear at this juncture whether the velocities of M2 and M3 are more likely to trend higher or lower next year. Although the Committee's initial assessment is that growth of money and credit through 1990 within the bounds of the reduced ranges of this year likely would foster the slower inflation and sustained real economic expansion that it is seeking, it will reevaluate the ranges next February in light of the unfolding economic and financial situation. The outlook for spending, prices, and financial markets in 1990 should have clarified somewhat by then, as should the influence on monetary expansion of the ongoing resolution of thrift industry problems. For the long term, the Committee recognized that ultimate attainment of price stability will require that the ranges for money and credit growth be reduced further in future years.

Economic Projections for 1989 and 1990

Voting members of the Committee and other Reserve Bank presidents believe that the monetary ranges specified are consistent with some progress in reducing inflation, which likely will be associated in the near term with the continuation of a slower pace of economic growth. The central tendency of the forecasts is for increases in real GNP of 2 to 2½ percent in 1989 and of 1½ to 2 percent in 1990 (table 2).

The expected easing of pressures on resources should contribute to a damping of inflation in 1990, although the Board members and Bank presidents also are anticipating some near-term relief from the special problems that boosted prices in the first half of this year. Larger crops later this year should result in more favorable behavior of food prices, and the recent peaking of crude oil prices suggests the likelihood of some softening in consumer energy prices. Thus, retail inflation should be considerably slower over the remainder of this year, and the central tendency of consumer price index forecasts for 1989 as a whole is 5 to 5½ percent—compared with the rate of more than 6 percent observed through May. The forecasts for the consumer price index in 1990 center on 4½ to 5 percent.

The Administration's economic forecast, presented in connection with its mid-session update of the budget outlook, does not differ greatly from the projections of the FOMC members. Nominal GNP is near the upper ends of the central-tendency ranges of the FOMC for 1989 and 1990, but with a more favorable mix of real output versus inflation, especially in 1990. There appears to be no basic inconsistency between the policy objectives of the Federal Reserve and the economic forecast of the Administration; indeed, the Administration has indicated that it shares the view that the maintenance of anti-inflationary monetary policy is a precondition for healthy economic expansion.

In an environment of relatively slow overall growth, such as is expected by the FOMC members, some industries and regions are likely to experience setbacks; but major imbalances that could threaten the continuation of the economic expansion are not anticipated. In the household sector, growth of consumer purchases has been sluggish and may remain so for a while. Residential construction activity should pick up some in coming months, in response to the recent decline of mortgage rates, although an overhang of supply in some locales could damp the recovery. Surveys of business plans suggest that capital spending will post further gains over the remainder of 1989, but some moderation from first-half growth rates is to be expected in light of declining levels of capacity use and the recent weakening in corporate profits. Spending on equipment is likely to continue to be buoyed by the desire to modernize industrial facilities so as to enhance efficiency and meet intense competition here and abroad.

The external sector represents an area of considerable uncertainty in the economic outlook for the next year and a half. Real net exports of goods and services increased earlier this year,

2. Economic projections for 1989 and 1990

Item and year	FOMC voting members and other FRB Presidents		Administration
	Range	Central tendency	
1989			
Percent change, fourth quarter to fourth quarter			
Nominal GNP	5 to 7¾	6 to 7	7.1
Real GNP	1½ to 2¾	2 to 2½	2.7
Consumer price index	4½ to 5¾	5 to 5½	4.9[1]
Average level in the fourth quarter, percent			
Civilian unemployment rate	5 to 6	Around 5½	5.3[2]
1990			
Percent change, fourth quarter to fourth quarter			
Nominal GNP	4¼ to 7½	5½ to 6¾	6.8
Real GNP	1 to 2½	1½ to 2	2.6
Consumer price index	3 to 5¾	4½ to 5	4.1[1]
Average level in the fourth quarter, percent			
Civilian unemployment rate	5 to 6½	5¼ to 6	5.4[2]

1. CPI for Urban Wage Earners and Clerical Workers. FOMC forecasts are for the CPI for All Urban Consumers.

2. Percent of total labor force, including armed forces residing in the United States.

but improvements may be more difficult to achieve in the period ahead as the effects of past depreciation of the dollar wear off and are offset by those associated with the more recent appreciation. In addition, the path of exports will depend importantly on economic growth abroad, which may slow as a result of policy actions taken by some of our major trading partners to offset mounting inflationary pressures. Ultimately, achievement of the adjustment needed in the external sector will depend not only on governmental policies that foster macroeconomic stability, but also on the determination of U.S. firms to meet foreign competition through application of stringent cost controls and intensified marketing efforts abroad.

A key ingredient in maintaining a healthy pace of economic expansion is further progress in reducing the federal budget deficit. Since 1983, the deficit has fallen relative to GNP from more than 6 percent to around 3 percent, but it remains large by historical standards. Taking the actions required to meet the Gramm–Rudman–Hollings targets on schedule will foster confidence in the U.S. economy, particularly among financial market participants. At the same time, reduced demands by the federal government for credit will free up the available supply to interest-sensitive private sectors, such as housing and business investment. The Committee thus views as highly encouraging the commitments expressed by the Congress and the Administration to begin soon to address the problems of meeting the fiscal 1991 budget target.

The Performance of the Economy during the First Half of 1989

After two years of rapid expansion, economic activity decelerated substantially in the first half of 1989. Even at this more moderate pace of growth, however, job creation was considerable—nearly 1½ million between December and June—and the civilian unemployment rate, fluctuating around 5¼ percent, remained in the lowest range since the early 1970s.

Inflation rose in the first half of 1989, but most of the increase appears to have resulted from transitory events. In particular, energy prices increased sharply, as the rise in crude oil prices between November 1988 and May 1989 was passed through, and food prices surged as the agriculture sector continued to experience adverse supply developments. Outside food and energy, the rate of inflation has, on average, remained at about its 1988 pace, even in the face of relatively high levels of resource utilization.

This apparent stability of underlying price trends is attributable in part to the appreciation of the dollar on exchange markets. So far in 1989, prices of imported goods other than oil have been virtually flat on average, restraining increases in the prices of domestically produced items. In addition, despite the tightest labor markets in some time, wage trends have been fairly stable, helping to limit the acceleration in unit labor costs during a period in which productivity has weakened.

The External Sector

Developments in foreign exchange markets have played an important role in shaping events in the domestic economy in recent years. After depreciating over most of the period from 1985 to late 1987, the foreign exchange value of the dollar in terms of other Group of Ten (G-10) currencies changed little, on net, in 1988, as a decline in the final few months reversed much of the increase that had occurred earlier in the year. In December the dollar began to rebound, and it rose substantially through mid-June before dropping back somewhat. The appreciation of the dollar through the first half of 1989 was frequently met by concerted intervention sales of dollars by U.S. and foreign monetary authorities.

During December, and in the first quarter of this year, the dollar rose in response to perceptions of a relative tightening of U.S. monetary policy. Reports of somewhat higher rates of inflation and news about the strength of the economy contributed to expectations that Federal Reserve policy would be tightened still further. There was a brief pause in the dollar's rise after the Group of Seven finance ministers and central bank governors stated in April that a further rise in the dollar that undermined the adjustment process would be counterproductive.

In May and early June, the dollar appreciated significantly on balance, even though interest rates on nondollar assets rose relative to those on dollar-denominated instruments. Sentiment in favor of the dollar was, perhaps, partly a response to concerns about political events abroad, but the data on the U.S. trade balance, which were better than expected, also may have played a role. For a while, the dollar's rise appeared to be associated with expectations of capital gains on U.S. stocks and bonds. Since mid-June, the dollar has retraced much of its second-quarter rise, under the influence of increasing interest rates abroad, declines in dollar rates, and some easing of demands for dollar assets after the initial response to political uncertainties in certain other countries.

Measured in terms of a trade-weighted average of the other G-10 currencies, the dollar is about 8 percent higher than it was in December 1988 and about 12 percent higher than it was in December 1987. After adjustment for changes in relative price levels, the appreciation of the dollar has been larger because U.S. inflation has remained above the average for the other G-10 countries. Meanwhile, the currencies of South Korea and Taiwan have risen moderately against the dollar so far in 1989.

In most of the other industrial countries, economic growth has been strong. The resulting very high rates of capacity utilization and the diminishing slack in labor markets, together with higher world oil prices and special factors, have spurred an appreciable pickup in inflation abroad in recent quarters. Policymakers in many foreign industrial countries have responded by raising official interest rates. Growth of the newly industrializing economies in Asia has slowed recently, though the rates remain relatively high. In contrast, developing countries that are burdened with large external debts have continued to struggle to achieve sustained economic growth.

The U.S. merchandise trade deficit in the first quarter was $110 billion at a seasonally adjusted annual rate, significantly better than the figure for the fourth quarter and that for 1988 as a whole. In the first two months of the second quarter, the trade deficit was essentially unchanged from the first-quarter pace.

Exports have continued to expand this year, although not so rapidly as in 1988. Export gains have been broadly based, with notable increases for agricultural goods, industrial supplies, capital goods, and consumer goods. Meanwhile, imports have increased moderately; in fact, in April and May imports of products other than petroleum averaged less than 1 percent above their fourth-quarter rate. Notable decreases were recorded in imports of consumer goods and automotive products. So far in 1989, the value of oil imports has risen sharply, as higher prices for petroleum and petroleum products were accompanied by a small increase in physical volume. The further improvement in the U.S. trade balance in the first five months of this year reflects several factors, most importantly the strength of economic activity abroad, the slower growth of U.S. activity, the continuing, if diminished, benefit for U.S. price competitiveness from the depreciation of the dollar through the end of 1987, and the restraint that the recent rise in the dollar placed on prices of non-oil imports.

The current account deficit widened in the first quarter to $123 billion. The increase from the fourth-quarter rate was more than accounted for by capital losses on assets denominated in foreign currencies resulting from the dollar's appreciation. Setting aside those losses, the current account balance in the first quarter showed a deficit of $108 billion, an improvement of about $22 billion from the previous quarter. Nearly all of this improvement resulted from the narrowing of the trade deficit. Preliminary information on capital transactions in the early months of 1989 suggests an increase in net private foreign purchases of U.S. Treasury securities and corporate bonds and substantial foreign direct investment in the United States.

The improvement in real net exports accounted for nearly half of the overall rise in the GNP during the first quarter, more than reversing its negative contribution in the fourth quarter. The contribution to GNP growth in the second quarter probably was negligible, however, as real net exports may have begun to be depressed by the loss in U.S. price competitiveness associated with the cumulative rise in the dollar since the end of 1987.

The Household Sector

Much of the slowing in overall economic growth in the first half of 1989 reflected a deceleration in consumer spending. The slump in demand was fairly broad, encompassing a variety of durable and nondurable goods. Despite the widespread availability of special financing deals and other incentives, sales of motor vehicles in the first half were about 6 percent below the pace of 1988 as a whole. A weakening in purchases of furniture and appliances likely was related in part to the drop in home sales.

Consumption slowed against a backdrop of strong income growth in the early part of the year, although weaker income growth was evident in the spring. Personal income gains in the first quarter were accentuated by the assumption of the national income accountants that the income of farm proprietors would return to normal levels over the year, after the drought-induced reductions in 1988. With hiring down in the spring, increases in wages and salaries softened noticeably, showing virtually no growth in real terms. Also, growth of the nonwage components of personal income was weaker on balance in the second quarter.

The personal saving rate has been on a distinct upswing since reaching a forty-year low in mid-1987. Several explanations have been propounded for the recent rise, among them the lower level of household net worth relative to income since the stock market break of 1987, higher costs of consumer credit (especially in after-tax terms, because of the phase-down of interest deductibility), and concerns about a potential softening of the economy. Whatever the cause, households appear to have adopted a more cautious spending stance, though it also should be noted that the personal saving rate has remained below the norms of the 1960s and 1970s.

Residential construction declined over the first half in response to the rise in interest rates and to earlier overbuilding in some markets. The more recent drop in rates, which began in May, likely will be reflected in some improvement in construction over the summer and fall. Total housing starts, at an average annual rate of 1.44 million units through May, were down 3¼ percent from their 1988 pace.

Starts in the single-family sector averaged about 1 million units at an annual rate between March and May, a period relatively free from the weather-related distortions that affected construction in January and February. Interest rates on fixed-rate mortgages rose above 11 percent for the first time since 1985, with part of the rise attributable to investor concerns about sizable future liquidations of mortgage assets by troubled thrift institutions. Also, rates on adjustable-rate mortgages (ARMs) rose nearly a full percentage point during the early months of 1989, as discounting of initial interest rates on ARMs was reduced. In recent years, relatively low initial terms on ARMs led an increasing number of households to favor this instrument for home purchases. Since their highs in the spring, interest rates on ARMs have fallen more than ½ of a percentage point, while fixed-rate mortgage rates have dropped about 1¼ percentage points.

Meanwhile, multifamily starts fell further in the first half of the year from the already low level recorded in 1988. Multifamily housing production has been limited by an overhang of vacant rental units. Moreover, building in this sector continues to reflect the effects of the Tax Reform Act of 1986, which, by curtailing many of the financial advantages associated with investment in rental housing, sharply reduced its after-tax profitability.

The Business Sector

In contrast to the household sector, business capital spending strengthened in early 1989, responding in part to high levels of capacity utilization in the United States and to international pressures to lower costs. In the first quarter of 1989, real business fixed investment rose at an annual rate of 7½ percent, and such spending appears to have increased substantially further in the second quarter.

The gain in investment has occurred in the equipment category. Particularly noteworthy in the first quarter was a sharp rise in outlays for industrial machinery. Increases in that area, which includes spending for fabricated metal products, engines, turbines, and a variety of other types of industrial apparatus, have been exceptionally strong since mid-1987. Spending for high-technology equipment also has been robust. Computer outlays decelerated during the second half of 1988, possibly reflecting some hesitation on the part of potential purchasers in response to the rapid pace of new product announcements; but spending was up considerably in the first quarter, and another gain appears in train for the second quarter.

High levels of factory utilization apparently have spurred a rise in industrial building in recent quarters. Outlays for construction of office and other commercial buildings also rose earlier this year, although the level of total spending on commercial structures remained below that of the 1985–86 period, depressed by excess space in many areas. And, while the rise in energy prices led to some increase in oil and gas drilling in the spring, the level of activity remained very low compared with that of the early 1980s.

Inventory investment slowed over the first five months of 1989, as businesses adjusted with apparent promptness to the more moderate expansion of final demand. Inventory buildups by manufacturers have been concentrated in the aircraft and other capital goods industries, where production has risen and order backlogs are large. In contrast, in the retail sector, automobile inventories rose sharply in the first quarter and have remained high. In an effort to reduce the overhang before introducing new models in the fall, carmakers have lowered factory assembly rates and have enhanced sales incentives. Qualitative reports have suggested that stocks at some other retailers also may have risen above desired levels, although most firms appear to have been following cautious inventory policies, and problems of excess stocks seem to be limited.

In the first quarter of 1989, before-tax economic profits of nonfinancial corporations declined, in part because unit labor costs increased as sales growth slowed and productivity deteriorated. The drop in profits was spread over most types of businesses; the largest decline was in the manufacturing sector, which had especially strong gains in both 1987 and 1988. Meanwhile, corporate tax liabilities edged up in the first quarter, owing in part to higher profits generated from the rise in prices of inventories. The combination of lower operating profits and higher tax liabilities reduced the internal cash flow of nonfinancial corporations.

The Government Sector

In the first quarter, real federal purchases of goods and services, the part of federal outlays that is counted directly in GNP, were virtually unchanged. Such purchases are dominated by defense; nominal spending authority in this area has been virtually flat since 1985, and procurement of some major new weapon systems is winding down. As a result, real military purchases have fallen and in the first quarter were nearly 5 percent below the mid-1987 peak. The decline in defense spending has been partially offset by increases in other federal purchases. Inventories held by the Commodity Credit Corporation edged down further in the first quarter, but the rate of decline has been slowing (on a seasonally adjusted basis) since the middle of last year as the effects of last summer's drought have dissipated. Spending for the space program and for tax and immigration enforcement also has risen.

On a unified budget basis, total nominal outlays for the fiscal year through May were more than 6 percent above the comparable year-earlier total. Spending related to the thrift institution problem spiked at year-end 1988 and then dropped sharply in the first half of this year. On the other hand, growth has continued in entitlement spending (principally Medicare and Social Security) and in net interest outlays.

Federal receipts have grown even more rapidly than outlays, buoyed by increases in employment and income. In addition, there was an extraordinary spurt in nonwithheld tax collections in April and May, the sources of which are at this point uncertain. Some possible explanations relate to the Tax Reform Act of 1986 and include greater-than-anticipated effects from its base-broadening provisions and a shifting of income from earlier years into 1988, when the reduction in personal tax rates was fully phased in. In addition, realizations of taxable capital gains may have been hefty last year because of the large number of corporate mergers and leveraged buyouts. All told, receipts thus far in 1989 are 10 percent above year-earlier levels, and the Administration now projects that the total budget deficit for FY1989 will be $148 billion, compared with the $155 billion recorded in FY1988.

Real purchases of goods and services by state and local governments have been on a moderate uptrend this year. Outlays for personnel and construction in the education and law enforcement areas have been subject to considerable upward pressure. Some other expenditures have risen because of federal mandates, especially those in recent health legislation. As in the federal sector, growth of state and local outlays has been tempered by budgetary pressures; excluding retirement trust funds, which are running a large surplus, the sector had a deficit of about $17 billion at an annual rate in the first quarter. Revenue experience was favorable this spring, however, as a significant number of states reported personal income tax receipts that were larger than expected.

Labor Markets

Job growth was substantial over the first half of 1989, though it slowed in the spring. In the first quarter, additions to nonfarm payrolls averaged 264,000 a month, about the same pace seen over the previous two years. By spring, hiring had begun to slow, and payroll employment growth dropped back to 200,000 per month in the second quarter as a whole. Even at this reduced rate, however, job gains were larger than are likely to be sustained, given the underlying trend in labor force growth. Manufacturing employment declined in the second quarter, while the number of construction jobs was about unchanged. Growth of employment moderated in the service-producing sectors, where advances have been the largest over the course of this business expansion.

The moderation in the growth of the demand for labor in the second quarter did not lead to any appreciable reduction in labor market tightness. The unemployment rate has fluctuated between 5.0 and 5.4 percent thus far this year; in June it stood at 5.3 percent. Although many Americans remain involuntarily unemployed, the difficulty of matching workers with jobs—given considerations of skill and location—is much greater than it was earlier in the expansion.

By at least one aggregate measure, the rate of increase in wages seems to have leveled off in recent quarters. Average hourly earnings of production and nonsupervisory workers accelerated from late 1986 through mid-1988; since then the rate of increase has flattened out, and in June earnings were up 3¾ percent from a year earlier. The employment cost index for wages and salaries in the private nonfarm sector, a broader measure of wages that is available only through March, indicated some easing of wage trends in the goods-producing sector; however, in the service-producing industries, the trend remained sharply upward. The cost of benefits provided to employees in the goods and services sectors rose slightly faster than wages over the year ended in March, and total compensation per hour—wages and salaries plus benefits—was up 4½ percent over that period, in the same range as the 12-month increases recorded in the preceding three quarters.

Productivity performance has deteriorated somewhat in recent quarters. In some instances, higher levels of production have forced firms to use less efficient capital and to employ less skilled labor. Output per hour in the nonfarm business sector was down in the first quarter, and virtually unchanged on a four-quarter basis. With the sizable increases in compensation over the same period, unit labor costs accelerated to an annual rate of 5¼ percent, the largest year-over-year increase since late 1982. In manufacturing, the rise in unit labor costs in the year ended in the first quarter was about 1 percent; unit costs had declined earlier in the business expansion. This step-up in unit labor costs reflects a slackening in the improvement of factory productivity; compensation increases have remained moderate.

Price Developments

Inflation increased sharply in early 1989, reflecting higher costs for food and energy. The consumer price index for all items, a broad-based measure for finished goods and services, rose at an annual rate of more than 6 percent through May, compared with the pace of 4½ percent in 1987 and 1988. The producer price index for finished goods recorded an even more pronounced acceleration, owing to the greater importance of food and energy in that index. However, the underlying inflation trend has not deteriorated: Excluding food and energy, inflation at the retail level has been running at a rate of around 4¾ percent, about the same as in 1988.

Energy prices began rising sharply last November, after the OPEC nations agreed to limit crude oil production. Subsequently, temporary supply disruptions in Alaska and in the North Sea added to price pressures. The posted price of West Texas Intermediate, the U.S. benchmark for crude oil, jumped from about $13 per barrel in November to more than $19 in early May. As a result, energy prices at the producer level soared, and consumer energy prices rose nearly 25 percent at an annual rate between December and May. More recently, posted prices of crude oil have remained between $19 and $20 per barrel.

Increases in retail food prices were large in the first half of 1989, in part reflecting the lingering effects of last summer's drought and additional damage to some crops this year. From the beginning of the year through May, the rise in the consumer price index for food was close to 8 percent at an annual rate. Although drought curtailed the winter wheat crop for 1989, total crop acreage has expanded, and overall production should rebound this year if weather conditions are satisfactory. In addition, meat supplies seem likely to hold fairly steady over the second half of this year. Thus, pressures from the supply side should not be a big factor in the food price outlook.

Excluding food and energy, prices for commodities at the consumer level have risen at a rate slightly lower than that recorded for 1988. A marked diminution of increases in non-oil import prices associated with the appreciation of the dollar apparently has restrained the prices of many goods, notably apparel and a variety of household items. In contrast, inflation in the service sector has increased, especially in labor-intensive services, such as medical care, entertainment, and public transportation.

At early stages of processing, prices of goods have risen little or declined in recent months. Prices for many crude industrial commodities, which had climbed sharply in 1987 and 1988 with the expansion of factory output, have softened this year. This in turn has helped hold down the increase in prices at the intermediate level of production; the producer price index for intermediate materials, excluding foods and energy, was unchanged on net in the second quarter.

MONETARY POLICY AND FINANCIAL DEVELOPMENTS DURING THE FIRST HALF OF 1989

In conducting monetary policy over the first half of the year, the Federal Open Market Committee continued its effort to foster long-run price stability, so as to build a base for sustainable expansion of the economy. In again reducing the ranges for money and debt growth at its February meeting, the Committee recognized that restraint on the expansion of money and credit would be needed to promote this goal.

At the same time, the Committee realized that considerable uncertainty remained about the behavior of the monetary aggregates. Relatively wide monetary ranges—4 percentage points in breadth—were retained, in part to take account of the substantial interest rate sensitivity of money demand over horizons of as long as a year and of the unpredictable effects on money demand of the resolution of the crisis in the thrift industry. Moreover, in these circumstances, the Committee recognized that, in addition to the behavior of the monetary aggregates, a variety of indicators of inflationary pressures and the course of economic activity would have to be taken into account in shaping policy over 1989.

The Implementation of Monetary Policy

As noted previously, developments early in 1989 suggested that a worrisome risk remained that inflation was picking up and could become more deeply embedded in the economy. Wage and benefit costs had accelerated in 1988, and the readings for the consumer and producer price indexes were troubling. Extending the move toward restraint that began almost a year earlier, the Federal Reserve increased reserve market pressures at the start of this year and again in mid-February. On February 24 the discount rate was raised ½ percentage point to 7 percent.

These policy actions were accompanied by marked increases, of about a percentage point, in most short-term interest rates. Yields on long-term securities also moved up, but by considerably less than short-term rates. The foreign exchange value of the dollar strengthened as interest rates in the United States rose relative to those abroad. Money growth slowed: M1 was roughly flat in the first quarter, and M2 and M3 decelerated from already reduced rates in the second half of 1988.

By spring, the outlook for spending and prices had become more mixed. Employment growth still looked strong; indicators of capital spending suggested a rebound from the fourth quarter of 1988; and prices continued to advance rapidly. But consumer demand appeared to have moderated; industrial production was weakening; and the behavior of commodity prices and some other indicators of potential price trends suggested that inflationary momentum might begin to wane. In view of the uncertainties surrounding the outlook and taking into account the subdued pace of money growth, the Committee left reserve market conditions unchanged through the middle of the second quarter.

Many interest rates began to move off their March highs early in the second quarter as indications mounted of moderation in the pace of economic activity and in underlying price pressures. With the passing weeks, a considerable weakening in housing activity became evident, and incoming data showed employment to be expanding at a noticeably slower rate. Market expectations of some additional tightening of monetary policy shifted to anticipations of an easing. The ensuing decline in interest rates did not, however, prompt a drop in the foreign exchange value of the dollar. Instead, the dollar appreciated further over this period, in part because of political uncertainties abroad and in part because of data on the U.S. trade balance that were better than expected. The dollar also may have gained support for a while from expectations that the rallies in U.S. securities markets would continue. The monetary aggregates weakened further in April and early May, reflecting the drawdown of liquid balances to make personal tax payments that were larger than expected. In May, M2 fell to the lower edge of the parallel band associated with its annual target range, and M3 slipped just below the bottom of its growth cone.

The FOMC eased policy slightly at the beginning of June and again in early July. The federal funds rate moved down about ½ percentage point in two steps to around 9¼ percent. Evidence that the more moderate pace of economic activity was persisting, indicators of the behavior of wages and sensitive prices, and the weakness of the monetary aggregates all were consistent with a prospective ebbing of inflationary pressures. Moreover, the dollar was appreciably above year-end levels, which could be expected to have favorable effects in restraining inflation. While inflation remained a concern, an intensification of price pressures did not appear to be a present danger, and the risks of cumulating weakness in the economy had increased.

Although the easing steps were largely expected, most short-term interest rates continued downward in anticipation of further monetary policy actions, more than offsetting their first-quarter rise. The bond market rallied further, leaving long-term rates by mid-July down ½ to 1 percentage point on balance from late-1988 levels. Stock prices continued their brisk upward movement, reaching post-October 1987 highs. The value of the dollar also moved down somewhat in late June and dropped further in early July; it retraced most of its rise during the second quarter, although remaining well above its level at year-end 1988.

The Behavior of the Monetary Aggregates

Growth of the monetary aggregates was quite sluggish over the first half of 1989, reflecting the effects of increases through March in market interest rates relative to returns on monetary assets, some depositor concern over the problems of the thrift industry, and large tax payments by individuals (table 3). From the fourth quarter of 1988 through June, M2 edged up at an annual rate of only 2 percent, markedly below last year's pace of 5¼ percent. M2 velocity rose sharply through the second quarter.

The deceleration of M2 in the first quarter stemmed largely from a combination of continued increases in market interest rates and unusually slow upward adjustment of rates paid on retail deposits. Yields on NOW accounts moved up only about 10 basis points over the year ended in March, while those on other liquid deposits—savings and money market deposit accounts (MMDAs)—rose about ¼ and 1 percentage point respectively; many short-term market rates in-

3. Growth of money and debt
Percent

Period	M1	M2	M3	Debt of domestic nonfinancial sectors
Fourth quarter to fourth quarter				
1979	7.7	8.2	10.4	12.3
1980	7.4	9.0	9.6	9.6
1981	5.2 (2.5)[1]	9.3	12.3	10.0
1982	8.7	9.1	9.9	9.0
1983	10.2	12.1	9.8	11.3
1984	5.3	7.7	10.5	14.2
1985	12.0	8.9	7.7	13.2
1986	15.6	9.3	9.1	13.4
1987	6.4	4.2	5.7	9.8
1988	4.3	5.2	6.2	8.9
Quarterly growth rates (annual rates)				
1989: 1	−.4	1.9	3.7	8.2
2	−5.5	1.3	3.1	7.4[e]

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

creased more than 3 percentage points over the same period. Rates on small time accounts increased much more than those on the more liquid retail deposits, but they too failed to keep up with the rise in market yields.

Some of the sluggishness in the adjustment of returns on retail deposits over this period may have reflected continued regulatory pressures on thrift institutions to moderate their pricing of deposits, as well as the closing last year of some insolvent institutions with aggressive pricing policies. More broadly, the slow upward adjustment of deposit rates, especially on accounts without fixed terms—NOW accounts, MMDAs, and savings deposits—also reflected the continued evolution of pricing strategies by depository institutions in the deregulated environment. By concentrating upward rate adjustments in small time deposits and offering more sophisticated account structures, in which larger balances receive higher rates, institutions found that they could retain the bulk of their funds while minimizing the effects of higher market rates on their overall interest expense.

Nonetheless, as yields on market instruments became increasingly attractive relative to those on deposits over the first quarter, some funds were redirected to instruments not included in the monetary aggregates. Noncompetitive tenders for Treasury bills and notes, a rough indicator of the extent to which individual investors are increasing their holdings of Treasury securities, surged early in the year and remained strong through March. The increase in demand for Treasury securities was greater than would have been expected from interest rate movements alone, suggesting that depositors' nervousness about the problems of the thrift industry were playing a role too. Although the President submitted to the Congress a comprehensive plan for resolving the industry's difficulties early in the year and gave assurances that the U.S. government would back insured deposits fully, thrift institutions insured by the Federal Savings and Loan Insurance Corporation (FSLIC) experienced large outflows of deposits throughout the first quarter. These outflows apparently depressed overall M2 growth somewhat during that period, but the bulk of the funds likely remained within the aggregate. Commercial banks experienced relatively strong growth in core deposits, and M2-type money market mutual funds, whose rates adjust relatively quickly to changes in market interest rates, saw sizable inflows of funds.

The increased opportunity costs of the first part of the year continued to damp money growth into the second quarter, but, in addition, liquid balances were drawn down to meet large April tax payments. Nonwithheld personal tax payments were $16 billion greater this April than last. The tax-related effect was manifested in a sharp drop in the liquid components of M2 in late April and into May as the payments continued to clear. Transaction accounts posted large declines, outflows of savings and MMDA balances accelerated, and inflows to money market mutual funds paused. Balances began to bounce back in late May, however, as depositors started to rebuild their holdings of monetary assets; and in June, M2 grew at an annual rate of 6¾ percent.

Also contributing to the rebound in holdings of money balances after mid-May were declines in opportunity costs as market interest rates headed down. Yields on small time deposits lagged this move, and returns on these deposits at times exceeded those on market instruments. Demand for Treasury securities through noncompetitive tenders fell back, and growth in small time deposits, already robust, jumped to an annual rate of more than 20 percent for the quarter. Yields on small time deposits at thrift institutions responded somewhat more slowly than those at banks to the downturn in market interest rates, and growth of these deposits at thrift institutions surged. Largely because of this strength in small time accounts and because the most anxious depositors probably had already moved their funds elsewhere, overall deposit balances at FSLIC-insured thrift institutions stabilized in the second quarter.

M3 grew at an annual rate of 3½ percent from the fourth quarter of last year to June, placing it at the lower bound of its target range. In the first quarter, expansion of M3 was subject to offsetting forces. It was bolstered somewhat by bank funding needs generated by strong demand for business loans. Added demand for commercial and industrial loans stemmed both from merger-related financings and from shifts to short-term borrowing by businesses facing rising long-term interest rates and investor concerns about "event risk"—the possibility that a firm's debt obligations would be significantly downgraded in a corporate buyout or restructuring. Acting to damp M3 growth over the first quarter, however, was heavy reliance by thrift institutions on Federal Home Loan Bank advances and other borrowings, which are not included in the money stock. M3 growth edged down a bit in the second quarter with some easing of bank credit demands and strong growth in government deposits—also not included in the money stock—resulting from the large volume of tax payments. By June, however, M3 had rebounded as tax effects unwound.

Reflecting interest rate and tax-related effects, M1 declined at an annual rate of 3½ percent from the fourth quarter of 1988 to June. Balances in other checkable deposits, which had moved down a little over the first quarter in response to higher opportunity costs, dropped substantially in late April and early May as the tax payments cleared. Demand deposits also declined on balance over the first half of the year, because opportunity costs increased and because the balances businesses are required to hold to compensate their banks for services fell. After changes in market rates of interest, banks often adjust with a lag the "earnings credit" rates used to determine the level of required compensating balances; thus, downward adjustments to compensating balances can continue for some time after market rates have stopped rising. The large personal tax payments also affected household demand-deposit balances. Late in the quarter, however, both demand and other checkable deposits began to increase, perhaps as some of the earlier influences started to be reversed with the drop in market interest rates over the second quarter.

Credit Flows

The aggregate debt of domestic nonfinancial sectors expanded at an annual rate of close to 8 percent over the first half of this year, near the midpoint of its monitoring range and down somewhat from its 1988 pace. The growth of federal sector debt slowed as tax receipts surged. Expansion of the debt of nonfederal sectors also moderated, partly in response to higher levels of market interest rates over much of the first half of the year. Household borrowing in mortgage markets slowed as increases in lending rates damped housing demand, while the pace of consumer borrowing slackened along with the deceleration in consumption spending.

Mortgage lending by thrift institutions did not appear to be unusually weak in the first few months of 1989, given the prevailing interest rates. These institutions coped with weak deposit flows by running off cash and investments and, through the first quarter, stepping up borrowing from the Federal Home Loan Banks. Despite signs of a reduction in mortgage lending activity by these institutions in the second quarter, the overall availability of housing credit did not appear to be significantly impaired.

Spreads between rates on both fixed-rate mortgages and mortgage-backed securities and rates on Treasury instruments of comparable maturity did widen over the first six months of the year, with some market participants reportedly fearing that large-scale liquidations of mortgage-backed securities by troubled thrift institutions could adversely affect the market for those instruments. However, the widening also may have reflected other developments: a general increase in uncertainty about movements in long-term interest rates (and therefore about prospective prepayments), and the flattening of the yield curve, which discouraged issuance of derivative mortgage instruments and thus reduced demand for the underlying mortgage-backed securities.

Total borrowing by nonfinancial businesses in the first half of the year was close to its 1988 pace. Credit demands continued to be buoyed by sizable merger-related financing in the first quarter, and an apparent pickup in capital expenditures increased business borrowing in the second quarter even as credit demands related to mergers and restructurings, while still strong, eased a bit. Because of investor fear of event risk triggered by the RJR–Nabisco acquisition in late 1988 as well as higher long-term rates through much of the period, corporate borrowing was concentrated in short-maturity vehicles. Commercial paper issuance surged during the first half of the year; businesses also relied on bank loans, albeit to a lesser extent. In response to investor concerns about event risk, many firms issued bonds with relatively short maturities of one to five years, or they brought issues to market with straight puts or with so-called poison puts—covenants designed to protect against negative effects on bondholders from future restructurings. Toward the end of the second quarter, with the introduction of these protections and the decline in rates, long-term financing in the corporate bond market was on the upswing.

Net issuance of tax-exempt securities by state and local governments fell sharply over most of the first half of 1989. Investor demand for tax-exempt securities remained strong and, with diminished supply, the ratio of tax-exempt to taxable yields fell to its lowest level since 1984. This ratio rose somewhat late in the second quarter, when the decline in long-term interest rates began to bring forth an increase in refunding activity and a pickup of issuance of bonds to raise new capital.

Priced Services, 1988 and 1989

Members of the staff of the Board's Division of Federal Reserve Bank Operations prepared this article.

Since 1981, under the mandate of the Monetary Control Act of 1980, the Federal Reserve has been charging fees for the services it provides to depository institutions—fees that must, over the long run, cover the full costs of those services. In 1988, the Federal Reserve System received $801.7 million in fees for its priced services and incurred $796.6 million in costs, for a recovery rate of 100.6 percent. The 1987 rate was 104.6 percent. Given the 1989 fees for priced services announced in November 1988 and expected growth in the total provision of services, the 1989 recovery rate will be approximately 103 percent. Activity is generally expected to maintain its recent patterns of growth, with higher volumes for all services except those involving paper-based securities, for which a decline is expected.

After adjustments to receipts and costs, which are described in the notes to the tables, total 1988 revenue from Federal Reserve priced services was $667.7 million, $18.0 million above 1987 revenue (table 1). Production costs rose $46.1 million in 1988 to $552.9 million. The resulting $114.8 million in income from operations was reduced $69.9 million by imputed costs and increased $11.0 million by the net of other income and expenses; thus income before imputed income taxes was $55.9 million. After-tax income for 1988 was $37.9 million, down from $62.9 million from 1987. Each of the Federal Reserve's major service lines had before-tax income that at least covered operating and imputed costs.

In 1988, the System also continued to pursue its longer-term efforts to design electronic payment systems. It implemented special programs to improve processing of payments, especially new procedures to expedite the return of checks. It sought to bolster the efficiency and security of those systems and its ability to cope with interim outages and to restore services after disasters.

The following sections examine the activity for each priced service. Appendix table A.1 presents the pro forma balance sheet for all priced services in 1987 and 1988, and table A.2 presents activity for certain services in each Federal Reserve District.

Check Collection Service

In 1988, the Federal Reserve System processed 17.6 billion checks, 3.6 percent more than in 1987 (table 2). The service brought in $513.8 million and cost $436.6 million. After adjustment for imputed costs, and for the net of other income and expenses, the service netted $24.9 million before taxes (table 3).

In September 1988, the Board implemented new Federal Reserve services designed to speed Reserve Bank processing of returned checks. These services help banks comply with the rules on check return set out in Regulation CC. Fees for the new check-return services and revised fees for forward check collection were effective at the same time. The Federal Reserve priced its new return services explicitly and began to levy the fees on the paying bank. Forward-collection fees were reduced 11 percent on average because the returned-check processing cost in those fees was eliminated.

To expedite the return process, the Reserve Banks now send returned checks directly to the depositary bank (that is, the bank of first deposit), bypassing intermediary endorsers. Under the new procedures, the Reserve Banks process local returned checks at night, dispatching them with the forward-collection checks the next morning. The first Federal Reserve office to receive nonlocal returned checks "qualifies" the checks (that is, prepares them for high-

1. Pro forma income statement for Federal Reserve priced services, calendar years 1987 and 1988[1]

Millions of dollars

Item	1988		1987	
Income from services provided to depository institutions[2]		667.7		649.7
Production expenses[3]		552.9		506.8
Income from operations		114.8		142.9
Imputed costs[4]				
Interest on float	43.4		27.4	
Interest on debt	16.2		16.1	
Sales taxes	8.4		7.4	
FDIC insurance	1.8	69.9	1.8	52.7
Income from operations after imputed costs		44.9		90.2
Other income and expenses[5]				
Investment income	134.0		119.1	
Earnings credits	123.0	11.0	114.1	5.0
Income before income taxes		55.9		95.2
Imputed income taxes[6]		18.1		32.3
Net income		37.9		62.9
MEMO				
Targeted return on equity[6]		32.7		29.3

1. The income statement reflects income and expenses for priced services. Included in these amounts are the imputed costs of float, imputed financing costs, and the income related to clearing balances.

Details may not add to totals because of rounding.

2. Income represents charges to depository institutions for priced services. This income is realized through one of two methods: direct charges to an institution's account or charges against accumulated earnings credits.

3. Production expenses include direct, indirect, and other general administrative expenses of the Federal Reserve Banks for providing priced services. Also included are the expenses of staff members of the Board of Governors working directly on the development of priced services, which were $1.7 million in both 1988 and 1987. The credit to expenses resulting from implementation of FASB 87 is reflected in production expenses (see table A.1, note 3).

4. Imputed float costs represent the value of float to be recovered, either explicitly or through per-item fees, during the period. Float costs include those for checks, book-entry securities, noncash collection, ACH, and wire transfers.

The following table depicts the daily average recovery of float by the Federal Reserve Banks for 1988. In the table, unrecovered float includes that generated by services to government agencies or by other central bank services.

Float recovered through income on clearing balances represents increased investable clearing balances as a result of reducing imputed reserve requirements through the use of a deduction for float for cash items in process of collection when calculating the reserve requirement. This income then reduces the float required to be recovered through other means.

As-of adjustments and direct charges refer to midweek closing float and interterritory check float, which may be recovered from depositing institutions through adjustments to the institution's reserve or clearing balance or by valuing the float at the federal funds rate and billing the institution directly.

Float recovered through per-item fees is valued at the federal funds rate and has been added to the cost base subject to recovery in 1988.

Total float	931.2
Unrecovered float	55.8
Float subject to recovery	875.4
Sources of recovery of float	
Income on clearing balances	105.4
As-of adjustments	325.3
Direct charges	121.2
Per-item fees	323.6

Also included in imputed costs is the interest on debt assumed necessary to finance priced service assets and the sales taxes and FDIC insurance assessment that the Federal Reserve would have paid had it been a private-sector firm. These imputed costs are among the components of the PSAF (see table A.1, note 4).

5. Other income and expenses consist of income on clearing balances and the cost of earnings credits granted to depository institutions on their clearing balances. Income on clearing balances represents the average coupon-equivalent yield on three-month Treasury bills applied to the *total* clearing balance maintained, adjusted for the effect of reserve requirements on clearing balances. Expenses for earnings credits are derived by applying the average federal funds rate to the *required* portion of the clearing balances, adjusted for the net effect of reserve requirements on clearing balances.

6. Imputed income taxes are calculated at the effective tax rate derived from the PSAF model (see table A.1, note 4). The targeted return on equity represents the after-tax rate of return on equity that the Federal Reserve would have earned had it been a private business firm, based on the bank holding company model. These items are among the components of the PSAF (see table A.1, note 4).

speed processing) and dispatches them to other Federal Reserve offices the next night. Federal Reserve offices also accept returned checks that have been qualified by the paying bank or prior returning bank and dispatch them as quickly as forward-collection checks.

Revised fees for the Federal Reserve's returned-check services were approved by the Board on March 16, 1989, and became effective May 1, 1989. The Board increased the fees for returned checks in response to the decline in the cost-recovery rate of the service after the

2. Activity in Federal Reserve priced services, calendar years 1987 and 1988[1]

Thousands of items, except as noted

Service	1988	1987	Percent change
Fund transfers	56,334	53,278	5.7
Commercial ACH	602,406	475,114	26.8
Commercial checks	17,617,744	17,007,924	3.6
Securities transfers	2,236	2,061	8.5
Definitive safekeeping	138	163	−15.6
Noncash collection	3,337	3,803	−12.2
Cash transportation	341	357	−4.6

1. Activity is defined as follows: wire transfer of funds, the number of basic transactions originated; ACH, total number of commercial items processed; commercial checks, total number of commercial checks collected, including both processed and fine-sort items; securities, number of basic transfers originated on-line; definitive safekeeping, average number of issues or receipts maintained; noncash collection, number of items on which fees are assessed; and cash transportation, number of armored-carrier stops.

3. Pro forma income statement for Federal Reserve priced services, by service, 1988[1]

Millions of dollars

Item	Total	Commercial check collection	Wire transfer and net settlement	Commercial ACH	Definitive safekeeping and noncash collection	Book-entry securities	Cash services
Income from services	667.7	513.8	69.6	42.7	17.9	8.7	14.9
Operating expenses	552.9	436.6	61.2	36.2	15.8	7.7	14.1
Income from operations	114.8	77.2	8.4	6.6	2.1	1.0	.8
Imputed costs	69.9	62.4	3.1	2.7	.9	.7	.1
Income from operations after imputed costs	44.9	14.7	5.4	3.9	1.2	.3	.7
Other income and expenses, net[3]	11.0	10.2	.3	.3	.1	*	.1
Income before income taxes	55.9	24.9	5.7	4.2	1.3	.3	.8

1. The income statement by service reflects revenue, operating expenses, and imputed costs except for income taxes. The effect of implementing FASB 87 (see table A.1, note 3) is reported only in the "total" column in this table and has not been allocated to individual priced services. Taxes and the aftertax targeted rate of return on equity, as shown on the pro forma income statement (table 1), have not been allocated among services because these elements relate to the organization as a whole.

Details may not sum to totals because of rounding.

2. Imputed costs include float, interest on debt, sales taxes, and the FDIC assessment. Float costs are based on the actual float incurred in each priced service. Other imputed costs are allocated among priced services according to the ratio of operating costs less shipping costs in each service to the total costs of all services less the total shipping costs of all services.

3. Other income and expenses consist of income on clearing balances and the cost of earnings credits for the Federal Reserve. Because clearing balances relate directly to the Federal Reserve's offering of priced services, the income and cost associated with these balances are allocated to each service based on the ratio of income from each service to total income.

*Less than $50,000 in absolute value.

implementation of the returned-check services on September 1988. The recovery rates declined primarily because revenue was lower and costs were higher than expected as a result of the poor quality of qualified returned-check deposits. The Reserve Banks are working with depository institutions to improve the overall quality of returned-check deposits. Federal Reserve initiatives to strengthen return operations include improving the quality of carrier envelopes and of endorsements, and reducing the number of misdirected qualified returned checks and the "reject" rate of qualified deposits.

The number of returned checks has increased approximately 25 percent since the implementation of the new returned-check services. The growth of total returned-check deposits is expected to change little in 1989; qualified deposits are expected to increase, while raw deposits shrink.

In May 1988, the Board authorized the Reserve Banks to process notices of nonpayment to the depositary bank on behalf of the paying bank for returned checks of $2,500 or more, to conform to Regulation CC's expanded requirement for notice of nonpayment, which was to become effective September 1, 1988.

Also in May, the Board approved making permanent two services that had been the subject of pilot programs: check truncation (in which the bank holds the check and transmits payment information electronically) and the electronic capture of check data encoded for magnetic ink character recognition (MICR). Under the expanded MICR-capture service, Reserve Banks deliver payment information electronically or on magnetic tape, provide a returned-check and retrieval service, and deliver the checks to the paying bank several days later. Nine Reserve Bank offices provided truncation services in 1988. So far, the Reserve Banks have offered a truncation service only locally and only to paying banks that request it. Eventually, the Reserve Banks will offer a national service by truncating eligible checks at the first Reserve Bank to receive the check.

The Federal Reserve is developing a standard for machine-readable endorsements to improve their quality and further expedite the processing of returned checks. On the grounds of simplicity, cost, and compatibility with existing and future check-processing equipment and technology, a bar code appears to be the most promising type of machine-readable endorsement. Depending on the outcome of research, the Board may publish for public comment modifications to Regulation CC to incorporate such an endorsement. If it is ultimately adopted, depository institutions will be given adequate time to implement the new standard.

The Federal Reserve's digitized-image project, initiated in 1987, continues to progress successfully, and testing should be completed by 1990. By storing checks electronically rather than on microfilm, the technique has the potential to support significant efficiencies and improvements in check and return-item processing. The System is investigating the use of digitized-image processing for both high- and low-speed processing of returned checks and of government checks because the technique may be more efficient and provide better quality than does the current practice of microfilming.

Electronic Payments Services

The Federal Reserve System continued to work on the design of electronic payment systems during 1988. As part of this effort, the System completed a market study that focused on the business requirements for the 1990s, investigating service offerings, operating hours, reliability, security, and formats. Also, an award was made to IBM in early 1989 to test the application of fault-tolerant (that is, highly reliable) minicomputer technology to the automated clearinghouse (ACH) service. If the test proves successful, the technology will be evaluated in terms of its Systemwide application to the ACH service as well as to other electronic payment services.

The Reserve Banks also began improving the reliability of automated systems for processing electronic payments during 1988, an effort that is expected to continue in 1989 and 1990. The aim is to streamline processing systems, automate operations, and incorporate new technology to permit faster recovery from service interruptions. As one result, the total duration of Fedwire outages in 1988 was half that in 1987.

The Federal Reserve worked on several new ways to restore services after disasters. A test of whether one Reserve Bank could provide processing backup to another demonstrated the technical feasibility of such an approach; but it also revealed the need for operational changes before the approach can be used. In November, the Board approved the establishment of a contingency backup site at the Los Angeles Branch for the electronic payment and accounting operations of the Federal Reserve Bank of San Francisco. The Federal Reserve Bank of New York, which has a dedicated contingency backup facility, completed several simulations of disaster recovery during the year. Other Reserve Banks continued to test and improve their methods of restoring electronic payment operations at the shared contingency site at Culpeper, Virginia.

The System made substantial progress in promoting electronic access for Federal Reserve services. First, it developed and tested a standard software system for intelligent terminals, known as Fedline II, to give depository institutions access to Federal Reserve services. The Reserve Banks began deploying Fedline II in the fourth quarter of 1988, with the objective of converting all intelligent connections using Federal Reserve software to Fedline II software by year-end 1991. Second, by year-end 1988, conversion to standard protocols and encryption had been completed for almost all electronic connections between Reserve Banks and depository institutions for funds transfers via low-volume terminals and for one-third of the high-volume connections.

Funds Transfer Service

The Federal Reserve processed 56 million transfers of funds in 1988, 5.7 percent more than in 1987. While the number grew more slowly than before, the value of funds transfers increased almost 13 percent to $161 trillion, compared with a rate of 12 percent in 1987.

The basic fee for funds transfers was increased from 47 cents to 50 cents effective January 1989. The volume of transfer services is expected to increase 4 percent in 1989, more slowly than in 1988, in part because mergers and consolidation of depository institutions' operations have meant a reduction in the number of transfers. The System anticipates that costs will increase in the next year or two as Reserve Banks take further action to improve both the reliability of these services and disaster-recovery capabilities. These actions, coupled with slower growth in volume, may occasion higher fees.

Until April 1989, the Reserve Banks accepted unstructured third-party transfers, but originating institutions paid a 25 cent surcharge for each transfer that did not conform to the structured format. On April 3, 1989, the structured format became mandatory.

Automated Clearinghouse Service

In 1988, the Federal Reserve processed more than 1 billion ACH items, an increase of about 17 percent from 1987 (table 2). Commercial ACH transactions accounted for approximately three-fifths of the total, or 602 million items, an increase of almost 27 percent from 1987.

To reduce credit risk in the ACH system, in December 1987 the Board approved a requirement, effective July 18, 1988, that debit returns of $2,500 or more be deposited at the Reserve Banks for processing by the nighttime deposit deadlines. This practice should accelerate the delivery of large-dollar returns by several days. To enable institutions that do not have electronic access to the Reserve Banks to comply with this requirement, the Reserve Banks began permitting the return of large-dollar debit transactions by telephone. The proportion of return items and notifications of change that is processed electronically again expanded in 1988.

New accounting procedures for credit transactions that settle on holidays or on other days when depository institutions are closed were also implemented on July 18, 1988. The procedures require that institutions originating credit transactions that settle on those days be charged as though they were open. This measure reduces risk significantly and recognizes that originating institutions can anticipate their settlement obligations.

In another measure to reduce credit risk in the ACH service, the Board authorized the Reserve Banks to obtain prefunding for credit transactions if they are concerned that an originating institution may become insolvent before the transactions are settled. The Reserve Banks can withhold some or all of the credit associated with debit transactions originated by such an institution, in anticipation of return items. This treatment parallels that for checks processed by the Federal Reserve.

In November 1988, the Board approved new ACH fees, which became effective in January 1989. Surcharges on ACH nighttime processing were reduced from 2 cents to 1.5 cents for next-day credit transactions, and from 4.5 cents to 3.5 cents for debit transactions. The System plans to simplify the ACH fee schedule still more. ACH nighttime surcharges may be reduced further, and the difference between local and interregional transaction fees, currently set at 1.0 cent and 1.7 cents respectively, may be narrowed. The System also plans to simplify further the fee schedule for the manual aspects of ACH processing, such as tape handling, output delivery, and conversion to electronic form of paper or telephonic returns and notifications of change.

The Reserve Banks will continue to encourage depository institutions to electronically originate, receive, and return ACH transactions with the Reserve Banks. Toward this end, Fedline II will be offered to depository institutions that use intelligent terminals to access Federal Reserve services. The System is also exploring other low-cost electronic alternatives for institutions receiving small volumes of ACH transactions.

Book-Entry Securities Service

In 1988, the Federal Reserve processed 7.9 million on-line transfers of Treasury book-entry securities, 8.5 percent more than in 1987. Transfers of federal agencies' book-entry securities totaled 2.2 million, compared with 2.1 million in 1987. The numbers are projected to increase more than 10 percent in 1989. Fees charged to depository institutions for book-entry security transfers remain in 1989 at $2.25 for on-line transfers and $7.00 for off-line transfers. However, a fee was imposed on receivers of reversals because they are the parties that originate the transfer that prompts the reversal.

In 1989, the System will redesign the book-entry securities system. This effort is a response to the rapid growth in the number of book-entry securities eligible for the system in the last few years and to other business needs, such as the Federal Reserve's program for reduction of risk in the payment system.

Definitive Safekeeping and Noncash Collection Services

During 1988, the number of definitive safekeeping issues averaged approximately 137,700 a month, 15 percent fewer than in 1987 (table 2). The number of noncash collection items decreased 12.2 percent to 3.3 million. Bearer and coupon municipal securities have not been issued since the 1983 revisions in the tax law, and volumes are projected to decline steadily in the 1990s. Responding to the 1988 decline, the Reserve Banks have emphasized cost-control measures.

Six Federal Reserve Districts raised their prices in 1989 to offset declining volumes in both definitive safekeeping and noncash processing, and two other Districts raised prices on noncash processing to offset anticipated declines in volumes. Full cost recovery for the combined service is planned for 1989. To achieve this objective, adjustments to operations and cost-control measures will be pursued, with further consolidation of the service where possible.

A.1. Pro forma balance sheet for priced services, December 31, 1987 and 1988[1]

Millions of dollars

Item	1988		1987	
Short-term assets[2]				
Imputed reserve requirements on clearing balances	222.0		219.6	
Investment in marketable securities	1,628.0		1,610.4	
Receivables	57.7		58.3	
Materials and supplies	6.4		4.9	
Prepaid expenses	10.9		6.7	
Net items in process of collection (float)	967.0		675.7	
Total short-term assets		2,892.0		2,575.5
Long-term assets[3]				
Premises	271.8		224.5	
Furniture and equipment	126.1		110.9	
Leases and leasehold improvements	6.1		3.0	
Prepaid pension costs	37.4		18.7	
Total long-term assets		441.4		357.1
Total assets		**3,333.4**		**2,932.7**
Short-term liabilities				
Clearing balances and balances arising from early credit of uncollected items	2,817.0		2,505.7	
Short-term debt	75.0		69.9	
Total short-term liabilities		2,892.0		2,575.5
Long-term liabilities				
Obligations under capital leases	1.2		1.2	
Long-term debt	128.1		107.2	
Total long-term liabilities		129.3		108.4
Total liabilities		**3,021.3**		**2,684.0**
Equity		312.1		248.7
Total liabilities and equity[4]		**3,333.4**		**2,932.7**

1. Details may not sum to totals because of rounding.

2. *The imputed reserve requirement on clearing balances and investment in* marketable securities reflect the Federal Reserve's treatment of clearing balances maintained on deposit with Reserve Banks by depository institutions. For presentation of the balance sheet and the income statement, clearing balances are reported in a manner comparable to the way correspondent banks report compensating balances held with them by respondent institutions. That is, respondent balances held with a correspondent are subject to a reserve requirement established by the Federal Reserve. This reserve requirement must be satisfied with either vault cash or with nonearning balances maintained at a Reserve Bank. *Following this model, clearing balances maintained with* Reserve Banks for priced service purposes are subjected to imputed reserve requirements. Therefore, a portion of the clearing balances held with the Federal Reserve is classified on the asset side of the balance sheet as required reserves and is reflected in a manner similar to vault cash and due from bank balances normally shown on a correspondent bank's balance sheet. The remainder of clearing balances is assumed to be available for investment. For these purposes, the Federal Reserve assumes that all such balances are invested in three-month Treasury bills.

Receivables represent (1) amounts due the Reserve Banks for priced services that have been provided to institutions for which payment has not yet been received and (2) that share of suspense-account and difference-account balances related to priced services.

The amount shown for materials and supplies represents the inventory value of such short-term assets necessary for the ongoing operations of priced service areas. Prepaid expenses represent items such as salary advances and travel advances for priced service personnel.

The account "Net items in the process of collection" represents the amount of float as of the balance-sheet date and is the difference between the value of items in the process of collection – including checks, coupons, securities, wire transfers, and automated clearinghouse (ACH) transactions – and the value of deferred-availability items. The cost base for providing services that must be recovered under the Monetary Control Act includes the cost of float incurred by the Federal Reserve during the period, valued at the federal funds rate Conventional accounting procedures would call for the gross amount of *items in the process of collection and deferred availability items to be included* on a balance sheet. However, the gross amounts have no implications for income or actual or imputed costs, and inclusion of the gross amounts could lead to misinterpretations of the assets employed in the provision of priced services that must be financed. Therefore, only the net amount is shown. The net amount represents the assets that involve a financing cost.

3. Long-term assets on the balance sheet have been allocated to priced services with the direct determination method, which uses the Federal Reserve's Planning and Control System to ascertain directly the value of assets used solely in priced services operations and to apportion the value of jointly used assets between priced services and nonpriced services. Also, long-term assets include an estimate of the assets of the Board of Governors directly involved in the development of priced services.

Long-term assets include amounts for capital leases and leasehold improvements and for prepaid pension costs associated with priced services. Effective January 1, 1987, the Federal Reserve Banks implemented Financial Accounting Standards Board Statement No. 87, Employers' Accounting for Pensions. Accordingly, the Reserve Banks recognized a credit to expenses of $18.7 *million and a corresponding increase in this long-term asset account in* 1988.

4. A matched-book capital structure has been used for those assets that are not "self-financing" in determining liability and equity amounts. Short-term assets are financed with short-term debt. Long-term assets are financed with long-term debt and equity in a proportion equal to the ratio of long-term debt to equity for the bank holding companies used in the model for the private sector adjustment factor (PSAF). The PSAF model uses the 25 largest bank holding companies as a basis to impute the taxes that would have been paid and the return on capital that would have been provided had Federal Reserve priced services been furnished by a private-sector firm.

Other short-term liabilities include clearing balances maintained at Reserve Banks and deposit balances arising from float. Other long-term liabilities consist of obligations on capital leases.

A.2. Revenue and expenses of locally priced Federal Reserve services, by District, 1988[1]

Millions of dollars

District	Total revenue	Operating cost	Float cost	Total cost	Net revenue
	Commercial check collection				
Boston	36.6	31.6	4.4	36.0	.6
New York	66.4	59.6	6.9	66.4	*
Philadelphia	24.7	18.7	1.1	19.8	4.8
Cleveland	30.1	25.4	1.7	27.0	3.0
Richmond	48.2	38.7	2.9	41.6	6.6
Atlanta	59.3	53.3	.6	53.9	5.4
Chicago	71.3	56.8	4.2	61.0	10.2
St. Louis	22.8	19.4	2.3	21.7	1.1
Minneapolis	29.4	24.9	.4	25.3	4.1
Kansas City	32.6	29.1	1.5	30.6	2.0
Dallas	37.7	30.5	2.6	33.1	4.6
San Francisco	54.6	44.5	5.6	50.1	4.5
System total	**513.8**	**435.3**	**34.2**	**469.6**	**44.2**
	Definitive safekeeping and noncash collection				
Boston	.8	.7	*	.7	.1
New York	2.9	2.5	*	2.4	.4
Philadelphia	1.3	1.2	*	1.2	.1
Cleveland	2.1	1.8	.1	1.9	.2
Richmond	.9	.9	*	.9	*
Atlanta	2.6	2.4	*	2.3	.3
Chicago	2.7	2.0	*	2.0	.6
St. Louis	1.2	1.1	*	1.1	.1
Minneapolis	.9	1.0	*	.9	−.1
Kansas City	1.5	1.3	*	1.3	.2
Dallas	1.3	1.0	*	1.0	.2
San Francisco	*	*	*	*	*
System total	**17.9**	**15.8**	*	**15.8**	**2.2**
	Cash services				
Boston	.7	...	...	.7	*
New York	*	...	...	*	*
Philadelphia	1.6	...	...	1.5	*
Cleveland	1.9	...	...	1.8	.2
Richmond	.1	...	...	.1	*
Atlanta	*	...	...	*	*
Chicago	.5	...	...	.4	*
St. Louis	.3	...	...	.3	*
Minneapolis	2.8	...	...	2.5	.3
Kansas City	.5	...	...	.5	*
Dallas	*	...	...	*	*
San Francisco	6.5	...	...	6.3	.2
System total	**14.9**	...	...	**14.1**	**.8**

1. This table gives the financial results for each Reserve Bank in providing locally priced services. Expenses related to research and development projects are reported at the System level; the sum of expenses for the twelve Districts may not, therefore, equal the System total. The financial results for each Reserve Bank shown here do not include the dollars to be recovered through the PSAF and the net income on clearing balances. Therefore, to reconcile net revenue by priced service shown in this table with that shown in table 3, adjustments must be made for imputed interest on debt, sales taxes, FDIC assessment, Board expenses for priced services, and net income on clearing balances.

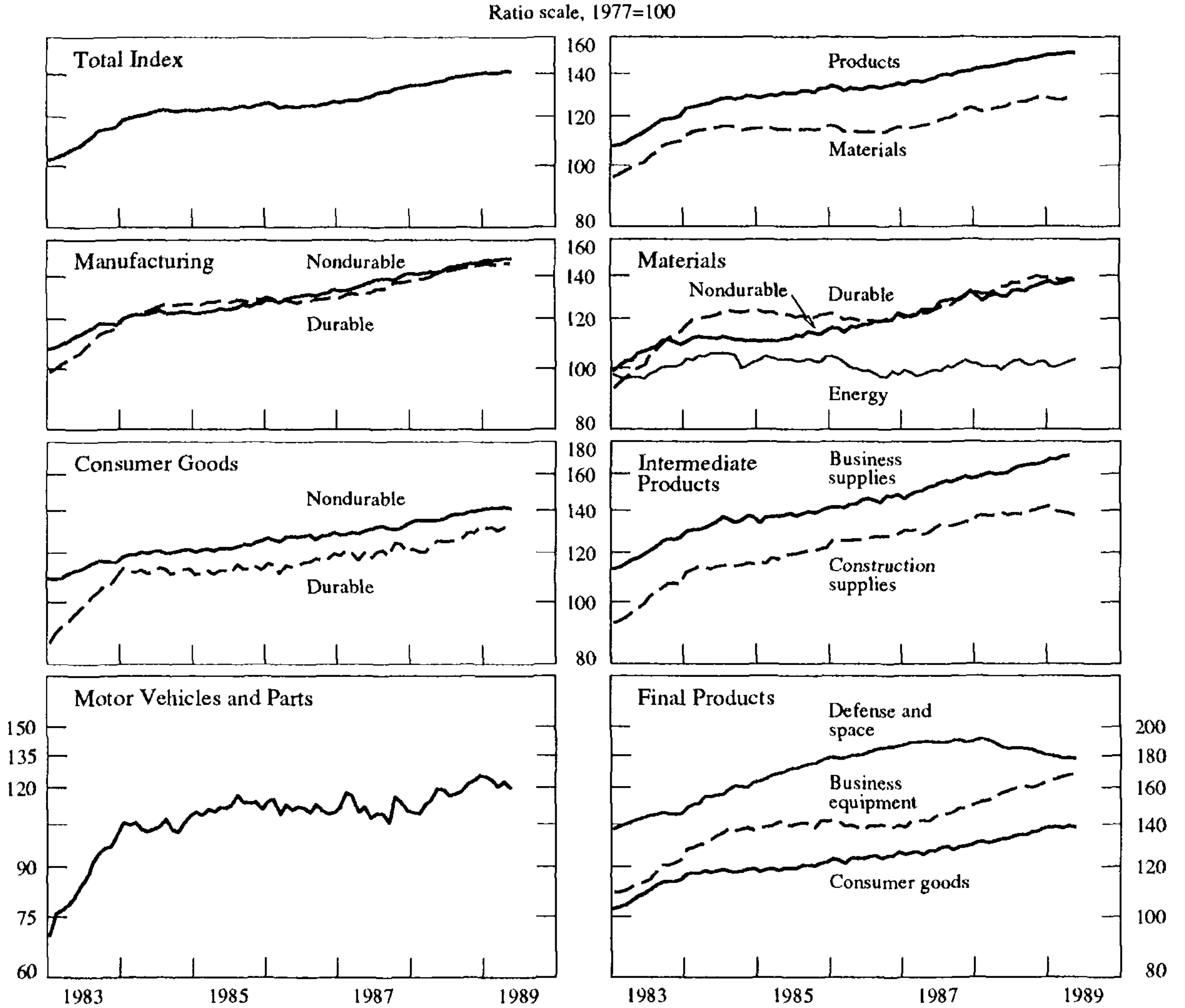
Details may not sum to totals because of rounding.

*Less than $50,000 in absolute value.

Industrial Production

Released for publication June 15

Industrial production was unchanged in May after having increased a revised 0.6 percent in April. In May, further gains occurred in business equipment, excluding motor vehicles, and in materials. However, production of construction supplies declined for the fourth successive month, and output of both cars and trucks dropped back to about their March levels. At 141.4 percent of the 1977 average, the total index in May was 3.9 percent higher than it was a year earlier. Manufacturing output edged down in May; capacity utilization in manufacturing declined 0.3 point to 84.0 percent. Detailed data for capacity utilization are shown separately in "Ca-



All series are seasonally adjusted. Latest series: May.

Group	1977 = 100		Percentage change from preceding month					Percentage change, May 1988 to May 1989
	1989		1989					
	Apr.	May	Jan.	Feb.	Mar.	Apr.	May	
	Major market groups							
Total industrial production	**141.4**	**141.4**	**.3**	**−.2**	**.1**	**.6**	**.0**	**3.9**
Products, total	151.1	150.8	.5	.0	.2	.5	−.2	4.0
Final products	149.7	149.4	.3	.3	.1	.6	−.2	4.2
Consumer goods	139.1	138.5	.2	.2	−.3	.6	−.4	4.3
Durable	131.8	130.8	−.4	.1	−1.1	1.3	−.8	4.1
Nondurable	141.8	141.3	.4	.2	−.1	.3	−.3	4.4
Business equipment	167.4	167.8	.8	.7	.8	.7	.2	6.9
Defense and space	178.6	178.0	−.3	−.4	−.6	.2	−.3	−4.0
Intermediate products	155.9	155.7	1.0	−.9	.5	.0	−.1	3.5
Construction supplies	138.5	137.4	.6	−1.9	−.4	−.3	−.8	−1.0
Materials	128.3	128.5	−.1	−.5	−.1	.8	.2	3.7
	Major industry groups							
Manufacturing	147.7	147.6	.6	−.2	−.1	.6	−.1	4.1
Durable	146.6	146.4	.3	−.2	−.2	.7	−.1	3.4
Nondurable	149.3	149.3	.9	−.3	.2	.6	.0	5.1
Mining	102.9	104.1	−1.8	−2.1	1.0	1.0	1.2	1.4
Utilities	116.9	116.4	−1.3	2.2	.4	.0	−.5	4.3

NOTE. Indexes are seasonally adjusted.

pacity Utilization," Federal Reserve monthly statistical release G.3.

In market groups, production of consumer goods decreased in May as auto assemblies fell to an annual rate of 7.1 million units, from 7.4 million units in April; output of light trucks for consumer use also declined. Production of other consumer goods edged down as output of consumer energy, particularly gasoline and distillate fuel oil, fell sharply; the remaining sectors, on balance, were little changed. Output of business equipment excluding motor vehicles rose 0.5 percent in May, the same rate of growth as in April. Manufacturing and commercial equipment, as well as output of commercial aircraft, continued to post gains. Production of materials rose 0.2 percent in May after having risen sharply in April. Energy materials advanced again in May as extraction of crude oil increased. Nondurables rose again last month, reflecting further gains in chemicals and textiles. Durable materials were unchanged; a decline in parts for consumer durables, mainly motor vehicles, was offset by small gains in equipment parts and basic metals.

In industry groups, within manufacturing, transportation equipment, refined petroleum products, and lumber declined significantly. In contrast, instruments, nonelectrical machinery, and chemicals posted gains. Outside manufacturing, production in mining rose, but output at utilities declined.

Total industrial production—Revisions

Estimates as shown last month and current estimates

Month	Index (1977=100)		Percentage change from previous months	
	Previous	Current	Previous	Current
Feb.	140.4	140.5	−.3	−.2
Mar.	140.5	140.6	.0	.1
Apr.	141.1	141.4	.4	.6
May	...	141.4	...	.0

Statements to Congress

Statement by Martha R. Seger, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer and Regulatory Affairs of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, June 7, 1989.

Thank you for the opportunity to provide the views of the Board of Governors of the Federal Reserve System on legislation relating to the Community Reinvestment Act (CRA), the Government Check Cashing Act of 1989, and the Basic Banking Services Access Act of 1989.

The CRA revisions in S. 909 would require that the numerical ratings and a written assessment of an institution's CRA performance be made available to the public. In addition, S. 906 would require depository institutions to cash government checks at cost for noncustomers provided that such persons have registered with the institution. S. 907 adds the requirement that depository institutions offer, for minimal fees, "basic financial services accounts" that have low minimum balance requirements and that they permit at least ten withdrawals per month.

Community Reinvestment Act

To preface our discussion of the legislation pertaining to the CRA, I would like to underscore our belief that the purpose of the CRA can best be accomplished in an arena that is, as much as possible, open to public view and input. Recent actions by the Board in concert with other regulators have echoed a theme that seems to be at the heart of the proposals before you today—that people who are well informed about the activities of their local financial institutions are better equipped to participate effectively in the CRA process. We are also committed to widening the channels of communication among banks, their communities, and regulators, but we believe this should be done without making the regulatory mechanisms and procedures for the CRA more complicated, costly, or apt to impose delays on those institutions with good records of performance.

I will begin by describing briefly the three-faceted program that we have established to carry out our mandate in enforcing the CRA. First, the Federal Reserve's specialized consumer compliance examiners conduct examinations of CRA performance about every 18 months for most state member banks, and more often for those with identified weaknesses in their record. The examination takes a comprehensive look at the bank's activities to address credit needs in its market, including those of low- and moderate-income areas, as well as the kinds of relationships it is forging with specific segments of the community. Second, through the community affairs office at each of the Reserve Banks, we provide information about community development strategies and techniques to banks, bank holding companies, and others. One of our primary goals is to become familiar with the credit needs within the Federal Reserve Districts, and then help banks construct programs that respond to those needs. Third, we consider the CRA record of banks in connection with applications received under the Bank Holding Company and Bank Merger Acts; CRA performance is taken into account along with legal, financial, managerial, and competitive factors.

Our commitment to enhancing the role the public plays in the CRA process has been a long-standing one. For more than 10 years, we have endeavored to ensure that CRA examinations are not conducted in a regulatory vacuum—Federal Reserve examiners routinely interview business people, government officials, and housing and other community group leaders in the bank's community to learn about the local economic environment and the perceptions these individuals hold of their local financial institutions. We require institutions to keep a file of letters commenting on their CRA performance from members of the community; examiners review those letters, as well as the institutions' responses to them. Careful attention is also given to public comments on CRA performance, or protests, received in connection with an application. Yet our experience with the CRA leads us to believe that more can be done to open up the process—and that is precisely the direction in which we are moving.

In March of this year the Board, together with the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, adopted a CRA Policy Statement to provide guidance to institutions and to community groups and to clarify a number of issues that have arisen in enforcing the CRA. For example, institutions are now required by regulation to prepare, annually update, and make available for public review a CRA statement listing the loan products they are willing to extend. The new Policy Statement urges each institution to significantly expand its statement to paint a picture of the institution's overall approach to CRA, describing strategies for marketing and advertising, credit needs assessment and new product development, past accomplishments, and future plans. Naturally, the size, resources, and location of an institution will influence the CRA statement's degree of detail and its scope. While an expanded statement laying out the details of its CRA efforts may be extremely useful to a large bank in a major city, it may simply not be necessary for a small bank in a rural setting to go into similar detail.

A major thrust of the policy statement is to shift the "CRA spotlight" away from the applications process—with the pressures imposed by our timetable guidelines for completing the process—and to build stronger, enduring mechanisms for outreach and service by institutions to their communities. We think that the expanded CRA statement is an ideal vehicle for doing that by focusing the attention of an institution's management, and of the public at large, on the institution's record on an ongoing basis, and on any areas needing improvement. At the same time, we have strongly encouraged community organizations to take advantage of the expanded CRA statements as a starting point for discussion, bringing their concerns to the attention of an institution's management—to the greatest possible extent—in the framework of a continuing dialogue, rather than in a protest situation.

A second important policy direction emphasized in the new policy statement should be borne in mind in considering proposed legislation. That is, that institutions desiring to expand their operations should have appropriate CRA policies in place, and working well, before filing an application. That means that while commitments by applicants for future actions may be used to address specific problems in an otherwise satisfactory record, making commitments to improve in the future should not be seen by applicants as a way to compensate for a seriously deficient past record of performance.

This approach was demonstrated earlier this year in the Board's denial of an application by Continental Illinois Bancorp, Inc., of Chicago, Illinois, to acquire an Arizona bank. In its order, the Board described, and took a positive view of, a plan developed by Continental to correct shortcomings in its CRA performance, which was in the initial stages of implementation. Yet the prior record failed to demonstrate, in the words of the Board's order, "a basic level of compliance on which the commitments can be evaluated." The Board's handling of the Continental case should not be interpreted as evidence of any lessened willingness to work with institutions directly, or through their primary regulators, to improve their record. While there were reasons for the Board's denial besides CRA factors, the case does give a clear signal that, with respect to the CRA, institutions should "put their houses in order" before considering expansion. It also highlights the importance of an established record of performance under the CRA.

S. 909

In light of these developments, let me now turn our attention to S. 909, which would amend the Community Reinvestment Act to require the regulatory agencies to prepare written evaluations of institutions' performance under the act, and to make those evaluations public. We support the concept at the core of Senator Metzenbaum's proposal; in fact, you may recall that Governor Johnson endorsed the idea of regularly publishing an assessment of each institution's CRA record by our examiners in testimony before this committee last September.

But one point is especially worthy of emphasis with regard to the nature of the written evaluations for public release that we support. Though the public evaluations we support would summarize the examiner's conclusions, together with supporting information related to the CRA assessment factors, these evaluations would not be the same as the examination reports themselves. Neither would they divulge material contained in the examination report that is important for supervisory purposes, but must be treated confidentially—such as information about the financial condition of the institution and any sensitive information about its employees, customers, or members of the community. We believe that the relevant provisions of S. 909 should be written to recognize the distinction between the examination report that is given to the bank and the summary assessment that we believe can usefully be made public.

The objective of that proposal was to tell people at the community level in a concise, straightforward, and timely way how well their local institutions are doing under the CRA. Doing so should facilitate exactly what we are endeavoring to do through the Policy Statement just described—promote the early start of a constructive dialogue about CRA achievements and goals. Those concerned about affordable housing, minority businesses, inner city reinvestment, and many other areas will benefit from knowing how these factors have been weighed in assessing the record, and what areas for improvement have been identified.

We do, however, have serious concerns about two aspects of the proposal. First, the written evaluations of each institution's performance would be required to emphasize three specific types of credit—loans for low- and moderate-income housing, small businesses, and small farms. We believe that this requirement is inconsistent with the intent of the act itself, which does not impose any specific lending requirements. Rather, institutions have a responsibility to help meet local credit needs, using their own expertise and resources.

Because needs vary widely from community to community, we would be remiss in rigidly focusing on these three credit categories in making our evaluations. CRA examiners aim to take a broad picture, instead of a snapshot, of all activities by an institution that foster community revitalization—principally direct loans of all kinds, but also, for instance, participation in the secondary market, purchase of state or municipal bonds, and investment in or technical assistance to community development projects. Examiners do look at the amounts and distribution of credit extended for housing, small businesses, and small farms, not with the intent of making a quantitative analysis of an institution's lending, but to gain a full, balanced view of its service to the community.

Secondly, the bill would mandate public disclosure of the numeric ratings assigned during examinations. Historically, CRA ratings, like commercial examination ratings, have been treated with strict confidentiality, as required by procedures adhered to by all regulators. The ratings were designed as a kind of supervisory shorthand to help us monitor those institutions needing closer attention; the numeric rating is in no way a self-explanatory indicator of performance. Moreover, a rating assigned at a particular date in the past can be misleading, given that CRA performance should be seen as a process developing over time, rather than a static state of affairs. At the very least, release of the rating number would divert attention from the substance of examination findings. Of even greater concern is the potential for the undermining of public confidence in the safety of deposits in an institution if an adverse CRA rating were to be misunderstood as a reflection on the institution's financial soundness. Much more can be achieved by making public only the narrative evaluation, as suggested by Governor Johnson last September.

CRA AMENDMENT TO H.R. 176

Your letter asked that we address other CRA changes proposed in an amendment to H.R. 176 late last year. This proposal comprises a broad spectrum of measures pertaining to CRA examinations, assessment factors for CRA performance, and the treatment of CRA issues in the applications process. Here again, we believe that the aspect of the proposal dealing with a public CRA assessment has merit. Our overriding concern, however, is that many of its provisions unnecessarily encumber existing administrative procedures for CRA enforcement.

First, the bill requires in Section 804(b) that the agencies give public notice before commencing CRA examinations. Presumably this would be done through newspaper advertisements, since it must be given "in a manner reasonably designed to reach members of the community served by the institution under examination"—although the use of lobby notices in the institution, or publications currently disseminated by each Reserve Bank that list pending applications might also be envisioned.

To gauge the implications of this proposal, Reserve Banks surveyed local newspapers to estimate the costs involved in running the 26,500 notices that we estimate would be required every two years for the examinations by all the federal regulators, assuming every institution is examined at least every two years. The total bill would be about $1.24 million biannually, taking into account price differences in urban and rural areas. Time involved in identifying suitable newspapers and making publication arrangements could add considerably to the price tag.

As stated in the proposed statutory language, the reason for the provision is to allow any person to submit comments on an institution's record in connection with CRA examinations. Actually, this has long been our practice. In the Federal Financial Institutions Examination Council's *A Citizen's Guide to CRA*, for example, community members are encouraged to discuss their concerns with the institution's regulatory authority, particularly through the public file, the maintenance of which is one of the CRA's statutory requirements. As indicated in the *Guide*, persons who request to speak to a Federal Reserve examiner in letters to the public file will be contacted during the next scheduled examination.

In reality, we go far beyond this provision, since we welcome comments about any institution's performance *at any time*, not just in connection with examinations, and we take them very seriously. We also seek out public input each time we conduct a CRA examination through the community contact interviews I mentioned earlier. In 1988, Federal Reserve examiners alone interviewed some 925 consumer advocacy groups, housing coalitions, local business and trade associations, as well as local government officials, and factored their comments into their assessments of CRA performance. Given the totality of these efforts, we do not believe this additional expense for soliciting public comments in the examination process is necessary.

The bill's Section 804(e) calls upon the agencies to prepare and make public their assessments of each institution's performance under the CRA. This concept has our support, for the reasons already discussed in connection with Senator Metzenbaum's proposal. There is, however, a need to clarify that the assessment would be separate and distinct from the examination report and the numeric rating.

Provisions of the bill's Section 805 regarding the consideration of CRA performance in the application process are troubling to us. We note that it would require the agencies to rely on the "most recent assessment of such record" in considering an applicant institution's performance. Experience has shown us that the most recent assessment may not always be the only, or most reliable, indicator of current performance, especially when the examination report is outdated, or when an institution has undergone a major internal change, such as turnover in management. In such instances, the flexibility to look beyond the latest examination report for up-to-date information accurately reflecting present performance is essential.

Section 805(e) sets out timing requirements for agencies to complete their assessments of CRA records in the framework of applications that we think are unnecessary and unwise. You may be aware that under Regulation Y, the Board has imposed on itself a 60-day guideline for processing applications. The vast majority of domestic bank and bank holding company applications are processed well within the 60-day goal; in both 1987 and 1988, the average processing time for more than 4,000 domestic cases, including those with CRA issues, was 39 days.

Under the Board's Rules of Procedure, the presence of a CRA protest or an adverse assessment by any agency makes the case a matter for Board attention—though it may be returned to the Reserve Bank after Board staff review. It also can make the process more complex, requiring a thorough, and frequently time-consuming, analysis of the issues. In many instances, it is necessary for us to seek out additional information from the applicant, or its primary regulator, to fully address these issues. This is why we are not always able to meet the 60-day target, although delays have generally not been inordinate; in 1987, average processing time for the 37 CRA-protested cases was 73 days and in 1988, for 32 cases, it was 87 days.

At the outset, we would question whether imposing statutory timeframes on applications processing would achieve the desired end. They would seem to hamper, rather than help, our efforts to give appropriate attention to convenience and needs considerations in applications, especially when an applicant's performance has been marginal, or when the applicant is not readily able to provide detailed information about its record.

Apart from our general concern about these requirements of the bill, other aspects of the bill's timing provisions are unclear. CRA is only one of many issues considered as part of these applications. The Board also considers legal, financial, managerial, and competitive issues, as well. The draft seems to speak only of those cases in which CRA issues are brought forward through a protest. In fact, CRA issues may also be uncovered by Federal Reserve Bank or Board review, when any of the banks that are parties to an application have been assigned adverse CRA examination ratings by any of the agencies' examiners. In addition, the draft appears to require that the CRA assessment in an application be completed by a certain time in the application process, whether or not the analysis of any other issues the case might raise have been completed and the overall case is ready for final decision.

Let me mention briefly our policy regarding extensions of the comment period since misperceptions about our policy may have sparked interest in the statutory timeframes. We believe that it is incumbent on persons desiring to comment on an applicant's CRA record to do so within a 30-day period; otherwise, we may be unable to give their comments the attention they deserve, and still carry out our responsibility to process applications in a timely manner. In a very few circumstances we do find that an extension of the comment period is warranted—when the application has not been promptly made available for inspection by the parties, for example, or in the rare event when there has been inadequate public notice of the application. But we do not think it is appropriate to extend the comment period—and possibly delay the Board's decision on the case—simply because the commenter wants more time to pursue negotiations with an institution under the pressure of a pending application. The agencies' recent Policy Statement stresses this point.

In summary, the amendment to H.R. 176, in our view, poses a number of problems. Most importantly, it would make more rigid and cumbersome procedures, which for the most part are already in place for enforcing the CRA, without presenting any really new approaches to make the process work better. We stand ready to answer any questions you may have, and to continue working with the committee in this key policy area.

Check Cashing and Basic Banking

Let me turn now to the government check cashing and basic banking bills that are under consideration. These bills result from concerns that are similar to those that motivate the Community Reinvestment Act. Not only are some people questioning whether banks are meeting the credit needs of their communities, but others have also raised concerns that low- and moderate-income persons may not have ready access to banking services. In particular, the focus has been on the need to cash government checks and to have an account for making a limited number of payments to third parties.

The Board is quite familiar with these concerns. Since 1977, we have sponsored four surveys that determined, among other things, the number of families that do not have depository accounts. While the General Accounting Office

(GAO) has reported a higher number, our research suggests that the overall percentage of families without accounts has remained fairly constant at about 8 to 12 percent between 1977 and 1986. This research has also indicated that roughly 30 percent of the families whose income falls in the lowest quintile do not hold accounts. Although the percentages for this latter group have fluctuated, the numbers were more or less the same in 1986 as in 1977. Thus, while many low-income families do not have accounts, the fact that the percentage has remained relatively constant suggests that the increase in fees and minimum balance requirements in recent years has not caused a significant decline in account holding. There are probably more fundamental reasons for much of the lack of account ownership. For example, the convenience of check cashing alternatives, the fact that these families may have few bills to pay, and the difficulties in managing an account with limited resources may explain, to a large degree, why some low-income families do not have an account relationship. Also, it may be that some people simply do not trust banks and prefer not to deal with them.

Nevertheless, we share the belief that banking services should be widely available to all. Several years earlier, the Board adopted a Joint Policy Statement on Basic Financial Services with the other federal financial regulatory agencies and with the state financial institution regulatory associations. The Policy Statement encouraged financial institutions to recognize the need of consumers for a safe and accessible place to keep money, the need to obtain cash (including cashing government checks), and the need to make payments to third parties. The Policy Statement encouraged institutions to continue to develop account products that are responsive to these needs.

In the Policy Statement, the Board supported a voluntary rather than a mandated approach so that institutions could have flexibility in developing account products that meet the particular needs of their customers. That remains our preference, and we oppose legislation to require institutions to offer specific banking services.

First, it is not clear that these services are so widely unavailable at present that legislation is warranted. Over the past several years, a number of surveys have been conducted to assess the availability of basic banking and check cashing services. While results vary, there is evidence that a widespread problem does not exist. For example, in its recent report to the Congress on government check cashing, the GAO reported that, as of 1985, 86 percent of banks and 55 percent of thrift institutions cashed U.S. Treasury checks for noncustomers. The American Bankers Association reports that more than half of all banks, and more than 70 percent of large banks, offer basic banking accounts and that the number of institutions offering such accounts has increased dramatically over the years. Following a survey of virtually all financial institutions in New York State, the New York State Banking Department found that low-cost banking services are widely available and that the vast majority of low- and moderate-income persons have ready access to such accounts. In a 1987 report, the GAO found that 74 percent of financial institutions provide low-cost accounts to senior citizens.

These surveys suggest that check cashing services are often available to noncustomers who choose to use them and that a substantial and increasing number of financial institutions voluntarily offer basic banking accounts. Consequently, the Board does not believe that enough of a problem has been demonstrated to justify sweeping legislation.

The Board has several other concerns with this legislation. First, as a general matter, we question whether it is wise for the government to mandate the services that financial institutions must provide. This is particularly so when the legislation involves setting the fees for such services. If there are problems in the way government funds are delivered to recipients, then it seems that the government should itself assume more responsibility for addressing the difficulty. For example, it might be useful to explore the possibility of using federal post offices to provide check cashing services to holders of government checks since they offer other financial services such as money orders. Electronic delivery of government benefits is another avenue that could be vigorously pursued. Successful electronic benefits delivery systems are currently operating, including programs in New York City and

St. Paul, Minnesota. The advantages of these systems—for beneficiaries, government agencies, and financial institutions—are numerous. They include eliminating problems with delayed, lost, or stolen checks, providing quicker resolution of problems concerning payments, and lowering costs to all parties.

A more specific concern involves the mechanism for setting fees for the services. The bills require the Board to study financial institutions' "actual" costs and to set the fees permitted to be charged for these services to recover these costs. Besides the many difficulties of trying to determine such costs, any fees set by the Board would almost certainly be an average and, as such, could never reflect the actual differences among institutions. As a result of a federally established fee, some institutions would fail to recover their costs, while other institutions could exceed them under the national fee standard. Finally, it appears inequitable that financial institutions would be required to offer these services at cost while other entities, such as check cashers, could continue to offer them at a profit.

The Board is also concerned that financial institutions would increasingly fall victim to fraud if check cashing legislation is enacted. Checks can easily be stolen, and identification cards can easily be forged. Giving the Board the authority to suspend the check cashing requirement for certain classes of checks, as the bill does, is small comfort. It would take a relatively long period of time for the Board to learn of any patterns of fraud and, by then, significant losses may already have been suffered. Also, while fraud levels may now be low for U.S. government checks, this may not continue to be the case after legislation. Institutions can now keep fraud losses low by establishing procedures, based on their own experiences, that are adequate to address their own risks. Mandatory standards may eliminate their ability to continue using methods that have been successful for them and may leave them far more vulnerable.

The Joint Policy Statement I mentioned had the benefit of putting the federal government behind providing basic services, while leaving the implementation to the creativity of individual institutions. Conversely, a single federally mandated banking service may stifle innovation and experimentation. Several different account products have evolved as a result of voluntary efforts by financial institutions. Some, for example, involve savings accounts with money orders used for third-party payments. Others, based on a "pay-as-you-go" idea, have fees for each check, rather than the monthly maintenance fee contemplated by the legislation. Either of these could be better and more economical for the person who writes fewer than ten checks a month. The basic banking bill will likely result in the standardization of accounts, and it runs the risk of thwarting the continued development of different services, such as these, to address varying and changing needs of low-income and elderly individuals. Institutions may have much less incentive to offer additional, and potentially cheaper, basic banking accounts once they offer the standard service required by law.

Other innovative arrangements are being investigated that would eliminate many of the problems with delivering government benefits by paper checks. The Board strongly supports the facilitation of electronic alternatives for the delivery of government payments (known as "electronic benefits transfer" or EBT). These arrangements are probably a better long-term solution to the problems that motivate the check-cashing legislation.

Since the Board testified on similar legislation last fall, interest in electronic benefits transfer has increased. Several meetings have been held among representatives of government agencies, financial institutions, and consumer groups to discuss the feasibility of such arrangements. In addition, several programs are now operating and others are about to be initiated. The Board agrees with the GAO's conclusion that electronic delivery provides several advantages over a paper-based government benefits system. Consequently, we are very encouraged about the increased momentum in EBT activity over the last several months. We urge the Congress to foster these efforts, rather than imposing burdensome new requirements on financial institutions.

Finally, in our experience, well-intentioned legislation and regulations, particularly as they pyramid on one another, can cumulatively be overwhelming—especially for small institutions. This bears particular note when it is not clear that a compelling need for the legislation has been demonstrated. The Board believes that voluntary efforts by financial institutions will continue to be successful in meeting many of the concerns that have been expressed without the burden and cost that rules and regulations inevitably impose. Alternatives such as EBT, in particular, merit future exploration. For all the foregoing reasons, the Board opposes the basic banking and check-cashing bills now being considered by the Senate. □

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Securities of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, June 14, 1989.

I am pleased to appear today to discuss the internationalization of securities markets. This subcommittee is to be commended for holding timely hearings on this important matter. Our markets and financial system are evolving at a brisk clip, in ways that were not fully envisioned only a few short years earlier.

These developments hold a good deal of promise for the diversity of financial markets and instruments available to our investors. At the same time, they are enhancing the avenues of credit available to borrowers and the convenience and efficiency of financial services. However, these changes also are adding immensely to the complexity of our financial system and accordingly are posing new risks. With the memory of October 1987 still fresh in our minds, it is important that we stand back and review this process—not only to take stock of what has happened but to understand better the economic causes of the globalization of securities markets and to identify potential accompanying risks and ways to limit such risks. We also must be mindful that our domestic financial institutions have much to contribute to this process—and the considerable economic benefits that it produces—and we must seek to ensure that their competitive position is not inappropriately hindered.

In my remarks today, I would like to put trends in developments in global securities markets in some perspective and to draw implications for financial risks. I shall touch on the efforts under way to coordinate policies internationally and the question of legislation. In this way, I hope to address those issues suggested in your letter of invitation that seem to be most relevant to the Federal Reserve's concerns.

Recent Trends

International transactions in securities have soared from levels earlier in this decade. This is true both of foreign purchases and sales of U.S. securities and, to a somewhat lesser degree, U.S. transactions in foreign securities. Transactions volume has been most dramatic in foreign purchases and sales of U.S. Treasury notes and bonds, which surpassed $3 trillion on a gross basis last year—from $100 billion to $200 billion earlier in the decade. Foreign purchases and sales of U.S. corporate stocks and bonds also have been running dramatically above levels earlier in the decade, although they are off from peak levels of a couple years earlier.

Similarly, U.S. residents have become much more active transactors in foreign bonds and stocks. Purchases and sales of foreign bonds by U.S. residents exceeded $400 billion, gross, last year—up about tenfold from the beginning of the decade. Meanwhile, U.S. transactions in foreign stocks recently have climbed into the $200 billion annual area on a gross basis—after some retrenchment in the wake of the October 1987 collapse—which also is up about tenfold from the early part of this decade.

Clearly, this surge in cross-border financial transactions has accompanied a large advance in cross-border trade of goods and services. In the 1980s, growth of world output devoted to trade has continued to surpass growth of total output, although by a smaller margin than in the 1970s. Thus, the share of output going to trade has continued to rise. For the United States, the import share of our final purchases has moved higher in the 1980s, but there has been no discernible improvement in the export share of our output during this period of large external deficits.

In financial markets, securities and open market paper have tended to play a more important role in the financing of such international transactions in recent years, and net securities purchases have represented the largest source of capital inflow into the United States to finance our large external deficits. Investors have become more familiar with foreign securities issuers through the greater availability of foreign products in local markets and through better information on foreign issuers made possible by vast improvements in information, aided by the revolution in electronic information processing and telecommunications. Moreover, the expansion of securities firms and banks into foreign markets, including their research function, adds to the information available to home-country investors about foreign investment opportunities.

At the same time, issuers, seeking to minimize their funding costs, have increasingly over time tested external capital markets, most visibly the Euromarket. Furthermore, the growing sophistication of currency and interest rate swap markets has enhanced this process by enabling borrowers to issue instruments in fixed or floating form in the currency most desired by investors and to swap into the currency or form preferred by the borrower.

An increasing array of securities—most notably government bonds and corporate stocks—is being traded in secondary markets outside the traditional market of the issuer. Many of these securities are being traded at some point on the globe virtually around the clock, alongside foreign exchange, and this has been a factor behind the surge in transactions volume already noted. In many cases, financial futures and options contracts can be traded during these same hours, which facilitates a shifting of risk and an enhancement of market liquidity.

Underlying Economic Forces

Behind these trends in international trade and securities transactions is a process that I have described elsewhere as the "downsizing of economic output." The creation of economic value has shifted increasingly toward conceptual and intangible values with decidedly less reliance on physical volumes. A half century earlier, for example, our radios and calculators were bulky. Today, owing to modern electronics, they are tiny and light and capable of performing more functions. Thin fiber optics are replacing vast tonnages of copper and with higher fidelity in transmission. Financial transactions historically buttressed with reams of paper are being progressively reduced to electronic charges. Such advances not only reduce the amount of human effort required in making and completing financial transactions but facilitate more accuracy and promptness in execution.

The considerable increase in the economic well-being of most nations in recent decades has come about without much change in the bulk or weight of the gross national product. In fact, if all the weight of materials—the tons of grain, cotton, ore, coal, steel, cement, and so forth—we produce were added up, their aggregate volume per capita might not be much greater today than it was, say, 50 or 75 years earlier. This would mean that increases in the conceptual components of GNP—that is, those reflecting advances in knowledge and ideas—would explain by far the major part of the rise in real GNP in the United States, and presumably the industrial world as a whole.

In part, this downsizing has reflected the economic need to conserve increasingly precious space. Also, it has been a response to the need to reduce the costs of moving goods and services to their most highly valued use—thereby conserving on energy, labor, and other valuable resources. Further contributing to this process have been quantum advances in technology, spurred by economic forces. In recent years, the explosive growth in information-gathering and processing techniques has greatly extended our analytical capabilities of substituting ideas for physical volume. Since irreversible conceptual gains are propelling the downsizing process, these trends almost surely will continue into the twenty-first century and beyond. The purpose of production of economic value will not change. It serves human needs and values. But the form of output will be increasingly less tangible.

In the years ahead, telecommunications and advanced computing will take on an even greater role. They create value by facilitating the transfer of ideas—that is, they create value by changing the location of intellectual property—much like the American railroads in an earlier time created value by transferring physical goods to geographic locations where they were of greater worth. In today's environment, economic value is increasingly created by moving the conceptual part of GNP—not coal or ore but data, analysis, and insights—from one location to another through increasingly sophisticated electronic means.

Downsizing is having a profound impact on international trade and on the policies of the world's economies. International trade in construction gravel and fiberglass insulation, for example, is limited by weight and bulk. High value computer-related products, on the other hand, are major and increasingly important components of world trade. Obviously, the less the bulk, and the lower the weight, the easier it is to move goods.

It is not surprising, therefore, to find that after having adjusted for average export price changes, pounds shipped per real dollar of exports have fallen an average of almost 3½ percent per year since 1970. Pounds shipped per real dollar of U.S. imports declined even more, an average of 4¾ percent per year. Reflecting the downsizing of tradable goods, the share of U.S. foreign trade carried by air has doubled since 1970. On a global basis, the real value of trade has grown at an annual rate of 5 percent over the past two decades, significantly outstripping the growth in world domestic demand. In tonnage terms, of course, the increase has been far less.

Consequences for Financial Markets

Clearly, as cross-border trade grows, gross surpluses and deficits on current account similarly can be expected to grow. That is, owing to the forces that are acting to boost the share of output going to trade, net cross-border financial claims relative to GNP can be expected to rise.

Moreover, new technology—especially computer and telecommunications technology—is boosting gross financial transactions at an ever faster pace than the net transactions required to finance current account deficits. Rapidly expanding data processing and virtually instantaneous information transmission capacity are facilitating in ways that were not feasible in earlier times the development of a broad spectrum of complex financial instruments that can be tailored to the hedging, funding, and investment needs of a growing array of market participants. Some of this has involved an unbundling of financial risk to meet the increasingly specialized risk avoidance requirements of market participants. Exchange rate and interest rate swaps, together with financial futures and options, have become important means by which currency and interest rate risks get shifted to those most willing to take it on. The proliferation of financial instruments, in turn, implies an increasing number of arbitrage opportunities, which tend to further boost gross financial transactions volume in relation to output.

Portfolio considerations also are playing an important role in the globalization of securities markets. As the welfare of people in the United States and abroad becomes more dependent on the performance of external economies and exchange market developments, it is natural for both individual investors and institutions that directly or indirectly manage the assets of individuals to acquire or raise the weight of foreign securities in investment portfolios. Such diversification provides investors a means of protecting against depreciation of the local currency on foreign exchange markets and domestic economic disturbances affecting asset values on local markets. Clearly, as international trade continues to expand more rapidly than global output and domestic economies become even more closely linked to those abroad, the objective of diversifying international securities portfolios will become increasingly important. Moreover, since the U.S. dollar is still the key international currency, such diversification has been, and may continue to be, disproportionately into the dollar.

In summary, therefore, it would seem reasonable to assume that cross-border trading in securities will continue to expand rapidly for the foreseeable future. This implies that investors will wish to be able to adjust their holdings of foreign securities during times that coincide with their regular domestic trading hours. As a consequence, we can expect to see the move to around-the-clock trading extending to more securities.

Already, we have virtually around-the-clock trading in various U.S. Treasury securities through global securities firms with offices in the Far East and Europe as well as in the United States. Global markets for the securities of other governments are not at this time as developed as those for our Treasury securities; however, the potential exists for active around-the-clock markets in other government bonds, especially those of Japan and Germany. Such trading in securities creates a demand for hedging instruments—especially financial futures and options—and thus we are likely to see more such instruments that also trade outside regular domestic market hours.

In the corporate securities area, cross-border trading of shares of large multinational firms has become prominent, with considerable scope for adjusting positions outside the regular hours of the primary exchange on which the shares are listed. In many cases, these shares are listed on foreign exchanges—for example, foreign American Depository Receipts (ADRs) are listed on the New York Stock Exchange—or are tracked on a real-time basis, such as NASDAQ shares displayed on the terminals of International Stock Exchange members in London. In other cases, a fairly well-developed, over-the-counter market has emerged.

While international securities activity has grown rapidly in recent years, trading systems have been undergoing changes—generally to reflect advanced computer and telecommunications technology. For example, the International Stock Exchange in London moved to a terminal-based trading system at the time of the Big Bang in 1986 and the Paris Bourse has nearly completed its conversion to an electronic trading system.

Electronic trading system technology has considerable potential for around-the-clock trading. The GLOBEX system being developed by the Chicago Mercantile Exchange and the Chicago Board of Trade's Aurora system are good examples. These exchanges have recently announced that they will combine their systems, and after-hours trading of some futures contracts could begin trading on the joint system this fall. Already, the futures exchanges of Paris and Sydney have negotiated to put their products on the GLOBEX system for after-hours trading, and others have expressed interest. This type of system could be adapted for trading other financial instruments.

As international securities trading has surged—growing more rapidly than trade and output—demands for clearing services across a wide range of financial instruments have soared, placing pressures on clearing and settlement systems. Some of these pressures arise from the greater interdependence among clearing and settlement systems. Investors today engage in a complex chain of financial transactions, often involving positions in both national and international markets, and difficulties in the clearing and settlement process in one of these markets can affect their ability to discharge obligations in others. We got a sense of such clearing and settlement problems in October 1987, when the options clearing system was weakened by large losses in the options market and other difficulties emerged from inadequate coordination of "pays and collects" in the futures markets. A deficient clearing system in Hong Kong not only contributed to paralysis in that marketplace but cast a cloud over other markets as well.

The process of unbundling financial risk is a factor boosting the volume of financial transactions and hence increasing strains on clearing and settlement systems. Through the use of futures and options, price or interest rate risk can, in effect, be unbundled and new synthetic instruments created by shifting risk to other parties, actions that raise clearing and settlement volume. Alternately, elements of risk can be transferred through interest rate and currency swaps; in these cases, such shifting can lead to hedging needs or to arbitrage opportunities that result in additional transactions in markets for securities and their derivatives and to enlarged clearing and settlement volume, with attendant risks to clearing and settlement systems.

Another important dimension to securities market risk resulting from growing internationalization is the emergence of large multinational securities firms that increasingly act as underwriters, dealers, and brokers in securities markets around the globe. A loss by one or more of these firms could impair that firm's functioning in other markets, thereby potentially transmitting a disturbance to those other markets. Such a disturbance could have ripple effects as creditors and counterparties seek to reduce their exposure to these firms and as confidence erodes in the clearing and settlement systems in which these firms are participants. Difficulties could also extend to commercial banks thought to have large credit exposure to such securities firms.

We observed the potential for such a problem emerge in October 1987, when it became evident to the markets that certain firms committed to the underwriting of British Petroleum shares in the United Kingdom stood to lose substantial sums. It is reported that for a brief period participants in the U.S. securities markets were cautious about dealing with these firms, a situation that could have gotten decidedly worse if the underwriting environment had not stabilized.

If risks associated with cross-market and cross-border securities activities are to be contained, then it is critical that large investment firms have sound internal risk monitoring and control procedures in place. Moreover, there is no substitute for strong capital positions to act as a buffer for losses.

It is worth noting that computer and telecommunications technology, while an important factor contributing to the globalization of securities markets and to certain financial system risks, can be used and is being used to limit risk. Information systems increasingly are permitting securities firms to monitor their global positions on a timely basis, and virtually around-the-clock trading in some securities enables them to shed unwanted risk promptly. Such technology also permits clearing systems to monitor member positions in their own markets on a timely basis and to share member position information with other clearing systems, thereby enhancing control of overall risk to clearing and settlement systems.

The trend toward globalization of securities firms and markets—including the move toward around-the-clock trading in a growing array of securities—not only provides investors with 24-hour capability to adjust positions but also provides the investor or brokerage firm with more choice of where an order will be placed. Factors such as relative costs of trading in different markets, liquidity, and the timing of clearing and settlement systems thus may affect decisions about where to place orders.

Such opportunities for choice lead to more discipline being exerted on exchanges to control costs and enhance liquidity. To the degree that investors are concerned about the soundness and timeliness of clearing and settlement systems, discipline is imposed on the exchanges to strengthen their clearing mechanisms. However, to the degree that some markets seek to lower costs and add to volume at the expense of capital positions of securities firms or clearing system safeguards, risks may be posed for other markets and for the global financial system more broadly. In other words, in an interdependent global marketplace, externalities are significant, and weaknesses in one financial center can pose serious problems for other centers.

Implications for Coordination

The Brady Commission and others have characterized our domestic markets for stocks, index futures, and options as, in effect, functioning as one economic market. It is certainly clear that the market for some securities and their derivatives has, in effect, already become a unified global market, and others are rapidly moving in this direction. Such international developments obviously require a considerable degree of international coordination just as we have learned that domestic markets for securities and their derivatives require a high level of coordination.

Both the private and public sectors have important roles to play in the coordination of securities market policies. Among the areas needing attention are capital of dealers and underwriters, clearing, settlement and payment systems, circuit breakers, disclosure to investors, and accounting standards followed by securities issuers and intermediaries. In addition, coordination of insider trading rules and enforcement of securities market laws are issues of significance in the area of securities market regulation and oversight. To an important degree, more standardization in areas such as clearing and settlement and capital standards holds the promise of enhancing efficiency while at the same time strengthening market structures. Moreover, coordination of policies in these areas will act to reduce the scope for so-called regulatory arbitrage—that is, artificial reasons for investors or securities houses to favor one national market over others.

At the present time, a considerable amount of effort is being expended to coordinate within and across borders in these various areas. In some cases, this involves regulatory authorities; in some other cases, it involves the private sector; and in still others, it involves a combination of both. For example, there are a number of bilateral discussions between the Securities and Exchange Commission and securities market regulators in other countries on issues relating to the exchange of information and enforcement of securities market laws. Also, central banks have, within the context of their responsibilities for national payment systems, been addressing risks associated with securities clearing and settlement and are working to coordinate policies on payment system netting arrangements.

The International Organization of Securities Commissions, a group of national securities authorities, has established various working groups seeking to coordinate, among other things, accounting standards and capital requirements of securities firms. The Group of 30, composed of private-sector representatives from the securities and banking industries, recently advanced a constructive set of guidelines for securities clearing and settlement and now is in the process of seeking implementation. The Organization for Economic Cooperation and Development has established a group of securities market experts focusing explicitly on the issue of systemic risk in global securities markets.

It is important to realize that the contributions that the private and public sectors can make differ, depending on the issue. On matters such as clearing and settlement, the private sector has much to offer given its expertise and considerable self-interest in developing a sound global securities clearing and settlement system. Other areas, such as insider trading and enforcement, clearly require coordination among regulators.

Also, some matters are going to be resolved most effectively through bilateral approaches while others lend themselves to multilateral solutions. The nature and regulation of securities markets have been sufficiently diverse that a multilateral regulatory approach along the lines of the Basle agreement on capital guidelines for commercial banks may be difficult, given the entire scope of matters requiring coordination. In any event, it is important that regulatory authorities continue to monitor overall progress in this area and seek to identify and address elements of weakness.

At the present time, it appears that progress is being made in key areas needing attention. Given the diversity of traditional national standards, it may well take longer to reach agreements than we are accustomed to in our domestic financial system. It is also likely that as these coordination efforts get further along, necessary legislative changes will become more evident.

Legislative Issues

This subcommittee has heard a great deal of testimony in recent months about steps that have been taken by our national exchanges and clearinghouses to strengthen existing systems and to improve coordination among markets and market participants. As these hearings proceed, you, no doubt, will hear many more ideas and concerns about the future direction of these markets.

It is encouraging that so many resources in the public and private sectors are being focused on these issues. It also is encouraging that so much can be, and is being, done within the existing legislative and regulatory framework that oversees our financial system. With a notable exception, we at the Federal Reserve Board do not at this time see a need for major legislative changes of our securities laws and regulatory structure.

In the previous Congress, the Senate had passed a bill that would have broadened the powers of banking organizations in the securities market area. We supported that bill on the grounds that our banking organizations have a lot to contribute to the development of a stronger and more efficient securities market, both domestically and globally. The formula embodied in the Senate bill last year would enable our banks to become more competitive in these markets but in a manner that would not jeopardize the safety of the commercial bank entities or the federal safety net applied to the commercial banking system. We trust the Congress will return to this matter promptly.

In closing, the stability of our financial markets must, of course, at root, rest on the performance of the world economy. Thus, at the very top of our consideration in maintaining a sound financial structure is the pursuit of sound economic policies, both domestically, and to the extent relevant, on a coordinated international basis. At the same time, we must seek to strengthen that financial structure through appropriate market reforms, recognizing that even a system with formidable safeguards will be unable to insure against a disruption resulting from a massive speculative imbalance. Through the cooperative efforts of the private and public sectors, we can go a considerable distance in improving the safety and soundness of our financial market systems, but we cannot realistically expect to eliminate all risks to these systems. □

Statement by William Taylor, Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, before the Subcommittee on International Development, Finance, Trade and Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, June 27, 1989.

I am pleased to have this opportunity to appear before this committee to discuss bank supervisory policies regarding U.S. bank lending to developing countries. Before I focus on the regulatory and accounting issues concerning developing country debt, especially as they relate to Secretary Brady's proposal, I would like to begin by summarizing the condition of the banking system within the context of bank claims on developing countries.

The Banking System and Developing Country Debt

The U.S. banking system is less vulnerable to potential debt-servicing difficulties of developing countries than it was when these problems first surfaced in the early 1980s. However, the vulnerability of some of the largest U.S. banks to these problems is still of significant concern. Several considerations support this judgement.

First, through a variety of transactions, U.S. banks are adjusting their portfolio of claims on developing countries while decreasing their overall exposure levels. In 1988, twenty-two of the largest U.S. banks reduced their net exposure to problem debtor countries approximately $9 billion to a level of about $65 billion. Much of this reduction was achieved through mechanisms that also reduced the countries' external debt-service requirements.

Second, bank capital has been strengthened as both bankers and banking supervisors have recognized the need to increase the capital cushion available to absorb potential losses. Between December 1982 and December 1988, primary capital for twenty-two of the largest U.S. banks increased from $40 billion to $74 billion. When measured against declining levels of exposure to countries with debt-servicing problems, this increase in capital is substantial. Exposure relative to primary capital for nine money center banks has declined from 233 percent in 1982 to 106 percent at year-end 1988. For thirteen large regional banks, exposure to these countries has declined from 154 percent to 55 percent during the same period.

Third, earnings of large U.S. multinational banks are generally at higher levels and are somewhat more diversified than in the past. Higher earning levels lead to stronger capitalized organizations, and more diverse earnings help to act as a cushion if a major borrower or borrowing sector experiences debt-servicing difficulties.

Finally, U.S. banks have set aside large amounts in their general loan-loss reserves for their exposure to developing countries. These reserves help to cushion a bank's balance sheet from losses on these loans.

In summary, the improved condition of the U.S. banking system through increases in capital and reserves has reduced the vulnerability of the U.S. banking system to debt-servicing difficulties of developing countries. However, the substantial exposure levels of the largest U.S. banks require that these banks continue to build their reserves and capital in an orderly manner. At the same time, it seems to be in the interests of the banks to support borrowing countries so that they may reform their economies to restore economic growth, thereby enhancing their creditworthiness.

ACCOUNTING AND REGULATORY POLICIES AFFECTING DEBT RESTRUCTURING

Bank regulatory and accounting policies pertaining to developing country loans of U.S. banks are designed to maintain the safety and soundness of the financial system. These policies are consistent with those regulations governing other aspects of the banking business.

Current regulatory policies provide considerable flexibility for U.S. banks to engage in transactions to adjust or reduce their exposure to developing countries. Such transactions have had the effect of reducing the debt-servicing obligations of developing countries and have included debt exchanges, debt-for-equity swaps, and discounted buybacks of debt. Bank regulatory policy is not a barrier to further bank participation in debt-reduction transactions as envisioned by Secretary Brady's proposals.

Accounting rules for loans of U.S. banks to developing countries, like requirements for other debts, provide for disclosure of information to enable investors to judge the financial condition of a bank and the financial impact of management's decisions in a meaningful and consistent manner. Banks are required by the Securities and Exchange Commission to disclose information on significant sovereign debt restructurings, including the amount of exposure, changes in exposure, and the impact of restructurings on earnings. Considerable information is also required to be provided directly to bank regulatory authorities. Failure to provide meaningful financial information inhibits effective banking supervision and can undermine depositor and investor confidence.

Generally accepted accounting practices require banks that intend to swap or sell a claim on a developing country (or any other credit) to value that credit at current market value and to establish sufficient reserves to cover any anticipated losses associated with that transaction. For those loans or portions of loans that are expected to be held as a long-term investment, the carrying value less any related reserve must reflect a realistic assessment of the ultimate value likely to be collected. Consequently, depending upon management's intention of either remaining or exiting from the business of lending to developing countries, the carrying value of developing country credits and reserve levels varies from bank to bank.

I would like to comment briefly on the International Lending Supervision Act of 1983 (ILSA). In passing ILSA, the Congress carefully balanced the interest of debtor countries in maintaining access to private credit markets against the requirements for maintaining a safe and sound banking system. Based on these considerations, the Congress required that banks set aside specific allocated transfer risk reserves (ATRR) against credits that have been impaired by a protracted inability of foreign borrowers to make payments on their external indebtedness. The law and the implementing regulations essentially require an ATRR against credits to countries that are not servicing their debts and are not moving toward implementing sound economic policies that can restore growth and enhance creditworthiness. Such reserves are not required against credits to countries that are maintaining debt service and are working with the international institutions to develop and implement sound economic policies.

I believe that this distinction based upon the overall performance of borrowers is valid, and it is crucial that it be preserved. Much headway already undertaken to resolve the developing country debt crisis could be lost by requiring an ATRR against credits to countries that are following responsible economic and debt-servicing policies.

Those who argue for expansion of the allocated reserves usually do so in the belief that the establishment of a specific reserve by a bank, which is the functional equivalent of a charge-off, can benefit a borrowing country. It should be clearly understood that a mandated charge-off of a loan, while tax-deductible, does not necessarily diminish a bank's incentive to collect in full on the credit; nor does it encourage the bank to sell or redeem the credit at a discount. In fact, unlike U.S. banks, most banks from countries with large tax-deductible reserves have not actively participated in voluntary debt reduction transactions such as secondary market sales or exchanges of debt for equity investments.

To date the allocated reserves required pursuant to ILSA have been applied to twelve countries. These countries generally are the weakest economic performers and have essentially no access to international credit from private markets. Many of these countries have taken unilateral decisions to reduce or suspend debt service to banks. In most cases a further deterioration in economic activity and living standards has followed such actions by these countries.

Rather than unduly expand the scope of the allocated reserve, U.S. banking supervisors have required banks with significant exposures to troubled sovereign borrowers to strengthen their general loan–loss reserves and capital. As previously mentioned, U.S. banks have set aside large amounts in their general loan–loss reserves for exposures to developing countries. Many regional U.S. banks have adopted a strategy of exiting from this business by selling their loans in the secondary market. To absorb the related losses, they have established commensurately high reserve levels. Most money center banks, with a longer history of involvement in these countries and multinational corporate clientele requiring ongoing banking services, have a more optimistic view of this business. These banks apparently intend to hold the bulk of their credits as long-term investments. To the extent that these banks are swapping or reducing debt, their strong local presence in the debtor countries has enabled them to realize prices well above those prevailing in the secondary market.

The adequacy of these general reserves is also judged within the context of an organization's overall capital structure and financial condition. Banking regulators examine an institution's financial condition, its management and asset quality, and the current financial and economic conditions in assessing the adequacy of bank capital. This capital must support several risks other than developing country lending. To assure the adequacy of bank capital, those institutions with significant exposure to developing countries must continue to augment their capital and reserves in an orderly fashion. In particular, it is necessary for these banks to review reserve levels frequently and systematically in light of changing circumstances.

The proposals set forth by Secretary Brady provide an opportunity for reinvigorating developing country debt strategy. However, I do not believe that bank supervisory policies can, or should, be used as incentives or disincentives to influence further the implementation of these proposals. The decisions of both foreign and domestic banks on debt restructurings will inevitably be determined by whether a particular restructuring provides the best means for realizing the maximum possible value on their loans. While the implementation of Secretary Brady's proposals will require the recognition of some losses on the part of the banks, if properly implemented, it should improve the quality of the remaining credits and prevent further deterioration.

In this regard, while several positive steps have been taken recently, progress has not been as great as expected when the Federal Reserve testified on this issue before the House Banking Committee at the beginning of this year. What concerns me as a bank regulator is that without further cooperation between borrowers and lenders, credit quality will continue to deteriorate as more countries become unable or unwilling to service their bank debts. In such an event, further significant increases in reserves will clearly be required. Time is running short and uncertainties appear to be increasing. In this environment, it is expected that banks with large exposures will further strengthen their capital and reserve levels. □

Announcements

H. ROBERT HELLER: RESIGNATION AS A MEMBER OF THE BOARD OF GOVERNORS

H. Robert Heller resigned as a member of the Board of Governors, effective July 31, 1989. Following is the text of Governor Heller's letter of resignation to President Bush:

June 20, 1989

President George Bush
The White House
Washington, D.C. 20500

Dear Mr. President,

It has been my great honor and privilege to have served on the Board of Governors of the Federal Reserve System for the last few years. I found it a distinct personal pleasure and a professionally rewarding experience to have been associated with a group of exceptional colleagues during a period of unprecedented economic prosperity and significant change in the banking system.

I am grateful to President Reagan and to you for having given me this opportunity to serve the nation.

Unfortunately, personal considerations make it now necessary for me to return to the private sector and I therefore submit my resignation from the Board, effective July 31, 1989.

Respectfully yours,

H. Robert Heller

The letter of acceptance from President Bush follows.

The White House
Washington

July 19, 1989

Dear Governor Heller:

I accept with regret your resignation as a Member of the Board of Governors of the Federal Reserve System, effective July 31, 1989.

In your three years as a Member of the Board, you helped shape decisions that had a profound impact upon the economy of the United States and the world. Your role in sustaining the economic vitality of our country during the last few years was a significant one, in which you can justifiably take pride.

I wish you all success in your endeavors in the private sector, and Barbara joins me in wishing you and your family all happiness in your California homeland.

Sincerely,

George Bush

AMENDMENTS TO REGULATION Z

The Federal Reserve Board issued on June 5, 1989, its final rules to carry out provisions of the Home Equity Loan Consumer Protection Act. The rules are effective June 7, but compliance is optional until November 7.

The new rules are in the form of amendments to the Board's Regulation Z (Truth in Lending) and generally expand the existing disclosures that must be given to consumers by lenders. They also require that the disclosures be provided at an earlier time in the application process.

In December 1987, the Board proposed amendments to Regulation Z to change the existing disclosure requirements for home equity lines of credit secured by a consumer's principal dwelling. Subsequently, the Congress adopted the Home Equity Loan Consumer Protection Act on November 23, 1988, and the Board published a proposed rule to implement the new law on January 23, 1989.

Under the new rule, creditors must give detailed disclosures, grouped together and separated from unrelated information, at the time an open-end home equity plan application is provided to the customer. This more detailed information includes the following: (1) the payment terms of the plan; (2) an example of the payments; (3) the fees the creditor imposes to open or use the plan; (4) an estimate of fees imposed by third parties; and (5) any variable-rate features, including the index used to determine the rate.

In addition to the disclosures, creditors must also provide to the customer a brochure outlining the general features of home equity plans. Such a brochure is currently under preparation by the Board.

Disclosures and the brochure generally must be given at the time an application is given to the consumer although extra time is permitted in some cases, such as when applications are made by telephone or through intermediaries.

Meeting of Consumer Advisory Council

The Federal Reserve Board announced that its Consumer Advisory Council met on June 22, 1989.

Policy Statements on Reduction of Risk in the Payment System

The Federal Reserve Board issued on June 16, 1989, three risk-related policy statements as part of its overall program on Payment System Risk Reduction.

A Policy Statement on Private Book-Entry Systems (Docket No. R-0665) establishes guiding principles for reducing risk on delivery-against-payment systems that settle on a net same-day basis over the Federal Reserve's wire transfer system.

An Interim Policy Statement on Offshore Netting and Clearing Arrangements (Docket No. R-0666) establishes guiding principles for any offshore dollar clearing or settlement system settling directly or indirectly in the United States.

A Policy Statement on Rollovers and Continuing Contracts to Reduce Daylight Overdraft Exposure (Docket No. R-0667) encourages the prudential use of rollovers and continuing contracts to reduce daylight overdrafts on Fedwire.

Revisions to the Methodology for Computing the Private Sector Adjustment Factor

The Federal Reserve Board announced on June 16, 1989, revisions to the methodology for computing the Private Sector Adjustment Factor (PSAF). The methodology is essentially that as proposed for public comment on January 23, 1989 (Docket No. R-0656).

The PSAF is intended to reflect an allocation of imputed costs that takes into account the taxes that would have been paid and the return on capital that would have been provided had the services been furnished by a private business firm as required by the Monetary Control Act. The revisions are designed to reduce the necessity for ad hoc adjustments and to respond to industry questions regarding the PSAF calculation. The revisions become effective with the computation of the PSAF for 1990.

Proposed Actions

The Federal Reserve Board issued for public comment on June 16, 1989, proposed changes to its policy on Large Dollar Payment System Risk designed to reduce risk to the Federal Reserve and to the payments system in general. Comments must be submitted to the Board by November 17, 1989.

The Federal Reserve Board is also seeking public comment on whether to modify a restriction on underwriting asset-based securities of affiliates in the Board's orders under section 20 of the Glass–Steagall Act. Comments must be submitted to the Board by July 20, 1989.

In addition, the Board is seeking public comment on whether to increase from 5 percent to 10 percent the revenue limit established by the Board in its orders authorizing bank holding company subsidiaries to underwrite and deal in bank-ineligible securities consistent with section 20 of the Glass–Steagall Act. Comments must be submitted to the Board by July 20, 1989.

Legal Developments

AMENDMENT TO REGULATION Z

The Board of Governors is amending 12 C.F.R. Part 226, its Regulation Z (Truth in Lending), to implement the Home Equity Loan Consumer Protection Act of 1988. The law requires creditors to provide consumers with extensive information for open-end credit plans secured by the consumer's dwelling, and imposes substantive limitations on these plans. Creditors will have to provide information at the time an application is provided to the consumer, including information about the payment terms, fees imposed under the plan, and, for variable-rate plans, information about the index and a fifteen-year history of changes in the index values. Creditors will be required to provide consumers with a brochure prepared by the Board (or a suitable substitute) describing home equity plans. The regulation also imposes duties on third parties who provide applications to consumers and modifies the rules relating to advertisements for home equity plans.

In addition, to these disclosure requirements, the regulation limits a creditor's right to terminate a plan and accelerate any outstanding balance, or to change the terms of a plan after it has been opened, and limits the type of index that can be used for variable-rate plans.

Effective June 7, 1989, but compliance is optional until November 7, 1989, 12 C.F.R. Part 226 is amended as follows:

1. The authority citation for Part 226 continues to read as follows:

Authority: Truth in Lending Act, 15 U.S.C. 1604 and sec. 2, Pub. L. No. 100-583, 102 Stat. 2960; Section 1204(c), Competitive Equality Banking Act, Pub. L. No. 100-86, 101 Stat. 552.

Subpart A—General

2. Section 226.1 is amended by revising paragraphs (b) and (d)(2) and adding paragraph (c)(3) to read as follows:

Section 226.1—Authority, Purpose, Coverage, Organization, Enforcement and Liability

* * * * *

(b) *Purpose.* The purpose of this regulation is to promote the informed use of consumer credit by requiring disclosures about its terms and cost. * * * In addition, the regulation requires a maximum interest rate to be stated in variable-rate contracts secured by the consumer's dwelling, and imposes limitations on home equity plans that are subject to the requirements of section 226.5b. The regulation does not govern charges for consumer credit.

(c) *Coverage.* * * *

(3) In addition, certain requirements of section 226.5b apply to persons who are not creditors but who provide applications for home equity plans to consumers.

(d) *Organization.* * * *

(2) Subpart B contains the rules for open-end credit. It requires that initial disclosures and periodic statements be provided, as well as additional disclosures for credit and charge card applications and solicitations and for home equity plans subject to the requirements of sections 226.5a and 226.5b, respectively.

* * * * *

Subpart B—Open-End Credit

3. Section 226.5 is amended by revising footnote 8 to read as follows:

8. The disclosures required under section 226.5a for credit and charge card applications and solicitations, the home equity disclosures required under section 226.5b(d), the alternative summary billing rights statement provided for in section 226.9(a)(2), the credit and charge card renewal disclosures required under section 226.9(e), and the disclosures made under section 226.10(b) about payment requirements need not be in a form that the consumer can keep.

3a. Section 226.5 is further amended by adding paragraphs (a)(4) and (b)(4) to read as follows:

Section 226.5—General Disclosure Requirements

(a) *Form of disclosures.* * * *

(4) For rules governing the form of disclosures for home equity plans, see section 226.5b(a).

(b) *Time of disclosures.* * * *

(4) *Home equity plans*. Disclosures for home equity plans shall be made in accordance with the timing requirements of section 226.5(b).

* * * * *

4. Section 226.5a is amended by revising paragraph (a)(3) to read as follows:

Section 226.5a—Credit and Charge Card Applications and Solicitations

(a) * * *

(3) *Exceptions*. This section does not apply to home equity plans accessible by a credit or charge card that are subject to the requirements of section 226.5b;

* * * * *

5. A new section 226.5b is added to read as follows:

Section 226.5b—Requirements for Home Equity Plans

The requirements of this section apply to open-end credit plans secured by the consumer's dwelling. For purposes of this section, an annual percentage rate is the annual percentage rate corresponding to the periodic rate as determined under section 226.14(b).

(a) *Form of disclosures*.

(1) *General*. The disclosures required by paragraph (d) of this section shall be made clearly and conspicuously and shall be grouped together and segregated from all unrelated information. The disclosures may be provided on the application form or on a separate form. The disclosure described in paragraph (d)(4)(iii), the itemization of third-party fees described in paragraph (d)(8), and the variable-rate information described in paragraph (d)(12) of this section may be provided separately from the other required disclosures.

(2) *Precedence of certain disclosures*. The disclosures described in paragraph (d)(1) through (4)(ii) of this section shall precede the other required disclosures.

(b) *Time of disclosures*. The disclosures and brochure required by paragraphs (d) and (e) of this section shall be provided at the time an application is provided to the consumer.[10a]

(c) *Duties of third parties*. Persons other than the creditor who provide applications to consumers for home equity plans must provide the brochure required under paragraph (e) of this section at the time an application is provided. If such persons have the disclosures required under paragraph (d) of this section for a creditor's home equity plan, they also shall provide the disclosures at such time.[10a]

(d) *Content of disclosures*. The creditor shall provide the following disclosures, as applicable:

(1) *Retention of information*. A statement that the consumer should make or otherwise retain a copy of the disclosures.

(2) *Conditions for disclosed terms*.

(i) A statement of the time by which the consumer must submit an application to obtain specific terms disclosed and an identification of any disclosed term that is subject to change prior to opening the plan.

(ii) A statement that, if a disclosed term changes (other than a change due to fluctuations in the index in a variable-rate plan) prior to opening the plan and the consumer therefore elects not to open the plan, the consumer may receive a refund of all fees paid in connection with the application.

(3) *Security interest and risk to home*. A statement that the creditor will acquire a security interest in the consumer's dwelling and that loss of the dwelling may occur in the event of default.

(4) *Possible actions by creditor*.

(i) A statement that, under certain conditions, the creditor may terminate the plan and require payment of the outstanding balance in full in a single payment and impose fees upon termination; prohibit additional extensions of credit or reduce the credit limit; and, as specified in the initial agreement, implement certain changes in the plan.

(ii) A statement that the consumer may receive, upon request, information about the conditions under which such actions may occur.

(iii) In lieu of the disclosure required under paragraph (d)(4)(ii) of this section, a statement of such conditions.

(5) *Payment terms*. The payment terms of the plan, including:

(i) The length of the draw period and any repayment period.

(ii) An explanation of how the minimum periodic payment will be determined and the timing of the payments. If paying only the minimum periodic payments may not repay any of the principal or may repay less than the outstanding balance, a statement of this fact, as well as a statement that a balloon payment may result.[10b]

10a. The disclosures and the brochure may be delivered or placed in the mail not later than three business days following receipt of a consumer's application in the case of applications contained in magazines or other publications, or when the application is received by telephone or through an intermediary agent or broker.

10b. A balloon payment results if paying the minimum periodic payments does not fully amortize the outstanding balance by a specified date or time, and the consumer must repay the entire outstanding balance at such time.

(iii) An example, based on a $10,000 outstanding balance and a recent annual percentage rate,[10c] showing the minimum periodic payment, any balloon payment, and the time it would take to repay the $10,000 outstanding balance if the consumer made only those payments and obtained no additional extensions of credit.

If different payment terms may apply to the draw and any repayment period, or if different payment terms may apply within either period, the disclosures shall reflect the different payment terms.

(6) *Annual percentage rate.* For fixed-rate plans, a recent annual percentage rate[10c] imposed under the plan and a statement that the rate does not include costs other than interest.

(7) *Fees imposed by creditor.* An itemization of any fees imposed by the creditor to open, use, or maintain the plan, stated as a dollar amount or percentage, and when such fees are payable.

(8) *Fees imposed by third parties to open a plan.* A good faith estimate, stated as a single dollar amount or range, of any fees that may be imposed by persons other than the creditor to open the plan, as well as a statement that the consumer may receive, upon request, a good faith itemization of such fees. In lieu of the statement, the itemization of such fees may be provided.

(9) *Negative amortization.* A statement that negative amortization may occur and that negative amortization increases the principal balance and reduces the consumer's equity in the dwelling.

(10) *Transaction requirements.* Any limitations on the number of extensions of credit and the amount of credit that may be obtained during any time period, as well as any minimum outstanding balance and minimum draw requirements, stated as dollar amounts or percentages.

(11) *Tax implications.* A statement that the consumer should consult a tax advisor regarding the deductibility of interest and charges under the plan.

(12) *Disclosures for variable-rate plans.* For a plan in which the annual percentage rate is variable, the following disclosures, as applicable:

(i) The fact that the annual percentage rate, payment, or term may change due to the variable-rate feature.

(ii) A statement that the annual percentage rate does not include costs other than interest.

(iii) The index used in making rate adjustments and a source of information about the index.

(iv) An explanation of how the annual percentage rate will be determined, including an explanation of how the index is adjusted, such as by the addition of a margin.

(v) A statement that the consumer should ask about the current index value, margin, discount or premium, and annual percentage rate.

(vi) A statement that the initial annual percentage rate is not based on the index and margin used to make later rate adjustments, and the period of time such initial rate will be in effect.

(vii) The frequency of changes in the annual percentage rate.

(viii) Any rules relating to changes in the index value and the annual percentage rate and resulting changes in the payment amount, including, for example, an explanation of payment limitations and rate carryover.

(ix) A statement of any annual or more frequent periodic limitations on changes in the annual percentage rate (or a statement that no annual limitation exists), as well as a statement of the maximum annual percentage rate that may be imposed under each payment option.

(x) The minimum periodic payment required when the maximum annual percentage rate for each payment option is in effect for a $10,000 outstanding balance, and a statement of the earliest date or time the maximum rate may be imposed.

(xi) An historical example, based on a $10,000 extension of credit, illustrating how annual percentage rates and payments would have been affected by index value changes implemented according to the terms of the plan. The historical example shall be based on the most recent 15 years of index values (selected for the same time period each year) and shall reflect all significant plan terms, such as negative amortization, rate carryover, rate discounts, and rate and payment limitations, that would have been affected by the index movement during the period.

(xii) A statement that rate information will be provided on or with each periodic statement.

(e) *Brochure.* The home equity brochure published by the Board or a suitable substitute shall be provided.

(f) *Limitations on home equity plans.* No creditor may, by contract or otherwise:

(1) Change the annual percentage rate unless:

(i) such change is based on an index that is not under the creditor's control; and

(ii) such index is available to the general public.

10c. For fixed-rate plans, a recent annual percentage rate is a rate that has been in effect under the plan within the twelve months preceding the date the disclosures are provided to the consumer. For variable-rate plans, a recent annual percentage rate is the most recent rate provided in the historical example described in paragraph (d)(12)(xi) of this section or a rate that has been in effect under the plan since the date of the most recent rate in the table.

(2) Terminate a plan and demand repayment of the entire outstanding balance in advance of the original term unless:

(i) there is fraud or material misrepresentation by the consumer in connection with the plan;

(ii) the consumer fails to meet the repayment terms of the agreement for any outstanding balance; or

(iii) any action or inaction by the consumer adversely affects the creditor's security for the plan, or any right of the creditor in such security.

(3) Change any term, except that a creditor may:

(i) Provide in the initial agreement that specified changes will occur if a specific event takes place (for example, that the annual percentage rate will increase a specified amount if the consumer leaves the creditor's employment).

(ii) Change the index and margin used under the plan if the original index is no longer available, the new index has an historical movement substantially similar to that of the original index, and the new index and margin would have resulted in an annual percentage rate substantially similar to the rate in effect at the time the original index became unavailable.

(iii) Make a specified change if the consumer specifically agrees to it in writing at that time.

(iv) Make a change that will unequivocally benefit the consumer throughout the remainder of the plan.

(v) Make an insignificant change to terms.

(vi) Prohibit additional extensions of credit or reduce the credit limit applicable to an agreement during any period in which:

(A) the value of the dwelling that secures the plan declines significantly below the dwelling's appraised value for purposes of the plan;

(B) the creditor reasonably believes that the consumer will be unable to fulfill the repayment obligations under the plan because of a material change in the consumer's financial circumstances;

(C) the consumer is in default of any material obligation under the agreement;

(D) the creditor is precluded by government action from imposing the annual percentage rate provided for in the agreement;

(E) the priority of the creditor's security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit line;

(F) the creditor is notified by its regulatory agency that continued advances constitute an unsafe and unsound practice; or

(G) the maximum annual percentage rate is reached.

(g) *Refund of fees.* A creditor shall refund all fees paid by the consumer to anyone in connection with an application if any term required to be disclosed under paragraph (d) of this section changes (other than a change due to fluctuations in the index in a variable-rate plan) before the plan is opened and, as a result, the consumer elects not to open the plan.

(h) *Imposition of nonrefundable fees.* Neither a creditor nor any other person may impose a nonrefundable fee in connection with an application until three business days after the consumer receives the disclosures and brochure required under this section.[10d]

* * * * *

6. Section 226.6 is amended by adding paragraph (e) to read as follows:

Section 226.6—Initial Disclosure Statement

* * * * *

(e) *Home equity plan information.* The following disclosures described in section 226.5b(d), as applicable:

(1) A statement of the conditions under which the creditor may take certain action, as described in section 226.5b(d)(4)(i), such as terminating the plan or changing the terms.

(2) The payment information described in sections 226.5b(d)(5)(i) and (ii) for both the draw period and any repayment period.

(3) A statement that negative amortization may occur as described in section 226.5b(d)(9).

(4) A statement of any transaction requirements as described in section 226.5b(d)(10).

(5) A statement regarding the tax implications as described in section 226.5b(d)(11).

(6) A statement that the annual percentage rate imposed under the plan does not include costs other than interest as described in sections 226.5b(d)(6) and 226.5b(d)(12)(ii).

(7) The variable-rate disclosures described in sections 226.5b(d)(12)(viii), (x), (xi), and (xii), as well as the disclosure described in section 226.5b(d)(5)(iii), unless the disclosures provided with the application were in a form the consumer could keep and included a representative payment example for the category of payment option chosen by the consumer.

* * * * *

10d. If the disclosures and brochure are mailed to the consumer, the consumer is considered to have received them three business days after they are mailed.

7. Section 226.9 is amended by adding paragraph (c)(3) to read as follows:

Section 226.9—Subsequent Disclosure Requirements

* * * * *

(c) *Change in terms.*

* * * * *

(3) *Notice for home equity plans.* If a creditor prohibits additional extensions of credit or reduces the credit limit applicable to a home equity plan pursuant to section 226.5b(f)(3)(vi), the creditor shall mail or deliver written notice of the action to each consumer who will be affected. The notice must be provided not later than three business days after the action is taken and shall contain specific reasons for the action. If the creditor requires the consumer to request reinstatement of credit privileges, the notice also shall state that fact.

* * * * *

8. Section 226.14 is amended by revising paragraph (b) to read as follows:

Section 226.14—Determination of Annual Percentage Rate

* * * * *

(b) *Annual percentage rate for sections 226.5a and 226.5b disclosures, for initial disclosures and for advertising purposes.* Where one or more periodic rates may be used to compute the finance charge, the annual percentage rate(s) to be disclosed for purposes of sections 226.5a, 226.5b, 226.6, and 226.16 shall be computed by multiplying each periodic rate by the number of periods in a year.

* * * * *

9. Section 226.15 is amended by revising footnote 36 to read as follows:

36. The term "material disclosures" means the information that must be provided to satisfy the requirements in section 226.6 with regard to the method of determining the finance charge and the balance upon which a finance charge will be imposed, the annual percentage rate, the amount or method of determining the amount of any membership or participation fee that may be imposed as part of the plan, and the payment information described in sections 226.5b(d)(5)(i) and (ii) that is required under section 226.6(e)(2).

* * * * *

10. Section 226.16 is amended by adding paragraph (d) to read as follows:

Section 226.16—Advertising

* * * * *

(d) *Additional requirements for home equity plans.*

(1) *Advertisement of terms that require additional disclosures.* If any of the terms required to be disclosed under sections 226.6(a) or (b) or the payment terms of the plan are set forth, affirmatively or negatively, in an advertisement for a home equity plan subject to the requirements of section 226.5b, the advertisement also shall clearly and conspicuously set forth the following:

(i) Any loan fee that is a percentage of the credit limit under the plan and an estimate of any other fees imposed for opening the plan, stated as a single dollar amount or a reasonable range.

(ii) Any periodic rate used to compute the finance charge, expressed as an annual percentage rate as determined under section 226.14(b).

(iii) The maximum annual percentage rate that may be imposed in a variable-rate plan.

(2) *Discounted and premium rates.* If an advertisement states an initial annual percentage rate that is not based on the index and margin used to make later rate adjustments in a variable-rate plan, the advertisement also shall state the period of time such rate will be in effect, and, with equal prominence to the initial rate, a reasonably current annual percentage rate that would have been in effect using the index and margin.

(3) *Balloon payment.* If an advertisement contains a statement about any minimum periodic payment, the advertisement also shall state, if applicable, that a balloon payment may result.[10b]

(4) *Tax implications.* An advertisement that states that any interest expense incurred under the home equity plan is or may be tax deductible may not be misleading in this regard.

(5) *Misleading terms.* An advertisement may not refer to a home equity plan as "free money" or contain a similarly misleading term.

* * * * *

11. Appendix G is amended by adding model forms and clauses G-14A, G-14B, G-14C, and G-15 to read as follows:

Appendix G—Open-End Model Forms and Clauses

* * * * *

G-14A Home Equity Sample
G-14B Home Equity Sample

G-14C Home Equity Sample (Repayment phase disclosed later)
G-15 Home Equity Model Clauses

* * * * *

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Banc One Corporation
Columbus, Ohio

Order Approving Acquisition of a Bank

Banc One Corporation, Columbus, Ohio ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act"), has applied for the Board's approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire control, through Banc One Texas Corporation, Columbus, Ohio, of Deposit Insurance Bridge Bank, N.A., a bridge bank ("Bank") created by the Federal Deposit Insurance Corporation ("FDIC") to acquire the assets and assume the deposits and liabilities of twenty bank subsidiaries of MCorp, Dallas, Texas. Applicant proposes to immediately enter into a management agreement with the FDIC that provides that Applicant will operate Bank under the name Bank One Texas, National Association, with general discretion over, and responsibility for, the daily operations of Bank. Applicant also proposes to acquire all of the voting shares of Bank.

On March 28 and 29, 1989, twenty bank subsidiaries of MCorp were declared insolvent and the FDIC was appointed receiver.[1] Pursuant to section 11(i) of the Federal Deposit Insurance Act ("FDI Act") as amended by the Competitive Equality Banking Act of 1987 (12 U.S.C. § 1821(i)), the FDIC established Bank to acquire the assets and to assume the liabilities and deposits of the closed banks. The FDIC solicited offers for the acquisition of Bank from qualified bidders pursuant to sections 11(i) and 13(f) of the FDI Act (12 U.S.C. §§ 1821(i) and 1823(f)). On June 28, 1989, the FDIC selected Applicant's bid for Bank. On the same day, the FDIC advised that Applicant had been selected as the winning bidder, and recommended expeditious action on this application in order to permit Bank to operate without the need for liquidation. The OCC has also recommended approval of the transaction.

In view of this situation and the need for expeditious action to protect the interest of Bank's depositors, it has been determined, pursuant to section 3(b) of the BHC Act (12 U.S.C. § 1842(b)), section 225.14(h) of the Regulation Y (12 C.F.R. 225.14(h)), and section 262.3(l) of the Board's Rules of Procedure (12 C.F.R. 262.3(l)), to dispense with the notice provisions of the BHC Act.

Under section 3(d) of the BHC Act (12 U.S.C. § 1842(d)), the Douglas Amendment, a bank holding company generally may not be allowed to acquire control of any bank located outside of the holding company's principal state of operations.[2] Applicant, with approximately $25.2 billion in total assets as of March 31, 1989, is a bank holding company that principally operates in Ohio for purposes of the Douglas Amendment. As noted above, Bank is located in Texas.

Section 11(i)(9) of the FDI Act (12 U.S.C. § 1821(i)(9)) specifically provides that a bank holding company may acquire a bridge bank located in another state, without regard to the limitations on interstate bank acquisitions contained in the Douglas Amendment or in any relevant state law, where the bridge bank has total assets of at least $500,000,000. *See also* 12 U.S.C. § 1823(f)(4)(A) and (E). Bank, with total assets of approximately $12 billion, was established by the FDIC pursuant to section 11(i) of the FDI Act and will be acquired by Applicant in an assisted transaction. Accordingly, the provisions of section 3(d) of the BHC Act and of any relevant state law do not bar approval of the proposed transaction.

In evaluating an application under section 3 of the BHC Act, the Board is required to consider the financial and managerial resources and future prospects of the companies involved, the effect of the proposal on competition, and the convenience and needs of the communities to be served. Under the proposal, Applicant would immediately provide Bank with new management officials, with proven management capability, and Bank would continue to provide a full range of services to its customers. The agreement in principle between Applicant and the FDIC will also recapitalize Bank. With respect to the financial factors, note has been taken of Applicant's existing financial strength on a consolidated basis.

1. *See* Appendix.

2. A bank holding company's principal state of banking operations is 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.

Based on these and all of the other facts of record, including the bid proposal made by Applicant and accepted by the FDIC, the financial and managerial resources and future prospects of Applicant, its subsidiaries and Bank are consistent with approval of this application. The benefits to the convenience and needs of the communities in Texas of maintaining Bank as a viable competitor in Texas weigh in favor of approval of this application.

While Applicant maintains a loan production office in Dallas, Texas, the amount of Applicant's lending activities in Texas is not significant. Applicant has no other banking or nonbanking offices in Texas. Accordingly, consummation of the proposal would not increase the concentration of banking resources or have any significant adverse effects on competition in Texas or any other relevant market.

Based on the foregoing and all of the facts of record, the General Counsel and the Staff Director of the Division of Banking Supervision and Regulation have determined, acting pursuant to authority specifically delegated by the Board in this case, that the application under section 3 of the BHC Act should be, and hereby is, approved. This action is limited to approval of the transaction according to the terms and conditions of Applicant's bid as presented to the Board, and any significant change in those terms or conditions may require further review by the Board.

The FDIC has informed the Board that expeditious action on Applicant's proposal is necessary in order to permit Applicant to assume control of Bank and continue to operate Bank as a viable competitor serving its communities. In light of these and all the facts of record in this case, the General Counsel and the Staff Director of the Division of Banking Supervision and Regulation, acting pursuant to authority delegated by the Board, have determined, in accordance with section 11(b) of the BHC Act, that expeditious action on this application is necessary and that Applicant may acquire control of Bank through the management agreement with the FDIC and may consummate its proposed investment in Bank on or after the fifth calendar day following the effective date of this Order. The transaction shall not be consummated later than three months after the effective date of this Order, unless the period for consummation is extended for good cause by the Board or the Federal Reserve Bank of Cleveland under delegated authority.

By order, approved pursuant to authority delegated by the Board, effective June 29, 1989.

WILLIAM W. WILES
Secretary of the Board

APPENDIX

The bridge bank has acquired the assets and assumed the liabilities and deposits of the following bank subsidiaries of MCorp:

MBank Abilene, N.A., Abilene, Texas; MBank Alamo, N.A., San Antonio, Texas; MBank Austin, N.A., Austin, Texas; MBank Brenham, N.A., Brenham, Texas; MBank Corsicana, N.A., Corsicana, Texas; MBank Dallas, N.A., Dallas, Texas; MBank Denton Co. (Lewisville), N.A., Lewisville, Texas; MBank Fort Worth, N.A., Forth Worth, Texas; MBank Greenville, N.A., Greenville, Texas; MBank Houston, N.A., Houston, Texas; MBank Jefferson Co. (Port Arthur), N.A., Port Arthur, Texas; MBank Longview, N.A., Longview, Texas; MBank Marshall, N.A., Marshall, Texas; MBank Midcities (Arlington), N.A., Arlington, Texas; MBank Odessa, N.A., Odessa, Texas; MBank Orange, N.A., Orange, Texas; MBank Round Rock, N.A., Round Rock, Texas; MBank Sherman, N.A., Sherman, Texas; MBank Wichita Falls, N.A., Wichita Falls, Texas; MBank The Woodlands, N.A., The Woodlands, Texas.

St. Croix Valley Bancshares, Inc.
Bloomington, Minnesota

Order Denying Acquisition of a Bank Holding Company

St. Croix Valley Bancshares, Inc., Bloomington, Minnesota ("St. Croix"), a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire all of the outstanding voting shares of Stillwater Bancorporation, Inc., Stillwater, Minnesota ("Stillwater"), and thereby indirectly to acquire Cosmopolitan State Bank of Stillwater, Stillwater, Minnesota ("Bank").[1]

Notice of the application, affording opportunity for interested persons to submit comments, has been published in accordance with section 3(b) of the Act (54 *Federal Register* 13,950 (April 6, 1989)). 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.

St. Croix (deposits of $14 million) and Stillwater (deposits of $45 million) are among the smaller banking

1. Immediately upon acquisition of the outstanding shares of Stillwater, Applicant will merge Stillwater and Bank with and into St. Croix and its bank subsidiary, St. Croix Valley Bank, Oak Park Heights, Minnesota.

organizations in Minnesota, each controlling substantially less than one percent of statewide commercial bank deposits.[2] Consummation of this proposal would not increase significantly the concentration of banking resources in Minnesota.

St. Croix and Stillwater compete directly in the Minneapolis-St. Paul banking market.[3] St. Croix is the 99th largest commercial bank in this market, controlling less than one percent of total deposits in commercial banks in the market. Stillwater is the 48th largest commercial banking organization in the market, with deposits also representing less than one percent of total deposits in commercial banks. Upon consummation of this proposal, St. Croix would become the 35th largest commercial banking organization in the market, controlling deposits of $57.1 million and representing .23 percent of total deposits in commercial banks in the market. In view of the *de minimis* increase in concentration and the numerous banking competitors remaining in the market, the Board has determined that consummation of this proposal would not have a significant adverse effect on competition in the Minneapolis-St. Paul banking market.

In evaluating this application, the Board is required, under the terms of section 3 of the Act, to consider the financial resources of the companies and banks involved and the effect of the proposed acquisition on the future prospects of the bank and applicant organization. The Board previously has stated that a bank holding company should serve as a source of financial strength to its subsidiary banks and that the Board would closely examine the condition of an applicant and its subsidiaries in each case with this consideration in mind. The Board also has cautioned against the assumption of substantial debt by a bank holding company because of concern that a holding company with a substantial level of debt would not have the financial flexibility necessary to meet unexpected problems in its subsidiary banks and could be forced to place substantial demands on its subsidiary banks to meet its debt servicing requirements. There are also other risks associated with leveraging, such as a significant reduction in the parent company's ability to use the debt and capital markets to aid its subsidiary bank, should the need arise.[4]

2. Banking data are as of September, 1988.

3. The Minneapolis-St. Paul banking market is approximated by the Minneapolis-St. Paul Ranally Metropolitan Area, adjusted to include Lanesburgh Township in Le Sueur County and all of Scott and Carver counties, in Minnesota; and Hudson Township in St. Croix County, Wisconsin.

4. *Texstar Financial Corporation, Inc.*, 72 FEDERAL RESERVE BULLETIN 333 (1986); *Midwest Bancshares, Inc.*, 71 FEDERAL RESERVE BULLETIN 103 (1985); *Cambridge Financial Corporation*, 69 FEDERAL RESERVE BULLETIN 796 (1983).

The Board notes that debt constitutes a significant proportion of St. Croix's financing of this proposal. Upon consummation, St. Croix's debt to outside parties would increase substantially. St. Croix projects that it will be able to reduce this debt in a manner consistent with Board policy. In light of the recent performance of Bank and St. Croix's existing bank subsidiary, however, St. Croix's earnings projections appear to be overly optimistic. Upon careful evaluation of more conservative projections based on the recent performance of these banks, it is the Board's judgment that, at this time, Applicant would not have sufficient financial flexibility to service its debt without unduly straining the resources of the proposed combined organization and Bank. Moreover, based on the record, it does not appear that Applicant would be able to serve as a source of strength to the combined organization or would have the financial resources to meet any unforeseen problems that may arise at its bank subsidiaries.

Managerial resources and considerations relating to the convenience and needs of the community to be served are consistent with, but are not sufficient to warrant, approval of the application.

On the basis of all the facts of record, the Board concludes that the banking considerations involved in this proposal present adverse factors bearing upon the financial resources and future prospects of Applicant and Bank. Such adverse factors are not outweighed by any pro-competitive effects or by significant benefits that would better serve the convenience and needs of the community. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be, and hereby is, denied.

By order of the Board of Governors, effective June 26, 1989.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Kelley, and LaWare. Absent and not voting: Governor Heller.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Orders Issued Under Section 4 of the Bank Holding Company Act

First American Corporation
Nashville, Tennessee

Order Approving Application to Provide Community Development Advisory and Related Services

First American Corporation, Nashville, Tennessee ("First American"), a bank holding company within the meaning of the Bank Holding Company Act of 1956 (the "BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act, 12 U.S.C. § 1843(c)(8), and section 225.23 of the Board's Regulation Y, 12 C.F.R. 225.23(a)(3), to acquire First American Community Development Corporation, Nashville, Tennessee ("First American CDC"); and thereby to engage *de novo* in providing, on a nonprofit basis, advisory and related services for programs designed to promote community welfare.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been published (54 *Federal Register* 22,366 (1989)). 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.

First American, a multi-bank holding company with consolidated assets of $7.2 billion, is the largest banking organization in Tennessee.[1]

The Board has previously recognized the benefit of allowing bank holding companies to participate in community development activities based on their unique role in the community and has adopted a regulation permitting bank holding companies to make debt and equity investments in community development corporations or projects.[2] The Board has also determined that the provision of advisory and related services to programs designed to promote community development is closely related to banking and permissible for bank holding companies. *Shorebank Corporation*, 74 FEDERAL RESERVE BULLETIN 140 (1988) ("*Shorebank*").

First American's proposal does not differ materially from the activities approved in *Shorebank*. First American CDC will provide technical community development advisory services to First American's subsidiary banks as well as to groups involved in community development issues such as low- and moderate-income housing.[3] First American CDC will not make debt or equity investments in community development projects or organizations. It will, however, provide expertise in obtaining funding from a variety of public and private sources, including government-insured lending programs.

Based on the foregoing and other considerations reflected in the record, the Board has determined that the public benefits associated with consummation of this proposal can reasonably be expected to outweigh possible adverse effects, and that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) of the BHC Act is favorable. Accordingly, the Board believes that the application should be, and hereby is, approved. This determination is subject to all of the conditions set forth in 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 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 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 Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective June 21, 1989.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Kelley, and LaWare. Absent and not voting: Governor Heller.

JENNIFER J. JOHNSON
Associate Secretary of the Board

1. Data are as of December 31, 1988.

2. *See* 12 C.F.R. 225.25(b)(6); *see also* 12 C.F.R. 225.127 ("Bank holding companies possess a unique combination of financial and managerial resources making them particularly suited for a meaningful and substantial role in remedying our social ills").

3. Bank holding companies may, without Board approval, provide services to their bank subsidiaries under section 4(c)(1)(C) of the BHC Act, which allows bank holding companies to "[furnish] services to or [perform] services for such bank holding company or its banking subsidiary." Applicant has sought approval in this case because Applicant proposes to provide community development advisory services to third parties, as well as to its affiliates.

The Fuji Bank, Limited
Tokyo, Japan

Order Approving Application to Provide Certain Financial Advisory Services

The Fuji Bank, Limited, Tokyo, Japan ("Applicant"), a registered bank holding company, has applied for the Board's approval under section 4(c)(8) of the Bank Holding Company Act ("BHC Act"), 12 U.S.C. § 1843(c)(8), and section 225.23(a)(3) of the Board's Regulation Y, 12 C.F.R. 225.23(a)(3), to acquire a general partnership interest in Fuji-Wolfensohn International, a *de novo* New York general partnership ("Company"). James D. Wolfensohn Incorporated ("JDWI"), a Delaware corporation, would hold the remaining partnership interest in Company.[1] JDWI is a

1. Applicant will acquire its interest indirectly through a newly formed, wholly owned subsidiary.

specialized investment bank that provides financial advice to institutional clients. Company would engage in the following activities:

(i) acting as financial adviser, either on a retainer or success fee basis, to provide corporate finance advisory services to institutional customers, including advice with respect to structuring, financing, and negotiating domestic and international mergers, acquisitions, joint ventures, divestitures, leveraged buyouts, capital-raising vehicles, interest rate swaps, interest rate caps, interest rate collars, currency swaps, similar hedging devices, and other corporate transactions, and to provide ancillary services or functions incidental to the foregoing activities;

(ii) performing feasibility studies for institutional customers, principally in the context of determining the financial attractiveness and feasibility of particular corporate transactions;

(iii) providing valuation services in connection with the foregoing; and

(iv) rendering fairness opinions in connection with corporate transactions.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (54 *Federal Register* 21,286 (1989)). 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, with total consolidated assets equivalent to approximately $334.7 billion, is the third largest banking organization in the world.[2] Applicant owns a bank subsidiary in New York City and operates branches in New York and Chicago, agencies in Los Angeles, Houston, San Francisco, and Atlanta, and representative offices in Seattle and Miami. Applicant engages in various activities in the United States under sections 4(c)(8) and 4(c)(9) of the BHC Act and the Board's Regulations Y and K (12 C.F.R. Parts 225 and 211, respectively).

The Board has previously determined by Order that the proposed activities are closely related to banking and permissible for bank holding companies within the meaning of section 4(c)(8) of the BHC Act,[3] and the Board reaffirms its determinations regarding these activities. The Board must also find that the proposed acquisition "can reasonably be expected to produce benefits to the public . . . that outweigh the possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

The Board has expressed its concerns regarding conflicts of interest and related adverse effects that, absent certain limitations, may be associated with financial advisory activities. In order to address these potential adverse effects, Applicant has committed that:

(i) Company's financial advisory activities will not encompass the performance of routine tasks or operations for a client on a daily or continuous basis;

(ii) Disclosure will be made to each potential client of Company that Company is an affiliate of Applicant;

(iii) Advice rendered by Company on an explicit fee basis will be without regard to correspondent balances maintained by a client of Company at Applicant or any of Applicant's depository subsidiaries;

(iv) Company will not make available to Applicant or any of Applicant's subsidiaries confidential information received from Company's clients, except with the client's consent; and

(v) Applicant will implement procedures that will prevent and safeguard against tying products and services of Company with loans made by Applicant or any of Applicant's subsidiaries.

Prior decisions of the Board also indicate a concern that joint ventures could potentially lead to a matrix of relationships between co-venturers that could break down the legally mandated separation of banking and commerce, create the possibility of conflicts of interest and other adverse effects that the BHC Act was designed to prevent, or impair or give the appearance of impairing the ability of the banking organization to function effectively as an independent and impartial provider of credit.[4] Further, joint ventures must be carefully analyzed for any possible adverse effects on

2. Asset data are as of September 30, 1988. Banking data are as of December 31, 1987. Ranking is as of December 31, 1987.

3. *See The Nippon Credit Bank, Ltd.*, 75 FEDERAL RESERVE BULLETIN 308 (February 13, 1989); *Scandinavian Bank Group plc*, 75 FEDERAL RESERVE BULLETIN 311 (February 6, 1989); *Canadian Imperial Bank of Commerce*, 74 FEDERAL RESERVE BULLETIN 571 (1988); *The Royal Bank of Canada*, 74 FEDERAL RESERVE BULLETIN 334 (1988); *SunTrust Banks, Inc.*, 74 FEDERAL RESERVE BULLETIN 256 (1988); *The Bank of Nova Scotia*, 74 FEDERAL RESERVE BULLETIN 249 (1988); *Sovran Financial Corporation*, 73 FEDERAL RESERVE BULLETIN 744 (1987); *Amsterdam-Rotterdam Bank N.V.*, 73 FEDERAL RESERVE BULLETIN 726 (1987); *Signet Banking Corporation*, 73 FEDERAL RESERVE BULLETIN 59 (1987); *Security Pacific Corporation*, 71 FEDERAL RESERVE BULLETIN 118 (1985).

4. *See, e.g., Independent Bankers Financial Corporation*, 72 FEDERAL RESERVE BULLETIN 664 (1986); and *Amsterdam-Rotterdam Bank, N.V.*, 70 FEDERAL RESERVE BULLETIN 835 (1984).

competition and on the financial condition of the banking organization involved in the proposal.

JDWI has stated that it engages only in activities that are permissible for a bank holding company. Furthermore, Applicant has committed to notify the Board in the event JDWI determines to engage in any securities business that is impermissible for a state member bank under the Glass–Steagall Act, and to seek Board approval of Applicant's retention of its interest in Company should JDWI's securities activities be inconsistent with the Board's Order approving this application.

With regard to competitive issues, Applicant and JDWI do not currently compete with each other in any relevant market. Accordingly, consummation of the proposed transaction would not eliminate any existing competition between Applicant and JDWI.

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on these resources.[5] In accordance with the principles of national treatment and competitive equity, the Board has stated that it expects a foreign bank to meet the same general standards of financial strength as domestic bank holding companies and to be able to serve as a source of strength to its United States banking operations.[6] In considering applications of foreign banking organizations, the Board has noted that foreign banks operate outside the United States in accordance with different regulatory and supervisory requirements, accounting principles, asset quality standards, and banking practices and traditions, and that these differences have made it difficult to compare the capital positions of domestic and foreign banks. The Board, however, recently adopted a proposal to supplement its consideration of capital adequacy with a risk-based system that is simultaneously being proposed by the member countries of the Basle Committee on Banking Regulations and Supervisory Practices and the other domestic federal banking agencies.[7] The Japanese Ministry of Finance in April of last year acted to implement for Japanese banking organizations the risk-based capital framework developed by the Basle Committee. The Board considers the Basle Committee proposal an important step toward a more consistent and equitable international standard for assessing capital adequacy.

In this case, the primary capital ratio of Applicant, as publicly reported, is well below the minimum level specified in the Board's Capital Adequacy Guidelines. After making adjustments to reflect Japanese banking and accounting practices, however, including consideration of a portion of the unrealized appreciation in Applicant's portfolio of equity securities consistent with the principles in the Basle capital framework, Applicant's capital ratio meets United States standards.

The Board also has considered several additional factors that mitigate its concern in this case. The Board notes that the application involves nonbanking activities that require a small commitment of capital and that Applicant is in compliance with the capital and other financial requirements of Japanese banking organizations. In addition, the Board has considered as favorable factors that, in anticipation of implementation of the Basle Committee risk-based capital framework, Applicant has, through the issuance of common stock and retention of earnings, increased its equity capital by almost $1.4 billion since October 1988, and that Applicant's capital improvement program is consistent with meeting the standards in the Basle Committee capital framework for 1990 and 1992.

Based on these and other facts of record, the Board concludes that the financial considerations are consistent with approval of the application.

Consummation of Applicant's proposal would provide increased convenience to Company's customers and gains in efficiency. In addition, the Board expects that the *de novo* entry of Applicant into the market for these services would increase the level of competition among providers of these services. Accordingly, the Board has determined that the performance of the proposed activities by Company can reasonably be expected to produce benefits to the public.

For these reasons, and in reliance on the commitments offered in this case, the Board believes that the proposal is not likely to result in decreased or unfair competition, conflicts of interests, unsound banking practices, concentration of resources, or other adverse effects. Based on the foregoing and other facts of record, and subject to the commitments made by Applicant and Company, the Board has determined

5. 12 C.F.R. 225.24; *The Fuji Bank, Limited*, 75 FEDERAL RESERVE BULLETIN 94 (1989); *Bayerische Vereinsbank AG*, 73 FEDERAL RESERVE BULLETIN 155, 156 (1987).

6. *See Toyo Trust and Banking Co., Ltd.*, 74 FEDERAL RESERVE BULLETIN 623 (1988); *Taiyo Kobe Bank*, 74 FEDERAL RESERVE BULLETIN 621 (1988); *The Long-Term Credit Bank of Japan, Limited*, 74 FEDERAL RESERVE BULLETIN 573 (1988); *The Sanwa Bank, Limited*, 74 FEDERAL RESERVE BULLETIN 578 (1988); *Sumitomo Trust & Banking Co., Ltd.*, 73 FEDERAL RESERVE BULLETIN 749 (1987); *Ljubljanska Banka-Associated Bank*, 72 FEDERAL RESERVE BULLETIN 489 (1986); *The Mitsubishi Trust and Banking Corporation*, 72 FEDERAL RESERVE BULLETIN 256 (1986); *The Industrial Bank of Japan, Ltd.*, 72 FEDERAL RESERVE BULLETIN 71 (1986); *The Mitsubishi Bank, Limited*, 70 FEDERAL RESERVE BULLETIN 518 (1984). *See also* Policy Statement on Supervision and Regulation of Foreign-Based Holding Companies, Federal Reserve Regulatory Service ¶ 4–835 (1979).

7. 54 *Federal Register* 4186 (1989).

that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) of the BHC Act is favorable. Accordingly, the application is hereby approved. This determination is subject to all of 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 modification or termination of the activities of the 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 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 New York, pursuant to delegated authority.

By order of the Board of Governors, effective June 23, 1989.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Kelley, and LaWare. Absent and not voting: Governor Heller.

WILLIAM W. WILES
Secretary of the Board

Societe Generale
Paris, France

Order Approving Application to Act as a Specialist in Options on Foreign Exchange

Societe Generale, Paris, France, a foreign bank subject to the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act, 12 U.S.C. § 1843(c)(8), and section 225.21(a) of the Board's Regulation Y, 12 C.F.R. 225.21(a), for approval for its wholly owned subsidiary, Societe Generale Options-North America, Inc., Philadelphia, Pennsylvania ("Company"), to act as the specialist in Deutsche mark options on the Philadelphia Stock Exchange ("the Exchange"). Company would be the sole specialist in Deutsche mark options designated by the Exchange. As a specialist, Company would act as dealer and market maker in such options to assist in the maintenance of a fair and orderly market on the Exchange.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (53 *Federal Register* 50,096 (1988)). The time for filing comments has expired, and the Board has considered the application in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Applicant, with total consolidated assets equivalent to approximately $155 billion, is the 21st largest banking organization in the world.[1] In the United States, Societe Generale operates three branches, one agency, and one Edge Act corporation.

In order to approve an application submitted pursuant to section 4(c)(8) of the BHC Act, the Board is required to determine that the proposed activity is "so closely related to banking as to be a proper incident thereto." 12 U.S.C. § 1843(c)(8). In considering whether a proposed activity would be a proper incident to banking, the Board is required to determine that the performance of the proposed activity can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. *Id.*

A. Closely Related to Banking Analysis

Based on guidelines established in the *National Courier* case, a particular activity may be found to meet the "closely related to banking" test if it is demonstrated that banks generally have in fact provided the proposed activity; that banks generally provide services that are operationally or functionally so similar to the proposed activity as to equip them particularly well to provide the proposed activity; or that banks generally provide services that are so integrally related to the proposed activity as to require their provision in a specialized form.[2]

Based on the facts of record, the Board finds that the activity of engaging as a specialist in foreign currency options on the Exchange is closely related to banking for purposes of section 4(c)(8) because banks provide services that are so operationally and functionally similar to the proposed activities that banking organizations are particularly well equipped to provide them. The Board believes that banks possess substantial experience in dealing in foreign exchange and related services that are similar to the functions involved in the specialist activity.[3]

The Board has previously recognized that foreign exchange activities have traditionally been conducted

1. Banking data are as of June 30, 1988. Ranking is as of December 31, 1987.

2. *Nat'l Courier Ass'n v. Board of Governors*, 516 F.2d 1229, 1237 (D.C. Cir. 1975). The Board may also consider any other factor that demonstrates a reasonable or close connection or relationship of the activity to banking. 49 *Federal Register* 794, 806 (1984); *Securities Industry Ass'n v. Board of Governors*, 104 S. Ct. 3003, 3005–06 n.5 (1984).

3. The Board notes that in 1984 the Comptroller of the Currency authorized a national bank to engage in the same activity that Societe Generale now proposes through a joint venture with an existing options trader on the Exchange. Letter, dated January 11, 1984, from Michael Patriarca, Deputy Comptroller for Multinational Banking. The Comptroller has also approved a proposal by a national bank to function as the Exchange's specialist on Canadian dollar options.

by banks and would be appropriate activities under the BHC Act.[4] Banks are major participants in all aspects of the foreign exchange markets and also act as market makers in various currencies. Their activities include trading for their own account as well as for customers in virtually all foreign exchange markets and instruments, including trading foreign currency options on regulated exchanges as proposed here.

The Board further notes that banks not only take foreign exchange positions for their own account, but also act as market makers in the interbank market, continually offering both bid and offer prices on the currencies and contracts they trade. Through their participation in the interbank market for foreign currency options, banks have developed experience in dealing, market making and risk management which are essential elements of the proposed activities.

B. Balance of Public Benefits and Adverse Effects

In order to approve this application, the Board is required to determine that the performance of the proposed activities by Societe Generale "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

Consummation of the proposal can reasonably be expected to result in public benefits that outweigh possible adverse effects. The proposed activities would facilitate the development of the foreign exchange options market by providing increased market liquidity and enhanced opportunities for financial institutions to hedge foreign exchange risk. Consummation of the proposal is also likely to provide gains in efficiency through linkage of the interbank foreign exchange market with the market for exchange-traded options on foreign exchange.

With regard to the adverse effects that might stem from the proposal, the Board notes that the activity of acting as a specialist involves the financial risk of adverse rate fluctuations. The specialist is required to deal for its own account as necessary to maintain a "fair and orderly market." Under the rules of the Exchange, the specialist is expected to deal at all times, and therefore would be in the market at times when other dealers might refrain from activity because potential profits do not appear likely.

In this case, the Board believes that financial risk is sufficiently minimized by several considerations. First, the rules of the Exchange permit the specialist to set the price and quantity that it will buy and sell in order to minimize its risk in an adverse or volatile market. Second, the specialist is generally prohibited by the Exchange from "speculating." Third, Societe Generale has committed not to write unhedged options and appears to have developed substantial experience with hedging from its existing foreign currency and options business. In this regard, Company will institute a computerized options risk management system that will include an ongoing risk exposure and hedging requirement analysis; "what if" studies for different market scenarios; continuous review of Company's compliance with its own internal limits; and back-office surveillance of the firm's floor trading activities. Moreover, the record also shows that Societe Generale has developed extensive experience in trading foreign currency options on the over-the-counter market and on exchanges.

The Board also notes that Company will be a registered broker-dealer with the SEC and hence subject to the net capital rule. Societe Generale has indicated that Company's capital will also be greater than the capital devoted to the activities by the current specialists. In this regard, the Board expects that Company will maintain at all times capital adequate to support its activity and cover reasonably expected expenses and losses.

In reaching its conclusions in this case, the Board has considered its decision in *Compagnie Financiere de Suez and Banque Indosuez ("Banque Indosuez")*, denying a proposal to act as a specialist in French franc options on the Exchange.[5] The Board believes that the facts and circumstances in this case are different in several significant respects from the situation presented in *Banque Indosuez*. In particular, this proposal does not raise the issues relating to potential conflicts of interest and risk raised in *Banque Indosuez*. Moreover, the markets for Deutsche marks and Deutsche mark options are considerably larger and more liquid than they were for French francs at that time. The market for foreign currency options has also broadened significantly, particularly on the Exchange, and the involvement of commercial banks in that market has become more widespread.

Based upon the foregoing and other considerations reflected in the record, and subject to the commitments made by Societe Generale, the Board has de-

4. *See Hongkong and Shanghai Banking Corporation*, 75 FEDERAL RESERVE BULLETIN 217 (1989) (trading foreign exchange forwards, futures, options and options on futures for its own account for other than hedging purposes to a limited extent); and *The Nippon Credit Bank, Ltd.*, 75 FEDERAL RESERVE BULLETIN 308 (1989) (engaging in foreign exchange spot transactions).

5. 72 FEDERAL RESERVE BULLETIN 141 (1986).

termined that the public benefits associated with this proposal can reasonably be expected to outweigh possible adverse effects, and that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) of the BHC Act is favorable. Accordingly, the application is hereby approved. This determination is further subject to all of 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 modification or termination of the activities of the 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 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 New York, pursuant to delegated authority.

By order of the Board of Governors, effective June 22, 1989.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Kelley, and LaWare. Absent and not voting: Governor Heller.

JENNIFER J. JOHNSON
Associate Secretary of the Board

The Sumitomo Bank, Limited
Osaka, Japan

Order Approving Application to Act as a Dealer, Broker, and Advisor With Respect to Interest Rate and Currency Swaps and Related Transactions

The Sumitomo Bank, Limited, Osaka, Japan ("Sumitomo"), a bank holding company within the meaning of the Bank Holding Company Act of 1956 ("BHC Act"), has applied pursuant to section 4(c)(8) of the BHC 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)) for its wholly owned subsidiary, Sumitomo Bank Capital Markets, Inc., New York, New York ("SBCM"), to engage *de novo* in the following activities:

1. intermediating in the international swap markets by acting as originator and principal in interest rate swap and currency swap transactions;
2. acting as an originator and principal with respect to certain risk-management products such as caps, floors, and collars, as well as options on swaps, caps, floors, and collars ("swap derivative products");
3. acting as a broker or agent with respect to the foregoing transactions and instruments; and
4. acting as an advisor to institutional customers regarding financial strategies involving interest rate and currency swaps and swap derivative products.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (54 *Federal Register* 8395 (1989)). 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.

Sumitomo, with approximately $366.9 billion in total consolidated assets as of September 30, 1988, is the second largest banking organization in the world. Sumitomo owns Sumitomo Bank of California, Los Angeles, California, which held total assets of approximately $3.7 billion as of December 31, 1988. In addition, Sumitomo owns several agencies and branches in the United States. The operations of SBCM will be completely separate and independent of Sumitomo's U.S. banking operations.

The Board has permitted bank holding companies under section 4(c)(8) of the BHC Act to provide advice in connection with interest rate and currency swaps, interest rate caps, and similar transactions.[1] However, the Board has not previously approved the remaining proposed activities under section 4(c)(8) of the BHC Act.[2]

In order to approve an application submitted pursuant to section 4(c)(8) of the BHC Act, the Board is required to determine that the proposed activity is "so closely related to banking as to be a proper incident thereto." 12 U.S.C. § 1843(c)(8). In considering whether a proposed new activity would be a proper

1. *Signet Banking Corporation*, 73 FEDERAL RESERVE BULLETIN 59 (1987); *The Nippon Credit Bank, Ltd.*, 75 FEDERAL RESERVE BULLETIN 308 (1989).

2. The basic structure of an interest rate swap is an exchange between two counterparties of the different payment streams that arise out of fixed-rate and floating-rate interest payment obligations. The exchange is made in the same currency and calculated by reference to a mutually agreed upon "notional" principal amount.

A currency swap is an exchange between two counterparties of a fixed-rate interest obligation in one currency for a fixed-rate interest obligation in another currency. Currency swaps may involve either an initial physical exchange of principal at an agreed-upon current exchange rate or an exchange of interest payments in different currencies on an agreed notional amount with no actual transfer of principal. In either case, over the course of the swap, there will be a periodic exchange of fixed-rate interest payments. Upon maturity of the swap, if there was a physical exchange of currencies at the outset, there would be a re-exchange of the original principal amounts.

An intermediary in the swap markets is a party who is willing to step between the two parties to a swap agreement and act as the principal counterparty with each of the other participants, thus taking on the credit risk of each of the participants. Upon entering into a swap with one counterparty, the intermediary enters into an equivalent and offsetting swap with another counterparty.

An agent or broker in the swap markets locates, for a fee, a suitable counterparty for a party seeking to enter into a swap agreement.

incident to banking, the Board is required to determine that the performance of the proposed activity can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. *Id.*

A. Closely Related to Banking Analysis

Based on guidelines established by the federal courts, an activity may be found to be closely related to banking if it is demonstrated that banks generally have, in fact, provided the proposed activity; that banks generally provide services that are operationally or functionally so similar to the proposed activity as to equip them particularly well to provide the proposed activity; or that banks generally provide services that are so integrally related to the proposed activity as to require their provision in a specialized form.[3]

In this case, the record shows that banks do conduct the proposed intermediation activities. Major U.S. money-center banks are among the larger intermediaries in the international swap market.[4] In addition, for several years banks have participated in the swap market as end-users, entering into swaps and purchasing swap derivative products in order to hedge other business risks or to match assets and liabilities.[5] Accordingly, the Board concludes that the proposed activities of intermediating in the international swap markets by acting as originator and principal in interest rate swap and currency swap transactions and with respect to swap derivative products is closely related to banking for purposes of section 4(c)(8) of the BHC Act.

In addition, the Board finds that acting as agent or broker with respect to interest rate and currency swaps and swap derivative products is closely related to banking for purposes of section 4(c)(8), because banks provide services that are so operationally and functionally similar to the proposed activities that banking organizations are particularly well equipped to provide them. The Board has previously determined that acting as a broker with respect to foreign exchange forward transactions is closely related to banking, finding that banks historically have been engaged in the provision of assistance with respect to foreign exchange.[6] Currency swaps are very similar to foreign exchange forward transactions, the primary difference being the exchange of interest streams in connection with currency swaps. Interest rate swaps are, in turn, very similar to currency swaps in that they both involve agreements to exchange different payment streams that arise out of a prescribed principal amount.[7]

B. Balance of Public Benefits and Adverse Effects

In order to approve this application, the Board is also required to determine that the performance of the proposed activities by Sumitomo "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

Consummation of the proposal may reasonably be expected to result in significant public benefits in the form of increased competition in the swap market and gains in efficiency and innovation in the provision of these services. In addition, the entry of SBCM into this market will add a significant amount of additional capital to the swap market as a whole. As one of the larger banks in the world, Sumitomo, through SBCM, will facilitate swap transactions among counterparties that are not equipped to evaluate the credit of potential counterparties and hence will increase the accessibility of swap transactions to additional end-users.

SBCM appears to be capable of managing the risks associated with the proposed activities. Sumitomo, which has extensive experience in lending and financing services worldwide, has undertaken to provide credit screening for all potential counterparties of SBCM through its credit desk services in Tokyo. In appropriate cases, SBCM will obtain a letter of credit on behalf of or collateral from a counterparty. In addition, SBCM will establish separate credit risk exposure limits for each swap counterparty. SBCM will monitor this exposure on an ongoing basis, in the aggregate and with respect to each counterparty. Senior management will be periodically informed of the potential risk to which SBCM is exposed.

In order to manage the risk associated with adverse changes in interest rates ("price risk"), SBCM will match all the swaps and related instruments in which it is a principal and will hedge any unmatched positions

3. *Nat'l Courier Ass'n v. Board of Governors*, 516 F.2d 1229, 1237 (D.C. Cir. 1975). The Board may also consider any other factor that an applicant may advance to demonstrate a reasonable or close connection or relationship to banking. 49 *Federal Register* 794, 806 (1984); *Securities Industry Ass'n v. Board of Governors*, 468 U.S. 207, 210–11 n.5 (1984).

4. Bank for International Settlements, *Recent Innovations in International Banking*, p. 45 (April 1986).

5. The Board recognized the involvement of U.S. banks in the swap market in its recently issued Risk-Based Capital Guidelines by expressly including interest rate and currency swaps and swap derivative products in its list of types of interest rate and foreign exchange rate contracts for which credit equivalent amounts were computed. 54 *Federal Register* 4205 (1989).

6. *See, e.g., Hongkong and Shanghai Banking Corporation*, 69 FEDERAL RESERVE BULLETIN 221 (1983).

7. Similarly, caps, floors, and collars involve agreements to pay an amount by reference to a prescribed interest rate.

pending a suitable match. SBCM will not enter into unmatched or unhedged swaps for speculative purposes. SBCM's management will set absolute limits on the level of risk to which its swap portfolio may be exposed. SBCM's exposure to price risk will be monitored by both business management and internal auditing personnel to guarantee compliance with the risk limitations imposed by management. Auditing personnel will report directly to senior management to ensure that any violations of portfolio risk limitations are reported and corrected.

With respect to the risk associated with the potential for differences between the floating rate indices on two matched or hedged swaps ("basis risk"), SBCM's management will impose absolute limits upon the aggregate basis risk to which SBCM's swaps portfolio may be exposed. If the level of risk threatens to exceed the limits at any time, SBCM will actively seek to enter into matching transactions for its unmatched positions. SBCM's internal auditing staff, together with management, will monitor compliance with the management-imposed basis risk limits.[8]

In addition, SBCM intends to minimize operations risk through the recruitment and training of an experienced back-office support staff and the use of a separate operational and data processing structure for processing swap and hedging transactions.

In order to minimize any possible conflicts of interest between SBCM's role as a principal or broker in swap transactions and its role as advisor to potential counterparties, SBCM will disclose to each customer the fact that SBCM may have an interest as a counterparty principal or broker in the course of action ultimately chosen by the customer. Also, in any case in which SBCM has an interest in a specific transaction as an intermediary or principal, SBCM will advise its customer of that fact before recommending participation in that transaction. In addition, SBCM's advisory services will be offered only to sophisticated customers who would be unlikely to place undue reliance on investment advice received and better able to detect investment advice motivated by self-interest.

In every case involving a nonbanking acquisition by a bank holding company under section 4 of the BHC Act, the Board considers the financial condition and resources of the applicant and its subsidiaries and the effect of the transaction on these resources.[9] In accordance with the principles of national treatment and competitive equity, the Board has stated that it expects a foreign bank to meet the same general standards of financial strength as domestic bank holding companies and to be able to serve as a source of strength to its United States banking operations.[10] In considering applications of foreign banking organizations, the Board has noted that foreign banks operate outside the United States in accordance with different regulatory and supervisory requirements, accounting principles, asset quality standards, and banking practices and traditions, and that these differences have made it difficult to compare the capital positions of domestic and foreign banks. The Board, however, recently adopted a proposal to supplement its consideration of capital adequacy with a risk-based system that is simultaneously being proposed by the member countries of the Basle Committee on Banking Regulations and Supervisory Practices and the other domestic federal banking agencies.[11] The Japanese Ministry of Finance in April of last year acted to implement for Japanese banking organizations the risk-based capital framework developed by the Basle Committee. The Board considers the Basle Committee proposal an important step toward a more consistent and equitable international standard for assessing capital adequacy.

In this case, the primary capital ratio of Sumitomo, as publicly reported, is well below the 5.5 percent minimum level specified in the Board's Capital Adequacy Guidelines. After making adjustments to reflect Japanese banking and accounting practices, however, including consideration of a portion of the unrealized appreciation in Sumitomo's portfolio of equity securities consistent with the principles in the Basle capital framework, Sumitomo's capital ratio meets United States standards.

The Board also has considered additional factors that mitigate its concern in this case. The Board notes that Sumitomo is in compliance with the capital and other financial requirements of Japanese banking organizations. In addition, the Board notes that Sumitomo currently exceeds the minimum requirements established by the Basle Committee capital framework for 1992.

8. In addition to rate and basis risk, the value of a swap option is subject to market expectations of the future direction and rate of change in interest rates, or volatility risk. SBCM's management will impose absolute limits on the level of volatility risk to which SBCM's swap portfolio may be exposed.

9. 12 C.F.R. 225.24; *The Fuji Bank, Limited*, 75 FEDERAL RESERVE BULLETIN 94 (1989); *Bayerische Vereinsbank AG*, 73 FEDERAL RESERVE BULLETIN 155, 156 (1987).

10. *See Toyo Trust and Banking Co., Ltd.*, 74 FEDERAL RESERVE BULLETIN 623 (1988); *Taiyo Kobe Bank*, 74 FEDERAL RESERVE BULLETIN 621 (1988); *The Long-Term Credit Bank of Japan, Limited*, 74 FEDERAL RESERVE BULLETIN 573 (1988); *The Sanwa Bank, Limited*, 74 FEDERAL RESERVE BULLETIN 578 (1988); *Sumitomo Trust & Banking Co., Ltd.*, 73 FEDERAL RESERVE BULLETIN 749 (1987); *Ljubljanska Banka-Associated Bank*, 72 FEDERAL RESERVE BULLETIN 489 (1986); *The Mitsubishi Trust and Banking Corporation*, 72 FEDERAL RESERVE BULLETIN 256 (1986); *The Industrial Bank of Japan, Ltd.*, 72 FEDERAL RESERVE BULLETIN 71 (1986); *The Mitsubishi Bank, Limited*, 70 FEDERAL RESERVE BULLETIN 518 (1984). *See also* Policy Statement on Supervision and Regulation of Foreign-Based Holding Companies, Federal Reserve Regulatory Service ¶ 4–835 (1979).

11. 54 *Federal Register* 4186 (1989).

Based on these and other facts of record, the Board concludes that the financial considerations are consistent with approval of the application.

Based on the foregoing and other facts of record, and subject to the commitments made by Sumitomo, the Board has determined that the public benefits associated with this proposal can reasonably be expected to outweigh possibly adverse effects, and that the balance of the public interest factors that the Board is required to consider under section 4(c)(8) of the BHC Act is favorable. Accordingly, the application is hereby approved. This determination is further subject to all of 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 modification or termination of the activities of the 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 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 June 26, 1989.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Kelley, and LaWare. Absent and not voting: Governor Heller.

JENNIFER J. JOHNSON
Associate Secretary of the Board

Applications Approved Under Bank Holding Company Act

By the Secretary of the Board

Recent applications have been approved by the Secretary of the Board as listed below. Copies are available upon request to the Freedom of Information Office, Office of the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Effective date
Barnett Banks, Inc., Jacksonville, Florida	Investors Trust Financial Corporation, Duluth, Georgia	June 9, 1989
FirstBank Holding Company of Colorado, Lakewood, Colorado	FirstBank of South Boulder, N.A., Boulder, Colorado FirstBank of Beaver Creek, N.A., unincorporated Eagle County, Colorado	June 6, 1989

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Artemisia Holdings, Inc., Stamford, Connecticut	Connecticut Bancorp, Norwalk, Connecticut	New York	June 7, 1989

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Bank of Bolivar Employee Stock Ownership Plan & Trust, Bolivar, Tennessee	Community Financial Services, Inc., Bolivar, Tennessee	St. Louis	June 8, 1989
Belle Fourche Bancshares, Inc., Belle Fourche, South Dakota	Buffalo Bancorporation, Inc., Buffalo, South Dakota	Minneapolis	June 16, 1989
Blairstown Bancorp, Inc., Blairstown, Iowa	Benton County State Bank, Blairstown, Iowa	Chicago	June 20, 1989
BMR Financial Group, Inc., Atlanta, Georgia	Tucker State Bank, Winter Garden, Florida	Atlanta	June 6, 1989
Coal City Corporation, Coal City, Illinois	Allied Banc Corporation, Coal City, Illinois	Chicago	June 19, 1989
Commonwealth Trust Bancorp, Inc., Butler, Kentucky	The Farmers Bank, Butler, Kentucky	Cleveland	May 30, 1989
Continental Bancorporation, Gloucester Township, Laurel Springs, New Jersey	Continental Bank of New Jersey, Gloucester Township, Laurel Springs, New Jersey	Philadephia	May 31, 1989
Easton Bancshares, Inc., Easton, Illinois	Community Bank of Easton, Easton, Illinois	Chicago	June 13, 1989
Fannin Bancshares, Inc., Blue Ridge, Georgia	Peoples Bank of Fannin County, Blue Ridge, Georgia	Atlanta	June 20, 1989
Farmington Bancorp, Inc., Peoria, Illinois	Bank of Farmington, Farmington, Illinois	Chicago	June 6, 1989
First Clay County Banc Corporation, Clay, West Virginia	Clay County Bank, Clay, West Virginia	Richmond	June 13, 1989
First McKinley Corporation, Denver, Colorado	First National Bank in Evanston, Evanston, Wyoming	Kansas City	May 31, 1989
First Wachovia Corporation, Winston-Salem, North Carolina	First Bank and Trust Company, Fayetteville, Georgia	Richmond	June 6, 1989
FNC Acquisition Company, Pikeville, Kentucky	First National Company, Pikeville, Kentucky	Richmond	May 31, 1989
FSB Bancorp, Inc., Breckenridge, Michigan	Farmers State Bank of Breckenridge, Breckenridge, Michigan	Chicago	May 30, 1989
Fulton Bancshares Corporation, McConnellsburg, Pennsylvania	Fulton County National Bank and Trust Company, McConnellsburg, Pennsylvania	Philadelphia	June 6, 1989
Golden Isles Financial Holdings, Inc., Brunswick, Georgia	The First Bank of Brunswick, Brunswick, Georgia	Atlanta	June 8, 1989
Heritage Bancshares, Inc., Fort Myers, Florida	Heritage National Bank, Fort Myers, Florida	Atlanta	June 16, 1989
Hershare Financial Corporation, Herscher, Illinois	State Bank of Herscher, Herscher, Illinois	Chicago	June 6, 1989
HNB Bancorp, Inc., Hannibal, Missouri	The Hannibal National Bank, Hannibal, Missouri	St. Louis	May 30, 1989

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Independent Southern Bancshares, Inc., Brownsville, Tennessee	MidSouth Bancshares, Inc., Millington, Tennessee	St. Louis	June 9, 1989
JDOB, Incorporated, Naples, Florida	First State Bank of New Germany, New Germany, Minnesota	Minneapolis	May 26, 1989
Key Centurion Bancshares, Inc., Charleston, West Virginia	First National Company, Pikeville, Kentucky	Richmond	May 31, 1989
Lexington Bancshares, Inc., Lexington, Kentucky	Cardinal Bancshares, Inc., Lexington, Kentucky	Cleveland	June 1, 1989
MidSouth Bancshares, Inc., Millington, Tennessee	Tennessee Bank and Trust, Millington, Tennessee	St. Louis	June 9, 1989
Morris State Bancshares, Inc., Dublin, Georgia	The Morris State Bank, Dublin, Georgia	Atlanta	May 31, 1989
National Penn Bancshares, Inc., Boyertown, Pennsylvania	Pennsylvania State Bank, Lemonye, Pennsylvania	Philadelphia	May 30, 1989
NBM Bancorp, Inc., Mendota, Illinois	The National Bank of Mendota, Mendota, Illinois I.V. Bancorp, Inc., Peru, Illinois	Chicago	June 16, 1989
NorCentral Bancshares, Inc., Portis, Kansas	The First State Bank of Portis, Portis, Kansas	Kansas City	May 25, 1989
Orono Financial, Inc., Navarre, Minnesota	Wayzata Bank of the Lakes, N.A., Wayzata, Minnesota	Minneapolis	June 16, 1989
People's Savings Financial Corp., New Britain, Connecticut	The People's Savings Bank of New Britain, New Britain, Connecticut	Boston	June 9, 1989
Smoky Mountain Bancorp, Inc., Gatlinburg, Tennessee	The First National Bank of Gatlinburg, Gatlinburg, Tennessee	Atlanta	June 19, 1989
State Bancshares, Inc., Fargo, North Dakota	State Bank of Fargo, Fargo, North Dakota First State Bank of West Fargo, West Fargo, North Dakota	Minneapolis	June 2, 1989
The Sumitomo Bank, Limited, Osaka, Japan	CPB Inc., Honolulu, Hawaii	San Francisco	June 12, 1989
TCB Bancshares, Inc., Crawford, Georgia	The Commercial Bank, Crawford, Georgia	Atlanta	June 14, 1989
Texas Bancorporation, Inc., Odessa, Texas	Texas Bank, Odessa, Texas	Dallas	May 25, 1989
WestOne Bancorp, Boise, Idaho	First Security Bancorp, Tacoma, Washington	San Francisco	June 5, 1989

Section 4

Applicant	Nonbanking Activity/ Company	Reserve Bank	Effective date
First United Bancorporation, Anderson, South Carolina	Universal Loans, Inc., Sumter, South Carolina	Richmond	June 16, 1989
MNC Financial, Inc., Baltimore, Maryland	Prime Rate Premium Finance Corporation, Florence, South Carolina Prime Rate Systems, Inc., Florence, South Carolina	Richmond	May 26, 1989
Norwest Corporation, Minneapolis, Minnesota	Financial Investment Associates Incorporated, Northfield, Illinois	Minneapolis	June 9, 1989
PNC Financial Corp., Pittsburgh, Pennsylvania	Money Station, Inc., Columbus, Ohio	Cleveland	May 26, 1989
Wells Fargo & Company, San Francisco, California	Wells Fargo Mortgage and Equity Trust, San Francisco, California	San Francisco	June 19, 1989

Applications Approved Under Bank Merger Act

By Federal Reserve Banks

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

Applicant	Bank(s)	Reserve Bank	Effective date
First Bank/Dixon, Dixon, Illinois	Lincolnway State Bank, Sterling, Illinois The Polo National Bank, Polo, Illinois	Chicago	May 31, 1989
First Bank of Stockton/Warren, Stockton, Illinois	First National Bank of Freeport, Freeport, Illinois Mount Carroll National Bank, Mount Carroll, Illinois	Chicago	May 31, 1989
First of America Bank-Northern Michigan, Cheboygan, Michigan	First of America Bank-Petoskey, National Association, Petoskey, Michigan	Chicago	May 25, 1989
Liberty Bank, South San Francisco, California	Pacific Western Bank, San Jose, California	San Francisco	June 16, 1989
Pioneer Bank and Trust, Belle Fourche, South Dakota	First State Bank, Buffalo, South Dakota	Minneapolis	June 16, 1989
Union Colony Bank, Greeley, Colorado	Northern Bank and Trust, Ft. Collins, Colorado	Kansas City	June 15, 1989

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.

CB&T Bancshares, Inc. v. Board of Governors, No. 89–1394 (D.C. Cir., filed June 21, 1989).

MCorp v. Board of Governors, No. 89–1677 (S.D. Tex. filed May 2, 1989).

Independent Insurance Agents of America, Inc. v. Board of Governors, No. 89–4030 (2d Cir., filed March 9, 1989).

Securities Industry Association v. Board of Governors, No. 89–1127 (D.C. Cir. filed February 16, 1989).

American Land Title Association v. Board of Governors, No. 88–1872 (D.C. Cir., filed December 16, 1988).

MCorp v. Board of Governors, No. CA3–88–2693-F (N.D. Tex., filed October 28, 1988).

White v. Board of Governors, No. CU-S-88–623-RDF (D. Nev., filed July 29, 1988).

VanDyke v. Board of Governors, No. 88–5280 (8th Cir., filed July 13, 1988).

Baugh v. Board of Governors, No. C88–3037 (N.D. Iowa, filed April 8, 1988).

Bonilla v. Board of Governors, No. 88–1464 (7th Cir., filed March 11, 1988).

Cohen v. Board of Governors, No. 88–1061 (D.N.J., filed March 7, 1988).

Stoddard v. Board of Governors, No. 88–1148 (D.C. Cir., filed February 25, 1988).

Teichgraeber v. Board of Governors, No. 87–2505–0 (D. Kan., filed Oct. 16, 1987).

The Chase Manhattan Corporation v. Board of Governors, No. 87–1333 (D.C. Cir., filed July 20, 1987).

Lewis v. Board of Governors, Nos. 87–3455, 87–3545 (11th Cir., filed June 25, Aug. 3, 1987).

Financial and Business Statistics

NOTE. *The following tables may have some discontinuities in historical data for some series beginning with the March 1989 issue: 1.10, 1.17, 1.20, 1.21, 1.22, 1.23, 1.24, 1.25, 1.26, 1.28, 1.30, 1.31, 1.32, 1.35, 1.36, 1.37, 1.39, 1.40, 1.41, 1.42, 1.43, 1.45, 1.46, 1.47, 1.48, 1.50, 1.53, 1.54, 1.55, 1.56, 2.11, 2.14, 2.15, 2.16, 2.17, 3.14, and 3.21. For a more detailed explanation of the changes, see the announcement on pages 288–89 of the April 1989 BULLETIN.*

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

Annual rates of change, seasonally adjusted in percent[1]

Monetary and credit aggregates	1988			1989	1989				
	Q2	Q3	Q4	Q1	Jan.	Feb.	Mar.	Apr.	May
Reserves of depository institutions[2]									
1 Total	6.1	3.1	−.8	−4.2	−6.6	−2.2	−8.1	−7.8r	−14.6
2 Required	7.5	2.9	−1.5	−4.4	−8.9	−2.4	−4.3	−4.3	−20.0
3 Nonborrowed	−6.2	1.3	5.3	.0	−5.7	1.3	−14.9	−17.9r	−3.2
4 Monetary base[3]	7.3	6.5	4.8	4.6	5.6	3.3	4.6	.3	−1.5
Concepts of money, liquid assets, and debt[4]									
5 M1	6.4	5.2	2.3	−.4	−6.1	1.7	−1.8	−4.7	−14.9
6 M2	6.9	3.8	3.6	1.9	−1.5r	1.4r	3.7r	1.0r	−3.3
7 M3	7.2	5.5r	4.8r	3.8r	1.6r	2.9r	6.7r	2.5	−1.0
8 L	8.5	7.1r	5.4r	4.8r	1.0r	3.2r	8.5r	4.1	n.a.
9 Debt	8.8r	8.6r	9.1r	8.2r	7.3r	8.6r	7.5r	7.0	n.a.
Nontransaction components									
10 In M2[5]	7.1	3.3	4.1	2.6r	.1	1.2r	5.6r	3.0r	.7
11 In M3 only[6]	8.3	12.1r	9.1r	10.8r	12.6r	8.6r	17.2r	7.6r	7.1
Time and savings deposits									
Commercial banks									
12 Savings[7]	10.4	7.9	4.0	−3.7	−10.3	−3.1	−10.8	−19.0	−20.3
13 Small-denomination time[8]	12.9	11.6	18.0	22.5	21.5	26.5	28.6	34.6	28.7
14 Large-denomination time[9,10]	9.1	18.2	13.0	18.1	19.1	24.3	22.9	22.1r	9.6
Thrift institutions									
15 Savings[7]	2.6	2.1	−2.5	−7.7	−9.2	−13.6	−10.6	−25.4	−26.0
16 Small-denomination time	12.5	5.4	6.6	4.3	5.3	5.4	3.4r	17.5r	22.7
17 Large-denomination time[9]	9.2	3.9	7.9	1.2	5.9	−2.1	−.3	12.5r	8.0
Debt components[4]									
18 Federal	8.3	7.1	7.8	7.7	4.7	10.2r	12.5r	5.1	n.a.
19 Nonfederal	8.9r	9.1r	9.5r	8.4r	8.1r	8.1r	5.9r	7.6	n.a.

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 depository institutions; (2) travelers checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to depository institutions, 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.

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, Money Market Deposit Accounts (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.

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 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 based on monthly averages. 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.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1989			1989						
	Mar.	Apr.	May	Apr. 19	Apr. 26	May 3	May 10	May 17	May 24	May 31
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**258,135**	**264,245**	**267,629**	**263,435**	**263,494**	**277,783**	**279,759**	**269,689**	**260,224**	**256,587**
2 U.S. government securities[1]	228,808	233,003	234,995	232,446	232,832	242,985	244,312	237,103	230,029	225,478
3 Bought outright	228,808	231,215	230,783	231,858	231,299	233,397	234,123	232,688	230,029	225,478
4 Held under repurchase agreements	0	1,788	4,212	588	1,533	9,588	10,189	4,415	0	0
5 Federal agency obligations	6,779	7,400	8,387	6,921	7,173	10,797	10,390	8,645	6,654	6,654
6 Bought outright	6,779	6,738	6,654	6,779	6,674	6,654	6,654	6,645	6,654	6,654
7 Held under repurchase agreements	0	662	1,733	142	499	4,143	3,736	1,991	0	0
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	1,838	2,326	1,717	2,907	2,019	1,918	1,743	1,734	1,675	1,621
10 Float	1,131	800	801	543	369	638	719	977	826	655
11 Other Federal Reserve assets	19,580	20,716	21,729	20,617	21,102	21,445	22,596	21,230	21,039	22,179
12 Gold stock[2]	11,061	11,061	11,061	11,061	11,061	11,061	11,061	11,061	11,061	11,060
13 Special drawing rights certificate account	5,095	5,508	6,703	5,518	5,518	5,518	5,611	5,961	7,304	8,447
14 Treasury currency outstanding	18,938	18,989	19,049	18,991	19,003	19,017	19,031	19,045	19,059	19,073
ABSORBING RESERVE FUNDS										
15 Currency in circulation	242,016	243,781	245,574	244,251	243,498	243,757	245,206	245,707	245,363	246,648
16 Treasury cash holdings[2]	449	473	486	479	477	477	490	487	485	485
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,155	8,798	14,126	6,964	8,120	21,985	23,141	16,166	8,706	5,154
18 Foreign	228	240	227	227	207	267	206	232	215	260
19 Service-related balances and adjustments	2,054	2,125	1,855	2,085	1,999	1,945	1,780	1,922	1,743	1,934
20 Other	406	373	528	310	437	418	281	381	635	902
21 Other Federal Reserve liabilities and capital	8,025	8,121	8,480	8,236	8,220	8,882	8,826	8,630	8,243	8,070
22 Reserve balances with Federal Reserve Banks[3]	34,896	35,893	33,166	36,453	36,118	35,646	35,531	32,231	32,256	31,714

Factors	End-of-month figures			Wednesday figures						
	1989			1989						
	Mar.	Apr.	May	Apr. 19	Apr. 26	May 3	May 10	May 17	May 24	May 31
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**258,215**	**279,013**	**256,669**	**270,211**	**268,396**	**276,905**	**277,340**	**263,081**	**256,318**	**256,669**
24 U.S. government securities[1]	228,643	244,506	223,535	234,000	236,004	240,860	242,395	233,232	224,600	223,535
25 Bought outright	228,643	234,808	223,535	229,883	229,723	232,813	234,896	233,232	224,600	223,535
26 Held under repurchase agreements	0	9,698	0	4,117	6,281	8,047	7,499	0	0	0
27 Federal agency obligations	6,779	10,495	6,654	7,775	8,711	11,100	9,579	6,654	6,654	6,654
28 Bought outright	6,779	6,654	6,654	6,779	6,654	6,654	6,654	6,654	6,654	6,654
29 Held under repurchase agreements	0	3,841	0	996	2,057	4,446	2,925	0	0	0
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	2,454	1,952	2,033	6,669	1,759	2,279	1,713	1,707	1,586	2,033
32 Float	559	545	2,064	917	789	1,131	1,397	1,408	1,680	2,064
33 Other Federal Reserve assets	19,780	21,515	22,383	20,850	21,133	21,535	22,256	20,080	21,798	22,383
34 Gold stock[2]	11,061	11,061	11,060	11,061	11,060	11,061	11,061	11,061	11,060	11,060
35 Special drawing rights certificate account	5,368	5,518	8,518	5,518	5,518	5,518	5,818	6,518	8,018	8,518
36 Treasury currency outstanding	18,961	19,017	19,073	19,003	19,003	19,017	19,031	19,045	19,059	19,073
ABSORBING RESERVE FUNDS										
37 Currency in circulation	242,880	243,411	247,525	244,204	243,473	244,480	245,805	245,743	245,921	247,529
38 Treasury cash holdings[2]	457	476	488	477	478	477	487	485	485	485
Deposits, other than reserve balances, with Federal Reserve Banks										
39 Treasury	4,462	22,952	5,288	13,395	13,429	19,960	22,482	9,986	6,922	5,288
40 Foreign	351	352	429	194	166	220	144	227	276	429
41 Service-related balances and adjustments	1,671	1,667	1,616	1,671	1,667	1,665	1,669	1,659	1,616	1,616
42 Other	380	481	524	298	596	305	292	600	483	524
43 Other Federal Reserve liabilities and capital	7,681	8,969	7,513	8,059	8,243	8,526	8,402	8,058	7,964	7,513
44 Reserve balances with Federal Reserve Banks[3]	35,723	37,968	33,553	37,495	35,925	36,867	33,969	32,947	30,789	31,937

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* any securities sold and scheduled to be bought back under matched sale-purchase transactions.
2. Revised for periods between October 1986 and April 1987. At times during this interval, outstanding gold certificates were inadvertently in excess of the gold stock. Revised data not included in this table are available from the Division of Research and Statistics, Banking Section.
3. 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[1]

Millions of dollars

Reserve classification	1986 Dec.	1987 Dec.	1988 Dec.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May
	Monthly averages[9]									
1 Reserve balances with Reserve Banks[2]	37,360	37,673	37,830	36,997	37,830	36,475	32,834	34,623	35,841	33,199
2 Total vault cash[3]	24,077	26,185	27,197	26,745	27,197	28,376	29,776	27,059	26,746	27,166
3 Vault[4]	22,199	24,449	25,909	25,410	25,909	26,993	27,859	25,589	25,456	25,712
4 Surplus[5]	1,878	1,736	1,288	1,335	1,288	1,383	1,917	1,470	1,290	1,454
5 Total reserves[6]	59,560	62,123	63,739	62,407	63,739	63,468	60,693	60,212	61,288	58,911
6 Required reserves	58,191	61,094	62,699	61,287	62,699	62,323	59,539	59,255	60,511	57,881
7 Excess reserve balances at Reserve Banks[7]	1,369	1,029	1,040	1,119	1,040	1,145	1,154	957	776	1,031
8 Total borrowings at Reserve Banks	827	777	1,716	2,861	1,716	1,662	1,487	1,813	2,289	1,720
9 Seasonal borrowings at Reserve Banks	38	93	130	186	130	76	97	139	213	345
10 Extended credit at Reserve Banks[8]	303	483	1,244	2,322	1,244	1,046	1,050	1,334	1,707	1,197

Reserve classification	Feb. 22	Mar. 8	Mar. 22	Apr. 5	Apr. 19	May 3	May 17[r]	May 31	June 14	June 28
	Biweekly averages of daily figures for weeks ending 1989									
11 Reserve balances with Reserve Banks[2]	32,455	34,485	34,702	34,623	36,239	35,863[r]	33,864	31,964	34,643	32,969
12 Total vault cash[3]	29,739	27,581	26,738	27,095	26,339	27,106	26,644	27,701	26,607	27,630
13 Vault[4]	27,838	25,962	25,332	25,659	25,174	25,723	25,352	26,071	25,301	26,104
14 Surplus[5]	1,901	1,620	1,406	1,436	1,166	1,383	1,292	1,631	1,306	1,526
15 Total reserves[6]	60,293	60,446	60,034	60,282	61,413	61,588[r]	59,216	58,034	59,944	59,073
16 Required reserves	59,278	59,490	59,299	58,977	61,190	60,345[r]	58,357	56,877	59,013	58,163
17 Excess reserve balances at Reserve Banks[7]	1,016	957	735	1,305	223	1,241	859	1,158	931	909
18 Total borrowings at Reserve Banks	1,477	1,800	1,586	2,177	2,582	1,968	1,739	1,649	2,126	965
19 Seasonal borrowings at Reserve Banks	99	116	136	167	190	265	336	373	388	467
20 Extended credit at Reserve Banks[8]	1,111	1,250	1,164	1,675	1,970	1,387	1,206	1,148	1,657	287

1. These data also appear in the Board's H.3 (502) release. For address, see inside front cover.
2. Excludes required clearing balances and adjustments to compensate for float.
3. 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.
4. 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.
5. 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.
6. 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.
7. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves.
8. 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.
9. Data are prorated monthly averages of biweekly averages.

1.13 SELECTED BORROWINGS IN IMMEDIATELY AVAILABLE FUNDS Large Member Banks[1]

Averages of daily figures, in millions of dollars

Maturity and source	1988 week ending Monday								
	July 11	July 18	July 25	Aug. 1	Aug. 8	Aug. 15	Aug. 22	Aug. 29	Sept. 5
Federal funds purchased, repurchase agreements, and other selected borrowing in immediately available funds									
From commercial banks in the United States									
1 For one day or under continuing contract	72,579	70,622	68,388	71,992	67,616	69,245	66,871	64,904	69,394
2 For all other maturities	10,493	10,721	10,653	11,289	10,782	11,136	10,102	10,187	10,001
From other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies									
3 For one day or under continuing contract	30,899	30,891	28,342	26,473	28,408	27,188	26,570	26,952	27,114
4 For all other maturities	5,900	5,792	5,682	5,947	6,654	7,463	6,700	6,579	6,629
Repurchase agreements on U.S. government and federal agency securities in immediately available funds									
Brokers and nonbank dealers in securities									
5 For one day or under continuing contract	14,510	14,962	14,802	15,502	16,127	16,293	16,304	15,212	15,337
6 For all other maturities	13,204	14,749	15,276	15,402	15,083	14,913	12,587	13,177	12,365
All other customers									
7 For one day or under continuing contract	24,778	24,766	26,015	26,956	26,384	26,803	27,452	28,070	27,866
8 For all other maturities	9,192	9,064	9,332	9,970	9,845	10,381	10,559	10,701	10,279
MEMO: Federal funds loans and resale agreements in immediately available funds in maturities of one day or under continuing contract									
9 To commercial banks in the United States	34,467	37,210	34,405	35,329	34,700	35,575	35,147	34,797	39,559
10 To all other specified customers[2]	13,947	16,052	14,474	14,160	15,158	15,511	14,952	14,010	14,263

1. Banks with assets of $1 billion or more as of Dec. 31, 1977.
These data also appear in the Board's H.5 (507) release. For address, see inside front cover.

2. Brokers and nonbank dealers in securities; other depository institutions; foreign banks and official institutions; and United States government agencies.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per year

Current and previous levels

Federal Reserve Bank	Adjustment credit and Seasonal credit[1]			Extended credit[2]						
				First 30 days of borrowing			After 30 days of borrowing[3]			
	On 6/29/89	Effective date	Previous rate	On 6/29/89	Effective date	Previous rate	On 6/29/89	Effective date	Previous rate	Effective date
Boston	7	2/24/89	6½	7	2/24/89	6½	9.90	6/29/89	9.85	6/15/89
New York		2/24/89			2/24/89			6/29/89		6/15/89
Philadelphia		2/24/89			2/24/89			6/29/89		6/15/89
Cleveland		2/24/89			2/24/89			6/29/89		6/15/89
Richmond		2/24/89			2/24/89			6/29/89		6/15/89
Atlanta		2/24/89			2/24/89			6/29/89		6/15/89
Chicago		2/24/89			2/24/89			6/29/89		6/15/89
St. Louis		2/24/89			2/24/89			6/29/89		6/15/89
Minneapolis		2/24/89			2/24/89			6/29/89		6/15/89
Kansas City		2/24/89			2/24/89			6/29/89		6/15/89
Dallas		2/27/89			2/27/89			6/29/89		6/15/89
San Francisco	7	2/24/89	6½	7	2/24/89	6½	9.90	6/29/89	9.85	6/15/89

Range of rates for adjustment credit in recent years[4]

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.	Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1977	6	6	1980—July 28	10–11	10	1984—Apr. 9	8½–9	9
1978—Jan. 9	6–6½	6½	29	10	10	13	9	9
20	6½	6½	Sept. 26	11	11	Nov. 21	8½–9	8½
May 11	6½–7	7	Nov. 17	12	12	26	8½	8½
12	7	7	Dec. 5	12–13	13	Dec. 24	8	8
July 3	7–7¼	7¼						
10	7¼	7¼	1981—May 5	13–14	14	1985—May 20	7½–8	7½
Aug. 21	7¾	7¾	8	14	14	24	7½	7½
Sept. 22	8	8	Nov. 2	13–14	13			
Oct. 16	8–8½	8½	6	13	13	1986—Mar. 7	7–7½	7
20	8½	8½	Dec. 4	12	12	10	7	7
Nov. 1	8½–9½	9½				Apr. 21	6½–7	6½
3	9½	9½	1982—July 20	11½–12	11½	July 11	6	6
			23	11½	11½	Aug. 21	5½–6	5½
1979—July 20	10	10	Aug. 2	11–11½	11	22	5½	5½
Aug. 17	10–10½	10½	3	11	11			
20	10½	10½	16	10½	10½	1987—Sept. 4	5½–6	6
Sept. 19	10½–11	11	27	10–10½	10	11	6	6
21	11	11	30	10	10			
Oct. 8	11–12	12	Oct. 12	9½–10	9½	1988—Aug. 9	6–6½	6½
10	12	12	13	9½	9½	11	6½	6½
			Nov. 22	9–9½	9			
1980—Feb. 15	12–13	13	26	9	9	1989—Feb. 24	6½–7	7
19	13	13	Dec. 14	8½–9	9	27	7	7
May 29	12–13	13	15	8½–9	8½			
30	12	12	17	8½	8½	In effect June 29, 1989	7	7
June 13	11–12	11						
16	11	11						

1. Adjustment credit is available on a short-term basis to help depository institutions meet temporary needs for funds that cannot be met through reasonable alternative sources. After May 19, 1986, the highest rate established for loans to depository institutions may be charged on adjustment credit loans of unusual size that result from a major operating problem at the borrower's facility.

Seasonal credit is available to help smaller depository institutions meet regular, seasonal needs for funds that cannot be met through special industry lenders and that arise from a combination of expected patterns of movement in their deposits and loans. A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was a fixed rate ½ percent above the rate on adjustment credit. The program was reestablished for 1986 and 1987; but was not renewed for 1988.

2. Extended credit is available to depository institutions, when similar assistance is not reasonably available from other sources, when exceptional circumstances or practices involve only a particular institution or when an institution is experiencing difficulties adjusting to changing market conditions over a longer period of time.

3. For extended-credit loans outstanding more than 30 days, a flexible rate somewhat above rates on market sources of funds ordinarily will be charged, but in no case will the rate charged be less than the basic discount rate plus 50 basis points. The flexible rate is reestablished on the first business day of each two-week reserve maintenance period. At the discretion of the Federal Reserve Bank, the time period for which the basic discount rate is applied may be shortened.

4. For 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*.

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 four 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, 1981. As of Oct. 1, 1981 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[2]	Depository institution requirements after implementation of the Monetary Control Act	
	Percent of deposits	Effective date
Net transaction accounts[3,4]		
$0 million–$41.5 million	3	12/20/88
More than $41.5 million	12	12/20/88
Nonpersonal time deposits[5]		
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. Reserve requirements in effect on Dec. 31, 1988. 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. For previous reserve requirements, see earlier editions of the *Annual Report* and of the FEDERAL RESERVE BULLETIN. 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 corporations.

2. The Garn–St Germain Depository Institutions Act of 1982 (Public Law 97–320) requires 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 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. On Dec. 20, 1988, the exemption was raised from $3.2 million to $3.4 million. In determining the reserve requirements of depository institutions, the exemption shall apply in the following order: (1) net NOW accounts (NOW accounts less allowable deductions); (2) net other transaction accounts; and (3) 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.

3. 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 subject to the rules 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).

4. 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. 20, 1988 for institutions reporting quarterly and Dec. 27, 1988 for institutions reporting weekly, the amount was increased from $40.5 million to $41.5 million.

5. 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.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS[1]

Millions of dollars

Type of transaction	1986	1987	1988	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.
U.S. TREASURY SECURITIES										
Outright transactions (*excluding matched transactions*)										
Treasury bills										
1 Gross purchases	22,604	18,983	8,223	375	3,599	1,125	0	0	0	3,077
2 Gross sales	2,502	6,051	587	0	0	0	154	3,688	0	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	1,000	9,029	2,200	0	0	0	600	1,600	0	0
Others within 1 year										
5 Gross purchases	190	3,659	2,176	0	0	1,084	0	0	0	172
6 Gross sales	0	300	0	0	0	0	0	0	0	0
7 Maturity shift	18,674	21,504	23,854	1,669	5,264	1,750	620	5,418	2,646	1,657
8 Exchange	−20,180	−20,388	−24,588	−916	−2,391	−1,703	−2,703	−2,308	−2,322	−110
9 Redemptions	0	70	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	893	10,231	5,485	0	0	1,824	0	0	0	1,436
11 Gross sales	0	452	800	0	0	0	3	225	0	0
12 Maturity shift	−17,058	−17,975	−17,720	−1,544	−3,088	−1,750	−541	−5,319	−2,646	−1,532
13 Exchange	16,985	18,938	22,515	639	2,091	1,703	2,492	2,008	2,322	0
5 to 10 years										
14 Gross purchases	236	2,441	1,579	0	0	562	0	0	0	287
15 Gross sales	0	0	175	0	0	0	20	0	0	0
16 Maturity shift	−1,620	−3,529	−5,946	−125	−2,145	0	−79	−100	0	−125
17 Exchange	2,050	950	1,797	276	300	0	212	200	0	110
Over 10 years										
18 Gross purchases	158	1,858	1,398	0	0	432	0	0	0	284
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	0	0	−188	0	−31	0	0	0	0	0
21 Exchange	1,150	500	275	0	0	0	0	100	0	0
All maturities										
22 Gross purchases	24,081	37,170	18,863	375	3,599	5,028	0	0	0	5,255
23 Gross sales	2,502	6,803	1,562	0	0	0	177	3,913	0	0
24 Redemptions	1,000	9,099	2,200	0	0	0	600	1,600	0	0
Matched transactions										
25 Gross sales	927,999	950,923	1,168,484	98,804	98,618	93,650	94,204	110,393	83,677	77,349
26 Gross purchases	927,247	950,935	1,168,142	97,897	100,680	93,584	94,252	112,472	82,821	78,259
Repurchase agreements[2]										
27 Gross purchases	170,431	314,621	152,613	4,715	17,867	15,575	17,208	0	0	22,244
28 Gross sales	160,268	324,666	151,497	7,727	16,463	14,815	21,969	0	0	12,547
29 Net change in U.S. government securities	29,988	11,234	15,872	−3,544	7,064	5,721	−5,489	−3,434	−856	15,863
FEDERAL AGENCY OBLIGATIONS										
Outright transactions										
30 Gross purchases	0	0	0	0	0	0	0	0	0	0
31 Gross sales	0	0	0	0	0	0	0	0	0	0
32 Redemptions	398	276	587	75	14	135	148	40	0	125
Repurchase agreements[2]										
33 Gross purchases	31,142	80,353	57,259	2,223	4,763	7,672	8,980	0	0	7,207
34 Gross sales	30,521	81,350	56,471	4,454	5,132	6,853	11,081	0	0	3,366
35 Net change in federal agency obligations	222	−1,274	198	−2,306	−383	683	−2,249	−40	0	3,716
36 **Total net change in System Open Market Account**	**30,212**	**9,961**	**16,070**	**−5,850**	**6,681**	**6,404**	**−7,738**	**−3,474**	**−856**	**19,579**

1. 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.

2. In July 1984 the Open Market Trading Desk discontinued accepting bankers acceptances in repurchase agreements.

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements[1]

Millions of dollars

Account	Wednesday					End of month		
	1989					1989		
	May 3	May 10	May 17	May 24	May 31	Mar.	Apr.	May
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,061	11,061	11,061	11,060	11,060	11,061	11,061	11,060
2 Special drawing rights certificate account	5,518	5,818	6,518	8,018	8,518	5,368	5,518	8,518
3 Coin	461	466	472	460	432	481	466	432
Loans								
4 To depository institutions	2,279	1,713	1,707	1,586	2,033	2,454	1,952	2,033
5 Other	0	0	0	0	0	0	0	0
6 Acceptances held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	6,654	6,654	6,654	6,654	6,654	6,779	6,654	6,654
8 Held under repurchase agreements	4,446	2,925	0	0	0	0	3,841	0
U.S. Treasury securities								
Bought outright								
9 Bills	110,002	112,085	110,421	101,864	100,799	108,011	111,997	100,799
10 Notes	92,497	92,497	92,397	92,322	92,322	90,603	92,497	92,322
11 Bonds	30,314	30,314	30,314	30,414	30,414	30,029	30,314	30,414
12 Total bought outright[2]	232,813	234,896	233,232	224,600	223,535	228,643	234,808	223,535
13 Held under repurchase agreements	8,047	7,499	0	0	0	0	9,698	0
14 Total U.S. Treasury securities	240,860	242,395	233,232	224,600	223,535	228,643	244,506	223,535
15 **Total loans and securities**	**254,239**	253,687	241,593	232,840	232,222	237,876	256,953	232,222
16 Items in process of collection	8,533	7,273	7,865	7,235	10,442	7,069	8,294	10,442
17 Bank premises	762	761	762	762	761	761	761	761
Other assets								
18 Denominated in foreign currencies[3]	11,048	11,461	11,871	13,342	13,656	10,471	10,911	13,656
19 All other[4]	9,725	10,034	7,447	7,694	7,966	8,548	9,843	7,966
20 **Total assets**	**301,347**	**300,561**	**287,589**	**281,411**	**285,057**	**281,635**	**303,807**	**285,057**
LIABILITIES								
21 Federal Reserve notes	226,402	227,727	227,655	227,806	229,372	224,857	225,336	229,372
Deposits								
22 To depository institutions	38,532	35,638	34,606	32,405	33,553	37,394	37,968	33,553
23 U.S. Treasury—General account	19,960	22,482	9,986	6,922	5,288	4,462	22,952	5,288
24 Foreign—Official accounts	220	144	227	276	429	351	352	429
25 Other	305	292	600	483	524	380	481	524
26 **Total deposits**	**59,017**	**58,556**	**45,419**	**40,086**	**39,794**	**42,587**	**61,753**	**39,794**
27 Deferred credit items	7,402	5,876	6,457	5,555	8,378	6,510	7,749	8,378
28 Other liabilities and accrued dividends[5]	3,730	3,680	3,357	3,276	3,212	3,265	3,990	3,212
29 **Total liabilities**	**296,551**	**295,839**	**282,888**	**276,723**	**280,756**	**277,219**	**298,828**	**280,756**
CAPITAL ACCOUNTS								
30 Capital paid in	2,136	2,136	2,142	2,142	2,142	2,131	2,135	2,142
31 Surplus	2,112	2,112	2,112	2,112	2,081	2,107	2,112	2,081
32 Other capital accounts	548	474	447	434	78	194	732	78
33 **Total liabilities and capital accounts**	**301,347**	**300,561**	**287,589**	**281,411**	**285,057**	**281,635**	**303,807**	**285,057**
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international accounts	236,901	237,207	237,670	235,972	234,667	235,732	236,761	234,667
	Federal Reserve note statement							
35 Federal Reserve notes outstanding issued to bank	270,064	270,605	270,623	271,322	271,562	268,232	270,007	271,562
36 LESS: Held by bank	43,662	42,878	42,968	43,516	42,190	43,374	44,671	42,190
37 Federal Reserve notes, net	226,402	227,727	227,655	227,806	229,372	224,857	225,336	229,372
Collateral held against notes net:								
38 Gold certificate account	11,061	11,061	11,061	11,060	11,060	11,061	11,061	11,060
39 Special drawing rights certificate account	5,518	5,818	6,518	8,018	8,518	5,368	5,518	8,518
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	209,823	210,848	210,076	208,728	209,794	208,428	208,757	209,794
42 **Total collateral**	**226,402**	**227,727**	**227,655**	**227,806**	**229,372**	**224,857**	**225,336**	**229,372**

1. Some of these data also appear in the Board's H.4.1 (503) release. For address, see inside front cover.
2. Includes securities loaned—fully guaranteed by U.S. Treasury securities pledged with Federal Reserve Banks—and excludes securities sold and scheduled to be bought back under matched sale-purchase transactions.
3. Valued monthly at market exchange rates.
4. Includes special investment account at the Federal Reserve Bank of Chicago in Treasury bills maturing within 90 days.
5. 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		
	1989					1989		
	May 3	May 10	May 17	May 24	May 31	Mar. 31	Apr. 28	May 31
1 Loans—Total	2,279	1,713	1,707	1,586	2,033	863	2,454	2,033
2 Within 15 days	2,127	1,554	1,668	1,551	1,940	854	2,402	1,940
3 16 days to 90 days	152	159	39	35	93	9	52	93
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	0	0	0
6 Within 15 days	0	0	0	0	0	0	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. Treasury securities—Total	240,860	242,395	233,232	224,600	223,535	232,933	228,643	223,535
10 Within 15 days[1]	19,964	22,133	9,598	9,565	4,691	5,457	7,183	4,691
11 16 days to 90 days	51,013	52,602	54,543	46,220	49,365	58,957	53,969	49,365
12 91 days to 1 year	77,191	74,968	76,675	76,474	76,876	73,405	76,037	76,876
13 Over 1 year to 5 years	52,347	52,347	52,598	52,523	52,786	55,524	51,664	52,786
14 Over 5 years to 10 years	13,053	13,053	13,512	13,512	13,511	12,681	12,781	13,511
15 Over 10 years	27,292	27,292	26,306	26,306	26,306	26,909	27,009	26,306
16 Federal agency obligations—Total	11,100	9,579	6,654	6,654	6,654	6,819	6,779	6,654
17 Within 15 days[1]	4,446	3,011	386	386	347	136	240	347
18 16 days to 90 days	820	734	435	435	473	835	726	473
19 91 days to 1 year	1,264	1,319	1,318	1,318	1,324	1,303	1,279	1,324
20 Over 1 year to 5 years	3,412	3,357	3,357	3,357	3,352	3,359	3,357	3,352
21 Over 5 years to 10 years	969	969	969	969	969	997	988	969
22 Over 10 years	189	189	189	189	189	189	189	189

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[1]

Billions of dollars, averages of daily figures

Item	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.[r]	1989 May
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[2]	Seasonally adjusted											
1 **Total reserves**[3]	**48.49**	**58.14**	**58.69**	**60.71**	**60.86**	**60.85**	**60.71**	**60.37**	**60.26**	**59.85**	**59.46**	**58.74**
2 Nonborrowed reserves	47.17	57.31	57.92	58.99	58.56	57.99	58.99	58.71	58.77	58.04	57.17	57.02
3 Nonborrowed reserves plus extended credit[4]	47.67	57.62	58.40	60.23	60.34	60.31	60.23	59.75	59.82	59.38	58.88	58.22
4 Required reserves	47.44	56.77	57.66	59.67	59.80	59.73	59.67	59.23	59.11	58.90	58.69	57.71
5 Monetary base[5]	219.51	241.45	257.99	275.50	273.66	274.38	275.50	276.78	277.55	278.61	278.67	278.33
	Not seasonally adjusted											
6 **Total reserves**[3]	**49.59**	**59.46**	**60.06**	**62.21**	**60.37**	**60.96**	**62.21**	**62.07**	**59.37**	**58.94**	**60.01**	**57.72**
7 Nonborrowed reserves	48.27	58.64	59.28	60.50	58.07	58.10	60.50	60.40	57.88	57.13	57.72	56.00
8 Nonborrowed reserves plus extended credit[4]	48.77	58.94	59.76	61.74	59.85	60.42	61.74	61.45	58.93	58.46	59.43	57.20
9 Required reserves	48.53	58.09	59.03	61.17	59.31	59.84	61.17	60.92	58.22	57.98	59.23	56.69
10 Monetary base[5]	222.73	245.25	262.08	279.71	272.29	275.32	279.71	277.92	274.36	275.62	278.11	277.49
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[6]												
11 **Total reserves**[3]	**48.14**	**59.56**	**62.12**	**63.74**	**61.92**	**62.41**	**63.74**	**63.47**	**60.69**	**60.21**	**61.29**	**58.91**
12 Nonborrowed reserves	46.82	58.73	61.35	62.02	59.62	59.55	62.02	61.81	59.21	58.40	59.00	57.19
13 Nonborrowed reserves plus extended credit[4]	47.32	59.04	61.83	63.27	61.40	61.87	63.27	62.85	60.26	59.73	60.71	58.39
14 Required reserves	47.08	58.19	61.09	62.70	60.85	61.29	62.70	62.32	59.54	59.25	60.51	57.88
15 *Monetary base*[5]	223.53	247.71	266.16	283.18	275.78	278.65	283.18	281.31	277.66	278.94	281.52	280.54

1. 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 Monetary and Reserves Projections Section. Division of Monetary Affairs. Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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. *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 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. 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.

5. 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 plus, for insti*tutions not having required reserve balances, the excess of current vault cash over the amount applied to satisfy current reserve requirements. Currency and vault cash figures are measured over the weekly computation period ending Monday.

The seasonally adjusted monetary base 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.

6. 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.

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES[1]

Billions of dollars, averages of daily figures

Item[2]	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May
	Seasonally adjusted							
1 M1	620.5	725.9	752.3	790.3	787.4	786.3	783.2	773.4
2 M2	2,567.4	2,811.2	2,909.9	3,069.4r	3,069.2r	3,078.7r	3,081.3r	3,072.8
3 M3	3,201.7	3,494.9	3,677.6	3,913.0r	3,927.7r	3,949.5r	3,957.6r	3,954.3
4 L	3,830.6	4,137.1	4,340.2r	4,673.5r	4,689.7r	4,723.0r	4,739.2	n.a.
5 Debt	6,733.3r	7,596.9r	8,310.7r	9,052.1r	9,172.3r	9,229.4r	9,283.5	n.a.
M1 components								
6 Currency[3]	167.8	180.5	196.4	211.8	214.3	215.6	215.9	216.4
7 Travelers checks[4]	5.9	6.5	7.1	7.6	7.5	7.3	7.3	7.3
8 Demand deposits[5]	267.3	303.2	288.3	288.6	284.8	284.3	281.5	278.2
9 Other checkable deposits[6]	179.5	235.8	260.4	282.3	280.9	279.1	278.5	271.5
Nontransactions components								
10 In M2[7]	1,946.9	2,085.3	2,157.7	2,279.2r	2,281.8r	2,292.4r	2,298.1r	2,299.4
11 In M3 only[8]	634.3	683.7	767.6	843.6r	858.5r	870.8r	876.4r	881.5
Savings deposits[9]								
12 Commercial Banks	125.0	155.8	178.5	192.5	190.3	188.6	185.6	182.5
13 Thrift institutions	176.6	215.2	237.8	238.8	234.3	232.2	227.3	222.4
Small-denomination time deposits[10]								
14 Commercial Banks	383.3	364.6	385.3	443.1	461.0	472.0	485.6	497.2
15 Thrift institutions	499.2	489.3	528.8	582.2	587.4	589.0	597.6r	608.9
Money market mutual funds								
16 General purpose and broker-dealer	176.5	208.0	221.1	239.4	247.2r	256.0r	260.2	259.9
17 Institution-only	64.5	84.4	89.6	87.6	89.6	87.6	87.7	91.6
Large-denomination time deposits[11]								
18 Commercial Banks[12]	285.1	288.8	325.4	364.9	378.2	385.5	392.6	395.7
19 Thrift institutions	151.5	150.1	162.0	172.9	173.4	173.4	175.2	176.3
Debt components								
20 Federal debt	1,585.3	1,805.8	1,957.5	2,114.0r	2,140.4r	2,162.6r	2,171.8	n.a.
21 Nonfederal debt	5,147.9r	5,791.1r	6,353.1r	6,938.1r	7,032.0r	7,066.7r	7,111.7	n.a.
	Not seasonally adjusted							
22 M1	633.5	740.4	766.4	804.4	772.3	775.1	791.3r	767.2
23 M2	2,576.2	2,821.1	2,918.7	3,077.1r	3,056.7r	3,072.1r	3,092.9r	3,063.3
24 M3	3,213.3	3,507.4	3,688.5	3,922.8r	3,915.6r	3,944.3r	3,963.2r	3,944.2
25 L	3,843.7	4,152.0	4,354.5r	4,687.0r	4,686.6r	4,719.6r	4,741.0	n.a.
26 Debt	6,723.5r	7,581.1r	8,292.8r	9,037.5r	9,136.4r	9,190.2r	9,246.3	n.a.
M1 components								
27 Currency[3]	170.2	183.0	199.3	214.9	211.9	213.9	215.1	216.6
28 Travelers checks[4]	5.5	6.0	6.5	6.9	7.1	7.0	7.0	7.1
29 Demand deposits[5]	276.9	314.0	298.6	298.8	275.7	275.8	283.3	273.3
30 Other checkable deposits[6]	180.9	237.4	262.0	283.7	277.6	278.3	286.0	270.2
Nontransactions components								
31 M2[7]	1,942.7	2,080.7	2,152.3	2,272.8r	2,284.4r	2,297.0r	2,301.5r	2,296.1
32 M3 only[8]	637.1	686.3	769.8	845.7r	859.0r	872.2r	870.3r	880.8
Money market deposit accounts								
33 Commercial Banks	332.8	379.6	358.8	352.5	342.5	340.1	336.3	327.1
34 Thrift institutions	180.7	192.9	167.5	150.3	142.9	140.2	135.0	129.9
Savings deposits[9]								
35 Commercial Banks	123.7	154.2	176.6	190.3	188.2	187.8	186.2	183.7
36 Thrift institutions	174.8	212.7	234.8	235.6	230.5	230.7	227.9	223.8
Small-denomination time deposits[10]								
37 Commercial Banks	384.0	365.3	386.1	444.1	462.8	473.0	483.6	493.5
38 Thrift institutions	499.9	489.8	529.1	582.4	591.6	592.0	598.5r	605.8
Money market mutual funds								
39 General purpose and broker-dealer	176.5	208.0	221.1	239.4	247.2r	256.0r	260.2	259.9
40 Institution-only	64.5	84.4	89.6	87.6	89.6	87.6	87.7	91.6
Large-denomination time deposits[11]								
41 Commercial Banks[12]	285.4	289.1	325.8	365.6	378.1	387.0	390.5	394.4
42 Thrift institutions	151.8	150.7	163.0	174.0	174.3	173.2	173.7	175.2
Debt components								
43 Federal debt	1,583.7	1,803.9	1,955.6	2,111.8	2,133.6	2,149.0r	2,155.1	n.a.
44 Nonfederal debt	5,139.8r	5,777.2r	6,337.2r	6,925.7r	7,002.8r	7,041.2r	7,091.3	n.a.

For notes see following page.

NOTES TO TABLE 1.21

1. Latest monthly and weekly figures are available from the Board's H.6 (508) release. Historical data are available from the Monetary and Reserves Projection section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

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

M1: (1) currency outside the Treasury, Federal Reserve Banks, and the vaults of depository institutions; (2) travelers checks of nonbank issuers; (3) demand deposits at all commercial banks other than those due to depository institutions, 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.

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.

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 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 based on monthly averages.

3. Currency outside the U.S. Treasury, Federal Reserve Banks, and vaults of depository institutions.

4. Outstanding amount of U.S. dollar-denominated travelers checks of nonbank issuers. Travelers checks issued by depository institutions are included in demand deposits.

5. Demand deposits at commercial banks and foreign-related institutions other than those due to depository institutions, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float.

6. Consists of NOW and ATS balances at all depository institutions, credit union share draft balances, and demand deposits at thrift institutions.

7. Sum of overnight RPs and overnight Eurodollars, money market fund balances (general purpose and broker-dealer), MMDAs, and savings and small time deposits.

8. Sum of large time deposits, term RPs, and term Eurodollars of U.S. residents, money market fund balances (institution-only), less the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds.

9. Savings deposits exclude MMDAs.

10. 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.

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

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

1.22 BANK DEBITS AND DEPOSIT TURNOVER[1]

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	1986	1987	1988	1988			1989		
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
DEBITS TO	Seasonally adjusted								
Demand deposits[3]									
1 All insured banks	188,346.0	217,116.2	226,888.4	235,980.5	238,497.5	245,617.5	252,226.7	255,774.3	249,088.3
2 Major New York City banks	91,397.3	104,496.3	107,547.3	114,876.4	112,071.8	111,115.5	109,875.9	121,770.1	111,387.4
3 Other banks	96,948.8	112,619.8	119,341.2	121,104.1	126,425.7	134,502.0	142,350.8	134,004.2	137,700.9
4 ATS-NOW accounts[4]	2,182.5	2,402.7	2,757.7	2,820.2	2,897.2	3,020.8	2,976.2	3,054.9	3,264.9
5 Savings deposits[5]	403.5	526.5	583.0	521.3	574.9	640.7	647.4	649.2	675.2
DEPOSIT TURNOVER									
Demand deposits[3]									
6 All insured banks	556.5	612.1	641.2	659.7	676.6	698.5	716.3	734.4	721.0
7 Major New York City banks	2,498.2	2,670.6	2,903.5	3,086.1	3,034.6	3,140.7	3,113.7	3,618.0	3,393.0
8 Other banks	321.2	357.0	376.8	377.9	400.6	425.3	449.3	425.9	440.4
9 ATS-NOW accounts[4]	15.6	13.8	14.7	14.8	15.1	15.8	15.6	16.0	17.1
10 Savings deposits[5]	3.0	3.1	3.1	2.8	3.1	3.4	3.5	3.5	3.6
DEBITS TO	Not seasonally adjusted								
Demand deposits[3]									
11 All insured banks	188,506.7	217,125.1	227,010.7	227,485.2	228,743.0	258,119.4	257,649.6	231,347.8	264,581.6
12 Major New York City banks	91,500.1	104,518.8	91,242.6	111,019.4	108,689.1	117,470.7	112,480.2	110,047.2	120,202.2
13 Other banks	97,006.7	112,606.2	119,445.7	116,465.8	120,053.9	140,648.8	145,169.4	121,300.6	144,379.4
14 ATS-NOW accounts[4]	2,184.6	2,404.8	2,754.7	2,805.4	2,714.1	3,163.8	3,245.1	2,762.1	3,228.6
15 MMDA[6]	1,609.4	1,954.2	2,430.1	2,325.8	2,539.7	2,940.5	3,072.5	2,622.4	2,636.7
16 Savings deposits[5]	404.1	526.8	578.0	540.9	523.7	655.6	668.7	573.3	649.6
DEPOSIT TURNOVER									
Demand deposits[3]									
17 All insured banks	556.7	612.3	641.7	639.8	643.3	699.1	713.7	683.1	782.3
18 Major New York City banks	2,499.1	2,674.9	2,901.4	3,059.1	2,998.6	3,058.1	2,998.6	3,255.7	3,603.3
19 Other banks	321.2	356.9	377.1	364.8	375.9	425.2	448.7	397.8	473.6
20 ATS-NOW accounts[4]	15.6	13.8	14.7	14.9	14.3	16.3	16.7	14.5	16.9
21 MMDA[6]	4.5	5.3	6.9	6.7	7.3	8.4	8.9	7.8	7.8
22 Savings deposits[5]	3.0	3.1	3.1	2.9	2.8	3.5	3.6	3.1	3.5

1. Historical tables containing revised data for earlier periods may be obtained from the Monetary and Reserves Projections Section, Division of Monetary Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

These data also appear on the Board's G.6 (406) release. For address, see inside front cover.

2. Annual averages of monthly figures.

3. Represents accounts of individuals, partnerships, and corporations and of states and political subdivisions.

4. Accounts authorized for negotiable orders of withdrawal (NOW) and accounts authorized for automatic transfer to demand deposits (ATS). ATS data are available beginning December 1978.

5. Excludes ATS and NOW accounts, MMDA and special club accounts, such as Christmas and vacation clubs.

6. Money market deposit accounts.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1988 June	1988 July	1988 Aug.	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May
	Seasonally adjusted											
1 **Total loans and securities[2]**	**2,343.5**	**2,358.5**	**2,371.4**	**2,373.5**	**2,392.6**	**2,400.6**	**2,408.0**	**2,412.8**	**2,441.8**	**2,454.9**	**2,460.9[r]**	**2,476.9**
2 U.S. government securities	348.8	349.3	350.9	353.2	356.0	358.5	362.4	361.8	363.4	370.3	372.2	375.3
3 Other securities	196.7	196.9	196.7	195.4	196.6	195.3	192.9	188.0	188.5	187.7[r]	185.3	184.7
4 Total loans and leases[2]	1,797.9	1,812.3	1,823.9	1,825.0	1,839.9	1,846.8	1,852.7	1,863.0	1,889.9	1,896.8	1,903.4[r]	1,916.9
5 Commercial and industrial	589.3	594.9	595.3	594.3	597.8	598.9	599.7	604.5	616.5	614.5	616.2[r]	622.0
6 Bankers acceptances held[3]	4.3	4.3	4.2	4.1	4.1	4.3	4.1	4.3	4.1	4.0	4.0	4.2
7 Other commercial and industrial	584.9	590.6	591.1[r]	590.3	593.8	594.6	595.6	600.2	612.4	610.5	612.2[r]	617.8
8 U.S. addressees[4]	578.1	583.7	584.4	583.5	587.3	588.5	589.6	594.5	607.5	605.0	607.3[r]	612.3
9 Non-U.S. addressees[4]	6.8	6.9	6.7	6.8	6.5	6.1[r]	6.0	5.7	5.0	5.5	4.9	5.5
10 Real estate	626.9	633.3	640.3	646.9	654.7	659.3	664.8	671.2	678.3	685.5[r]	694.8	700.8
11 Individual	343.4	344.6	346.5	348.9	350.8	352.3	355.1	357.0	357.9	359.9	362.1[r]	364.7
12 Security	39.5	38.9	39.7	36.7	38.6[r]	38.0[r]	38.1[r]	37.2[r]	44.2[r]	43.0[r]	39.4[r]	37.4
13 Nonbank financial institutions	30.6	31.0	31.0	30.5	30.1[r]	30.0	29.9	30.1	30.5	29.6	29.1	28.9
14 Agricultural	29.6	29.6	29.6	29.6	29.8	30.3	30.7	30.7	30.7	30.7	30.4	30.3
15 State and political subdivisions	49.2	48.8	48.3[r]	48.1[r]	48.7	48.0[r]	47.1	44.8	45.0	45.1	45.2	45.3
16 Foreign banks	8.1	8.2	8.2	7.5	7.8	8.2	7.5	7.6	8.2	7.9	8.0	9.1
17 Foreign official institutions	5.0	5.0	5.2	5.2	5.1	5.4	5.6	5.6	5.5	5.5	5.6	5.6
18 Lease financing receivables	26.8	27.5	27.6	27.8	27.9	28.0	28.1	28.3	28.4	28.6	28.6	29.6
19 All other loans	49.5[r]	50.3[r]	52.3	49.3[r]	48.4[r]	48.5[r]	46.2[r]	46.0[r]	44.6[r]	46.5[r]	43.9[r]	43.2
	Not seasonally adjusted											
20 ***Total loans and securities[2]***	**2,346.6**	**2,352.6**	**2,364.4**	**2,370.9**	**2,383.8**	**2,399.6**	**2,420.3**	**2,420.7**	**2,443.6**	**2,452.8**	**2,463.9**	**2,478.0**
21 U.S. government securities	347.8	347.9	351.1	353.0	352.9	357.2	362.7	363.6	367.9	371.8	372.4	374.4
22 Other securities	196.9	196.4	197.0	195.2	195.4	195.4	192.7	190.1	188.3	187.0	185.2	185.1
23 Total loans and leases[2]	1,801.9	1,808.2	1,816.3	1,822.7	1,835.5	1,847.0	1,865.0	1,867.0	1,887.4	1,894.0	1,906.2[r]	1,918.5
24 Commercial and industrial	593.1	593.9	591.0	589.5	593.2	596.5	602.8	603.8	615.9	617.8	620.8[r]	625.7
25 Bankers acceptances held[3]	4.5	4.4	4.3	4.2	4.1	4.2	4.0	4.1	4.0	3.9	3.9	4.2
26 Other commercial and industrial	588.5	589.5	586.7	585.4	589.2[r]	592.2	598.8[r]	599.7	611.8	613.8[r]	616.9[r]	621.5
27 U.S. addressees[4]	581.7	582.6	580.1	578.9[r]	583.0	586.2	592.6	594.4	606.5	608.5	611.5[r]	615.9
28 Non-U.S. addressees[4]	6.9	6.9	6.6	6.5	6.1	6.1	6.1	5.4	5.4	5.4	5.4	5.6
29 Real estate	626.8	633.7	641.5	648.6	655.6	661.1	666.1	671.2	676.4	682.8	692.7	699.5
30 Individual	342.0	343.5	346.7	350.5	351.8	353.3	359.0	359.8	357.2	357.0	359.6	362.5
31 Security	41.2	38.6	38.5	35.3	37.0[r]	37.5[r]	38.5[r]	37.6[r]	43.2[r]	43.6[r]	41.4[r]	38.3
32 Nonbank financial institutions	30.8	31.0	30.9	30.4	29.8	30.1	30.9	30.6	29.9	29.0	29.0	29.1
33 Agricultural	29.9	30.3	30.4	30.5	30.6	30.5	30.5	30.1	29.8	29.6	29.6	30.1
34 State and political subdivisions	48.9	48.2	47.7	47.4	48.3[r]	47.4[r]	46.9	46.3	46.0	45.7	45.4	45.2
35 Foreign banks	7.9	8.4	8.1	7.7	7.9	8.2	7.8	7.8	8.3	7.7	7.7	8.8
36 Foreign official institutions	5.0	5.0	5.2	5.2	5.1	5.4	5.6	5.6	5.5	5.5	5.6	5.6
37 Lease financing receivables	26.8	27.4	27.5	27.7	27.8	27.9	28.3	28.6	28.5	28.6	28.7	29.5
38 All other loans	49.5	48.2[r]	49.0	49.8[r]	48.3[r]	49.0[r]	48.6[r]	45.7[r]	46.9[r]	46.7[r]	45.7[r]	44.3

1. These data also appear in the Board's G.7 (407) release. For address, see *inside front cover.*
2. Excludes loans to commercial banks in the United States.
3. Includes nonfinancial commercial paper held.
4. United States includes the 50 states and the District of Columbia.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1988							1989				
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
Seasonally adjusted												
1 Total nondeposit funds[2]	214.0	215.2^{r}	219.4^{r}	210.0^{r}	210.9^{r}	217.3^{r}	214.6^{r}	207.4	210.5	211.1^{r}	204.2^{r}	207.1
2 Net balances due to related foreign offices[3]	8.2	13.9	19.2	8.2	5.6	9.3	6.7	8.0	10.7	8.0	2.9	.0
3 Borrowings from other than commercial banks in United States[4]	205.8	201.3	200.3	201.8	205.3	208.0	207.9	199.4	199.9	203.0^{r}	201.3^{r}	207.1
4 Domestically chartered banks	172.0	166.9	165.8	165.8	167.1	168.7	168.9	162.4	160.7	165.1^{r}	162.8^{r}	166.5
5 Foreign-related banks	33.8	34.4	34.5	35.9	38.2	39.3	39.0	36.9	39.2	38.0	38.5	40.6
Not seasonally adjusted												
6 Total nondeposit funds[2]	217.1	210.8^{r}	218.3^{r}	206.5^{r}	204.8^{r}	214.1^{r}	209.0^{r}	206.5	215.3	216.7^{r}	206.8^{r}	214.7
7 Net balances due to related foreign offices[3]	8.7	10.8^{r}	18.7^{r}	9.2^{r}	5.2^{r}	10.3^{r}	9.2^{r}	7.7	10.4	7.0^{r}	.8	2.6
8 Domestically chartered banks	−16.3	−14.1	−7.3	−15.7	−20.5	−19.2	−20.7	−20.5	−17.9	−19.8	−23.1	−22.0
9 Foreign-related banks	25.0	24.9^{r}	26.0^{r}	24.9^{r}	25.7^{r}	29.5^{r}	29.9^{r}	28.2	28.3	26.9	23.9	24.6
10 Borrowings from other than commercial banks in United States[4]	208.4	199.9	199.6^{r}	197.3	199.6	203.7	199.8	198.9	204.9	209.7^{r}	206.1^{r}	212.1
11 Domestically chartered banks	173.3	165.0	165.3	162.1	162.9^{r}	167.4	162.9^{r}	160.8	164.4	170.2^{r}	166.7^{r}	171.0
12 Federal funds and security RP borrowings[5]	168.4	159.6	160.3	157.6	158.8	162.8	159.3	157.4	161.2	166.7^{r}	162.4^{r}	167.3
13 *Other*[6]	4.8	5.4	5.0	4.4	4.1	4.6	3.5	3.4	3.2	3.5	4.3	3.7
14 Foreign-related banks[6]	35.2	34.9	34.2	35.3	36.8	36.3	37.0	38.1	40.5	39.5	39.4	41.0
MEMO												
Gross large time deposits[7]												
15 Seasonally adjusted	403.2	408.4	414.6	419.7	423.2	424.5	429.2	434.9	440.3	446.6	452.7	456.8
16 Not seasonally adjusted	401.8	405.9	415.1	421.7	424.7	425.6	429.8	434.5	440.2	448.1	450.6	455.5
U.S. Treasury demand balances at commercial banks[8]												
17 Seasonally adjusted	22.0	21.3	17.1	23.5	27.2	23.0	24.9	20.3	20.3	20.3	20.9	27.1
18 Not seasonally adjusted	21.0	22.0	11.9	24.6	27.7	16.3	22.9	25.0	25.9	18.1	20.2	34.3

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.

These data also appear in the Board's G.10 (411) release. For address, see inside front cover.

2. Includes federal funds, RPs, and other borrowing from nonbanks and net balances due to related foreign offices.

3. Reflects net positions of U.S. chartered banks, Edge Act corporations, and U.S. branches and agencies of foreign banks with related foreign offices plus net positions with own IBFs.

4. Other borrowings are borrowings through 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, loan RPs, and sales of participations in pooled loans.

5. Based on daily average data reported weekly by approximately 120 large banks and quarterly or annual data reported by other banks.

6. Figures are partly daily averages and partly averages of Wednesday data.

7. Time deposits in denominations of $100,000 or more. Estimated averages of daily data.

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

1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series[1]

Billions of dollars

Account	1988						1989				
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
1 Loans and securities	2,512.1	2,526.3	2,524.9	2,541.5	2,581.3	2,592.0	2,576.7	2,613.5	2,616.8	2,613.0	2,650.0
2 Investment securities	523.5	526.7	527.0	525.0	531.3	533.0	533.3	535.5	538.7	538.1	541.3
3 U.S. government securities	332.6	335.1	336.5	334.7	340.8	345.9	348.8	352.9	357.1	358.3	360.9
4 Other	190.8	191.6	190.5	190.4	190.5	187.1	184.5	182.6	181.6	179.8	180.4
5 Trading account assets	23.9	22.7	21.2	24.9	24.8	19.2	21.5	20.1	21.8	17.8	19.2
6 Total loans	1,964.8	1,977.0	1,976.7	1,991.6	2,025.2	2,039.7	2,022.0	2,057.9	2,056.3	2,057.1	2,089.5
7 Interbank loans	159.7	156.8	153.2	160.0	170.6	165.4	159.9	173.0	154.5	150.4	160.1
8 Loans excluding interbank	1,805.1	1,820.1	1,823.5	1,831.6	1,854.6	1,874.3	1,862.1	1,884.9	1,901.8	1,906.7	1,929.4
9 Commercial and industrial	591.0	589.0	589.2	591.6	598.5	606.1	602.2	615.2	619.5	622.9	626.7
10 Real estate	635.2	645.1	651.0	656.3	663.1	669.3	672.2	677.0	687.2	694.8	702.1
11 Individual	343.8	348.9	351.6	352.5	354.7	361.3	359.9	357.3	357.1	361.0	363.2
12 All other	235.0	237.2	231.8	231.2	238.3	237.5	227.9	235.4	238.1	228.0	237.5
13 Total cash assets	217.1	222.1	215.0	208.5	235.1	244.4	214.7	226.0	210.5	214.2	247.2
14 Reserves with Federal Reserve Banks	30.7	33.0	31.1	31.7	33.8	34.5	31.6	27.8	30.9	33.4	27.8
15 Cash in vault	26.0	26.6	26.3	26.4	28.8	30.5	27.6	26.7	27.0	27.0	28.0
16 Cash items in process of collection	75.5	79.7	76.2	72.8	89.6	92.0	76.2	88.8	75.7	77.8	106.9
17 Demand balances at U.S. depository institutions	31.3	31.5	29.4	29.2	32.1	34.3	27.8	32.5	27.9	27.6	34.0
18 Other cash assets	53.5	51.3	52.0	48.4	50.8	53.2	51.5	50.1	48.9	48.4	50.5
19 Other assets	189.3	188.4	193.4	201.4	201.2	199.4	195.0	191.4	193.3	200.5	206.2
20 **Total assets/total liabilities and capital**	**2,918.5**	**2,936.8**	**2,933.3**	**2,951.3**	**3,017.7**	**3,035.8**	**2,986.4**	**3,030.8**	**3,020.6**	**3,027.8**	**3,103.4**
21 Deposits	2,052.1	2,075.1	2,060.0	2,069.4	2,122.8	2,142.9	2,093.9	2,121.8	2,120.1	2,131.6	2,180.9
22 Transaction deposits	598.9	609.9	588.5	587.4	627.7	641.5	585.5	601.4	581.9	594.0	628.7
23 Savings deposits	545.5	542.4	536.8	538.4	542.2	537.0	530.2	528.7	524.6	513.3	511.2
24 Time deposits	907.6	922.7	934.7	943.6	952.9	964.4	978.2	991.7	1,013.5	1,024.3	1,041.1
25 Borrowings	469.2	448.7	468.3	479.5	476.7	470.9	491.8	500.9	482.3	485.3	508.7
26 Other liabilities	209.9	222.4	215.5	211.9	224.2	229.0	204.8	212.3	219.9	211.2	212.2
27 Residual (assets less liabilities)	187.3	190.6	189.5	190.6	193.9	193.1	195.8	195.8	198.5	199.6	201.6
MEMO											
28 U.S. government securities (including trading account)	350.2	352.0	352.7	354.5	360.3	359.9	365.9	367.8	373.7	371.2	374.1
29 Other securities (including trading account)	197.1	197.4	195.5	195.3	195.8	192.3	188.9	187.8	186.8	184.7	186.4
DOMESTICALLY CHARTERED COMMERCIAL BANKS[3]											
30 Loans and securities	2,322.9	2,334.5	2,332.7	2,347.3	2,382.9	2,385.5	2,378.3	2,399.0	2,401.2	2,401.2	2,439.4
31 Investment securities	496.3	499.7	501.2	499.2	505.7	508.0	507.5	509.4	513.5	514.2	516.9
32 U.S. government securities	320.2	323.2	324.9	323.4	329.6	334.9	336.3	340.0	344.7	346.1	348.1
33 Other	176.1	176.4	176.3	175.8	176.1	173.0	171.2	169.3	168.8	168.1	168.8
34 Trading account assets	23.9	22.7	21.2	24.9	24.8	19.2	21.5	20.1	21.8	17.8	19.2
35 Total loans	1,802.7	1,812.1	1,810.2	1,823.3	1,852.4	1,858.3	1,849.4	1,869.5	1,865.9	1,869.2	1,903.3
36 Interbank loans	132.1	127.8	124.2	129.6	139.4	132.2	130.6	138.2	121.2	119.2	130.3
37 Loans excluding interbank	1,670.6	1,684.3	1,686.0	1,693.6	1,713.1	1,726.1	1,718.7	1,731.3	1,744.7	1,750.1	1,773.0
38 Commercial and industrial	492.6	490.6	489.9	492.4	498.1	499.5	498.7	503.0	504.9	509.1	513.4
39 Real estate	618.0	626.1	631.8	636.6	642.3	648.5	651.3	655.6	665.4	672.6	679.4
40 Individual	343.5	348.5	351.2	352.2	354.4	361.0	359.6	357.0	356.8	360.7	362.9
41 All other	216.6	219.0	213.1	212.4	218.3	217.1	209.2	215.8	217.6	207.7	217.4
42 Total cash assets	197.1	203.5	194.2	190.4	216.0	223.2	193.7	206.6	191.7	194.8	227.1
43 Reserves with Federal Reserve Banks	29.6	31.4	29.0	29.9	32.6	33.1	30.1	26.6	29.5	30.7	26.7
44 Cash in vault	26.0	26.6	26.3	26.4	28.8	30.4	27.6	26.7	26.9	27.0	28.0
45 Cash items in process of collection	75.2	79.4	75.8	72.0	88.8	91.2	75.4	87.8	74.9	76.9	105.9
46 Demand balances at U.S. depository institutions	29.5	29.8	27.4	27.3	30.2	32.2	25.9	30.5	25.8	26.0	32.0
47 Other cash assets	36.9	36.4	35.7	34.8	35.5	36.2	34.8	35.1	34.6	34.3	34.5
48 Other assets	121.5	123.6	126.7	131.9	132.9	134.9	127.8	129.1	129.6	134.6	133.6
49 **Total assets/liabilities and capital**	**2,641.5**	**2,661.5**	**2,653.6**	**2,669.6**	**2,731.7**	**2,743.6**	**2,699.8**	**2,734.7**	**2,722.5**	**2,730.6**	**2,800.0**
50 Deposits	1,986.8	2,009.0	1,992.7	2,001.0	2,053.0	2,069.9	2,022.6	2,049.1	2,043.6	2,053.5	2,101.4
51 Transaction deposits	590.2	601.1	579.4	577.6	617.5	631.5	576.0	591.9	572.6	584.1	618.6
52 Savings deposits	543.0	539.9	534.3	535.8	539.7	534.5	527.8	526.3	522.1	510.7	508.5
53 Time deposits	853.6	868.0	879.0	887.6	895.8	903.9	918.8	930.9	949.0	958.6	974.2
54 Borrowings	359.9	345.3	359.0	364.7	365.6	363.1	376.2	378.1	362.4	367.9	382.5
55 Other liabilities	111.0	120.1	115.8	116.7	122.6	120.9	108.6	115.2	121.4	113.1	118.0
56 Residual (assets less liabilities)	183.9	187.2	186.1	187.2	190.5	189.7	192.4	192.4	195.1	196.2	198.2
MEMO											
57 Real estate loans, revolving	35.4	36.3	37.4	38.4	39.5	40.1	40.6	41.4	42.5	43.4	44.2
58 Real estate loans, other	582.6	589.8	594.4	598.2	602.8	608.4	610.7	614.2	622.8	629.2	635.2

1. Back data are available from the Banking and Monetary Statistics section, Board of Governors of the Federal Reserve System, Washington, D.C., 20551. *These data also appear in the Board's weekly H.8 (510) release.*

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

2. Commercial banking institutions include insured domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations.

3. Insured domestically chartered commercial banks include all member banks and insured nonmember banks.

1.26 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS[1]

Millions of dollars, Wednesday figures

Account	1989								
	Apr. 5[r]	Apr. 12	Apr. 19	Apr. 26	May 3	May 10	May 17	May 24	May 31
1 Cash and balances due from depository institutions	108,707	108,674	111,460	107,682	114,789	101,145	111,852	99,936	126,800
2 **Total loans, leases, and securities, net**	**1,191,976**	**1,184,455[r]**	**1,197,576[r]**	**1,187,151[r]**	**1,202,577**	**1,187,776**	**1,201,383**	**1,196,428**	**1,213,512**
3 U.S. Treasury and government agency	137,179	135,318[r]	136,081[r]	134,107	135,676	135,412	138,365	139,978	137,223
4 Trading account	16,532	14,518[r]	15,554	12,904	13,912	13,280	15,571	15,202	13,216
5 Investment account	120,648	120,799[r]	120,527[r]	121,203	121,764	122,133	122,794	124,776	124,006
6 Mortgage-backed securities[3]	49,941	50,051[r]	50,242[r]	50,637[r]	51,082	51,113	51,397	53,554	53,590
All other maturing in									
7 One year or less	22,731	22,488	21,499[r]	21,409[r]	21,274	21,208	20,790	20,547	21,031
8 Over one through five years	40,340	40,647[r]	41,204[r]	41,733[r]	41,893	41,942	42,462	42,391	41,184
9 Over five years	7,635	7,613[r]	7,582[r]	7,423[r]	7,514	7,869	8,144	8,284	8,202
10 Other securities	71,886	71,670	71,563	71,713	71,669	71,770	71,728	72,076	72,667
11 Trading account	1,182	898	1,057	1,031	1,093	1,046	834	923	1,138
12 Investment account	70,704	70,773	70,506	70,682	70,576	70,725	70,894	71,152	71,529
13 States and political subdivisions, by maturity	44,548	44,752	44,708	44,692	44,501	44,440	44,433	44,439	44,473
14 One year or less	4,934	4,989	5,005[r]	4,993	5,024	4,974	4,956	4,961	5,051
15 Over one year	39,614	39,763	39,703[r]	39,699	39,477	39,467	39,477	39,478	39,422
16 Other bonds, corporate stocks, and securities	26,157	26,020	25,798	25,990	26,075	26,284	26,461	26,714	27,057
17 Other trading account assets	4,158	4,229	4,019	3,891	3,936	3,989	4,090	4,153	4,829
18 Federal funds sold[4]	79,128	75,811[r]	79,567	70,839	78,890	67,122	71,708	66,824	77,108
19 To commercial banks	50,332	45,614	52,244	47,438	54,801	45,932	48,988	42,626	51,929
20 To nonbank brokers and dealers in securities	20,103	21,919[r]	20,415	16,599	16,951	15,361	15,901	16,466	18,223
21 To others	8,693	8,278	6,908	6,802	7,138	5,828	6,819	7,732	6,956
22 Other loans and leases, gross	939,056	936,739[r]	945,671	944,671	950,639	947,769	953,824	951,740	960,070
23 Other loans, gross	914,623	912,239[r]	921,180[r]	920,194	926,039	923,165	929,266	927,126	935,462
24 Commercial and industrial	312,526	311,774[r]	314,122[r]	314,889	317,884	316,780	316,888	316,749	318,067
25 Bankers acceptances and commercial paper	1,626	1,664	1,598	1,714	1,740	1,806	1,681	1,748	1,978
26 All other	310,900	310,110[r]	312,524[r]	313,175	316,144	314,974	315,207	315,000	316,089
27 U.S. addressees	309,083	308,288[r]	310,778[r]	311,393	314,206	313,074	313,302	312,987	314,130
28 Non-U.S. addressees	1,817	1,822[r]	1,746	1,782	1,937	1,901	1,905	2,014	1,959
29 Real estate loans	319,222	319,731	321,281	321,976	322,288	323,282	324,666	324,880	325,528
30 Revolving, home equity	23,333	23,406	23,650	23,850	23,942	24,113	24,217	24,314	24,423
31 All other	295,889	296,326	297,631	298,126	298,346	299,169	300,450	300,566	301,104
32 To individuals for personal expenditures	167,940	168,097[r]	168,789[r]	169,536[r]	169,193	169,142	169,252	169,451	169,681
33 To depository and financial institutions	42,819	43,119[r]	44,400	42,888[r]	44,155	44,375	46,047	45,082	47,523
34 Commercial banks in the United States	19,557	19,452	20,277	19,311	20,230	20,180	21,438	21,005	21,350
35 Banks in foreign countries	3,261	3,430	3,545	3,487[r]	3,641	4,194	3,910	4,122	4,783
36 Nonbank depository and other financial institutions	20,000	20,237	20,578	20,090	20,284	20,001	20,698	19,955	21,390
37 For purchasing and carrying securities	14,468	13,552	15,395	14,102	14,940	13,561	14,243	13,654	15,608
38 To finance agricultural production	5,522	5,538	5,561	5,584	5,581	5,592	5,688	5,672	5,686
39 To states and political subdivisions	27,482	27,436[r]	27,317[r]	27,436[r]	27,375	27,264	27,233	27,158	27,144
40 To foreign governments and official institutions	1,860	1,859	1,842	1,969	1,887	1,929	2,119	1,969	1,840
41 All other	22,784	21,133[r]	22,472[r]	21,815[r]	22,736	21,238	23,130	22,510	24,384
42 Lease financing receivables	24,433	24,500[r]	24,491[r]	24,477	24,600	24,604	24,558	24,615	24,608
43 LESS: Unearned income	4,915	4,921[r]	4,933[r]	4,928[r]	4,898	4,938	4,948	4,960	4,920
44 Loan and lease reserve[5]	34,516	34,391	34,393	33,144	33,337	33,348	33,384	33,383	33,465
45 Other loans and leases, net	899,625	897,427[r]	906,346[r]	906,600[r]	912,404	909,482	915,492	913,397	921,685
46 All other assets	135,169	133,802[r]	136,908[r]	129,599	132,145	132,729	131,166	129,339	131,337
47 **Total assets**	**1,435,852**	**1,426,932[r]**	**1,445,944[r]**	**1,424,432[r]**	**1,449,511**	**1,421,650**	**1,444,402**	**1,425,703**	**1,471,648**
48 Demand deposits	234,249	223,940[r]	231,148	220,021	229,729	213,972	222,228	209,927	244,114
49 Individuals, partnerships, and corporations	183,719	180,206[r]	182,031[r]	174,716	177,649	172,058	179,074	168,217	189,983
50 States and political subdivisions	5,496	5,463	6,064	6,247	7,860	5,674	5,744	5,454	5,894
51 U.S. government	5,779	3,751	7,469	4,649	6,491	2,886	1,645	3,435	2,678
52 Depository institutions in the United States	22,074	19,650	19,754	18,567	21,154	19,076	20,634	18,504	25,996
53 Banks in foreign countries	6,837	5,709	5,748	6,262	6,134	5,707	5,801	6,048	8,515
54 Foreign governments and official institutions	688	721	788	741	672	816	1,039	622	669
55 Certified and officers' checks	9,656	8,440	9,294[r]	8,838	9,769	7,755	8,292	7,646	10,378
56 Transaction balances other than demand deposits	79,921	79,914[r]	83,069[r]	77,604[r]	76,512	73,950	73,531	72,482	74,271
57 Nontransaction balances	671,963	671,626[r]	668,246[r]	667,345[r]	669,054	670,246	673,458	673,368	673,096
58 Individuals, partnerships, and corporations	630,634	630,134[r]	626,624[r]	626,071[r]	627,726	628,575	631,269	631,507	631,788
59 States and political subdivisions	31,773	32,104	32,236	31,945	31,955	32,341	32,842	32,663	32,310
60 U.S. government	974	967	958	971	972	937	935	930	922
61 Depository institutions in the United States	7,923	7,754	7,756	7,738	7,742	7,764	7,750	7,568	7,420
62 Foreign governments, official institutions, and banks	659	666	670	620	659	629	661	701	657
63 Liabilities for borrowed money	267,308	267,118[r]	279,873	275,866	288,844	278,253	292,780	284,177	289,130
64 Borrowings from Federal Reserve Banks	2,240	2,010	6,157	1,150	1,632	1,035	1,060	985	1,349
65 Treasury tax-and-loan notes	370	2,143	21,011	25,359[r]	25,598	25,696	25,696	24,373	21,700
66 All other liabilities for borrowed money[6]	264,697	262,966[r]	252,706	249,357[r]	261,614	251,522	266,024	258,819	266,081
67 Other liabilities and subordinated notes and debentures	84,115	85,028[r]	84,676[r]	84,806[r]	85,962	85,298	82,244	85,317	90,394
68 **Total liabilities**	**1,337,555**	**1,327,627[r]**	**1,347,012[r]**	**1,325,642[r]**	**1,350,100**	**1,321,721**	**1,344,241**	**1,325,271**	**1,371,007**
69 Residual (total assets minus total liabilities)[7]	98,297	99,305	98,931	98,790	99,411	99,929	100,161	100,432	100,641
MEMO									
70 Total loans and leases (gross) and investments adjusted[8]	1,161,519	1,158,701[r]	1,164,381[r]	1,158,473	1,165,780	1,159,950	1,169,288	1,171,141	1,178,618
71 Total loans and leases (gross) adjusted[8]	948,295	947,484[r]	952,718	948,761	954,498	948,778	955,106	954,933	963,899
72 Time deposits in amounts of $100,000 or more	215,403	214,981[r]	213,084[r]	213,872[r]	214,705	215,464	216,357	216,914	215,385
73 U.S. Treasury securities maturing in one year or less	21,202	20,931[r]	20,069[r]	18,652[r]	19,122	19,174	19,388	19,552	19,392
74 Loans sold outright to affiliates—total[9]	1,893	1,915	1,812	1,871	1,870	1,839	1,877	1,926	1,775
75 Commercial and industrial	1,605	1,623	1,514	1,573	1,575	1,544	1,555	1,618	1,466
76 Other	288	292	298	298	295	295	322	308	309
77 Nontransaction savings deposits (including MMDAs)	254,221	252,830[r]	249,759[r]	246,999[r]	246,320	245,696	246,665	245,452	246,395

1. Beginning Jan. 6, 1988, the "Large bank" reporting group was revised somewhat, eliminating some former reporters with less than $2 billion of assets and adding some new reporters with assets greater than $3 billion.
2. For adjustment bank data see this table in the March 1989 Bulletin. The adjustment data for 1988 should be added to the reported data for 1988 to establish comparability with data reported for 1989.
3. Includes U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages.
4. Includes securities purchased under agreements to resell.
5. Includes allocated transfer risk reserve.
6. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billionor more on Dec. 31, 1977, see table 1.13.
7. This is not a measure of equity capital for use in capital-adequacy analysis or for other analytic uses.
8. Exclusive of loans and federal funds transactions with domestic commercial banks.
9. 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.

1.28 ASSETS AND LIABILITIES OF LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY[1]

Millions of dollars, Wednesday figures

Account	1989 Apr. 5	Apr. 12	Apr. 19	Apr. 26	May 3	May 10	May 17	May 24	May 31
1 Cash balances due from depository institutions	22,066[r]	20,343	21,720	22,546	25,562	20,527	22,828	21,252	28,490
2 Total loans, leases and securities, net[2]	**216,668[r]**	**216,574[r]**	**217,197[r]**	**213,418**	**215,490**	**208,549**	**215,583**	**212,905**	**222,681**
Securities									
3 U.S. Treasury and government agency[3]	0	0	0	0	0	0	0	0	0
4 Trading account[3]	0	0	0	0	0	0	0	0	0
5 Investment account	15,419[r]	15,400[r]	15,265[r]	15,062	14,962	15,056	15,530	15,704	15,244
6 Mortgage-backed securities[4]	7,256[r]	7,246[r]	7,247[r]	7,227	7,240	7,242	7,257	7,263	7,237
All other maturing in									
7 One year or less	2,791	2,793	2,699	2,660	2,564	2,758	2,659	2,712	2,804
8 Over one through five years	3,514	3,504	3,497	3,496	3,488	3,371	3,900	4,029	3,500
9 Over five years	1,857	1,857	1,822	1,679	1,670	1,685	1,714	1,700	1,703
10 Other securities[3]	0	0	0	0	0	0	0	0	0
11 Trading account[3]	0	0	0	0	0	0	0	0	0
12 Investment account	17,466	17,572	17,329	17,454	17,436	17,549	17,589	17,710	17,777
13 States and political subdivisions, by maturity	11,954	12,089	12,081	12,052	12,018	12,042	12,001	11,997	11,990
14 One year or less	1,120	1,138	1,143	1,147	1,168	1,170	1,166	1,162	1,161
15 Over one year	10,834	10,951	10,937	10,905	10,850	10,872	10,835	10,835	10,828
16 Other bonds, corporate stocks, and securities	5,512	5,483	5,248	5,402	5,418	5,507	5,588	5,713	5,787
17 Other trading account assets[3]	0	0	0	0	0	0	0	0	0
Loans and leases									
18 Federal funds sold[5]	28,558[r]	29,246[r]	26,660	23,990	25,116	20,683	23,787	22,312	27,529
19 To commercial banks	11,705	10,426	10,982	11,056	13,184	10,006	12,567	9,039	13,687
20 To nonbank brokers and dealers in securities	11,246[r]	13,484[r]	11,441	8,587	7,873	7,440	7,504	8,614	9,708
21 To others	5,607	5,336	4,236	4,347	4,058	3,236	3,716	4,658	4,134
22 Other loans and leases, gross	169,810	168,864	172,492	171,480	172,527	169,905	173,337	171,859	176,814
23 Other loans, gross	164,007	163,034	166,643	165,641	166,693	164,070	167,591	166,120	171,076
24 Commercial and industrial	57,663	57,715	58,070	58,633	59,277	58,600	59,230	59,431	60,169
25 Bankers acceptances and commercial paper	315	385	297	382	325	355	303	355	422
26 All other	57,348	57,330	57,773	58,251	58,952	58,245	58,926	59,076	59,747
27 U.S. addressees	56,821	56,764	57,232	57,675	58,321	57,606	58,309	58,393	59,118
28 Non-U.S. addressees	527	567	541	576	631	639	617	683	629
29 Real estate loans	51,455	51,482	51,610	51,684	51,679	51,750	52,022	52,139	52,240
30 Revolving, home equity	3,357	3,372	3,395	3,422	3,441	3,449	3,461	3,469	3,479
31 All other	48,098	48,110	48,216	48,262	48,238	48,300	48,561	48,669	48,761
32 To individuals for personal expenditures	19,656[r]	19,650	19,790	19,863	19,368	19,368	19,331	19,366	19,347
33 To depository and financial institutions	16,619	16,901	17,867	17,372	17,509	17,402	18,463	17,953	20,126
34 Commercial banks in the United States	7,999	7,828	8,521	8,067	8,212	7,992	8,860	8,444	9,204
35 Banks in foreign countries	2,006	2,102	2,157	2,139	2,195	2,796	2,544	2,798	3,323
36 Nonbank depository and other financial institutions	6,614	6,971	7,189	7,166	7,102	6,614	7,059	6,711	7,598
37 For purchasing and carrying securities	5,912	5,384	6,785	5,875	6,395	5,271	5,660	5,033	6,165
38 To finance agricultural production	157	151	158	167	161	174	194	170	158
39 To states and political subdivisions	6,074	6,037	6,036	6,032	6,034	6,015	6,001	5,975	5,982
40 To foreign governments and official institutions	499	484	522	610	520	583	753	605	480
41 All other	5,971[r]	5,229	5,804	5,404	5,749	4,907	5,936	5,447	6,408
42 Lease financing receivables	5,803	5,830	5,849	5,840	5,834	5,835	5,746	5,739	5,737
43 LESS: Unearned income	1,602	1,607	1,620	1,623	1,610	1,634	1,648	1,656	1,641
44 Loan and lease reserve	12,983	12,901	12,929	12,944	12,940	13,010	13,013	13,024	13,041
45 Other loans and leases, net[6]	155,225	154,356	157,943	156,913	157,977	155,261	158,677	157,179	162,131
46 All other assets[7]	62,034[r]	59,857[r]	63,259[r]	58,065	59,369	59,792	61,784	58,636	57,284
47 Total assets	**300,768[r]**	**296,774[r]**	**302,175**	**294,029**	**300,421**	**288,868**	**300,195**	**292,793**	**308,455**
Deposits									
48 Demand deposits	53,590[r]	47,493[r]	51,844	49,596	50,670	47,475	50,746	46,512	58,706
49 Individuals, partnerships, and corporations	36,801[r]	33,806[r]	37,015	34,692	34,056	33,792	36,203	32,714	38,911
50 States and political subdivisions	617	464	510	505	1,379	550	487	493	625
51 U.S. government	1,062	693	1,280	1,176	1,215	504	227	670	478
52 Depository institutions in the United States	5,414	4,640	4,643	4,611	5,009	4,696	5,198	4,674	6,745
53 Banks in foreign countries	5,432	4,492	4,496	5,029	4,880	4,487	4,588	4,814	7,040
54 Foreign governments and official institutions	529	596	654	597	521	675	868	488	530
55 Certified and officers' checks	3,735	2,801	3,245	2,984	3,610	2,770	3,174	2,658	4,376
56 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	9,022	9,179	9,791	8,919	8,544	8,261	8,207	8,113	8,236
57 Nontransaction balances	114,114	112,866	112,546	112,789	112,910	112,666	113,069	113,557	113,778
58 Individuals, partnerships, and corporations	104,093	102,752	102,298	102,901	102,964	102,493	102,610	103,061	103,405
59 States and political subdivisions	7,763	7,910	7,967	7,644	7,673	7,921	8,155	8,178	8,095
60 U.S. government	24	27	29	28	24	25	29	28	29
61 Depository institutions in the United States	1,990	1,936	1,998	2,003	1,996	2,015	2,026	2,005	2,000
62 Foreign governments, official institutions, and banks	243	241	254	213	251	212	249	284	249
63 Liabilities for borrowed money	68,137[r]	69,710[r]	71,274	66,083	70,191	63,324	72,879	67,597	65,776
64 Borrowings from Federal Reserve Banks	0	0	3,675	0	0	0	0	0	0
65 Treasury tax-and-loan notes	1	357	5,561	6,531	6,202	6,201	6,082	5,726	5,381
66 All other liabilities for borrowed money[8]	68,136[r]	69,353[r]	62,038	59,552	63,990	57,123	66,798	61,871	60,395
67 Other liabilities and subordinated notes and debentures	27,973[r]	29,200[r]	28,459	28,620	29,935	28,669	26,686	28,482	33,420
68 Total liabilities	**272,836[r]**	**268,449[r]**	**273,914**	**266,007**	**272,249**	**260,395**	**271,587**	**264,261**	**279,916**
69 Residual (total assets minus total liabilities)[9]	27,932	28,325	28,261	28,022	28,172	28,472	28,608	28,532	28,539
MEMO									
70 Total loans and leases (gross) and investments adjusted[2,10]	211,549[r]	212,828[r]	212,242[r]	208,862	208,645	205,195	208,817	210,102	214,472
71 Total loans and leases (gross) adjusted[10]	178,664[r]	179,856[r]	179,648	176,347	176,247	172,590	175,698	176,688	181,452
72 Time deposits in amounts of $100,000 or more	42,908[r]	42,376[r]	42,561[r]	42,854[r]	42,681	42,571	43,144	43,199	43,084
73 U.S. Treasury securities maturing in one year or less	3,692	3,800	3,055	2,772	3,253	3,165	3,114	3,239	2,950

1. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.
2. Excludes trading account securities.
3. Not available due to confidentiality.
4. Includes U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages.
5. Includes securities purchased under agreements to resell.
6. Includes allocated transfer risk reserve.
7. Includes trading account securities.
8. Includes federal funds purchased and securities sold under agreements to repurchase.
9. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.
10. Exclusive of loans and federal funds transactions with domestic commercial banks.

1.30 LARGE WEEKLY REPORTING U.S. BRANCHES AND AGENCIES OF FOREIGN BANKS[1] Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1989								
	Apr. 5	Apr. 12	Apr. 19	Apr. 26	May 3	May 10	May 17	May 24	May 31
1 Cash and due from depository institutions	10,540	10,614	11,210	11,005	13,042	10,534	11,398	11,026	11,420
2 Total loans and securities	129,088	127,266	131,007	130,663	132,100	130,967	132,963	131,596	130,213
3 U.S. Treasury and government agency securities	8,092	8,137	8,890	8,473	9,006	8,591	8,580	8,687	8,863
4 Other securities	6,952r	6,632	6,212	6,213	6,190	6,184	6,200	6,042	6,137
5 Federal funds sold[2]	6,760	5,453	7,310	7,325	7,216	6,598	8,223	6,815	5,500
6 To commercial banks in the United States	5,728	4,146	5,759	5,863	6,061	5,448	6,737	5,582	4,489
7 To others	1,032	1,307	1,551	1,462	1,155	1,150	1,486	1,233	1,011
8 Other loans, gross	107,284r	107,044	108,595	108,652	109,688	109,594	109,960	110,052	109,713
9 Commercial and industrial	70,507	69,661	71,218	71,407	71,777	71,150	71,410	71,007	71,241
10 Bankers acceptances and commercial paper	1,683	1,543	1,698	1,594	1,773	1,858	1,794	1,761	1,648
11 All other	68,824	68,118	69,520	69,813	70,004	69,292	69,616	69,246	69,593
12 U.S. addressees	67,253	66,593	67,723	68,184	68,366	67,532	67,918	67,543	67,894
13 Non-U.S. addressees	1,571	1,525	1,797	1,629	1,638	1,760	1,698	1,703	1,699
14 Loans secured by real estate[3]	14,253r	14,593	14,365	14,512	14,581	14,770	14,814	14,728	14,691
15 To financial institutions	18,387	18,817	18,728	18,991	19,679	19,832	19,776	20,505	19,894
16 Commercial banks in the United States	13,398	14,013	13,687	13,967	14,600	14,876	15,122	15,564	14,492
17 Banks in foreign countries	1,389	1,302	1,396	1,547	1,612	1,555	1,434	1,611	1,944
18 Nonbank financial institutions	3,600	3,502	3,645	3,477	3,467	3,401	3,220	3,330	3,458
19 To foreign governments and official institutions	744	835	800	822	709	818	741	746	692
20 For purchasing and carrying securities	1,956	1,691	1,944	1,544	1,622	1,607	1,581	1,576	1,563
21 All other[3]	1,437	1,447	1,540	1,376	1,320	1,417	1,638	1,490	1,632
22 Other assets (claims on nonrelated parties)	30,672	31,532	31,306	31,596	32,266	32,488	32,368	32,351	32,669
23 Net due from related institutions	17,368	14,749	15,173	14,860	14,494	16,677	15,349	14,506	18,293
24 Total assets	187,670	184,163	188,697	188,124	191,903	190,667	192,078	189,480	192,596
25 Deposits or credit balances due to other than directly related institutions	47,684	47,774	48,275	48,668	48,340	48,262	48,279	48,246	48,523
26 Transaction accounts and credit balances[4]	3,308	3,398	3,301	4,005	3,344	3,198	3,329	3,421	3,609
27 Individuals, partnerships, and corporations	2,082	2,114	2,013	2,711	1,944	2,004	1,940	1,837	2,107
28 Other	1,226	1,284	1,288	1,294	1,400	1,194	1,389	1,584	1,502
29 Nontransaction accounts[5]	44,376	44,376	44,974	44,663	44,996	45,064	44,950	44,825	44,914
30 Individuals, partnerships, and corporations	37,370	37,595	38,229	37,979	38,160	38,104	37,980	37,700	37,852
31 Other	7,006	6,781	6,745	6,684	6,836	6,960	6,970	7,125	7,062
32 Borrowings from other than directly related institutions	84,883	79,769	85,717	77,834	82,064	83,826	83,056	83,517	83,596
33 Federal funds purchased[6]	41,775	35,238	39,636	32,094	35,819	37,062	36,398	38,489	38,550
34 From commercial banks in the United States	26,694	19,155	23,994	16,185	18,977	19,931	20,222	18,740	21,099
35 From others	15,081	16,083	15,642	15,909	16,842	17,131	16,176	19,749	17,451
36 Other liabilities for borrowed money	43,108	44,531	46,081	45,740	46,245	46,764	46,658	45,028	45,046
37 To commercial banks in the United States	27,956	29,492	30,353	30,225	31,212	31,695	31,198	29,833	29,517
38 To others	15,152	15,039	15,728	15,515	15,033	15,069	15,460	15,195	15,529
39 Other liabilities to nonrelated parties	31,158	31,885	32,279	33,188	33,479	33,773	33,581	33,196	33,782
40 Net due to related institutions	23,944	24,735	22,425	28,434	28,020	24,804	27,160	24,520	26,694
41 Total liabilities	187,670	184,163	188,697	188,124	191,903	190,667	192,078	189,480	192,596
MEMO									
42 Total loans (gross) and securities adjusted[7]	109,962	109,107	111,561	110,833	111,439	110,643	111,104	110,450	111,232
43 Total loans (gross) adjusted[7]	94,918r	94,338	96,459	96,147	96,243	95,868	96,324	95,721	96,232

1. Effective Jan. 4, 1989, the reporting panel includes a new group of large U.S. branches and agencies of foreign banks. Earlier data included 65 U.S. branches and agencies of foreign banks that included those branches and agencies with assets of $750 million or more on June 30, 1980, plus those branches and agencies that had reached the $750 million asset level on Dec. 31, 1984. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.
2. Includes securities purchased under agreements to resell.
3. Effective Jan. 4, 1989, loans secured by real estate are being reported as a separate component of Other loans, gross. Formerly, these loans were included in "All other", line 21.
4. Includes credit balances, demand deposits, and other checkable deposits.
5. Includes savings deposits, money market deposit accounts, and time deposits.
6. Includes securities sold under agreements to repurchase.
7. Exclusive of loans to and federal funds sold to commercial banks in the United States.

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

Billions of dollars, estimated daily-average balances, not seasonally adjusted

Type of holder	Commercial banks									
	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1987	1988				1989
					Dec.	Mar.	June	Sept.	Dec.	Mar.
1 **All holders—Individuals, partnerships, and corporations**	**293.5**	**302.7**	**321.0**	**363.6**	**343.5**	**328.6**	**346.5**	**337.8**	**354.7**	n.a.
2 Financial business	32.8	31.7	32.3	41.4	36.3	33.9	37.2	34.8	38.6	n.a.
3 Nonfinancial business	161.1	166.3	178.5	202.0	191.9	184.1	194.3	190.3	201.2	n.a.
4 Consumer	78.5	81.5	85.5	91.1	90.0	86.9	89.8	87.8	88.3	n.a.
5 Foreign	3.3	3.6	3.5	3.3	3.4	3.5	3.4	3.2	3.7	n.a.
6 Other	17.8	19.7	21.2	25.8	21.9	20.3	21.9	21.7	22.8	n.a.
	Weekly reporting banks									
	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1987	1988				1989
					Dec.	Mar.	June	Sept.	Dec.	Mar.
7 **All holders—Individuals, partnerships, and corporations**	**146.2**	**157.1**	**168.6**	**195.1**	**183.8**	**181.8**	**191.5**	**185.3**	**198.3**	**181.9**
8 Financial business	24.2	25.3	25.9	32.5	28.6	27.0	30.0	27.2	30.5	27.2
9 Nonfinancial business	79.8	87.1	94.5	106.4	100.0	98.2	103.1	101.5	108.7	98.6
10 Consumer	29.7	30.5	33.2	37.5	39.1	41.7	42.3	41.8	42.6	41.1
11 Foreign	3.1	3.4	3.1	3.3	3.3	3.4	3.4	3.1	3.6	3.3
12 Other	9.3	10.9	12.0	15.4	12.7	11.4	12.8	11.7	12.9	11.7

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. Figures may not add to totals because of rounding.

2. *Beginning in March 1984, these data reflect a change in the panel of weekly* reporting banks, and are not comparable to earlier data. Estimates in billions of dollars for December 1983 based on the new weekly reporting panel are: financial business, 24.4; nonfinancial business, 80.9; consumer, 30.1; foreign, 3.1; other 9.5.

3. *Beginning March 1985, financial business deposits and, by implication, total* gross demand deposits have been redefined to exclude demand deposits due to thrift institutions. Historical data have not been revised. The estimated volume of such deposits for December 1984 is $5.0 billion at all insured commercial banks and $3.0 billion at weekly reporting banks.

4. Historical data back to March 1985 have been revised to account for corrections of bank reporting errors. Historical data before March 1985 have not been revised, and may contain reporting errors. Data for all commercial banks for March 1985 were revised as follows (in billions of dollars): all holders, −.3; *financial business, −.8; nonfinancial business, −.4;* consumer, .9; foreign, .1; other, −.1. Data for weekly reporting banks for March 1985 were revised as follows (in billions of dollars): all holders, −.1; financial business, −.7; nonfinancial business, −.5; consumer, 1.1; foreign, .1; other, −.2.

5. Beginning March 1988, these data reflect a change in the panel of weekly *reporting banks, and are not comparable to earlier data. Estimates in billions of* dollars for December 1987 based on the new weekly reporting panel are: financial business, 29.4; nonfinancial business, 105.1; consumer, 41.1; foreign, 3.4; other, 13.1.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1984 Dec.	1985 Dec.	1986 Dec.	1987 Dec.	1988 Dec.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**237,586**	**298,779**	**329,991**	**357,129**	**455,017**	**443,531**	**455,017**	**471,066**	**487,771**	**492,821**	**494,292**
Financial companies[1]											
Dealer-placed paper[2]											
2 Total	56,485	78,443	101,072	101,958	159,947	157,042	159,947	162,884	173,944	172,950	170,549
3 Bank-related (not seasonally adjusted)[3]	2,035	1,602	2,265	1,428	1,248	995	1,248	n.a.	n.a.	n.a.	n.a.
Directly placed paper[4]											
4 Total	110,543	135,320	151,820	173,939	192,442	192,220	192,442	199,828	201,997	205,374	207,231
5 Bank-related (not seasonally adjusted)[3]	42,105	44,778	40,860	43,173	43,155	43,729	43,155	n.a.	n.a.	n.a.	n.a.
6 Nonfinancial companies[5]	70,558	85,016	77,099	81,232	102,628	94,269	102,628	108,354	111,830	114,497	116,512
	Bankers dollar acceptances (not seasonally adjusted)[6]										
7 **Total**	**78,364**	**68,413**	**64,974**	**70,565**	**66,631**	**65,961**	**66,631**	**62,212**	**62,812**	**62,458**	**64,357**
Holder											
8 Accepting banks	9,811	11,197	13,423	10,943	9,086	9,483	9,086	9,009	9,401	8,336	9,623
9 Own bills	8,621	9,471	11,707	9,464	8,022	8,768	8,022	7,927	8,497	7,642	8,107
10 Bills bought	1,191	1,726	1,716	1,479	1,064	715	1,064	1,082	904	693	1,516
Federal Reserve Banks											
11 Own account	0	0	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	671	937	1,317	965	1,493	1,393	1,493	1,596r	1,579	1,544	1,400
13 Others	67,881	56,279	50,234	58,658	56,052	55,086	56,052	51,608	51,832	52,579	53,334
Basis											
14 Imports into United States	17,845	15,147	14,670	16,483	14,984	14,959	14,984	14,917	15,588	14,755	15,234
15 Exports from United States	16,305	13,204	12,960	15,227	14,410	14,578	14,410	13,813	13,927	13,581	14,371
16 All other	44,214	40,062	37,344	38,855	37,237	36,424	37,237	33,482	33,297	34,122	34,752

1. Institutions engaged primarily in activities such as, but not limited to, commercial savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.
2. Includes all financial company paper sold by dealers in the open market.
3. Beginning January 1989, bank-related series have been discontinued.
4. As reported by financial companies that place their paper directly with investors.
5. Includes public utilities and firms engaged primarily in such activities as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.
6. Beginning January 1988, the number of respondents in the bankers acceptance survey were reduced from 155 to 111 institutions—those with $100 million or more in total acceptances. The new reporting group accounts for over 90 percent of total acceptances activity.

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

Percent per year

Date of change	Rate	Period	Average rate	Period	Average rate	Period	Average rate
1986—Mar. 7	9.00	1986	8.33	1987—Jan.	7.50	1988—Jan.	8.75
Apr. 21	8.50	1987	8.21	Feb.	7.50	Feb.	8.51
July 11	8.00	1988	9.32	Mar.	7.50	Mar.	8.50
Aug. 26	7.50			Apr.	7.75	Apr.	8.50
		1986—Jan.	9.50	May	8.14	May	8.84
1987—Apr. 1	7.75	Feb.	9.50	June	8.25	June	9.00
May 1	8.00	Mar.	9.10	July	8.25	July	9.29
15	8.25	Apr.	8.83	Aug.	8.25	Aug.	9.84
Sept. 4	8.75	May	8.50	Sept.	8.70	Sept.	10.00
Oct. 7	9.25	June	8.50	Oct.	9.07	Oct.	10.00
22	9.00	July	8.16	Nov.	8.78	Nov.	10.05
Nov. 5	8.75	Aug.	7.90	Dec.	8.75	Dec.	10.50
		Sept.	7.50				
1988—Feb. 2	8.50	Oct.	7.50			1989—Jan.	10.50
May 11	9.00	Nov.	7.50			Feb.	10.93
July 14	9.50	Dec.	7.50			Mar.	11.50
Aug. 11	10.00					Apr.	11.50
Nov. 28	10.50					May	11.50
						June	11.07
1989—Feb. 10	11.00						
24	11.50						
June 5	11.00						

NOTE. These data also appear in the Board's H.15 (519) and G.13 (415) releases. For address, see inside front cover.

1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1986	1987	1988	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989, week ending Apr. 28	May 5	May 12	May 19	May 26
MONEY MARKET RATES												
1 Federal funds[1,2,3]	6.80	6.66	7.57	9.36	9.85	9.84	9.81	9.86	9.88	9.86	9.75	9.74
2 Discount window borrowing[1,2,3]	6.32	5.66	6.20	6.59	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Commercial paper[4,5]												
3 1-month	6.61	6.74	7.58	9.29	9.88	9.77	9.58	9.72	9.70	9.66	9.50	9.47
4 3-month	6.49	6.82	7.66	9.37	9.95	9.81	9.47	9.72	9.69	9.59	9.37	9.29
5 6-month	6.39	6.85	7.68	9.35	9.97	9.78	9.29	9.65	9.59	9.46	9.16	9.06
Finance paper, directly placed[4,5]												
6 1-month	6.57	6.61	7.44	9.21	9.77	9.70	9.48	9.64	9.62	9.58	9.40	9.37
7 3-month	6.38	6.54	7.38	9.11	9.70	9.70	9.27	9.63	9.56	9.41	9.15	9.04
8 6-month	6.31	6.37	7.14	8.65	9.17	9.29	8.97	9.23	9.20	9.19	8.81	8.76
Bankers acceptances[5,6]												
9 3-month	6.38	6.75	7.56	9.27	9.83	9.68	9.35	9.60	9.57	9.45	9.26	9.18
10 6-month	6.28	6.78	7.60	9.26	9.87	9.63	9.15	9.50	9.43	9.27	9.03	8.95
Certificates of deposit, secondary market[7]												
11 1-month	6.61	6.75	7.59	9.33	9.91	9.81	9.61	9.75	9.76	9.69	9.52	9.49
12 3-month	6.51	6.87	7.73	9.51	10.09	9.94	9.59	9.84	9.83	9.72	9.49	9.41
13 6-month	6.50	7.01	7.91	9.71	10.40	10.13	9.60	9.96	9.89	9.75	9.48	9.38
14 Eurodollar deposits, 3-month[8]	6.71	7.06	7.85	9.61	10.18	10.04	9.66	9.98	9.89	9.85	9.64	9.46
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	5.97	5.78	6.67	8.53	8.82	8.65	8.43	8.53	8.54	8.43	8.30	8.41
16 6-month	6.02	6.03	6.91	8.55	8.85	8.65	8.41	8.59	8.52	8.42	8.33	8.39
17 1-year	6.07	6.33	7.13	8.55	8.82	8.64	8.31	8.52	8.47	8.36	8.23	8.21
Auction average[10]												
18 3-month	5.98	5.82	6.68	8.48	8.83	8.70	8.40	8.66	8.64	8.41	8.21	8.32
19 6-month	6.03	6.05	6.92	8.49	8.87	8.73	8.39	8.72	8.64	8.39	8.19	8.33
20 1-year	6.18	6.33	7.17	8.59	8.68	8.75	8.44	n.a.	n.a.	8.44	n.a.	n.a.
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	6.45	6.77	7.65	9.25	9.57	9.36	8.98	9.22	9.16	9.05	8.89	8.86
22 2-year	6.86	7.42	8.10	9.37	9.68	9.45	9.02	9.33	9.22	9.11	8.95	8.86
23 3-year	7.06	7.68	8.26	9.32	9.61	9.40	8.98	9.26	9.18	9.08	8.90	8.82
24 5-year	7.30	7.94	8.47	9.27	9.51	9.30	8.91	9.16	9.09	9.06	8.86	8.73
25 7-year	7.54	8.23	8.71	9.23	9.43	9.24	8.88	9.13	9.07	9.06	8.81	8.67
26 10-year	7.67	8.39	8.85	9.17	9.36	9.18	8.86	9.09	9.07	9.05	8.79	8.63
27 20-year	7.84	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28 30-year	7.78	8.59	8.96	9.01	9.17	9.03	8.83	8.95	8.97	9.02	8.80	8.63
Composite[13]												
29 Over 10 years (long-term)	8.14	8.64	8.98	9.16	9.33	9.18	8.95	9.10	9.11	9.14	8.90	8.74
State and local notes and bonds												
Moody's series[14]												
30 Aaa	6.95	7.14	7.36	7.23	7.40	7.37	7.22	7.28	7.28	7.25	7.21	7.13
31 Baa	7.76	8.17	7.83	7.59	7.78	7.82	7.66	7.80	7.75	7.70	7.62	7.58
32 *Bond Buyer* series[15]	7.32	7.63	7.68	7.44	7.59	7.49	7.25	7.40	7.36	7.36	7.18	7.11
Corporate bonds												
Seasoned issues[16]												
33 All industries	9.71	9.91	10.18	10.05	10.18	10.14	9.97	10.11	10.08	10.05	9.93	9.80
34 Aaa	9.02	9.38	9.71	9.64	9.80	9.79	9.59	9.75	9.73	9.69	9.54	9.41
35 Aa	9.47	9.68	n.a.	9.83	9.98	9.94	9.77	9.92	9.88	9.85	9.73	9.63
36 A	9.95	9.99	*10.24*	*10.13*	*10.26*	*10.20*	*10.01*	*10.16*	*10.14*	*10.08*	*9.98*	*9.85*
37 Baa	10.39	10.58	10.83	10.61	10.67	10.61	10.48	10.59	10.57	10.57	10.46	10.32
38 A-rated, recently offered utility bonds[17]	9.61	9.95	n.a.	10.25	10.37	10.33	n.a.	10.22	10.26	10.13	10.03	9.94
MEMO: Dividend/price ratio[18]												
39 Preferred stocks	8.76	8.37	9.23	9.31	9.43	9.50	9.32	9.48	9.46	9.39	9.32	9.19
40 Common stocks	3.48	3.08	3.64	3.59	3.68	3.59	3.52	3.56	3.56	3.60	3.49	3.48

1. *Weekly, monthly and annual 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 in 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. Averages (to maturity or call) for all outstanding bonds neither due nor callable in less than 10 years, including one very low yielding "flower" bond.
14. General obligations based on Thursday figures; Moody's Investors Service.
15. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.
16. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
17. 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.
18. 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.

NOTE. These data also appear in the Board's H.15 (519) and G.13 (415) releases. For address, see inside front cover.

1.36 STOCK MARKET Selected Statistics

Indicator	1986	1987	1988	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	136.00	161.70	149.91	151.47	156.36	152.67	155.35	160.40	165.08	169.73	169.38	175.55
2 Industrial	155.85	195.31	180.83	182.18	188.58	182.25	187.75	194.62	200.00	197.58	204.81	211.81
3 Transportation	119.87	140.39	134.01	136.27	141.83	137.51	144.06	153.09	162.66	153.85	164.32	169.05
4 Utility	71.36	74.29	72.22	71.83	74.19	79.28	74.81	75.87	77.84	87.16	79.69	84.21
5 Finance	147.19	146.48	127.41	133.15	136.09	130.05	128.83	132.26	137.19	146.14	143.26	146.82
6 Standard & Poor's Corporation (1941–43 = 10)[1]	236.34	286.83	n.a.	267.97	277.40	271.02[r]	281.28[r]	285.41[r]	294.01[r]	292.71[r]	302.25[r]	314.43
7 American Stock Exchange (Aug. 31, 1973 = 50)[2]	264.38	316.61	294.90	297.86	302.83	292.25	298.59	316.14	323.96	327.47	336.82	349.82
Volume of trading (thousands of shares)												
8 New York Stock Exchange	141,385	188,647	161,450	145,702	162,631	134,427	135,473	168,193	169,321	159,024	161,862	n.a.
9 American Stock Exchange	11,846	13,832	9,955	8,198	9,051	8,497	11,227	10,797	11,780	11,395	11,529	n.a.
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Margin credit at broker-dealers**[3]	**36,840**	**31,990**	**32,740**	**32,770**	**33,410**	**33,640**	**32,740**	**32,530**	**31,480**	**32,130**	**32,610**	**33,140**
Free credit balances at brokers[4]												
11 Margin-account[5]	4,880	4,750	5,660	4,725	5,065	4,920	5,660	5,790	5,605	5,345	5,450	5,250
12 Cash-account	19,000	15,640	16,595	14,175	14,880	15,185	16,595	15,705	16,195	16,045	16,125	15,965

Margin requirements (percent of market value and effective date)[6]

Indicator	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
13 Margin stocks	70	80	65	55	65	50
14 Convertible bonds	50	60	50	50	50	50
15 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.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. New series beginning June 1984.
6. These regulations, adopted by the Board of Governors pursuant to the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry "margin securities" (as defined in the regulations) when such credit is collateralized by securities. Margin requirements on securities other than options are the difference between the market value (100 percent) and the maximum loan value of collateral as prescribed by the Board. Regulation T was adopted effective Oct. 15, 1934; Regulation U, effective May 1, 1936; Regulation G, effective Mar. 11, 1968; and Regulation X, effective Nov. 1, 1971.

On Jan. 1, 1977, the Board of Governors for the first time established in Regulation T the initial margin required for writing options on securities, setting it at 30 percent of the current market-value of the stock underlying the option. On Sept. 30, 1985, the Board changed the required initial margin, allowing it to be the same as the option maintenance margin required by the appropriate exchange or self-regulatory organization; such maintenance margin rules must be approved by the Securities and Exchange Commission. Effective Jan. 31, 1986, the SEC approved new maintenance margin rules, permitting margins to be the price of the option plus 15 percent of the market value of the stock underlying the option.

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1986	1987	1988							1989		
			June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	FSLIC-insured institutions											
1 **Assets**	**1,163,851**	**1,250,855**	**1,289,979**	**1,299,373**	**1,311,668**	**1,323,840**	**1,332,828r**	**1,332,856r**	**1,350,708r**	**1,337,832r**	**1,339,548r**	**1,341,292**
2 Mortgages	697,451	721,593	736,893	743,083	751,421	754,389	760,852r	763,036r	764,602r	767,300r	767,270r	769,318
3 Mortgage-backed securities	158,193	201,828	207,744	208,509	210,573	211,195	211,844	212,679r	214,821	211,474r	212,589	215,504
4 Contra-assets to mortgage assets[1]	41,799	42,344	40,251	40,296	39,078	38,500	38,303r	37,738r	37,545r	37,430r	37,041r	37,975
5 Commercial loans	23,683	23,163	24,672	24,964	25,099	24,782	25,145	25,276	33,657r	33,077r	33,041r	32,935
6 Consumer loans	51,622	57,902	61,150	61,571	62,417	61,558	61,057	61,508	62,064	62,367r	62,372r	61,620
7 Contra-assets to nonmortgage loans[2]	3,041	3,467	3,513	3,389	3,118	3,074	2,931	2,960	3,062r	2,931r	3,015r	4,125
8 Cash and investment securities	164,844	169,717	177,533	178,459	175,793	183,178	184,777r	179,817r	186,155r	178,609r	177,947r	175,746
9 Other[3]	112,898	122,462	125,751	126,472	128,561	130,313	130,387r	131,237r	130,016r	125,366r	126,384r	127,270
10 **Liabilities and net worth**	**1,163,851**	**1,250,855**	**1,289,979**	**1,299,373**	**1,311,668**	**1,323,840**	**1,332,828r**	**1,332,856r**	**1,350,708r**	**1,337,832r**	**1,339,548r**	**1,341,292**
11 Savings capital	890,664	932,616	966,750	968,214r	968,294r	973,742	976,163	971,493	971,680r	963,815	957,347	956,358
12 Borrowed money	196,929	249,917	257,134	262,745	266,787	273,665	278,249r	281,041r	299,251r	299,341r	305,607	312,959
13 FHLBB	100,025	116,363	117,287	118,213	120,677	123,436	124,368	127,548	134,143	135,708	140,028	145,986
14 Other	96,904	133,554	139,847	144,532	146,110	150,229	153,881r	153,493r	165,108r	163,633r	165,579	166,973
15 Other	23,975	21,941	24,564	27,110	28,903	26,021	27,561r	29,181r	24,162r	29,776r	31,798	29,645
16 Net worth	52,282	46,382	41,531	41,304	47,684	50,412	50,855r	51,141r	55,615r	59,316r	59,323r	57,923
	FSLIC-insured federal savings banks											
17 **Assets**	**210,562**	**284,270**	**329,736**	**333,596**	**357,897**	**367,928**	**369,682r**	**374,931r**	**425,806r**	**423,840r**	**432,655**	**443,267**
18 Mortgages	113,638	161,926	190,647	193,150	204,351	207,952	207,207r	210,730r	227,858r	231,776r	235,075	241,268
19 Mortgage-backed securities	29,766	45,826	52,648	53,027	55,688	56,399	56,630r	57,815r	65,473r	62,730r	65,074	68,051
20 Contra-assets to mortgage assets[1]	n.a.	9,100	10,089	10,135	10,893	10,982	10,894r	10,899r	12,748r	12,519r	12,665	13,150
21 Commercial loans	n.a.	6,504	7,904	7,916	8,568	8,694	8,880r	9,040r	16,756r	16,271r	16,371	16,421
22 Consumer loans	13,180	17,696	21,142	21,449	22,526	22,420	22,421r	22,679r	24,242r	25,050r	25,986	26,148
23 Contra-assets to nonmortgage loans[2]	n.a.	678	738	699	734	785	789	803	897r	811r	853	934
24 Finance leases plus interest	n.a.	591	708	735	791	804	804r	831r	882r	905r	997	965
25 Cash and investment	n.a.	35,347	40,286	40,837	44,859	48,984	48,818r	48,028r	59,999,800r	57,445r	58,978	59,056
26 Other	19,034	24,069	27,230	27,316	32,740	34,442	29,178r	29,942r	35,378r	33,956r	34,427	36,352
27 **Liabilities and net worth**	**210,562**	**284,270**	**329,736**	**333,596**	**357,897**	**367,928**	**369,682r**	**374,931r**	**425,806r**	**423,840r**	**432,655**	**443,267**
28 Savings capital	157,872	203,196	236,759	239,590	256,223	261,862	262,922r	263,984	298,206r	298,530r	301,778	307,591
29 Borrowed money	37,329	60,716	69,356	70,015	75,859	80,674	80,779r	83,628	99,250r	98,259r	102,858	107,191
30 FHLBB	19,897	29,617	32,177	31,941	35,357	37,245	37,510	39,630	46,244r	46,466r	48,889	51,531
31 Other	17,432	31,099	37,179	38,074	40,502	43,429	43,269r	43,998	53,006r	51,793r	53,969	55,660
32 Other	4,263	5,324	6,639	7,051	8,052	7,374	7,667r	8,320r	8,086r	8,275r	8,888	8,651
33 Net worth	11,098	15,034	16,886	16,843	17,661	17,886	18,194r	18,882r	20,186r	21,621r	22,137	23,233
	Savings banks											
34 **Assets**	**236,866**	**259,643**	**249,927**	**252,875**	**253,453**	**255,510**	**257,127**	**258,537**	**261,361**	**254,319**	**254,165**	**255,226**
Loans												
35 Mortgage	118,323	138,494	138,148	139,844	141,316	143,626	145,398	146,501	147,597	144,998	145,426	145,174
36 Other	35,167	33,871	32,399	32,941	32,799	32,879	33,234	33,791	31,269	32,450	32,369	33,194
Securities												
37 U.S. government	14,209	13,510	11,597	11,563	11,353	11,182	10,896	10,804	11,457	10,485	10,315	10,318
38 Mortgage-backed securities	25,836	32,772	29,735	30,064	30,006	29,190	29,893	29,372	29,751	29,258	29,085	29,373
39 State and local government	2,185	2,003	1,849	1,840	1,901	1,878	1,872	1,887	1,848	1,835	1,829	1,814
40 Corporate and other	20,459	18,772	17,492	17,527	17,301	17,234	16,886	16,773	17,822	15,964	15,812	15,984
41 Cash	6,894	5,864	4,831	5,186	4,950	5,463	4,825	5,093	7,050	5,532	5,465	5,972
42 Other assets	13,793	14,357	13,876	13,910	13,827	14,058	14,123	14,316	14,567	13,797	13,864	13,397
43 **Liabilities**	**236,866**	**259,643**	**249,927**	**252,875**	**253,453**	**255,510**	**257,127**	**258,537**	**261,361**	**254,319**	**254,165**	**255,226**
44 Deposits	192,194	201,497	194,018	195,537	195,907	197,665	197,925	199,092	202,058	195,452	195,308	199,399
45 Regular[4]	186,345	196,037	188,571	189,993	190,716	192,228	192,663	194,095	196,407	190,378	190,422	194,276
46 Ordinary savings	37,717	41,959	40,179	40,124	39,738	39,618	39,375	39,482	39,750	38,221	38,049	38,070
47 Time	100,809	112,429	110,738	112,272	114,255	116,387	117,712	119,026	121,148	118,612	119,109	123,162
48 Other	5,849	5,460	5,447	5,544	5,191	5,427	5,262	4,997	5,651	5,074	4,886	7,206
49 Other liabilities	25,274	35,720	34,038	34,686	34,776	35,001	35,997	36,012	36,169	33,782	33,642	30,500
50 General reserve accounts	18,105	20,633	19,875	20,069	20,018	20,151	20,324	20,462	20,337	20,138	20,336	20,338

1.37—Continued

Account	1986	1987	1988 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1989 Jan.	Feb.	Mar.
	Credit unions[5]											
51 **Total assets/liabilities and capital**	**147,726**		**172,345**	**173,276**	**173,044**	**174,649**	**174,722**	**174,406**	**174,593**	**175,027**	**176,270**	**178,175**
52 Federal	95,483		112,573	113,068	112,686	113,383	113,474	113,717	114,566	114,909	115,543	117,555
53 State	52,243		59,772	60,208	60,358	61,266	61,248	61,135	60,027	60,118	60,727	60,620
54 Loans outstanding	86,137	n.a.	105,800	107,065	108,974	110,939	111,624	112,452	113,191	114,012	113,880	114,572
55 Federal	55,304		68,658	69,626	70,944	72,200	72,551	73,100	73,766	74,083	73,917	74,395
56 State	30,833		37,142	37,439	38,030	38,739	39,073	39,352	39,425	39,927	39,963	40,177
57 Savings	134,327		158,186	159,314	158,731	157,944	160,174	159,021	159,010	159,106	161,073	164,322
58 Federal	87,954		103,347	104,256	103,657	103,698	104,184	103,223	104,431	104,629	105,262	107,368
59 State	46,373		54,839	55,058	55,074	54,246	55,990	55,798	54,579	54,477	55,811	56,954
	Life insurance companies											
60 **Assets**	**937,551**	**1,044,459**	**1,105,546**	**1,113,547**	**1,121,337**	**1,131,179**	**1,139,490**	**1,144,854**	**1,157,140**	**1,167,184**	**1,173,325**	
Securities												
61 Government	84,640	84,426	87,160	88,218	88,362	87,588	88,883	89,510	88,167	88,747	88,168	
62 United States[6]	59,033	57,078	59,351	60,244	60,407	59,874	60,621	61,108	60,685	61,042	60,800	
63 State and local	11,659	10,681	11,114	11,102	11,190	11,054	11,069	11,189	11,126	11,036	10,736	
64 Foreign[7]	13,948	16,667	16,695	16,872	16,765	16,660	17,193	17,213	16,356	16,669	16,632	
65 Business	492,807	569,199	614,052	618,742	624,917	630,086	633,390	638,350	644,894	655,149	659,826	n.a.
66 Bonds	401,943	472,684	509,105	514,926	520,796	525,336	527,419	532,197	538,053	545,970	550,630	
67 Stocks	90,864	96,515	104,947	103,816	104,121	104,750	105,971	106,153	106,841	109,179	109,196	
68 Mortgages	193,842	203,545	220,870	221,990	233,438	225,627	227,342	229,234	232,639	233,334	233,827	
69 Real estate	31,615	34,172	35,545	35,737	35,920	35,892	36,892	36,673	37,972	38,112	38,690	
70 Policy loans	54,055	53,626	53,107	53,142	53,194	53,149	53,157	53,148	53,020	53,210	53,265	
71 Other assets	80,592	89,586	94,812	95,718	95,505	98,837	99,826	94,116	95,518	98,632	99,550	

1. Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to mortgage loans, contracts, and pass-through securities include loans in process, unearned discounts and deferred loan fees, valuation allowances for mortgages "held for sale," and specific reserves and other valuation allowances.
2. Contra-assets are credit-balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels. Contra-assets to nonmortgage loans include loans in process, unearned discounts and deferred loan fees, and specific reserves and valuation allowances.
3. Holding of stock in Federal Home Loan Bank and Finance leases plus interest are included in "Other" (line 9).
4. Excludes checking, club, and school accounts.
5. Data include all federally insured credit unions, both federal and state chartered, serving natural persons.
6. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
7. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE. *FSLIC-insured institutions:* Estimates by the FHLBB for all institutions insured by the FSLIC and based on the FHLBB thrift Financial Report.
FSLIC-insured federal savings banks: Estimates by the FHLBB for federal savings banks insured by the FSLIC and based on the FHLBB thrift Financial Report.
Savings banks: Estimates by the National Council of Savings Institutions for all savings banks in the United States and for FDIC-insured savings banks that have converted to federal savings banks.
Credit unions: Estimates by the National Credit Union Administration for federally chartered and federally insured state-chartered credit unions serving natural persons.
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."

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1986	Fiscal year 1987	Fiscal year 1988	Calendar year					
				1988	1989				
				Dec.	Jan.	Feb.	Mar.	Apr.	May
U.S. budget[1]									
1 Receipts, total	769,091	854,143	908,953	93,795	89,369	61,978	68,276	128,952	71,115
2 On-budget	568,862	640,741	667,462	74,682	65,250	38,473	44,677	99,679	49,493
3 Off-budget	200,228	213,402	241,491	19,114	24,119	23,505	23,598	29,273	21,622
4 Outlays, total	990,258	1,003,830	1,064,044	105,237	86,563	89,850	104,055	88,381r	96,581
5 On-budget	806,760	809,998	861,352	91,606	68,999	71,324	85,191	71,798r	77,851
6 Off-budget	183,498	193,832	202,691	13,632	17,564	18,526	18,864	16,582	18,730
7 Surplus, or deficit (−), total	−221,167	−149,687	−155,090	−11,442	2,806	−27,871	−35,779	40,572r	−25,466
8 On-budget	−237,898	−169,257	−193,890	−16,924	−3,749	−32,851	−40,513	27,881r	−28,358
9 Off-budget	16,731	19,570	38,800	5,482	6,555	4,979	4,735	12,691	2,891
Source of financing (total)									
10 Borrowing from the public	236,187	150,070	162,062	12,036	7,359	17,190	13,405	−1,291	10,214
11 Operating cash (decrease, or increase (−))	−14,324	−5,052	−7,963	−12,268	−8,135	17,009	10,154	−38,788	21,396
12 Other[2]	−696	4,669	991	11,674	−2,030	−6,328	12,221	−493r	−6,144
MEMO									
13 Treasury operating balance (level, end of period)	31,384	36,436	44,398	33,700	41,835	24,826	14,672	53,461r	32,065
14 Federal Reserve Banks	7,514	9,120	13,024	8,657	11,766	6,298	4,462	22,952	5,289
15 Tax and loan accounts	23,870	27,316	31,375	25,044	30,069	18,528	10,211	30,508	26,776

1. In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, all former off-budget entries are now presented on-budget. The Federal Financing Bank (FFB) activities are now shown as separate accounts under the agencies that use the FFB to finance their programs. The act has also moved two social security trust funds (Federal old-age survivors insurance and Federal disability insurance trust funds) off-budget.

2. Includes SDRs; reserve position on the U.S. quota in the IMF; loans to international monetary fund; other cash and monetary assets; 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* and the *Budget of the U.S. Government*.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS[1]

Millions of dollars

Source or type	Fiscal year 1987	Fiscal year 1988	Calendar year						
			1987		1988		1989		
			H1	H2	H1	H2	Mar.	Apr.	May
RECEIPTS									
1 **All sources**	**854,143**	**908,954**	**447,282**	**421,712**	**476,115**	**449,821**	**68,276**	**128,952**	**71,115**
2 Individual income taxes, net	392,557	401,181	205,157	192,575	207,659	200,299	17,769	68,533	25,336
3 Withheld	322,463	341,435	156,760	170,203	169,300	179,600	34,088	23,649	29,085
4 Presidential Election Campaign Fund	33	33	30	4	28	4	7	6	8
5 Nonwithheld	142,957	132,199	112,421	31,223	101,614	29,880	4,585	61,704	14,842
6 Refunds	72,896	72,487	64,052	8,853	63,283	9,187	20,912	16,826	18,599
Corporation income taxes									
7 Gross receipts	102,859	109,683	52,396	52,821	58,002	56,409	14,481	16,412	2,994
8 Refunds	18,933	15,487	10,881	7,119	8,706	7,384	1,980	1,723	1,068
9 Social insurance taxes and contributions, net	303,318	334,335	163,519	143,755	181,058	157,603	30,268	39,496	35,349
10 Employment taxes and contributions[2]	273,028	305,093	146,696	130,388	164,412	144,983	29,736	36,775	27,281
11 Self-employment taxes and contributions[3]	13,987	17,691	12,020	1,889	14,839	3,032	1,181	8,900	1,281
12 Unemployment insurance	25,575	24,584	14,514	10,977	14,363	10,359	118	2,375	7,661
13 Other net receipts[4]	4,715	4,659	2,310	2,390	2,284	2,262	414	346	407
14 Excise taxes	32,457	35,540	15,845	17,680	16,440	19,434	3,228	2,616	3,640
15 Customs deposits	15,085	16,198	7,494	7,993	7,913	8,535	1,476	1,263	1,466
16 Estate and gift taxes	7,493	7,594	3,818	3,610	3,863	4,054	723	1,146	793
17 Miscellaneous receipts[5]	19,307	19,909	10,299	10,399	9,950	10,873	2,312	1,209	2,605
OUTLAYS									
18 **All types**	***1,003,830***	***1,064,055***[r]	***503,267***	***532,839***	***513,210***	***553,217***[r]	***104,055***	***88,381***[r]	***96,581***
19 National defense	281,999	290,361	142,886	146,995	143,080	150,496	29,719	21,247	25,012
20 International affairs	11,649	10,471	4,374	4,487	7,150	2,636	1,762	1,366	1,398
21 General science, space, and technology	9,216	10,841	4,324	5,469	5,361	5,852	1,200	929	1,128
22 Energy	4,115	2,297	2,335	1,468	555	1,966	573	280	267
23 Natural resources and environment	13,363	14,606	6,175	7,590	6,776	8,330	1,268	951	1,396
24 Agriculture	26,606	17,210	11,824	14,640	7,872	7,725	965	2,364	1,470
25 Commerce and housing credit	6,182	18,808	4,893	3,852	5,951	20,274	841	1,334[r]	558
26 Transportation	26,222	27,272	12,113	14,096	12,700	14,922	2,109	1,746	2,668
27 Community and regional development	5,051	5,294	3,108	2,075	2,765	2,690	312	241	−25
28 Education, training, employment, and social services	29,724	31,938	14,182	15,592	15,451	16,152	2,967	2,859	3,039
29 Health	39,968	44,490	20,318	20,750	22,643	23,360	3,881	4,028	4,454
30 Social security and medicare	282,472	297,828	142,864	158,469	135,322	149,508[r]	27,778	25,877	27,067
31 Income security	123,250	129,332	62,248	61,201	65,555	64,978	14,458	11,612	12,106
32 Veterans benefits and services	26,782	29,428	12,264	14,956	13,241	15,797	3,766	1,251	2,809
33 Administration of justice	7,548	9,223	3,626	4,291	4,761	4,778	806	949	1,066
34 General government	5,948	7,658	3,344	3,560	4,337	5,137	743	156	872
35 General-purpose fiscal assistance	1,621	1,816	337	1,175	448	0	0	0	n.a.
36 Net interest[6]	138,570	151,748	70,110	71,933	76,098	78,317	13,931	14,076	14,605
37 Undistributed offsetting receipts[7]	−36,455	−36,967	−19,102	−17,684	−17,766	−18,771	−3,025	−2,887	−3,309

1. Functional details do not add to total outlays for calendar year data because revisions to monthly totals have not been distributed among functions. Fiscal year total for outlays does not correspond to calendar year data because revisions from the *Budget* have not been fully distributed across months.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Federal employee retirement contributions and civil service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
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.

SOURCES. U.S. Department of the Treasury, *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government*, and the U.S. Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 1990*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1987				1988				1989
	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31
1 **Federal debt outstanding**	**2,250.7**	**2,313.1**	**2,354.3**	**2,435.2**	**2,493.2**	**2,555.1**	**2,614.6**	**2,707.3**	**2,763.6**
2 Public debt securities	2,246.7	2,309.3	2,350.3	2,431.7	2,487.6	2,547.7	2,602.2	2,684.4	2,740.9
3 Held by public	1,839.3	1,871.1	1,893.1	1,954.1	1,996.7	2,013.4	2,051.7	2,095.2	2,133.4
4 Held by agencies	407.5	438.1	457.2	477.6	490.8	534.2	550.4	589.2	607.5
5 Agency securities	4.0	3.8	4.0	3.5	5.6	7.4	12.4	22.9	22.7
6 Held by public	2.9	2.8	3.0	2.7	5.1	7.0	12.2	22.6	22.3
7 Held by agencies	1.1	1.0	1.0	.8	.6	.5	.2	.3	.4
8 **Debt subject to statutory limit**	**2,232.4**	**2,295.0**	**2,336.0**	**2,417.4**	**2,472.6**	**2,532.2**	**2,586.9**	**2,669.1**	**2,725.6**
9 Public debt securities	2,231.1	2,293.7	2,334.7	2,416.3	2,472.1	2,532.1	2,586.7	2,668.9	2,725.5
10 Other debt[1]	1.3	1.3	1.3	1.1	.5	.1	.1	.2	.2
11 MEMO: Statutory debt limit	2,300.0	2,320.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0

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

SOURCES. *Treasury Bulletin* and *Monthly Statement of the Public Debt of the United States.*

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

Billions of dollars, end of period

Type and holder	1985	1986	1987	1988	1988			1989
					Q2	Q3	Q4	Q1
1 **Total gross public debt**	**1,945.9**	**2,214.8**	**2,431.7**	**2,684.4**	**2,547.7**	**2,602.2**	**2,684.4**	**2,740.9**
By type								
2 Interest-bearing debt	1,943.4	2,212.0	2,428.9	2,663.1	2,545.0	2,599.9	2,663.1	2,738.3
3 Marketable	1,437.7	1,619.0	1,724.7	1,821.3	1,769.9	1,802.9	1,821.3	1,871.7
4 Bills	399.9	426.7	389.5	414.0	382.3	398.5	414.0	417.0
5 Notes	812.5	927.5	1,037.9	1,083.6	1,072.7	1,089.6	1,083.6	1,121.4
6 Bonds	211.1	249.8	282.5	308.9	299.9	299.9	308.9	318.4
7 Nonmarketable[1]	505.7	593.1	704.2	841.8	775.1	797.0	841.8	866.6
8 State and local government series	87.5	110.5	139.3	151.5	146.9	147.6	151.5	154.4
9 Foreign issues[2]	7.5	4.7	4.0	6.6	5.7	6.3	6.6	6.7
10 Government	7.5	4.7	4.0	6.6	5.7	6.3	6.6	6.7
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	78.1	90.6	99.2	107.6	104.5	106.2	107.6	110.4
13 Government account series[3]	332.2	386.9	461.3	575.6	517.5	536.5	575.6	594.7
14 Non-interest-bearing debt	2.5	2.8	2.8	21.3	2.7	2.3	21.3	2.6
By holder[4]								
15 U.S. government agencies and trust funds	348.9	403.1	477.6	589.2	534.2	550.4	589.2	607.5
16 Federal Reserve Banks	181.3	211.3	222.6	238.4	227.6	229.2	238.4	228.6
17 Private investors	1,417.2	1,602.0	1,745.2	1,852.8	1,784.9	1,819.0	1,852.8	1,900.2
18 Commercial banks	198.2	203.5	201.2	195.0	202.5	203.0	195.0	n.a.
19 Money market funds	25.1	28.0	14.3	18.8	13.1	10.8	18.8	n.a.
20 Insurance companies	78.5	105.6	120.6	n.a.	132.2	135.0	n.a.	n.a.
21 Other companies	59.0	68.8	84.6	86.1	86.5	86.0	86.1	n.a.
22 State and local Treasurys	226.7	262.8	282.6	n.a.	286.3	287.0	n.a.	n.a.
Individuals								
23 Savings bonds	79.8	92.3	101.1	109.6	106.2	107.8	109.6	112.2
24 Other securities	75.0	70.5	72.3	77.8	73.9	76.7	77.8	n.a.
25 Foreign and international[5]	212.5	251.6	287.3	349.3	333.8	334.3	349.3	363.1
26 Other miscellaneous investors[6]	462.4	518.9	581.2	n.a.	552.6	583.1	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. Treasury agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. Treasury 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. Treasury deposit accounts, and federally-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[1]

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

	Item	1986	1987	1988	1989			1989					
					Mar.	Apr.^r	May	Apr. 26	May 3	May 10	May 17	May 24	May 31
	Immediate delivery[2]												
1	**U.S. Treasury securities**	**95,444**	**110,050**	**101,623**	**101,107**	**108,007**	**120,920**	**98,348^r**	**101,246**	**113,118**	**142,041**	**131,380**	**113,484**
	By maturity												
2	Bills	34,247	37,924	29,387	30,718	29,322	29,394	26,340^r	24,271	27,736	32,788	29,494	31,957
3	Other within 1 year	2,115	3,271	3,426	3,953	3,172	3,596	2,702	4,020	3,343	4,002	3,438	3,172
4	1–5 years	24,667	27,918	27,777	29,531	31,428	38,123	32,681	31,004	34,685	47,414	44,123	32,262
5	5–10 years	20,455	24,014	24,939	24,284	29,713	30,665	24,288	27,478	30,171	33,337	32,876	29,640
6	Over 10 years	13,961	16,923	16,093	12,621	14,373	19,141	12,337	14,473	17,183	24,500	21,449	16,453
	By type of customer												
7	U.S. government securities dealers	3,669	2,936	2,761	3,561	3,379	2,966	2,690	2,712	2,826	2,735	3,245	3,038
8	U.S. government securities brokers	49,558	61,539	59,844	59,914	64,438	72,398	59,023	61,477	67,586	85,826	79,524	66,100
9	All others[3]	42,217	45,575	39,019	37,632	40,191	45,556	36,634^r	37,058	42,705	53,480	48,610	44,346
10	Federal agency securities	16,747	18,084	15,903	15,417	17,225	16,311	15,130^r	16,605	15,416	21,067	13,990	15,115
11	Certificates of deposit	4,355	4,112	3,369	3,203	2,946	2,652	2,798	2,158	2,383	2,876	2,998	2,589
12	Bankers acceptances	3,272	2,965	2,316	2,112	2,562	2,113	2,490	2,579	1,875	2,312	2,005	2,177
13	Commercial paper	16,660	17,135	22,927	30,481	30,858	29,109	28,918	32,245	28,774	29,517	27,657	29,387
	Futures contracts[4]												
14	Treasury bills	3,311	3,233	2,627	3,139	2,788	2,501	2,269	2,121	2,337	2,975	2,529	2,726
15	Treasury coupons	7,175	8,963	9,695	9,087	8,655	10,282	7,111	8,521	8,868	11,999	12,358	9,471
16	Federal agency securities	16	5	1	0	0	0	0	0	0	0	0	0
	Forward transactions[5]												
17	U.S. Treasury securities	1,876	2,029	2,095	1,819	2,019	2,756	1,954	2,981	2,478	2,846	2,388	2,932
18	Federal agency securities	7,830	9,290	8,008	8,322	7,875	9,976	5,667^r	7,386	9,038	14,034	10,462	6,885

1. Transactions are market purchases and sales of securities as reported to the Federal Reserve Bank of New York by the U.S. government securities dealers on its published list of primary dealers.

Averages for transactions are based on the number of trading days in the period. The figures exclude allotments of, and exchanges for, new U.S. Treasury securities, redemptions of called or matured securities, purchases or sales of securities under repurchase agreement, reverse repurchase (resale), or similar contracts.

2. Data for immediate transactions do not include forward transactions.

3. 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.

4. 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.

5. 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 Treasury securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing[1]

Averages of daily figures, in millions of dollars

Item	1986	1987	1988	1989 Mar.	1989 Apr.[r]	1989 May	1989 May 3	1989 May 10	1989 May 17	1989 May 24	1989 May 31
						Positions					
Net immediate[2]											
1 **U.S. Treasury securities**	12,912	**−6,216**	**−22,765**	**−32,313**	**−22,587**	**−14,753**	**−20,700**	**−17,051**	**−12,794**	**−14,112**	**−10,986**
2 Bills	12,761	4,317	2,238	−2,056	1,445	1,171	−67	3,658	746	576	190
3 Other within 1 year	3,705	1,557	−2,236	−4,240	−963	−1,733	−1,612	−2,082	−2,465	−1,439	−768
4 1–5 years	9,146	649	−3,020	−7,631	−5,651	−2,110	−4,508	−4,109	−1,515	−1,921	1,253
5 5–10 years	−9,505	−6,564	−9,663	−8,724	−9,138	−6,056	−7,327	−6,617	−4,426	−6,636	−5,839
6 Over 10 years	−3,197	−6,174	−10,084	−9,661	−8,279	−6,025	−7,186	−7,901	−5,133	−4,693	−5,823
7 Federal agency securities	32,984	31,911	28,230	30,770	28,604	27,119	28,135	27,623	27,938	26,669	25,287
8 Certificates of deposit	10,485	8,188	7,300	7,121	6,170	5,775	5,712	5,463	5,613	5,888	6,301
9 Bankers acceptances	5,526	3,660	2,486	1,929	2,534	1,948	2,190	1,868	2,131	1,942	1,812
10 Commercial paper	8,089	7,496	6,152	6,734	9,158	8,600	9,526	7,634	8,341	9,107	9,328
Futures positions											
11 Treasury bills	−18,059	−3,373	−2,210	1,829	−5,134	−5,731	−4,938	−5,482	−5,704	−6,531	−5,711
12 Treasury coupons	3,473	5,988	6,224	2,925	878	−287	1,111	1,206	−706	−1,073	−1,840
13 Federal agency securities	−153	−95	0	0	0	0	0	0	0	0	0
Forward positions											
14 U.S. Treasury securities	−2,144	−1,211	346	−641	−1,317	−1,380	−415	−1,353	−1,780	−1,611	−982
15 Federal agency securities	−11,840	−18,817	−16,348	−15,662	−15,334	−16,746	−16,313	−16,265	−17,107	−16,820	−17,277
						Financing[3]					
Reverse repurchase agreements[4]											
16 Overnight and continuing	98,913	126,709	136,327	160,212	158,544	155,545	154,119	142,143	159,652	158,881	162,357
17 Term	108,607	148,288	177,477	226,855	226,378	229,085	237,053	244,629	221,675	230,710	214,547
Repurchase agreements[5]											
18 Overnight and continuing	141,823	170,763	172,695	204,454	206,914	202,363	196,594	183,937	201,920	205,841	221,214
19 Term	102,397	121,270	137,056	163,104	172,623	185,410	190,786	206,472	176,888	187,814	167,241

1. Data for dealer positions and sources of financing are obtained from reports submitted to the Federal Reserve Bank of New York by the U.S. Treasury securities dealers on its published list of primary dealers.

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 net amounts and are shown on a commitment basis. Data for financing are in terms of actual amounts borrowed or lent and are based on Wednesday figures.

2. 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. 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. Data for immediate positions do not include forward positions.

3. Figures cover financing involving U.S. Treasury and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper.

4. 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.

5. Includes both repurchase agreements undertaken to finance positions and "matched book" repurchase agreements.

NOTE. Data on positions for the period May 1 to Sept. 30, 1986, are partially estimated.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1984	1985	1986	1987	1988	1989			
					Dec.	Jan.	Feb.	Mar.	Apr.
1 **Federal and federally sponsored agencies**	**271,220**	**293,905**	**307,361**	**341,386**	**381,498**	**385,959**	**390,803**	**397,318**	n.a.
2 Federal agencies	35,145	36,390	36,958	37,981	35,668	35,727	35,768	36,348	36,402
3 Defense Department[1]	142	71	33	13	8	8	8	8	7
4 Export-Import Bank[2,3]	15,882	15,678	14,211	11,978	11,033	11,033	11,033	11,007	11,007
5 Federal Housing Administration[4]	133	115	138	183	150	143	165	172	182
6 Government National Mortgage Association participation certificates[5]	2,165	2,165	2,165	1,615	0	0	0	0	0
7 Postal Service[6]	1,337	1,940	3,104	6,103	6,142	6,142	6,142	6,742	6,742
8 Tennessee Valley Authority	15,435	16,347	17,222	18,089	18,335	18,401	18,420	18,419	18,464
9 United States Railway Association[6]	51	74	85	0	0	0	0	0	0
10 Federally sponsored agencies[7]	237,012	257,515	270,553	303,405	345,830	350,232	355,035	360,970	n.a.
11 Federal Home Loan Banks	65,085	74,447	88,752	115,725	135,834	139,804	144,343	149,950	154,146
12 Federal Home Loan Mortgage Corporation	10,270	11,926	13,589	17,645	22,797	22,874	21,320	23,392	22,676
13 Federal National Mortgage Association	83,720	93,896	93,563	97,057	105,459	104,843	105,201	104,666	104,675
14 Farm Credit Banks[8]	72,192	68,851	62,478	55,275	53,127	52,319	52,441	52,069	51,678
15 Student Loan Marketing Association[9]	5,745	8,395	12,171	16,503	22,073	23,852	25,190	23,753	n.a.
16 Financing Corporation[10]	n.a.	n.a.	n.a.	1,200	5,850	5,850	5,850	6,450	6,950
17 Farm Credit Financial Assistance Corporation[11]	n.a.	n.a.	n.a.	n.a.	690	690	690	690	846
MEMO									
18 **Federal Financing Bank debt[12]**	**145,217**	**153,373**	**157,510**	**152,417**	**142,850**	**142,447**	**142,123**	**141,864**	**141,102**
Lending to federal and federally sponsored agencies									
19 Export-Import Bank[3]	15,852	15,670	14,205	11,972	11,027	11,027	11,027	11,001	11,001
20 Postal Service[6]	1,087	1,690	2,854	5,853	5,892	5,892	5,892	6,492	6,492
21 Student Loan Marketing Association	5,000	5,000	4,970	4,940	4,910	4,910	4,910	4,910	4,910
22 Tennessee Valley Authority	13,710	14,622	15,797	16,709	16,955	17,021	17,040	17,039	17,084
23 United States Railway Association[6]	51	74	85	0	0	0	0	0	0
Other Lending[13]									
24 Farmers Home Administration	58,971	64,234	65,374	59,674	58,496	58,496	58,496	57,841	57,086
25 Rural Electrification Administration	20,693	20,654	21,680	21,191	19,246	19,225	19,245	19,195	19,230
26 Other	29,853	31,429	32,545	32,078	26,324	25,876	25,513	25,386	25,299

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. Some data are estimated.
8. Excludes borrowing by the Farm Credit Financial Assistance Corporation, shown in line 17.
9. Before late 1981, the Association obtained financing through the Federal Financing Bank (FFB). Borrowing excludes that obtained from the FFB, which is shown on line 21.
10. The Financing Corporation, established in August 1987 to recapitalize the Federal Savings and Loan Insurance Corporation, undertook its first borrowing in October 1987.
11. The Farm Credit Financial Assistance Corporation (established in January 1988 to provide assistance to the Farm Credit System) undertook its first borrowing in July 1988.
12. 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.
13. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1986	1987	1988	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.^{r}	1989 May
1 **All issues, new and refunding**[1]	**147,011**	**102,407**	**108,078**	**10,455**	**8,551**	**11,268**	**6,640**	**8,054**	**8,626**	**7,464**	**6,585**
Type of issue											
2 General obligation	46,346	30,589	29,662	2,058	2,368	2,491	1,784	3,955	2,185	2,301	2,043
3 Revenue	100,664	71,818	78,417	8,397	6,183	8,777	4,856	4,099	6,441	5,163	4,542
Type of issuer											
4 State	14,474	10,102	9,254	734	525	1,011	280	1,896	256	1,407	392
5 Special district and statutory authority[2]	89,997	65,460	69,447	7,283	5,550	7,690	4,882	3,832	5,962	4,238	4,439
6 Municipalities, counties, and townships	42,541	26,845	29,377	2,438	2,476	2,567	1,478	2,326	2,408	1,819	1,754
7 **Issues for new capital, total**	**83,492**	**56,789**	**75,064**	**6,965**	**5,830**	**8,738**	**4,141**	**5,222**	**6,486**	**6,061**	**5,458**
Use of proceeds											
8 Education	12,307	9,524	13,722	512	827	2,564	827	826	1,055	1,225	1,157
9 Transportation	7,246	3,677	6,974	559	237	636	344	382	445	743	661
10 Utilities and conservation	14,594	7,912	7,929	1,238	1,055	463	1,335	847	901	759	399
11 Social welfare	11,353	11,106	17,824	2,478	1,991	2,072	509	743	1,329	1,048	1,200
12 Industrial aid	6,190	7,474	6,276	393	294	1,010	293	250	253	374	356
13 Other purposes	31,802	18,020	22,339	1,785	1,426	1,993	834	2,174	2,503	1,912	1,685

1. Par amounts of long-term issues based on date of sale.
2. Includes school districts beginning 1986.

SOURCES. Securities Data/Bond Buyer Municipal Data Base beginning 1986. Public Securities Association for earlier data.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue or issuer, or use	1986	1987	1988^{r}	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.
1 **All issues**[1]	**423,726**	**392,156**	**408,790**	**23,933**	**21,818**	**24,531**	**12,389**	**17,369**	**14,269^{r}**	**26,230^{r}**	**14,488**
2 **Bonds**[2]	**355,293**	**325,648**	**350,988**	**20,928**	**19,031**	**21,096**	**10,338**	**14,208**	**11,734^{r}**	**25,308^{r}**	**13,500**
Type of offering											
3 Public, domestic	231,936	209,279	200,110	18,240	17,519	16,798	10,203	11,348	9,540^{r}	22,726^{r}	11,000
4 Private placement, domestic[3]	80,760	92,070	127,700	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	42,596	24,299	23,178	2,688	1,512	4,298	135	2,860	2,194^{r}	2,582^{r}	2,500
Industry group											
6 Manufacturing	91,548	61,666	69,669	3,750	3,552	2,890	1,485	1,660	1,319	7,455^{r}	1,400
7 Commercial and miscellaneous	40,124	49,327	61,836	1,035	764	3,260	748	2,047	1,097^{r}	883^{r}	783
8 Transportation	9,971	11,974	9,975	150	605	45	0	0	102	0	100
9 Public utility	31,426	23,004	19,318	856	1,346	672	264	635	640	153	1,650
10 Communication	16,659	7,340	5,901	1,064	100	289	158	0	230	63	450
11 Real estate and financial	165,564	172,343	184,286	14,072	12,664	13,940	7,683	9,867	8,346^{r}	16,753^{r}	9,117
12 **Stocks**[3]	**68,433**	**66,508**	**57,802**	**3,005**	**2,787**	**3,435**	**2,051**	**3,161**	**2,535^{r}**	**921**	**988**
Type											
13 Preferred	11,514	10,123	6,544	385	865	478	495	275	975	310	495
14 Common	50,316	43,225	35,911	2,620	1,922	2,957	1,556	2,886	1,560^{r}	611	493
15 Private placement[3]	6,603	13,157	15,346	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
16 Manufacturing	15,027	13,880	7,608	244	288	430	425	33	832	127	135
17 Commercial and miscellaneous	10,617	12,888	8,449	525	222	52	89	32	270	336	280
18 Transportation	2,427	2,439	1,535	5	25	20	0	220	0	53	169
19 Public utility	4,020	4,322	1,898	215	282	70	20	1,960	11	108^{r}	0
20 Communication	1,825	1,458	515	23	0	20	59	5	19	0	93
21 Real estate and financial	34,517	31,521	37,798	1,993	1,970	2,843	1,459	911	1,402	297	310

1. Figures which represent gross proceeds of issues maturing in more than one year, are principal amount or number of units multiplied by offering price. Excludes secondary offerings, employee stock plans, investment companies other than closed-end, intracorporate transactions, equities sold abroad, and Yankee bonds. Stock data include ownership securities issued by limited partnerships.
2. Monthly data include only public offerings.
3. Data are not available on a monthly basis. Before 1987, annual totals include underwritten issues only.

SOURCES. IDD Information Services, Inc., the Board of Governors of the Federal Reserve System, and before 1989, the U.S. Securities and Exchange Commission.

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1987	1988	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.[r]	1989 Apr.
INVESTMENT COMPANIES[1]										
1 **Sales of own shares[2]**	**381,260**	**271,237**	**19,872**	**20,494**	**20,327**	**25,780**	**29,014**	**22,741**	**23,149**	**25,496**
2 Redemptions of own shares[3]	314,252	267,451	21,330	19,362	20,599	25,976	24,494	22,252	24,135	26,183
3 Net sales	67,008	3,786	−1,458	1,132	−272	−196	4,520	489	−986	−687
4 **Assets[4]**	**453,842**	**472,297**	**474,662**	**481,571**	**470,660**	**472,297**	**487,204**	**482,697**	**483,067**	**497,329**
5 Cash position[5]	38,006	45,090	46,706	45,976	43,488	45,090	49,661	47,908	46,262	48,788
6 Other	415,836	427,207	427,956	435,595	427,172	427,207	437,543	434,789	436,805	448,541

1. Data on sales and redemptions exclude money market mutual funds but include limited maturity municipal bond funds. Data on asset positions exclude both money market mutual funds and limited maturity municipal bond 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.

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1986	1987	1988	1987 Q2	1987 Q3	1987 Q4	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1[r]
1 Corporate profits with inventory valuation and capital consumption adjustment	298.9	310.4	328.1	305.2	322.0	316.1	316.2	326.5	330.0	340.9	319.4
2 Profits before tax	236.4	276.7	306.4	273.7	289.4	281.9	286.2	305.9	313.9	320.6	320.2
3 Profits tax liability	106.6	133.8	142.6	132.6	140.0	136.2	136.9	143.2	144.8	146.1	147.6
4 Profits after tax	129.8	142.9	163.8	141.1	149.5	145.7	149.4	162.7	169.1	174.5	172.6
5 Dividends	88.2	95.5	104.5	94.0	97.0	99.3	101.3	103.1	105.7	108.0	111.1
6 Undistributed profits	41.6	47.4	59.2	47.0	52.4	46.4	48.1	59.6	63.4	66.4	61.5
7 Inventory valuation	8.3	−18.0	−23.8	−20.0	−19.5	−18.2	−19.4	−27.4	−29.3	−19.2	−34.1
8 Capital consumption adjustment	54.2	51.7	45.6	51.5	52.1	52.4	49.4	48.0	45.4	39.6	33.3

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

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry	1987	1988	1989[1]	1987 Q4	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1	1989 Q2[1]	1989 Q3[1]
1 **Total nonfarm business**	**389.67**	**429.67**	**468.78**	**417.25**	**422.75**	**429.01**	**440.42**	**445.73**	**465.51**	**467.50**	**478.79**
Manufacturing											
2 Durable goods industries	71.01	78.12	82.65	76.40	80.13	79.00	80.59	78.97	83.12	80.21	84.08
3 Nondurable goods industries	74.88	87.58	96.01	86.05	81.00	83.82	85.78	90.00	96.77	96.89	98.61
Nonmanufacturing											
4 Mining	11.39	12.67	11.79	11.74	12.26	12.87	12.74	11.97	11.89	13.08	12.21
Transportation											
5 Railroad	5.92	7.06	25.17	7.08	7.29	6.78	7.07	8.07	8.17	7.10	7.13
6 Air	6.53	7.25	8.04	7.03	7.72	7.44	9.31	6.84	10.15	8.60	10.94
7 Other	6.40	7.04	9.95	6.48	7.48	6.58	7.06	7.20	7.11	7.42	7.78
Public utilities											
8 Electric	31.63	31.90	33.09	33.32	31.59	32.55	33.79	33.54	32.70	35.71	34.39
9 Gas and other	13.25	14.60	16.47	12.84	14.56	13.81	14.26	15.25	16.92	15.71	15.79
10 Commercial and other[2]	168.65	183.44	203.60	176.29	180.72	186.15	189.82	193.87	198.70	202.79	207.86

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[1]

Billions of dollars, end of period

Account	1983	1984	1985	1986			1987			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	83.3	89.9	111.9	123.4	135.3	134.7	131.1	134.7	141.6	141.1
2 Business	113.4	137.8	157.5	166.8	159.7	173.4	181.4	188.1	188.3	207.6
3 Real estate	20.5	23.8	28.0	29.8	31.0	32.6	34.7	36.5	38.0	39.5
4 Total	217.3	251.5	297.4	320.0	326.0	340.6	347.2	359.3	367.9	388.2
Less:										
5 Reserves for unearned income	30.3	33.8	39.2	40.7	42.4	41.5	40.4	41.2	42.5	45.3
6 Reserves for losses	3.7	4.2	4.9	5.1	5.4	5.8	5.9	6.2	6.5	6.8
7 Accounts receivable, net	183.2	213.5	253.3	274.2	278.2	293.3	300.9	311.9	318.9	336.1
8 All other	34.4	35.7	45.3	49.5	60.0	58.6	59.0	57.7	64.5	58.2
9 **Total assets**	**217.6**	**249.2**	**298.6**	**323.7**	**338.2**	**351.9**	**359.9**	**369.6**	**383.4**	**394.3**
LIABILITIES										
10 Bank loans	18.3	20.0	18.0	16.3	16.8	18.6	17.2	17.3	15.9	16.4
11 Commercial paper	60.5	73.1	99.2	108.4	112.8	117.8	119.1	120.4	124.2	128.4
Debt										
12 Other short-term	11.1	12.9	12.7	15.8	16.4	17.5	21.8	24.8	26.9	28.0
13 Long-term	67.7	77.2	94.4	106.9	111.7	117.5	118.7	121.8	128.2	137.1
14 All other liabilities	31.2	34.5	41.5	40.9	45.0	44.1	46.5	49.1	48.6	52.8
15 Capital, surplus, and undivided profits	28.9	31.5	32.8	35.4	35.6	36.4	36.6	36.3	39.5	31.5
16 **Total liabilities and capital**	**217.6**	**249.2**	**298.6**	**323.7**	**338.2**	**351.9**	**359.9**	**369.6**	**383.4**	**394.3**

1. NOTE. Components may not add to totals because of rounding.

Data after 1987:4 are currently unavailable. It is anticipated that these data will be available later this year.

1.52 DOMESTIC FINANCE COMPANIES Business Credit Outstanding and Net Change[1]

Millions of dollars, seasonally adjusted

Type	1985	1986	1987	1988		1989			
				Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1 **Total**	**156,297**	**172,060**	**205,810**	**233,699**	**234,529**	**235,969**	**237,378**	**240,186**	**244,882**
Retail financing of installment sales									
2 Automotive	20,660	26,015	35,782	36,444	36,548	37,041	37,301	37,696	38,415
3 Equipment	22,483	23,112	25,170	28,214	28,298	28,429	28,385	28,207	28,790
4 Pools of securitized assets[2]	n.a.	n.a.	n.a.	n.a.	n.a.	724	682	855	817
Wholesale									
5 Automotive	23,988	23,010	30,507	32,201	33,300	33,664	34,386	33,528	34,383
6 Equipment	4,568	5,348	5,600	5,980	5,983	6,183	6,193	6,088	6,153
7 All other	6,809	7,033	8,342	9,037	9,341	9,493	9,569	9,682	9,852
8 Pools of securitized assets[2]	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0
Leasing									
9 Automotive	16,275	19,827	21,952	24,621	24,673	24,558	24,847	25,584	25,544
10 Equipment	34,768	38,179	43,335	56,973	57,455	58,354	58,045	59,484	60,246
11 Pools of securitized assets[2]	n.a.	n.a.	n.a.	n.a.	n.a.	721	699	756	733
12 Loans on commercial accounts receivable and factored commercial accounts receivable	15,765	15,978	18,078	19,407	17,796	16,688	17,404	17,794	18,677
13 All other business credit	10,981	13,557	17,043	20,822	21,134	20,114	19,867	20,512	21,272
	Net change								
14 **Total**	**19,607**	**15,763**	**33,750**	**2,396**	**829**	**−4**	**1,409**	**2,808**	**4,696**
Retail financing of installment sales									
15 Automotive	5,067	5,355	9,767	−235	105	493	260	394	720
16 Equipment	−363	629	2,058	371	84	131	−43	−178	583
17 Pools of securitized assets[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	−42	173	−38
Wholesale									
18 Automotive	5,423	−978	7,497	−15	1,099	364	722	−858	856
19 Equipment	−867	780	252	104	3	200	10	−105	65
20 All other	1,069	224	1,309	146	303	152	76	114	170
21 Pools of securitized assets[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0
Leasing									
22 Automotive	3,896	3,552	2,125	346	52	−115	289	736	−40
23 Equipment	2,685	3,411	5,156	699	482	−506	−310	1,439	762
24 Pools of securitized assets[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	−22	57	−23
25 Loans on commercial accounts receivable and factored commercial accounts receivable	2,161	213	2,100	480	−1,611	−1,108	716	390	883
26 All other business credit	536	2,576	3,486	501	312	385	−247	645	760

1. These data also appear in the Board's G.20 (422) release. For address, see inside front cover.

2. Data on pools of securitized assets are not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1986	1987	1988	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	118.1	137.0	150.0	155.3	150.0	165.2	153.7	159.7	169.2r	151.0
2 Amount of loan (thousands of dollars)	86.2	100.5	110.5	115.6	110.8	121.3	111.8	117.7	124.5r	111.5
3 Loan/price ratio (percent)	75.2	75.2	75.5	76.1	75.6	75.2	73.5	74.4	75.0r	75.2
4 Maturity (years)	26.6	27.8	28.0	28.4	28.3	28.8	28.3	27.7	28.4r	28.2
5 Fees and charges (percent of loan amount)[2]	2.48	2.26	2.19	2.28	2.08	1.90	2.14	2.11	1.70r	2.11
6 Contract rate (percent per year)	9.82	8.94	8.81	9.05	9.04	9.20	9.46	9.63	9.88r	9.82
Yield (percent per year)										
7 FHLBB series[3]	10.26	9.31	9.18	9.43	9.39	9.52	9.82	9.99	10.17r	10.18
8 HUD series[4]	10.07	10.17	10.30	10.37	10.67	10.55	10.75	10.93	10.84	10.43
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (HUD series)[5]	9.91	10.16	10.49	10.63	10.81	10.69	10.88	11.16	10.88	10.55
10 GNMA securities[6]	9.30	9.43	9.83	9.85	10.07	10.02	10.07	10.38	10.36	10.11
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	98,048	95,030	101,329	102,696	103,013	102,370	101,922	101,991	102,191	102,564
12 FHA/VA-insured	29,683	21,660	19,762	19,467	19,415	19,354	19,275	19,337	19,607	19,612
13 Conventional	68,365	73,370	81,567	83,228	83,598	83,016	82,647	82,654	82,584	82,952
Mortgage transactions (during period)										
14 Purchases	30,826	20,531	23,110	1,596	1,726	1,037	905	1,469	1,163	1,419
Mortgage commitments[7]										
15 Contracted (during period)	32,987	25,415	23,435	1,289	1,350	1,087	3,557	1,771	1,118	1,742
16 Outstanding (end of period)	3,386	4,886	2,148	2,740	2,148	2,081	4,520	4,807	4,661	4,789
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	13,517	12,802	15,105	15,419	17,425	18,378	18,473	18,714	n.a.	n.a.
18 FHA/VA	746	686	620	595	590	594	594	593	n.a.	n.a.
19 Conventional	12,771	12,116	14,485	14,824	16,834	17,785	17,880	16,135	n.a.	n.a.
Mortgage transactions (during period)										
20 Purchases	103,474	76,845	44,077	4,109	5,843	3,586	5,088	6,373	n.a.	n.a.
21 Sales	100,236	75,082	39,780	4,231	5,510	3,408	4,385	6,037	5,491	4,440
Mortgage commitments[9]										
22 Contracted (during period)	110,855	71,467	66,026	5,419	10,101	5,206	8,411	11,227	n.a.	n.a.

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. Based on transactions on first day of subsequent month. Large monthly movements in average yields may reflect market adjustments to changes in maximum permissable 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 averages of Friday figures from the *Wall Street Journal*.
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[1]

Millions of dollars, end of period

Type of holder, and type of property	1986	1987	1988	1987	1988			
				Q4	Q1	Q2	Q3	Q4
1 **All holders**	**2,597,175**	**2,943,222**	**3,200,411**	**2,943,222**	**2,984,027**	**3,058,006**	**3,132,353**	**3,200,411**
2 1- to 4-family	1,698,524	1,925,189	2,115,184	1,925,189	1,951,400	2,012,270	2,067,929	2,115,184
3 Multifamily	247,831	273,899	287,611	273,899	278,144	278,919	281,468	287,611
4 Commercial	555,039	655,266	711,093	655,266	666,461	679,037	695,774	711,093
5 Farm	95,781	88,868	86,523	88,868	88,022	87,780	87,182	86,523
6 Selected financial institutions	1,507,289	1,700,820	1,852,593	1,700,820	1,723,937	1,764,221	1,813,470	1,852,593
7 Commercial banks[2]	502,534	591,151	665,458	591,151	604,468	628,383	649,135	665,458
8 1- to 4-family	235,814	275,761	313,897	275,761	280,757	295,425	306,118	313,897
9 Multifamily	31,173	33,296	34,715	33,296	33,728	34,184	33,855	34,715
10 Commercial	222,799	267,663	301,236	267,663	275,360	283,598	293,772	301,236
11 Farm	12,748	14,431	15,610	14,431	14,623	15,176	15,390	15,610
12 Savings institutions[3]	777,312	856,945	908,355	856,945	863,245	872,450	895,230	908,355
13 1- to 4-family	558,412	598,886	648,275	598,886	603,516	615,795	636,794	648,275
14 Multifamily	97,059	106,359	108,319	106,359	107,722	106,367	106,377	108,319
15 Commercial	121,236	150,943	151,016	150,943	151,251	149,536	151,307	151,016
16 Farm	605	...	...	...	...	...	...	...
17 Life insurance companies	193,842	212,375	233,814	212,375	214,815	220,870	225,627	233,814
18 1- to 4-family	12,827	13,226	15,361	13,226	13,653	14,172	14,917	15,361
19 Multifamily	20,952	22,524	23,681	22,524	22,723	23,021	23,139	23,681
20 Commercial	149,111	166,722	185,592	166,722	168,774	174,086	178,166	185,592
21 Farm	10,952	9,903	9,180	9,903	9,665	9,591	9,405	9,180
22 Finance companies[4]	33,601	40,349	44,966	40,349	41,409	42,518	43,478	44,966
23 Federal and related agencies	203,800	192,721	198,549	192,721	196,909	199,474	198,027	198,549
24 Government National Mortgage Association	889	444	67	444	434	42	64	67
25 1- to 4-family	47	25	53	25	25	24	51	53
26 Multifamily	842	419	14	419	409	18	13	14
27 Farmers Home Administration[5]	48,421	43,051	42,018	43,051	43,076	42,767	41,836	42,018
28 1- to 4-family	21,625	18,169	18,347	18,169	18,185	18,248	18,268	18,347
29 Multifamily	7,608	8,044	8,513	8,044	8,115	8,213	8,349	8,513
30 Commercial	8,446	6,603	5,343	6,603	6,640	6,288	5,300	5,343
31 Farm	10,742	10,235	9,815	10,235	10,136	10,018	9,919	9,815
32 Federal Housing and Veterans Administration	5,047	5,574	5,975	5,574	5,660	5,673	5,666	5,975
33 1- to 4-family	2,386	2,557	2,649	2,557	2,608	2,564	2,432	2,649
34 Multifamily	2,661	3,017	3,326	3,017	3,052	3,109	3,234	3,326
35 Federal National Mortgage Association	97,895	96,649	103,013	96,649	99,787	102,368	102,453	103,013
36 1- to 4-family	90,718	89,666	95,833	89,666	92,828	95,404	95,417	95,833
37 Multifamily	7,177	6,983	7,180	6,983	6,959	6,964	7,036	7,180
38 Federal Land Banks	39,984	34,131	32,115	34,131	33,566	33,048	32,566	32,115
39 1- to 4-family	2,353	2,008	1,890	2,008	1,975	1,945	1,917	1,890
40 Farm	37,631	32,123	30,225	32,123	31,591	31,103	30,649	30,225
41 Federal Home Loan Mortgage Corporation	11,564	12,872	15,361	12,872	14,386	15,576	15,442	15,361
42 1- to 4-family	10,010	11,430	13,058	11,430	12,749	13,631	13,322	13,058
43 Multifamily	1,554	1,442	2,303	1,442	1,637	1,945	2,120	2,303
44 Mortgage pools or trusts[6]	565,428	718,297	809,448	718,297	732,071	754,045	782,802	809,448
45 Government National Mortgage Association	262,697	317,555	340,527	317,555	318,703	322,616	333,177	340,527
46 1- to 4-family	256,920	309,806	331,257	309,806	310,473	314,728	324,573	331,257
47 Multifamily	5,777	7,749	9,270	7,749	8,230	7,888	8,604	9,270
48 Federal Home Loan Mortgage Corporation	171,372	212,634	224,967	212,634	214,724	216,155	220,684	224,967
49 1- to 4-family	166,667	205,977	218,513	205,977	208,138	209,702	214,195	218,513
50 Multifamily	4,705	6,657	6,454	6,657	6,586	6,453	6,489	6,454
51 Federal National Mortgage Association	97,174	139,960	178,250	139,960	145,242	157,438	167,170	178,250
52 1- to 4-family	95,791	137,988	172,331	137,988	142,330	153,253	162,228	172,331
53 Multifamily	1,383	1,972	5,919	1,972	2,912	4,185	4,942	5,919
54 Farmers Home Administration[5]	348	245	104	245	172	106	106	104
55 1- to 4-family	142	121	26	121	65	23	27	26
56 Multifamily	...	...	...	...	...	...	...	...
57 Commercial	132	63	38	63	58	41	38	38
58 Farm	74	61	40	61	49	42	41	40
59 Individuals and others[7]	320,658	331,384	339,821	331,384	331,110	340,266	338,054	339,821
60 1- to 4-family	177,374	171,317	173,128	171,317	169,459	177,108	172,527	173,128
61 Multifamily	66,940	75,437	77,917	75,437	76,071	76,572	77,310	77,917
62 Commercial	53,315	63,272	67,868	63,272	64,378	65,488	67,191	67,868
63 Farm	23,029	21,358	20,908	21,358	21,202	21,098	21,026	20,908

1. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.
2. Includes loans held by nondeposit trust companies but not bank trust departments.
3. Includes savings banks and savings and loan associations. Beginning 1987:1, data reported by FSLIC-insured institutions include loans in process and other contra assets (credit balance accounts that must be subtracted from the corresponding gross asset categories to yield net asset levels).
4. Assumed to be entirely 1- to 4-family loans.
5. FmHA-guaranteed securities sold to the Federal Financing Bank were reallocated from FmHA mortgage pools to FmHA mortgage holdings in 1986:4, because of accounting changes by the Farmers Home Administration.
6. Outstanding principal balances of mortgage pools backing securities insured or guaranteed by the agency indicated. Includes private pools which are not shown as a separate line item.
7. 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 other U.S. agencies.

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

Millions of dollars

Holder, and type of credit	1987	1988	1988 Aug.	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.[r]	1989 Apr.
	Amounts outstanding (end of period)										
1 **Total**	**607,721**	**659,507**	**644,666**	**646,556**	**649,132**	**654,413**	**659,507**	**682,022**	**687,397**	**691,084**	**693,815**
By major holder											
2 Commercial banks	282,910	318,925	307,355	310,132	312,588	316,683	318,925	316,797	318,423	318,558	320,745
3 Finance companies[2]	140,281	145,180	143,992	143,019	143,012	143,488	145,180	141,796	143,419	143,070	144,378
4 Credit unions	80,087	86,118	84,647	84,900	85,338	85,740	86,118	87,093	87,813	88,412	89,135
5 Retailers[3]	40,975	43,498	42,121	42,349	42,614	42,910	43,498	40,986	41,052	41,300	41,301
6 Savings institutions	59,851	62,099	62,843	62,502	61,926	61,922	62,099	62,867	63,109	62,575	61,727
7 Gasoline companies	3,618	3,687	3,709	3,655	3,654	3,671	3,687	3,655	3,677	3,682	3,787
By major type of credit											
8 Automobile	265,976	281,174	279,585	279,243	278,902	279,926	281,174	286,382	288,768	288,755	289,507
9 Commercial banks	109,201	123,259	119,383	120,525	120,939	122,392	123,259	122,160	122,983	123,065	123,882
10 Credit unions	40,351	41,326	41,296	41,250	41,293	41,316	41,326	41,707	41,964	42,162	42,418
11 Finance companies	98,195	97,204	98,705	97,257	96,877	96,657	97,204	87,968	88,789	89,567	90,268
12 Savings institutions	18,228	19,385	20,201	20,211	19,793	19,561	19,385	19,506	19,464	19,182	18,807
13 Revolving	153,884	174,792	167,125	168,273	170,131	173,030	174,792	176,716	178,570	182,615	184,382
14 Commercial banks	99,119	117,572	111,516	112,691	114,180	116,593	117,572	111,133	111,706	112,499	114,056
15 Retailers	36,389	38,692	37,471	37,682	37,919	38,170	38,692	36,176	36,257	36,489	36,497
16 Gasoline companies	3,618	3,687	3,709	3,655	3,654	3,671	3,687	3,655	3,677	3,682	3,787
17 Savings institutions	10,367	10,151	9,809	9,614	9,724	9,923	10,151	10,479	10,722	10,832	10,884
18 Credit unions	4,391	4,691	4,621	4,632	4,653	4,673	4,691	4,785	4,866	4,941	5,024
19 Mobile home	26,387	25,744	26,277	26,185	26,033	26,005	25,744	26,036	25,992	24,143	23,964
20 Commercial banks	9,220	8,974	9,140	9,119	9,225	9,224	8,974	8,974	8,974	8,844	8,836
21 Finance companies	7,762	7,186	7,369	7,334	7,194	7,197	7,186	7,376	7,308	5,687	5,659
22 Savings institutions	9,406	9,583	9,768	9,732	9,614	9,584	9,583	9,687	9,710	9,613	9,468
23 Other	161,475	177,798	171,679	172,855	174,066	175,452	177,798	192,887	194,068	195,571	195,963
24 Commercial banks	65,370	69,120	67,316	67,798	68,244	68,474	69,120	74,532	74,760	74,151	73,971
25 Finance companies	34,324	40,790	37,918	38,428	38,941	39,633	40,790	46,453	47,322	47,816	48,451
26 Credit unions	35,344	40,102	38,730	39,018	39,392	39,752	40,102	40,601	40,983	41,309	41,694
27 Retailers	4,586	4,807	4,650	4,667	4,694	4,739	4,807	4,809	4,795	4,811	4,804
28 Savings institutions	21,850	22,981	23,065	22,945	22,794	22,854	22,981	23,196	23,214	22,947	22,568
	Net change (during period)										
29 **Total**	**35,674**	**51,786**	**5,459**	**1,890**	**2,576**	**5,281**	**5,094**	**22,514**	**5,375**	**3,687**	**2,731**
By major holder											
30 Commercial banks	19,884	36,015	5,072	2,777	2,457	4,094	2,242	−2,127	1,626	135	2,187
31 Finance companies[2]	6,349	4,899	−782	−973	−7	476	1,692	−3,383	1,622	−349	1,308
32 Credit unions	3,852	6,032	761	254	438	402	378	975	720	599	723
33 Retailers[3]	1,568	2,523	98	228	265	296	589	−2,513	67	247	2
34 Savings institutions	3,689	2,249	306	−341	−576	−4	178	768	242	−535	−848
35 Gasoline companies	331	69	4	−54	−1	17	15	−32	22	6	104
By major type of credit											
36 Automobile	18,663	15,198	1,926	−342	−341	1,024	1,248	5,208	2,386	−13	752
37 Commercial banks	7,919	14,058	2,531	1,142	414	1,453	868	−1,100	823	82	817
38 Credit unions	1,917	975	204	−46	42	23	10	381	257	198	256
39 Finance companies	5,639	−991	−1,026	−1,448	−380	−220	547	−9,236	821	778	701
40 Savings institutions	3,188	1,157	218	10	−418	−233	−176	121	−42	−282	−375
41 Revolving	16,871	20,908	1,782	1,148	1,858	2,899	1,762	1,924	1,854	4,046	1,766
42 Commercial banks	12,188	18,452	1,748	1,175	1,489	2,413	979	−6,439	573	793	1,557
43 Retailers	1,866	2,303	85	211	237	251	521	−2,515	81	232	8
44 Gasoline companies	331	69	4	−54	−1	17	15	−32	22	6	104
45 Savings institutions	1,771	−216	−94	−195	111	198	228	328	243	110	52
46 Credit unions	715	300	39	11	21	19	18	94	81	75	83
47 Mobile home	−968	−643	65	−93	−152	−27	−262	293	−44	−1,849	−179
48 Commercial banks	191	−245	43	−21	106	−1	−250	−1	1	−131	−7
49 Finance companies	−1,052	−576	−43	−35	−140	3	−11	189[r]	−68	−1,621	−28
50 Savings institutions	−108	177	64	−36	−118	−29	−1	104	23	−97	−145
51 Other	1,108	16,324	1,686	1,177	1,211	1,386	2,346	15,089	1,180	1,503	392
52 Commercial banks	−415	3,749	750	482	447	230	646	5,412	229	−609	−180
53 Finance companies	1,761	6,466	287	511	512	693	1,156	5,663	869	494	635
54 Credit unions	1,221	4,758	518	288	374	359	350	500	382	326	385
55 Retailers	−297	221	13	16	28	45	68	3	−14	16	−7
56 Savings institutions	−1,162	1,131	117	−120	−150	59	127	215	18	−266	−380

1. The Board's series cover most short- and intermediate-term credit extended to individuals that is scheduled to be repaid (or has the option of repayment) in two or more installments.

These data also appear in the Board's G.19 (421) release. For address, see inside front cover.

2. More detail for finance companies is available in the G. 20 statistical release.

3. Excludes 30-day charge credit held by travel and entertainment companies.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT[1]

Percent unless noted otherwise

Item	1986	1987	1988	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.
INTEREST RATES										
Commercial banks[2]										
1 48-month new car[3]	11.33	10.45	10.85	n.a.	11.22	n.a.	n.a.	11.76	n.a.	n.a.
2 24-month personal	14.82	14.22	14.68	n.a.	15.06	n.a.	n.a.	15.22	n.a.	n.a.
3 120-month mobile home[3]	13.99	13.38	13.54	n.a.	13.61	n.a.	n.a.	14.00	n.a.	n.a.
4 Credit card	18.26	17.92	17.78	n.a.	17.77	n.a.	n.a.	17.83	n.a.	n.a.
Auto finance companies										
5 New car	9.44	10.73	12.60	13.10	13.20	13.25	13.27	13.07	13.07	12.10
6 Used car	15.95	14.60	15.11	15.67	15.75	15.80	15.57	15.90	16.12	16.39
OTHER TERMS[4]										
Maturity (months)										
7 New car	50.0	53.5	56.2	56.3	56.2	56.3	56.2	55.7	55.4	53.4
8 Used car	42.6	45.2	46.7	46.3	46.2	46.0	47.8	47.4	47.1	47.8
Loan-to-value ratio										
9 New car	91	93	94	94	94	94	94	92	92	91
10 Used car	97	98	98	99	98	98	97	98	97	97
Amount financed (dollars)										
11 New car	10,665	11,203	11,663	11,845	11,975	12,068	11,956	11,819	11,867	11,886
12 Used car	6,555	7,420	7,824	7,944	7,991	8,022	8,006	8,022	7,958	7,855

1. These data also appear in the Board's G.19 (421) release. For address, see inside front cover.
2. Data for midmonth of quarter only.
3. Before 1983 the maturity for new car loans was 36 months, and for mobile home loans was 84 months.
4. At auto finance companies.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

	Transaction category, sector	1984	1985	1986	1987	1988	1987[r] Q3	1987[r] Q4	1988[r] Q1	1988[r] Q2	1988[r] Q3	1988[r] Q4	1989 Q1[r]
							Nonfinancial sectors						
1	**Total net borrowing by domestic nonfinancial sectors**	**750.8**	**846.3**	**837.5**	**689.0**	**741.4**	**659.8**	**780.3**	**723.9**	**710.4**	**767.8**	**763.7**	**742.6**
	By sector and instrument												
2	U.S. government	198.8	223.6	215.0	144.9	157.5	103.1	168.2	227.7	89.2	188.6	124.4	214.4
3	Treasury securities	199.0	223.7	214.7	143.4	140.0	104.0	163.2	228.2	81.5	167.7	82.8	215.6
4	Agency issues and mortgages	-.2	-.1	.4	1.5	17.4	-.9	5.0	-.5	7.7	20.9	41.6	-1.2
5	Private domestic nonfinancial sectors	552.0	622.7	622.5	544.0	584.0	556.6	612.2	496.2	621.2	579.3	639.3	528.2
6	Debt capital instruments	319.3	452.3	468.4	459.0	426.1	441.2	430.3	358.9	474.8	446.7	423.9	372.2
7	Tax-exempt obligations	50.4	136.4	30.8	34.5	33.1	32.7	33.5	22.8	30.6	41.4	37.5	19.7
8	Corporate bonds	46.1	73.8	121.3	99.9	97.2	100.7	81.6	101.4	117.9	90.3	79.1	82.1
9	Mortgages	222.8	242.2	316.3	324.5	295.8	307.8	315.3	234.6	326.3	315.0	307.3	270.3
10	Home mortgages	136.7	156.8	218.7	234.9	220.0	225.0	222.8	169.6	270.7	231.9	207.8	187.4
11	Multifamily residential	25.2	29.8	33.5	24.4	16.3	23.3	16.1	23.9	4.2	16.0	20.9	26.6
12	Commercial	62.2	62.2	73.6	71.6	61.6	64.3	78.3	47.3	52.7	69.4	77.1	61.5
13	Farm	-1.2	-6.6	-9.5	-6.4	-2.1	-4.7	-1.9	-6.1	-1.4	-2.4	1.5	-5.2
14	Other debt instruments	232.7	170.3	154.1	85.1	157.9	115.4	181.8	137.3	146.4	132.5	215.4	156.1
15	Consumer credit	81.6	82.5	58.0	32.9	51.1	54.0	56.5	38.6	57.5	31.8	76.3	34.9
16	Bank loans n.e.c.	67.1	38.6	65.0	10.8	47.5	21.7	75.2	34.7	72.4	10.7	72.1	38.3
17	Open market paper	21.7	14.6	-9.3	2.3	11.6	1.0	3.9	-3.8	4.0	11.1	35.1	34.4
18	Other	62.2	34.6	40.5	39.1	47.7	38.7	46.2	67.8	12.5	78.9	31.9	48.4
19	By borrowing sector	552.0	622.7	622.5	544.0	584.0	556.6	612.2	496.2	621.2	579.3	639.3	528.2
20	State and local governments	27.4	91.8	44.3	34.0	32.0	34.8	32.9	17.5	27.6	43.5	39.4	26.0
21	Households	231.5	283.6	289.2	267.8	276.5	287.3	277.8	212.6	330.6	282.9	279.8	251.7
22	Nonfinancial business	293.1	247.3	288.9	242.2	275.5	234.5	301.5	266.0	262.9	252.9	320.1	250.5
23	Farm	-.4	-14.5	-16.3	-10.6	-4.0	-9.4	3.3	-15.7	-3.4	-2.6	5.5	-2.7
24	Nonfarm noncorporate	123.2	129.3	103.2	107.9	85.3	97.4	116.0	86.3	72.3	96.0	86.7	78.5
25	Corporate	170.3	132.4	202.0	144.9	194.2	146.6	182.1	195.5	194.0	159.5	227.8	174.6
26	Foreign net borrowing in United States	8.4	1.2	9.6	4.3	5.9	12.3	13.9	-1.0	5.2	4.4	15.0	-7.9
27	Bonds	3.8	3.8	3.0	6.8	6.7	6.7	21.6	16.8	-2.7	6.5	6.3	9.5
28	Bank loans n.e.c.	-6.6	-2.8	-1.0	-3.6	-1.8	-3.7	-6.1	.7	-3.5	2.9	-7.4	1.5
29	Open market paper	6.2	6.2	11.5	2.1	9.6	21.6	-2.5	1.5	6.4	10.7	20.0	11.6
30	U.S. government loans	5.0	-5.9	-3.9	-1.0	-8.6	-12.3	.8	-19.9	5.1	-15.8	-3.9	-30.4
31	**Total domestic plus foreign**	**759.2**	**847.5**	**847.1**	**693.3**	**747.3**	**672.0**	**794.2**	**722.9**	**715.6**	**772.2**	**778.6**	**734.7**
							Financial sectors						
32	**Total net borrowing by financial sectors**	**148.7**	**198.3**	**307.0**	**303.3**	**254.9**	**306.4**	**250.2**	**193.3**	**263.3**	**227.2**	**335.7**	**358.1**
	By instrument												
33	U.S. government related	74.9	101.5	187.9	185.8	137.5	185.5	167.5	120.3	101.8	150.6	177.2	205.7
34	Sponsored credit agency securities	30.4	20.6	15.2	30.2	44.9	32.0	71.6	56.8	9.4	42.8	70.5	81.7
35	Mortgage pool securities	44.4	79.9	173.1	156.4	92.6	153.5	95.9	63.4	92.4	107.8	106.7	124.0
36	Loans from U.S. government	....	1.1	-.4	-.7	....	....	....	....	....	....	....	....
37	Private financial sectors	73.8	96.7	119.1	117.5	117.4	120.8	82.7	73.1	161.5	76.6	158.5	152.4
38	Corporate bonds	33.0	47.9	70.9	67.2	50.7	77.7	42.4	70.1	60.5	32.5	39.7	31.0
39	Mortgages	.4	.1	.1	.4	-.1	.2	.8	-.1	*	*	-.2	.1
40	Bank loans n.e.c.	.7	2.6	4.0	-3.3	-6.6	6.3	-10.7	-26.8	8.7	-8.6	.6	-4.6
41	Open market paper	24.1	32.0	24.2	28.8	53.6	14.3	5.4	24.6	82.2	26.1	81.7	61.6
42	Loans from Federal Home Loan Banks	15.7	14.2	19.8	24.4	19.7	22.2	44.9	5.4	10.1	26.6	36.8	64.4
	By sector												
43	**Total**	148.7	198.3	307.0	303.3	254.9	306.4	250.2	193.3	263.3	227.2	335.7	358.1
44	Sponsored credit agencies	30.4	21.7	14.9	29.5	44.9	32.0	71.6	56.8	9.4	42.8	70.5	81.7
45	Mortgage pools	44.4	79.9	173.1	156.4	92.6	153.5	95.9	63.4	92.4	107.8	106.7	124.0
46	Private financial sectors	73.8	96.7	119.1	117.5	117.4	120.8	82.7	73.1	161.5	76.6	158.5	152.4
47	Commercial banks	7.3	-4.9	-3.6	7.1	-3.9	-13.1	15.0	-22.4	6.2	-8.3	8.9	1.8
48	Bank affiliates	15.6	14.5	4.6	2.9	1.4	11.3	-22.6	-8.5	11.4	7.6	-4.9	8.8
49	Savings and loan associations	22.7	22.3	29.8	34.9	37.8	43.4	48.7	8.6	17.1	54.4	71.0	72.7
50	Finance companies	18.2	52.7	48.4	32.7	47.8	34.0	33.4	51.4	93.7	1.2	45.1	53.6
51	REITs	.8	.5	1.0	.8	1.7	2.5	2.2	1.0	1.7	-1.4	5.8	.8
52	CMO Issuers	9.3	11.5	39.0	39.1	32.5	42.7	6.0	43.0	31.5	23.1	32.5	14.7

1.57—Continued

Transaction category, sector	1984	1985	1986	1987	1988^r	1987		1988				1989
						Q3	Q4	Q1	Q2	Q3^r	Q4^r	Q1
	All sectors											
53 **Total net borrowing**	**907.9**	**1,045.7**	**1,154.1^r**	**996.6^r**	**1,002.2**	**978.4^r**	**1,044.4^r**	**916.2^r**	**978.9^r**	**999.4**	**1,114.4**	**1,092.8**
54 U.S. government securities	273.8	324.2	403.4^r	331.5	294.9	288.6	335.7	347.9	191.0	339.2	301.6	420.1
55 State and local obligations	50.4	136.4	30.8	34.5	33.1	32.7	33.5	22.8^r	30.6^r	41.4	37.5	19.7
56 Corporate and foreign bonds	83.0	125.4	195.2	174.0	154.6	185.1	145.6	188.2^r	175.8^r	129.4	125.1	122.7
57 Mortgages	223.1	242.2	316.4^r	324.9^r	295.7	308.0^r	316.1^r	234.5^r	326.3^r	315.0	307.1	270.4
58 Consumer credit	81.6	82.5	58.0^r	32.9^r	51.1	54.0^r	56.5^r	38.6^r	57.5^r	31.8	76.3	34.9
59 Bank loans n.e.c.	61.1	38.3	67.9^r	3.8^r	39.1	24.3^r	58.4^r	8.6^r	77.6^r	5.0	65.3	35.1
60 Open market paper	52.0	52.8	26.4	33.2	74.9	36.9	6.7	22.3	92.5	48.0	136.8	107.6
61 Other loans	82.9	44.0	56.1	61.8^r	58.8	48.7	91.9^r	53.3^r	27.7^r	89.7	64.7	82.4
62 MEMO: U.S. government, cash balance	6.3	14.4	*	−7.9	10.4	−19.6	−54.7	60.9	3.3	16.2	−38.8	−4.3
Totals net of changes in U.S. government cash balances												
63 Net borrowing by domestic nonfinancial	744.5	831.9	837.5^r	696.9^r	731.1	679.4^r	835.0^r	663.0^r	707.1^r	751.7	802.5	747.0
64 Net borrowing by U.S. government	192.5	209.3	215.0	152.8	147.1	122.7	222.8	166.8	86.0	172.4	163.2	218.7
	External corporate equity funds raised in United States											
65 **Total net share issues**	**−36.0**	**20.1**	**93.9**	**13.5**	**−115.0**	**−47.1**	**−82.7**	**−75.6**	**−131.1**	**−84.1**	**−169.1**	**−143.1**
66 Mutual funds	29.3	84.4	161.8	72.3	−.4	13.8	−9.1	5.0	−8.0	0.3	1.1	19.1
67 All other	−65.3	−64.3	−68.0	−58.8	−114.5	−60.9	−73.6	−80.5	−123.1	−84.4	−170.2	−162.2
68 Nonfinancial corporations	−74.5	−81.5	−80.7^r	−76.5	−130.5	−78.0	−88.0	−95.0	−140.0	−92.0	−195.0	−180.0
69 Financial corporations	8.2	13.5	11.5	20.1	15.2	18.4	26.4	15.2	23.4	6.4	15.9	13.7
70 Foreign shares purchased in United States	.9	3.7	1.3	−2.4	.7	−1.3	−12.0	−.7	−6.5	1.2	9.0	4.1

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; quarterly data are at seasonally adjusted annual rates.

Transaction category, or sector	1984	1985	1986	1987	1988	1987[r]		1988[r]				1989
						Q3	Q4	Q1	Q2	Q3	Q4	Q1
1 Total funds advanced in credit markets to domestic nonfinancial sectors	**750.8**	**846.3**	**837.5**	**689.0**	**741.4**	**659.8**	**780.3**	**723.9**	**710.4**	**767.8**	**763.7**	**742.6**
By public agencies and foreign												
2 Total net advances	157.6	193.1	314.0	256.7	239.1	211.1	265.4	262.5	166.1	222.5	305.1	336.2
3 U.S. government securities	38.9	37.9	69.4	68.2	84.8	35.1	123.3	148.6	42.4	25.8	122.3	87.6
4 Residential mortgages	56.5	94.6	170.1	153.2	104.0	146.0	102.7	83.6	106.7	108.3	117.5	126.2
5 FHLB advances to savings and loans	15.7	14.2	19.8	24.4	19.7	22.2	44.9	5.4	10.1	26.6	36.8	64.4
6 Other loans and securities	46.6	46.3	54.6	10.9	30.5	7.8	−5.5	24.9	6.8	61.9	28.4	58.1
Total advanced, by sector												
7 U.S. government	17.1	16.8	9.7	−11.9	−7.3	−24.1	−2.6	−8.8	−20.3	9.4	−9.5	7.3
8 Sponsored credit agencies	74.3	95.5	187.2	181.4	131.2	187.0	156.6	103.1	103.4	138.9	179.2	216.0
9 Monetary authorities	8.4	18.4	19.4	24.7	10.5	29.0	30.4	−5.5	4.1	17.1	26.5	−4.9
10 Foreign	57.9	62.3	97.8	62.5	104.7	19.1	81.0	173.7	78.9	57.2	108.9	117.8
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	74.9	101.5	187.9	185.8	137.5	185.5	167.5	120.3	101.8	150.6	177.2	205.7
12 Foreign	8.4	1.2	9.6	4.3	5.9	12.3	13.9	−1.0	5.2	4.4	15.0	−7.9
Private domestic funds advanced												
13 Total net advances	676.4	756.0	721.0	622.5	645.7	646.4	696.3	580.6	651.3	700.3	650.8	604.2
14 U.S. government securities	234.9	286.2	333.9	263.3	210.2	253.5	212.4	199.3	148.6	313.4	179.3	332.5
15 State and local obligations	50.4	136.4	30.8	34.5	33.1	32.7	33.5	22.8	30.6	41.4	37.5	19.7
16 Corporate and foreign bonds	35.1	40.8	84.1	86.5	81.0	83.7	102.9	115.7	90.2	65.1	53.0	54.6
17 Residential mortgages	105.3	91.8	82.0	106.1	132.2	102.3	136.2	109.9	168.2	139.7	111.1	87.9
18 Other mortgages and loans	266.3	214.9	210.0	156.5	209.0	196.4	256.3	138.3	223.8	167.3	306.6	173.8
19 LESS: Federal Home Loan Bank advances	15.7	14.2	19.8	24.4	19.7	22.2	44.9	5.4	10.1	26.6	36.8	64.4
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	581.0	569.8	747.0	566.6	587.6	643.7	553.8	658.1	593.3	473.2	626.0	586.9
21 Commercial banking	168.9	186.3	194.8	136.7	156.0	151.4	253.1	56.8	213.8	141.3	212.2	96.8
22 Savings institutions	150.2	83.0	106.2	141.7	121.1	191.5	155.6	85.3	92.9	186.3	119.9	80.6
23 Insurance and pension funds	121.8	148.9	181.9	211.9	222.2	247.5	154.3	279.3	228.9	173.9	206.8	259.1
24 Other finance	140.1	151.6	264.2	76.3	88.3	53.3	−9.2	236.7	57.8	−28.4	87.2	150.3
25 Sources of funds	581.0	569.8	747.0	566.6	587.6	643.7	553.8	658.1	593.3	473.2	626.0	586.9
26 Private domestic deposits and RPs	321.9	210.6	264.7	145.6	198.4	193.9	265.6	283.6	135.1	167.3	207.5	127.3
27 Credit market borrowing	73.8	96.7	119.1	117.5	117.4	120.8	82.7	73.1	161.5	76.6	158.5	152.4
28 Other sources	185.3	262.5	363.2	303.5	271.8	329.0	205.5	301.3	296.7	229.2	260.0	307.2
29 Foreign funds	8.8	19.7	12.9	43.7	9.2	99.5	25.2	−80.1	106.6	−50.4	60.7	−36.3
30 Treasury balances	4.0	10.3	1.7	−5.8	7.3	6.1	−36.1	53.3	−17.5	8.7	−15.2	−8.4
31 Insurance and pension reserves	124.0	131.9	144.3	176.1	219.9	196.1	120.3	265.2	240.0	149.9	224.3	263.6
32 Other, net	48.5	100.7	204.4	89.6	35.4	27.2	96.0	62.9	−32.4	121.0	−9.9	88.3
Private domestic nonfinancial investors												
33 Direct lending in credit markets	169.2	282.9	93.1	173.3	175.5	123.6	225.1	−4.4	219.5	303.7	183.3	169.7
34 U.S. government securities	115.4	175.7	59.9	104.4	146.5	70.3	117.8	114.4	87.3	247.0	137.2	194.6
35 State and local obligations	26.5	39.6	−13.6	46.1	20.0	42.4	56.0	−.5	18.3	27.9	34.4	7.7
36 Corporate and foreign bonds	−.8	2.4	32.6	5.3	−12.7	28.3	42.1	−39.0	36.6	−29.2	−19.4	−.2
37 Open market paper	4.0	45.6	−3.6	4.3	14.9	−29.7	−9.5	−71.5	76.1	54.0	1.0	−2.0
38 Other	24.2	19.6	17.9	13.3	6.8	12.2	18.7	−7.8	1.2	3.9	30.1	−30.3
39 Deposits and currency	325.4	220.9	285.0	161.8	205.9	229.3	316.3	278.6	136.3	194.1	214.4	138.1
40 Currency	8.6	12.4	14.4	19.0	14.7	17.3	36.8	8.2	11.9	28.6	10.2	9.8
41 Checkable deposits	28.0	40.9	93.2	−2.1	12.2	35.4	14.3	4.5	18.5	−23.8	49.6	−59.6
42 Small time and savings accounts	150.7	138.5	120.6	76.0	120.6	80.2	124.1	189.1	152.4	70.5	70.4	50.7
43 Money market fund shares	49.0	8.9	41.5	28.2	23.8	32.7	63.3	59.1	−34.8	3.0	67.9	59.5
44 Large time deposits	84.3	7.7	−11.4	26.7	32.3	−1.0	89.4	11.7	−15.7	122.0	11.2	55.9
45 Security RPs	10.0	14.6	20.8	16.9	9.5	46.6	−25.6	19.3	14.7	−4.4	8.2	20.7
46 Deposits in foreign countries	−5.1	−2.1	5.9	−2.8	−7.3	18.1	13.9	−13.3	−10.7	−1.8	−3.3	1.0
47 Total of credit market instruments, deposits, and currency	**494.6**	**503.7**	**378.1**	**335.1**	**381.4**	**352.9**	**541.5**	**274.2**	**355.8**	**497.8**	**397.7**	**307.8**
48 Public holdings as percent of total	20.7	22.7	37.0	37.0	31.9	31.4	33.4	36.3	23.2	28.8	39.1	45.7
49 Private financial intermediation (in percent)	85.8	75.3	103.6	91.0	90.9	99.5	79.5	113.3	91.0	67.5	96.1	97.1
50 Total foreign funds	66.7	82.0	110.7	106.2	113.9	118.7	106.2	93.6	185.5	6.8	169.7	81.5
MEMO: Corporate equities not included above												
51 Total net issues	**−36.0**	**20.1**	**93.9**	**13.5**	**−115.0**	**−47.1**	**−82.7**	**−75.6**	**−131.1**	**−84.1**	**−169.1**	**−143.1**
52 Mutual fund shares	29.3	84.4	161.8	72.3	−.4	13.8	−9.1	5.0	−8.0	0.3	1.1	19.1
53 Other equities	−65.3	−64.3	−68.0	−58.8	−114.5	−60.9	−73.6	−80.5	−123.1	−84.4	−170.2	−162.2
54 Acquisitions by financial institutions	15.8	45.6	48.5	22.6	4.8	5.2	−16.5	−35.7	−6.8	22.4	39.1	4.1
55 Other net purchases	−51.8	−25.5	45.4	−9.1	−119.7	−52.4	−66.2	−39.9	−124.3	−106.5	−208.2	−147.2

NOTES BY LINE NUMBER.
1. Line 1 of table 1.57.
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, less claims on foreign affiliates and deposits by banking in foreign banks.
30. Demand deposits and note balances at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 13 less line 20 plus line 27.
34–38. Lines 14–18 less amounts acquired by private finance plus amounts borrowed 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.

1.59 SUMMARY OF CREDIT MARKET DEBT OUTSTANDING

Billions of dollars; period-end levels.

Transaction category, sector	1983	1984	1985	1986	1987 Q3[r]	1987 Q4	1988[r] Q1	1988[r] Q2	1988[r] Q3	1988[r] Q4	1989 Q1
	Nonfinancial sectors										
1 **Total credit market debt owed by domestic nonfinancial sectors**	**5,204.3**	**5,953.7**	**6,797.0**	**7,638.4[r]**	**8,099.4**	**8,330.0[r]**	**8,471.0**	**8,658.1**	**8,828.8**	**9,049.7**	**9,209.4**
By sector and instrument											
2 U.S. government	1,177.9	1,376.8	1,600.4	1,815.4	1,897.8	1,960.3	2,003.2	2,022.3	2,063.9	2,117.8	2,155.7
3 Treasury securities	1,174.4	1,373.4	1,597.1	1,811.7	1,893.8	1,955.2	1,998.1	2,015.3	2,051.7	2,095.2	2,133.4
4 Agency issues and mortgages	3.6	3.4	3.3	3.6	3.9	5.2	5.0	7.0	12.2	22.6	22.3
5 Private domestic nonfinancial sectors	4,026.4	4,577.0	5,196.6	5,823.0[r]	6,201.7	6,369.7[r]	6,467.8	6,635.8	6,764.9	6,931.9	7,053.7
6 Debt capital instruments	2,717.8	3,040.0	3,488.4	3,967.6[r]	4,327.4	4,438.5[r]	4,512.2	4,635.3	4,737.8	4,848.3	4,933.0
7 Tax-exempt obligations	471.7	522.1	658.4	689.2	715.5	723.7	727.5	734.8	747.6	756.8	764.9
8 Corporate bonds	423.0	469.2	542.9	664.2	743.7	764.1	789.5	819.0	841.5	861.3	881.8
9 Mortgages	1,823.1	2,048.8	2,287.1	2,614.2[r]	2,868.2	2,950.7[r]	2,995.3	3,081.6	3,148.6	3,230.2	3,286.3
10 Home mortgages	1,200.2	1,336.2	1,490.2	1,720.8[r]	1,884.2	1,943.1[r]	1,972.0	2,043.3	2,105.0	2,160.9	2,195.6
11 Multifamily residential	158.8	183.6	213.0	246.2[r]	265.0	270.0	274.5	276.3	279.5	285.9	291.4
12 Commercial	350.4	416.5	478.1	551.4	629.1	648.7[r]	660.8	674.1	677.1	696.6	713.1
13 Farm	113.7	112.4	105.9	95.8	90.0	88.9	88.0	87.8	87.0	86.8	86.2
14 Other debt instruments	1,308.6	1,536.9	1,708.2	1,855.5[r]	1,874.3	1,931.1[r]	1,955.6	2,000.5	2,027.1	2,083.6	2,120.8
15 Consumer credit	437.7	519.3	601.8	659.8[r]	674.8	692.7[r]	688.9	705.8	721.2	743.7	746.6
16 Bank loans n.e.c.	490.2	552.9	592.6	654.2[r]	637.6	654.4[r]	665.6	685.7	686.5	701.9	713.5
17 Open market paper	36.8	58.5	72.2	62.9	68.1	73.8	73.5	77.8	80.3	85.4	95.5
18 Other	344.0	406.2	441.6	478.6	493.7	510.3[r]	527.5	531.2	539.1	552.7	565.1
19 By borrowing sector	4,026.4	4,577.0	5,196.6	5,823.0[r]	6,201.7	6,369.7[r]	6,467.8	6,635.8	6,764.9	6,931.9	7,053.7
20 State and local governments	357.7	385.1	476.9	520.2	546.2	554.2	556.7	563.2	576.0	585.6	595.2
21 Households	1,811.6	2,038.2	2,314.5	2,614.6[r]	2,787.3	2,864.3[r]	2,892.1	2,982.3	3,058.2	3,137.4	3,183.8
22 Nonfinancial business	1,857.1	2,153.7	2,405.2	2,688.3	2,868.2	2,951.2[r]	3,019.0	3,090.2	3,130.7	3,208.9	3,274.6
23 Farm	188.4	187.9	173.4	156.6	148.5	145.5	141.3	143.9	143.6	141.1	140.1
24 Nonfarm noncorporate	645.8	769.0	898.3	1,001.6	1,076.4	1,109.4[r]	1,131.7	1,148.9	1,167.3	1,193.3	1,213.6
25 Corporate	1,022.9	1,196.8	1,333.5	1,530.1	1,643.3	1,696.3[r]	1,746.0	1,797.4	1,819.9	1,874.5	1,920.9
26 Foreign credit market debt held in United States	227.3	235.1	234.7[r]	236.2[r]	237.0	242.3[r]	243.2	244.4	244.6	248.2	248.4
27 Bonds	64.2	68.0	71.8	74.8	75.9	81.6	85.4	85.2	86.5	88.3	90.3
28 Bank loans n.e.c.	37.4	30.8	27.9	26.9	24.2	23.3	22.8	22.4	22.7	21.5	21.1
29 Open market paper	21.5	27.7	33.9	37.4	40.6	41.2	42.5	44.0	46.3	50.9	55.5
30 U.S. government loans	104.1	108.6	101.1[r]	97.1[r]	96.3	96.1[r]	92.4	92.7	89.1	87.5	81.5
31 **Total domestic plus foreign**	**5,431.6**	**6,188.8**	**7,031.7[r]**	**7,874.7[r]**	**8,336.4**	**8,572.3[r]**	**8,714.1**	**8,902.4**	**9,073.4**	**9,297.9**	**9,457.9**
	Financial sectors										
32 **Total credit market debt owed by financial sectors**	**857.9**	**1,006.2**	**1,206.2**	**1,544.7[r]**	**1,783.8**	**1,862.8**	**1,897.7**	**1,969.7**	**2,027.3**	**2,117.7**	**2,196.8**
By instrument											
33 U.S. government related	456.7	531.2	632.7	844.2[r]	981.6	1,026.5	1,050.6	1,076.9	1,116.3	1,164.0	1,209.0
34 Sponsored credit agency securities	206.8	237.2	257.8	273.0	283.7	303.2	313.5	317.9	328.5	348.1	364.3
35 Mortgage pool securities	244.9	289.0	368.9	565.4[r]	692.9	718.3	732.1	754.0	782.8	810.9	839.7
36 Loans from U.S. government	5.0	5.0	6.1	5.7	5.0	5.0	5.0	5.0	5.0	5.0	5.0
37 Private financial sectors	401.2	475.0	573.4	700.5	802.1	836.3	847.1	892.8	911.1	953.8	987.8
38 Corporate bonds	115.8	148.9	197.5	268.4	324.2	335.6	352.2	367.1	375.6	386.3	393.1
39 Mortgages	2.1	2.5	2.7	2.7	2.9	3.1	3.1	3.1	3.1	3.0	3.1
40 Bank loans n.e.c.	28.9	29.5	32.1	36.1	42.2	40.8	31.7	34.3	32.9	34.2	30.6
41 Open market paper	195.5	219.5	252.4	284.6	312.7	323.8	330.6	353.4	358.0	377.4	397.4
42 Loans from Federal Home Loan Banks	59.0	74.6	88.8	108.6	120.1	133.1	129.5	134.8	141.6	152.8	163.8
43 **Total, by sector**	**857.9**	**1,006.2**	**1,206.2**	**1,544.7[r]**	**1,783.8**	**1,862.8**	**1,897.7**	**1,969.7**	**2,027.3**	**2,117.7**	**2,196.8**
44 Sponsored credit agencies	211.8	242.2	263.9	278.7	288.7	308.2	318.5	322.9	333.5	353.1	369.3
45 Mortgage pools	244.9	289.0	368.9	565.4[r]	692.9	718.3	732.1	754.0	782.8	810.9	839.7
46 Private financial sectors	401.2	475.0	573.4	700.5	802.1	836.3	847.1	892.8	911.1	953.8	987.8
47 Commercial banks	76.8	84.1	79.2	75.6	78.6	82.7	76.4	77.2	76.6	78.8	78.9
48 Bank affiliates	71.0	86.6	101.2	101.3	109.5	104.2	103.5	106.6	106.4	105.6	109.3
49 Savings and loan associations	73.9	93.2	115.5	145.1	165.0	180.0[r]	176.1	186.8	197.8	218.7	230.7
50 Finance companies	171.7	193.2	246.9	308.1	340.7	359.1[r]	369.6	392.5	395.1	406.0	420.4
51 REITs	3.5	4.3	5.6	6.5	6.8	7.3	7.6	8.0	7.6	9.1	9.3
52 CMO issuers	4.2	13.5	25.0	64.0	101.6	103.1	113.9	121.8	127.5	135.7	139.3
	All sectors										
53 **Total credit market debt**	**6,289.5**	**7,195.0**	**8,237.9[r]**	**9,419.4[r]**	**10,120.2**	**10,435.1[r]**	**10,611.8**	**10,872.1**	**11,100.8**	**11,415.6**	**11,654.7**
54 U.S. government securities	1,629.4	1,902.8	2,227.0	2,653.8[r]	2,874.4	2,981.8	3,048.8	3,094.2	3,175.2	3,276.7	3,359.7
55 State and local obligations	471.7	522.1	658.4	689.2	715.5	723.7	727.5	734.8	747.6	756.8	764.9
56 Corporate and foreign bonds	603.0	686.0	812.1	1,007.4	1,143.9	1,181.4	1,227.1	1,271.3	1,303.6	1,336.0	1,365.2
57 Mortgages	1,825.4	2,051.4	2,289.8	2,617.0[r]	2,871.1	2,953.8[r]	2,998.4	3,084.7	3,151.7	3,233.3	3,289.3
58 Consumer credit	437.7	519.3	601.8	659.8[r]	674.8	692.7[r]	688.9	705.8	721.2	743.7	746.6
59 Bank loans n.e.c.	556.5	613.2	652.6	717.2[r]	704.0	718.4[r]	720.1	742.4	742.1	757.5	765.2
60 Open market paper	253.8	305.7	358.5	384.9	421.4	438.8	446.7	475.3	484.6	513.6	548.4
61 Other loans	512.1	594.4	637.6[r]	690.1[r]	715.1	744.5[r]	754.4	763.7	774.7	797.9	815.4

1.60 SUMMARY OF CREDIT MARKET CLAIMS, BY HOLDER

Billions of dollars, except as noted; period-end levels.

Transaction category, or sector	1983	1984	1985	1986[r]	1987[r]		1988[r]				1989
					Q3	Q4	Q1	Q2	Q3	Q4	Q1
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**5,204.3**	**5,953.7**	**6,797.0**	**7,638.4**	**8,099.4**	**8,330.0**	**8,471.0**	**8,658.1**	**8,828.8**	**9,049.7**	**9,209.4**
By public agencies and foreign											
2 Total held	1,101.7	1,259.2	1,457.5	1,791.2	1,965.1	2,036.2	2,092.2	2,138.8	2,188.3	2,269.9	2,343.9
3 U.S. government securities	339.0	377.9	421.8	491.2	525.6	559.4	592.7	607.1	610.3	644.2	662.1
4 Residential mortgages	367.0	423.5	518.2	712.3	834.6	862.0	880.6	906.1	934.9	966.0	995.1
5 FHLB advances to savings and loans	59.0	74.6	88.8	108.6	120.1	133.1	129.5	134.8	141.6	152.8	163.8
6 Other loans and securities	336.8	383.1	428.7	479.0	484.8	481.8	489.4	490.8	501.6	506.9	522.9
7 Total held, by type of lender	1,101.7	1,259.2	1,457.5	1,791.2	1,965.1	2,036.2	2,092.2	2,138.8	2,188.3	2,269.9	2,343.9
8 U.S. government	212.8	229.7	245.7	252.3	235.2	233.0	231.4	227.0	224.3	220.3	222.8
9 Sponsored credit agencies and mortgage pools	482.0	556.3	657.8	867.8	1,003.7	1,044.9	1,064.0	1,091.6	1,128.9	1,176.1	1,223.0
10 Monetary authority	159.2	167.6	186.0	205.5	219.6	230.1	224.9	229.7	230.8	240.6	235.4
11 Foreign	247.7	305.6	367.9	465.7	506.7	528.2	572.0	590.5	604.4	632.9	662.7
Agency and foreign debt not in line 1											
12 Sponsored credit agencies and mortgage pools	456.7	531.2	632.7	844.2	981.6	1,026.5	1,050.6	1,076.9	1,116.3	1,164.0	1,209.0
13 Foreign	227.3	235.1	234.7	236.2	237.0	242.3	243.2	244.4	244.6	248.2	248.4
Private domestic holdings											
14 Total private holdings	4,786.6	5,460.8	6,207.0	6,927.6	7,353.0	7,562.5	7,672.5	7,840.5	8,001.3	8,192.0	8,323.0
15 U.S. government securities	1,290.4	1,524.9	1,805.2	2,162.6	2,348.8	2,422.4	2,456.0	2,487.0	2,564.9	2,632.6	2,697.6
16 State and local obligations	471.7	522.1	658.4	689.2	715.5	723.7	727.5	734.8	747.6	756.8	764.9
17 Corporate and foreign bonds	441.7	476.8	517.6	601.7	663.4	688.1	716.3	740.6	756.9	769.1	782.1
18 Residential mortgages	992.2	1,096.5	1,185.1	1,254.7	1,314.6	1,351.1	1,366.0	1,413.6	1,449.6	1,480.8	1,491.9
19 Other mortgages and loans	1,649.6	1,915.2	2,129.5	2,328.1	2,430.7	2,510.2	2,536.2	2,599.2	2,623.8	2,705.4	2,750.2
20 LESS: Federal Home Loan Bank advances	59.0	74.6	88.8	108.6	120.1	133.1	129.5	134.8	141.6	152.8	163.8
Private financial intermediation											
21 Credit market claims held by private financial institutions	4,111.2	4,691.0	5,264.4	6,010.1	6,434.5	6,594.8	6,728.4	6,895.8	6,999.4	7,169.6	7,294.3
22 Commercial banking	1,622.1	1,791.1	1,978.5	2,173.2	2,249.0	2,309.9	2,322.7	2,378.2	2,417.3	2,465.9	2,490.1
23 Savings institutions	944.0	1,092.8	1,178.4	1,283.6	1,397.3	1,436.2	1,441.7	1,484.6	1,513.0	1,544.4	1,551.9
24 Insurance and pension funds	1,093.5	1,215.3	1,364.2	1,546.0	1,716.0	1,758.0	1,823.3	1,879.5	1,925.0	1,980.5	2,040.1
25 Other finance	451.6	591.7	743.4	1,007.1	1,072.2	1,090.7	1,140.7	1,153.5	1,144.0	1,179.0	1,212.2
26 Sources of funds	4,111.2	4,691.0	5,264.4	6,010.1	6,434.5	6,594.8	6,728.4	6,895.8	6,999.4	7,169.6	7,294.3
27 Private domestic deposits and RPs	2,389.8	2,711.5	2,922.1	3,182.6	3,226.9	3,320.6	3,376.5	3,409.8	3,438.1	3,519.0	3,530.3
28 Credit market debt	401.2	475.0	573.4	700.5	802.1	836.3	847.1	892.8	911.1	953.8	987.8
29 Other sources	1,320.2	1,504.5	1,768.9	2,127.0	2,405.4	2,437.9	2,504.8	2,593.2	2,650.1	2,696.9	2,776.1
30 Foreign funds	−23.0	−14.1	5.6	18.6	52.7	62.2	45.9	62.3	51.9	71.5	69.3
31 Treasury balances	11.5	15.5	25.8	27.5	33.0	21.6	23.5	32.6	34.2	29.0	14.1
32 Insurance and pension reserves	1,036.1	1,160.8	1,289.5	1,427.9	1,556.7	1,597.2	1,662.4	1,718.6	1,758.0	1,804.6	1,862.0
33 Other, net	295.6	342.2	448.0	653.0	763.1	756.8	773.1	779.7	806.0	791.8	830.7
Private domestic nonfinancial investors											
34 Credit market claims	1,076.6	1,244.8	1,516.0	1,618.1	1,720.6	1,804.0	1,791.2	1,837.5	1,913.0	1,976.1	2,016.5
35 U.S. government securities	548.6	663.6	830.7	915.1	971.0	1,012.3	1,022.4	1,036.2	1,102.4	1,155.4	1,183.9
36 Tax-exempt obligations	170.0	196.3	235.9	222.3	255.9	268.3	265.1	271.9	281.2	288.4	292.1
37 Corporate and foreign bonds	45.4	44.5	47.6	80.1	80.6	84.8	82.7	88.9	83.5	72.1	80.5
38 Open market paper	68.4	72.4	118.0	114.3	114.9	136.3	119.1	139.4	143.9	151.2	156.8
39 Other	244.3	268.0	283.8	286.2	298.2	302.3	301.9	301.1	302.0	309.1	303.2
40 Deposits and currency	2,566.4	2,891.7	3,112.5	3,393.4	3,437.0	3,547.6	3,598.3	3,637.6	3,666.3	3,753.4	3,763.4
41 Currency	150.9	159.6	171.9	186.3	192.4	205.4	204.0	209.9	213.4	220.1	219.1
42 Checkable deposits	350.9	378.8	419.7	512.9	487.5	510.4	491.0	506.0	490.7	522.6	486.7
43 Small time and savings accounts	1,542.9	1,693.4	1,831.9	1,948.3	1,983.4	2,017.1	2,070.7	2,105.9	2,117.0	2,137.7	2,154.3
44 Money market fund shares	169.5	218.5	227.3	268.9	286.4	297.1	322.1	310.4	308.6	320.9	347.0
45 Large time deposits	247.7	332.1	339.8	328.4	326.0	355.1	350.0	343.1	376.9	387.4	390.0
46 Security RPs	78.8	88.7	103.3	124.1	143.6	141.0	142.6	144.4	144.9	150.5	152.3
47 Deposits in foreign countries	25.7	20.6	18.5	24.5	17.8	21.6	17.8	17.8	14.7	14.4	14.0
48 **Total of credit market instruments, deposits, and currency**	**3,643.0**	**4,136.5**	**4,628.5**	**5,011.4**	**5,157.6**	**5,351.6**	**5,389.5**	**5,475.0**	**5,579.3**	**5,729.6**	**5,780.0**
49 Public holdings as percent of total	20.2	20.3	20.7	22.7	23.5	23.7	24.0	24.0	24.1	24.4	24.7
50 Private financial intermediation (in percent)	85.8	85.9	84.8	86.7	87.5	87.2	87.6	87.9	87.4	87.5	87.6
51 Total foreign funds	224.7	291.5	373.5	484.2	559.4	590.5	617.8	652.8	656.3	704.3	731.9
MEMO: Corporate equities not included above											
52 **Total market value**	**2,134.0**	**2,158.2**	**2,824.5**	**3,362.0**	**4,316.0**	**3,318.5**	**3,500.2**	**3,619.7**	**3,572.5**	**3,600.9**	**3,732.4**
53 Mutual fund shares	112.1	136.7	240.2	413.5	525.1	460.1	479.2	486.8	478.1	478.3	486.3
54 Other equities	2,021.9	2,021.5	2,584.3	2,948.5	3,790.9	2,858.3	3,021.0	3,133.0	3,094.4	3,122.6	3,246.0
55 Holdings by financial institutions	612.0	615.6	800.0	972.2	1,306.7	1,011.1	1,079.4	1,131.1	1,126.9	1,156.3	1,226.2
56 Other holdings	1,522.0	1,542.6	2,024.5	2,389.8	3,009.3	2,307.4	2,420.8	2,488.7	2,445.6	2,444.6	2,506.2

NOTES BY LINE NUMBER.
1. Line 1 of table 1.59.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
12. Credit market debt of federally sponsored agencies, and net issues of federally related mortgage pool securities.
14. Line 1 less line 2 plus line 12 and 13. Also line 21 less line 28 plus line 34. Also sum of lines 29 and 48 less lines 41 and 47.
19. Includes farm and commercial mortgages.
27. Line 40 less lines 41 and 47.
28. Excludes equity issues and investment company shares. Includes line 20.
30. Foreign deposits at commercial banks plus bank borrowings from foreign affiliates, less claims on foreign affiliates and deposits by banking in foreign banks.
31. Demand deposits and note balances at commercial banks.
32. Excludes net investment of these reserves in corporate equities.
33. Mainly retained earnings and net miscellaneous liabilities.
34. Line 14 less line 21 plus line 28.
35–39. Lines 15–19 less amounts acquired by private finance plus amounts borrowed by private finance. Line 39 includes mortgages.
41. Mainly an offset to line 10.
48. Lines 34 plus 40, or line 14 less line 29 plus 41 and 47.
49. Line 2/line 1 and 13.
50. Line 21/line 14.
51. Sum of lines 11 and 30.
52–54. 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, Stop 95, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures[1]

1977 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1986	1987	1988	1988				1989				
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.[r]	Apr.[r]	May
1 **Industrial production**	**125.1**	**129.8**	**137.2**	**138.6**	**139.4**	**139.9**	**140.4**	**140.8**	**140.5**	**140.6**	**141.4**	**141.4**
Market groupings												
2 Products, total	133.3	81.1	145.9	147.4	148.1	148.4	149.4	150.1	150.0	150.4	151.1	150.8
3 Final, total	132.5	136.8	144.3	145.8	146.4	146.8	147.7	148.2	148.6	148.8	149.7	149.4
4 Consumer goods	124.0	127.7	133.9	134.8	136.4	136.8	138.2	138.5	138.7	138.3	139.1	138.5
5 Equipment	143.6	148.8	158.2	160.4	154.0	159.9	160.4	161.1	161.6	162.6	163.8	163.9
6 Intermediate	136.2	143.5	151.5	152.9	154.0	154.2	155.0	156.6	155.1	155.9	155.9	155.7
7 Materials	113.8	118.2	125.3	126.5	127.5	128.3	128.3	128.1	127.4	127.3	128.3	128.5
Industry groupings												
8 Manufacturing	129.1	134.6	142.8	144.4	145.3	145.8	146.3	147.2	146.8	146.7	147.7	147.6
Capacity utilization (percent)[2]												
9 Manufacturing	79.7	81.1	83.5	84.0	84.3	84.4	84.4	84.7	84.3	84.0	84.3	84.0
10 Industrial materials industries	78.6	80.5	83.7	84.1	84.7	85.1	84.9	84.6	84.0	83.8	84.2	84.2
11 Construction contracts (1982 = 100)[3]	158.0	164.0	161.0	157.0	164.0	158.0	163.0	155.0	148.0	150.0	163.0	159.0
12 Nonagricultural employment, total[4]	120.7	124.1	128.6	128.8[r]	129.1[r]	129.5[r]	129.9[r]	130.3[r]	130.6	130.8	131.1	131.2
13 Goods-producing, total	100.9	101.8	105.0	104.0[r]	104.3[r]	104.6[r]	104.8[r]	105.3[r]	105.3	105.4	105.4	105.3
14 Manufacturing, total	96.3	96.8	99.2	98.7[r]	99.1[r]	99.3[r]	99.5[r]	99.8[r]	99.8	100.0	99.9	99.8
15 Manufacturing, production-worker	91.1	91.9	94.3	93.8[r]	94.2[r]	94.5[r]	94.7[r]	94.9[r]	95.0	95.1	95.0	95.0
16 Service-producing	129.0	133.4	138.5	139.2[r]	139.5[r]	140.0[r]	140.4[r]	140.8[r]	141.2	141.5	141.8	142.0
17 Personal income, total	219.7	235.1	252.7[r]	256.0	259.8	259.1	261.3	265.8[r]	268.6	271.0	272.3	273.1
18 Wages and salary disbursements	210.7	226.2	245.2	249.0	252.2	253.0	254.5	257.5	258.7	261.0	262.7	263.2
19 Manufacturing	177.4	183.8	195.9	198.1	202.2	201.1	200.8	202.7	203.6	207.2	205.2	205.3
20 Disposable personal income[5]	218.9	232.7	251.7	255.6	259.6	258.7	261.0	263.8[r]	267.3	269.4	267.6	271.4
21 Retail sales[6]	199.3	210.8	225.1[r]	226.1	229.6	232.4	231.8	233.2	232.2	232.4	234.7	235.0
Prices[7]												
22 Consumer (1982–84 = 100)	109.6	113.6	118.3	119.8	120.2	120.3	120.5	121.1	121.6	122.3	123.1	123.8
23 Producer finished goods (1982 = 100)	103.2	105.4	108.0	108.6	109.4	109.8	110.0	111.1[r]	111.7	112.2	113.0	114.2

1. A major revision of the industrial production index and the capacity utilization rates was released in July 1985. See "A Revision of the Index of Industrial Production" and accompanying tables that contain revised indexes (1977=100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol. 71 (July 1985), pp. 487–501. The revised indexes for January through June 1985 were shown in the September BULLETIN.

2. 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.

3. Index of dollar value of total construction contracts, including residential, nonresidential and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.

4. Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.

5. Based on data in *Survey of Current Business* (U.S. Department of Commerce).

6. Based on Bureau of Census data published in *Survey of Current Business*.

7. 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 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1986	1987	1988	1988[r]			1989[r]				
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**182,822**	**185,010**	**186,837**	**187,333**	**187,471**	**187,618**	**187,859**	**187,979**	**188,102**	**188,228**	**188,377**
2 Labor force (including Armed Forces)[1]	120,078	122,122	123,893	124,310	124,737	124,779	125,643	125,383	125,469	125,863	125,806
3 Civilian labor force	117,834	119,865	121,669	122,091	122,510	122,563	123,428	123,181	123,264	123,659	123,610
Employment											
4 Nonagricultural industries[2]	106,434	109,232	111,800	112,335	112,709	112,816	113,411	113,630	113,930	114,009	114,102
5 Agriculture	3,163	3,208	3,169	3,238	3,238	3,193	3,300	3,223	3,206	3,104	3,112
Unemployment											
6 Number	8,237	7,425	6,701	6,518	6,563	6,554	6,716	6,328	6,128	6,546	6,395
7 Rate (percent of civilian labor force)	7.0	6.2	5.5	5.3	5.4	5.3	5.4	5.1	5.0	5.3	5.2
8 Not in labor force	62,744	62,888	62,944	63,023	62,734	62,839	62,216	62,596	62,633	62,365	62,571
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**99,525**	**102,310**	**106,039**	**106,475**	**106,824**	**107,097**	**107,442**	**107,711**	**107,888**	**108,094**	**108,195**
10 Manufacturing	18,965	19,065	19,536	19,505	19,557	19,589	19,648	19,648	19,680	19,669	19,651
11 Mining	777	721	733	717	712	711	711	711	714	720	719
12 Contract construction	4,816	4,998	5,294	5,162	5,191	5,213	5,267	5,270	5,252	5,275	5,261
13 Transportation and public utilities	5,255	5,385	5,584	5,596	5,616	5,634	5,654	5,667	5,666	5,682	5,694
14 Trade	23,683	24,381	25,362	25,315	25,386	25,453	25,553	25,631	25,685	25,698	25,717
15 Finance	6,283	6,549	6,679	6,710	6,726	6,744	6,746	6,763	6,774	6,781	6,788
16 Service	23,053	24,196	25,464	25,986	26,111	26,230	26,318	26,434	26,520	26,647	26,711
17 Government	16,693	17,015	17,387	17,484	17,525	17,523	17,545	17,587	17,597	17,622	17,654

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 1984 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION[1]

Seasonally adjusted

Series	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)			
	1988			1989	1988			1989	1988			1989
	Q2	Q3	Q4	Q1r	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1r
1 **Total industry**	**136.0**	**138.4**	**139.9**	**140.6**	**164.2**	**165.2**	**166.3**	**167.5**	**82.8**	**83.8**	**84.1**	**84.0**
2 Mining	103.4	103.9	104.2	101.9	127.0	126.3	125.7	125.1	81.5	82.3	82.9	81.5
3 Utilities	111.9	115.1	114.3	115.8	140.1	140.4	140.7	141.0	79.9	81.9	81.3	82.1
4 **Manufacturing**	**141.5**	**144.0**	**145.8**	**146.9**	**170.2**	**171.5**	**172.8**	**174.3**	**83.2**	**84.0**	**84.4**	**84.3**
5 Primary processing	123.9	125.9	127.7	127.8	142.7	143.9	145.2	146.5	86.8	87.5	87.9	87.2
6 Advanced processing	152.3	154.9	156.7	158.5	186.7	188.1	189.5	191.0	81.5	82.4	82.7	83.0
7 **Materials**	**124.0**	**126.5**	**128.0**	**127.6**	**149.3**	**150.1**	**150.8**	**151.7**	**83.0**	**84.3**	**84.9**	**84.1**
8 Durable goods	134.1	137.1	139.2	138.6	166.8	167.9	169.0	170.1	80.4	81.6	82.4	81.5
9 Metal materials	88.1	92.7	94.8	92.3	109.1	109.5	109.8	110.2	80.8	84.8	86.3	83.8
10 Nondurable goods	130.4	132.8	135.4	136.4	148.3	149.8	151.2	152.7	87.9	88.6	89.5	89.3
11 Textile, paper, and chemical	132.4	135.3	138.1	139.2	148.5	150.2	151.8	153.5	89.2	90.0	91.0	90.7
12 Paper	145.9	148.9	148.6	148.5	149.2	150.7	152.3	154.0	97.8	98.8	97.6	96.4
13 Chemical	135.7	139.4	144.1	145.4	155.4	157.4	159.3	161.4	87.3	88.6	90.5	90.1
14 Energy materials	100.6	102.5	102.0	100.8	119.4	119.0	118.7	118.4	84.2	86.0	86.0	85.1

Series	Previous cycle[2]		Latest cycle[3]		1988	1988				1989				
	High	Low	High	Low	May	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.r	Mar.r	Apr.r	May
	Capacity utilization rate (percent)													
15 **Total industry**	**88.6**	**72.1**	**86.9**	**69.5**	**82.9**	**83.7**	**84.0**	**84.1**	**84.3**	**84.3**	**83.9**	**83.8**	**84.1**	**83.8**
16 Mining	92.8	87.8	95.2	76.9	80.8	82.3	81.9	83.3	83.6	82.2	80.6	81.5	82.4	83.5
17 Utilities	95.6	82.9	88.5	78.0	79.7	80.4	81.0	80.8	82.0	80.9	82.6	82.9	82.8	82.3
18 **Manufacturing**	**87.7**	**69.9**	**86.5**	**68.0**	**83.3**	**84.0**	**84.3**	**84.4**	**84.4**	**84.7**	**84.3**	**84.0**	**84.3**	**84.0**
19 Primary processing	91.9	68.3	89.1	65.0	87.0	87.2	87.9	88.1	87.9	88.4	87.0	86.3	86.6	86.3
20 Advanced processing	86.0	71.1	85.1	69.5	81.7	82.4	82.6	82.6	82.8	83.1	83.0	82.8	83.2	83.0
21 **Materials**	**92.0**	**70.5**	**89.1**	**68.5**	**83.0**	**84.1**	**84.7**	**85.1**	**84.9**	**84.6**	**84.0**	**83.8**	**84.2**	**84.2**
22 Durable goods	91.8	64.4	89.8	60.9	80.8	81.9	82.4	82.7	82.1	82.1	81.5	80.8	81.0	80.8
23 Metal materials	99.2	67.1	93.6	45.7	82.1	86.0	87.3	86.9	84.6	86.1	83.8	81.5	82.7	82.9
24 Nondurable goods	91.1	66.7	88.1	70.7	87.7	88.2	89.3	89.4	89.8	90.1	89.0	88.9	89.4	89.3
25 Textile, paper, and chemical	92.8	64.8	89.4	68.8	88.8	89.4	90.9	90.9	91.8	91.5	90.3	90.3	90.8	90.7
26 Paper	98.4	70.6	97.3	79.9	98.1	97.9	97.8	96.7	98.4	98.1	95.8	95.4	95.9	......
27 Chemical	92.5	64.4	87.9	63.5	86.9	88.0	90.2	90.5	90.7	90.7	89.8	89.7	90.2	......
28 Energy materials	94.6	86.9	94.0	82.3	83.3	85.3	85.3	86.2	86.5	84.9	84.9	85.6	86.6	87.2

1. These data also appear in the Board's G.3 (402) release. For address, see inside front cover.
2. Monthly high 1973; monthly low 1975.
3. Monthly highs 1978 through 1980; monthly lows 1982.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted

Groups	1977 proportion	1988 avg.	1988 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1989 Jan.	Feb.[r]	Mar.	Apr.[p]	May[e]
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**137.2**	**136.1**	**136.5**	**138.0**	**138.5**	**138.6**	**139.4**	**139.9**	**140.4**	**140.8**	**140.5**	**140.6**	**141.4**	**141.4**
2 Products	57.72	145.9	145.0	145.3	146.5	147.3	147.4	148.1	148.4	149.4	150.1	150.0	150.4	151.1	150.8
3 Final products	44.77	144.3	143.5	144.0	145.0	145.8	145.8	146.4	146.8	147.7	148.2	148.6	148.8	149.7	149.4
4 Consumer goods	25.52	133.9	132.7	133.0	134.2	135.0	134.8	136.4	136.8	138.2	138.5	138.7	138.3	139.1	138.5
5 Equipment	19.25	158.2	157.7	158.5	159.4	160.1	160.4	159.7	159.9	160.4	161.1	161.6	162.6	163.8	163.9
6 Intermediate products	12.94	151.5	150.4	150.0	151.6	152.3	152.9	154.0	154.2	155.0	156.6	155.1	155.9	155.9	155.7
7 Materials	42.28	125.2	123.9	124.5	126.4	126.5	126.5	127.5	128.3	128.3	128.1	127.4	127.3	128.3	128.5
Consumer goods															
8 Durable consumer goods	6.89	125.3	125.6	125.3	125.3	125.7	126.3	129.3	129.2	131.9	131.5	131.6	130.1	131.8	130.8
9 Automotive products	2.98	124.9	127.1	127.1	124.4	124.2	126.4	128.9	129.5	134.5	132.5	131.6	128.9	131.2	128.5
10 Autos and trucks	1.79	122.7	126.9	125.3	120.8	123.1	124.8	128.3	129.5	138.0	135.6	133.1	128.3	131.7	127.3
11 Autos, consumer	1.16	93.4	98.9	99.0	93.8	93.0	97.7	101.3	101.0	105.1	99.6	96.0	95.0	98.8	96.0
12 Trucks, consumer	.63	177.0	178.9	174.1	170.8	179.0	175.3	178.4	182.4	199.1	202.3	201.9	190.0	192.8	....
13 Auto parts and allied goods	1.19	128.1	127.4	129.7	129.9	125.9	128.8	129.8	129.5	129.3	127.9	129.4	129.9	130.5	130.4
14 Home goods	3.91	125.6	124.4	123.9	125.9	126.8	126.2	129.7	128.9	130.0	130.7	131.6	131.1	132.3	132.5
15 Appliances, A/C and TV	1.24	144.1	142.2	138.0	143.3	146.5	144.9	154.4	150.4	151.0	151.0	153.9	151.6	151.8	151.7
16 Appliances and TV	1.19	143.6	143.0	137.1	143.8	146.1	143.7	151.9	148.9	150.0	149.5	153.0	152.3	152.6	....
17 Carpeting and furniture	.96	136.2	135.8	135.9	136.6	137.2	137.1	138.8	139.8	140.5	141.1	141.3	140.7	143.0	....
18 Miscellaneous home goods	1.71	106.3	105.2	107.0	107.4	106.8	106.6	106.7	107.3	108.9	110.1	110.1	110.8	112.2	....
19 Nondurable consumer goods	18.63	137.1	135.4	135.8	137.5	138.5	138.0	139.0	139.7	140.5	141.1	141.4	141.3	141.8	141.3
20 Consumer staples	15.29	144.9	143.1	143.5	145.3	146.6	145.8	147.0	147.9	148.9	149.4	149.7	149.8	150.2	149.8
21 Consumer foods and tobacco	7.80	140.9	139.2	139.3	141.1	141.3	141.1	142.4	143.7	144.5	144.8	144.3	143.5	144.1	....
22 Nonfood staples	7.49	149.1	147.0	147.9	149.6	152.1	150.7	151.8	152.2	153.6	154.2	155.4	156.3	156.7	155.9
23 Consumer chemical products	2.75	180.0	177.9	179.5	181.8	183.8	185.0	186.1	185.7	186.8	187.6	187.8	188.7	186.9	....
24 Consumer paper products	1.88	163.4	162.4	162.8	164.0	165.3	166.3	167.1	167.8	169.0	174.2	177.0	180.0	182.6	....
25 Consumer energy	2.86	110.0	107.3	107.7	109.3	113.0	107.6	108.9	109.8	111.6	109.1	110.1	109.7	110.6	....
26 Consumer fuel	1.44	95.4	94.3	93.0	94.6	95.5	92.7	95.3	94.1	96.3	96.7	95.0	95.6	97.0	....
27 Residential utilities	1.42	124.8	120.6	122.6	124.4	130.9	122.8	122.7	125.8	127.1	121.7	125.4	124.1	....	....
Equipment															
28 Business and defense equipment	18.01	163.3	162.7	163.5	164.6	165.2	165.6	165.1	165.5	166.2	167.1	167.9	168.7	169.7	169.9
29 Business equipment	14.34	157.6	156.9	158.1	159.3	160.2	160.8	160.2	161.2	162.6	163.8	165.0	166.2	167.4	167.8
30 Construction, mining, and farm	2.08	71.9	71.8	72.4	73.6	73.1	74.3	74.2	74.5	74.6	74.3	75.6	77.2	76.9	76.6
31 Manufacturing	3.27	131.3	128.3	130.3	132.4	134.0	135.8	136.2	136.2	137.0	136.3	137.8	138.8	140.2	140.6
32 Power	1.27	89.4	87.4	88.3	89.8	90.9	92.2	91.5	92.1	91.8	92.8	92.7	92.3	92.7	93.0
33 Commercial	5.22	245.2	245.7	247.1	248.2	249.8	248.7	245.4	247.0	248.9	252.4	254.3	257.2	258.5	260.0
34 Transit	2.49	114.9	115.3	115.7	115.9	115.2	116.8	120.3	122.3	124.9	125.7	125.2	123.9	126.3	124.7
35 Defense and space equipment	3.67	185.9	185.5	184.6	184.9	184.9	184.5	184.0	182.2	180.5	180.0	179.3	178.2	178.6	178.0
Intermediate products															
36 Construction supplies	5.95	138.6	138.8	137.6	138.4	138.1	138.4	140.0	140.7	141.4	142.3	139.5	138.9	138.5	137.4
37 Business supplies	6.99	162.5	160.3	160.6	162.8	164.4	165.2	165.9	165.7	166.7	168.8	168.4	170.3	170.8	....
38 General business supplies	5.67	168.5	165.5	165.9	168.6	170.6	171.8	172.3	172.9	173.8	175.9	175.4	177.3	178.0	....
39 Commercial energy products	1.31	136.3	137.8	137.5	137.6	137.7	136.7	138.2	134.3	135.8	138.2	138.3	140.3	139.5	....
Materials															
40 Durable goods materials	20.50	135.4	134.8	134.9	136.8	136.6	137.8	138.9	139.8	139.0	139.4	138.6	137.8	138.5	138.4
41 Durable consumer parts	4.92	108.9	110.0	110.3	110.1	109.8	111.0	111.4	113.9	112.5	111.7	112.1	110.7	110.1	109.3
42 Equipment parts	5.94	171.7	170.8	171.6	174.1	173.5	174.0	174.9	175.0	174.1	175.2	175.2	175.0	176.6	177.1
43 Durable materials n.e.c.	9.64	126.7	125.3	124.8	127.5	127.6	129.2	130.8	131.3	130.9	131.5	129.7	128.6	129.5	129.5
44 Basic metal materials	4.64	95.9	94.8	93.7	98.4	97.3	100.3	101.1	101.4	99.8	100.8	98.4	95.9	97.0	97.3
45 Nondurable goods materials	10.09	132.0	130.1	130.1	132.8	133.1	132.6	134.7	135.1	136.3	137.1	135.9	136.2	137.4	137.7
46 Textile, paper, and chemical materials	7.53	134.4	131.9	132.1	135.3	135.7	134.9	137.4	137.9	139.1	139.9	138.6	139.1	140.5	140.9
47 Textile materials	1.52	109.9	107.5	107.5	108.5	110.1	109.2	109.5	110.1	110.0	112.1	110.7	111.6	113.0	....
48 Pulp and paper materials	1.55	147.3	146.4	145.4	150.3	148.3	148.1	148.4	147.2	150.3	150.4	147.5	147.5	148.8	....
49 Chemical materials	4.46	138.3	135.1	135.8	139.2	140.0	139.0	143.1	144.2	145.1	145.7	145.0	145.5	147.0	....
50 Miscellaneous nondurable materials	2.57	124.9	125.1	124.2	125.6	125.6	125.9	126.6	127.0	128.0	129.1	128.0	127.6	....	....
51 Energy materials	11.69	101.5	99.5	101.3	102.7	103.2	101.5	101.3	102.3	102.6	100.5	100.5	101.3	102.5	103.1
52 Primary energy	7.57	106.3	104.0	105.6	106.8	106.2	106.8	106.0	108.6	107.6	105.2	104.4	104.2	105.1	....
53 Converted fuel materials	4.12	92.8	91.2	93.5	95.3	97.7	91.8	92.6	90.7	93.3	92.0	93.3	96.0	97.6	....

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]—Continued

Groups	SIC code	1977 proportion	1988 avg.	1988 May	1988 June	1988 July	1988 Aug.	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.[r]	1989 Mar.	1989 Apr.[p]	1989 May[e]
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	.....	15.79	107.5	106.0	106.8	108.1	109.0	107.2	107.2	108.1	108.9	107.2	106.8	107.6	108.2	108.7
2 Mining	.....	9.83	103.4	102.6	103.0	104.3	103.8	103.7	103.1	104.7	104.9	103.0	100.9	101.9	102.9	104.1
3 Utilities	.....	5.96	114.3	111.6	113.2	114.4	117.8	113.0	113.9	113.7	115.4	114.0	116.5	116.9	116.9	116.4
4 Manufacturing	.....	84.21	142.7	141.8	142.1	143.6	144.0	144.4	145.3	145.8	146.3	147.2	146.8	146.7	147.7	147.6
5 Nondurable	.....	35.11	143.9	142.1	142.6	144.6	145.1	145.3	146.3	146.7	147.1	148.5	148.1	148.4	149.3	149.3
6 Durable	.....	49.10	141.9	141.5	141.7	142.9	143.2	143.8	144.6	145.2	145.7	146.2	145.9	145.6	146.6	146.4
Mining																
7 Metal	10	.50	93.2	86.0	82.2	94.0	96.6	99.1	101.6	104.6	111.9	106.9	98.6	98.1	......	......
8 Coal	11.12	1.60	137.9	127.8	126.9	141.5	137.2	142.2	138.5	149.7	155.1	144.7	134.7	137.7	145.5	145.8
9 Oil and gas extraction	13	7.07	92.9	94.6	95.8	93.3	93.2	92.0	91.5	90.8	88.9	88.9	89.5	90.2	89.7	......
10 Stone and earth minerals	14	.66	139.9	140.1	137.4	140.2	141.3	139.7	142.8	144.0	149.4	150.8	142.5	143.5	143.1	......
Nondurable manufactures																
11 Foods	20	7.96	142.7	141.0	141.3	143.3	143.3	143.2	144.0	145.7	145.8	146.6	146.3	145.5	146.3	......
12 Tobacco products	21	.62	105.2	107.2	104.5	100.6	105.1	105.0	105.4	102.4	107.0	105.0	104.7	......	......	......
13 Textile mill products	22	2.29	116.2	114.6	114.3	117.1	116.4	116.2	117.0	117.2	117.9	120.2	119.4	120.1	121.4	......
14 Apparel products	23	2.79	109.1	108.6	109.3	109.4	108.9	109.9	109.5	110.1	108.8	110.2	110.2	109.6	......	......
15 Paper and products	26	3.15	150.3	149.5	148.6	152.3	151.0	150.9	151.8	150.7	151.7	153.8	151.7	151.8	153.7	......
16 Printing and publishing	27	4.54	184.2	180.7	182.3	184.9	186.7	188.0	188.1	188.5	188.0	193.0	194.6	197.4	199.3	200.0
17 Chemicals and products	28	8.05	151.9	149.1	150.5	153.4	154.8	155.3	156.7	157.5	158.1	159.0	158.5	159.1	159.2	......
18 Petroleum products	29	2.40	96.0	95.2	94.1	95.0	96.0	93.7	96.3	95.0	98.0	98.0	96.3	97.1	97.8	95.8
19 Rubber and plastic products	30	2.80	174.4	173.4	174.4	175.4	175.3	175.3	176.9	177.5	177.5	175.9	175.0	174.5	175.1	......
20 Leather and products	31	.53	59.5	57.1	58.9	59.1	59.4	59.9	61.0	61.5	60.2	62.9	62.9	61.1	61.6	......
Durable manufactures																
21 Lumber and products	24	2.30	137.3	139.8	136.4	136.6	133.8	133.5	137.5	139.4	143.0	139.9	132.8	133.1	132.5	......
22 Furniture and fixtures	25	1.27	162.1	160.5	161.2	162.9	164.9	164.9	164.5	165.4	165.4	166.3	164.8	165.8	167.8	......
23 Clay, glass, and stone products	32	2.72	122.6	121.5	123.4	122.2	122.6	122.6	123.3	124.7	125.1	126.6	125.4	125.2	124.8	......
24 Primary metals	33	5.33	89.2	89.2	87.5	91.5	90.8	93.1	94.2	92.7	90.0	93.2	91.1	88.4	89.4	89.4
25 Iron and steel	331.2	3.49	78.1	78.6	74.2	80.2	78.9	81.4	83.1	80.8	77.6	82.2	79.1	75.9	77.4	......
26 Fabricated metal products	34	6.46	120.9	119.8	120.4	121.7	122.1	122.5	122.6	124.6	125.1	124.5	124.5	124.0	123.6	124.0
27 Nonelectrical machinery	35	9.54	170.8	170.3	171.2	173.1	174.1	174.8	173.8	175.4	177.8	178.7	180.8	182.3	183.6	184.4
28 Electrical machinery	36	7.15	180.1	179.1	179.5	181.5	182.2	181.8	183.0	182.2	180.9	180.9	181.7	181.4	182.9	182.3
29 Transportation equipment	37	9.13	132.1	133.1	132.8	131.9	131.8	132.7	134.8	135.2	136.8	136.7	136.4	134.7	136.7	135.3
30 Motor vehicles and parts	371	5.25	117.2	119.6	119.1	116.6	117.5	118.5	121.7	122.9	125.5	124.9	123.4	120.4	122.7	120.1
31 Aerospace and miscellaneous transportation equipment	372–6.9	3.87	152.4	151.5	151.4	152.7	151.3	151.9	152.7	151.9	152.2	152.7	154.0	154.2	155.7	156.0
32 Instruments	38	2.66	154.3	151.3	153.0	156.4	156.8	157.8	159.9	160.4	159.1	161.0	161.3	161.0	162.4	163.5
33 Miscellaneous manufactures	39	1.46	107.1	106.0	107.6	107.8	108.3	108.5	107.7	109.0	110.9	112.2	110.0	112.3	113.8	......
Utilities																
34 Electric	.....	4.17	132.0	129.7	132.1	134.6	138.8	132.2	132.8	131.6	132.9	131.0	135.3	136.1	136.1	......
				Gross value (billions of 1982 dollars, annual rates)												
MAJOR MARKET																
35 Products, total	.....	**517.5**	**1,824.5**	**1,820.1**	**1,813.9**	**1,822.3**	**1,828.6**	**1,828.9**	**1,853.4**	**1,855.5**	**1,875.3**	**1,885.1**	**1,879.2**	**1,877.8**	**1,892.7**	**1,879.5**
36 Final	.....	405.7	1,401.2	1,397.1	1,394.3	1,398.9	1,404.2	1,404.3	1,423.5	1,426.3	1,442.1	1,447.5	1,449.6	1,442.7	1,457.7	1,444.2
37 Consumer goods	.....	272.7	902.4	898.9	893.6	895.6	900.4	897.2	915.0	918.4	934.4	935.6	934.3	927.8	937.2	926.1
38 Equipment	.....	133.0	498.8	498.3	500.7	503.2	503.8	507.1	508.4	507.9	507.7	511.9	515.2	514.9	520.5	518.1
39 Intermediate	.....	111.9	423.3	423.0	419.6	423.4	424.3	424.5	430.0	429.3	433.2	437.7	429.6	435.1	434.9	435.3

1. These data also appear in the Board's G.12.3 (414) release. For address, see inside front cover.

A major revision of the industrial production index and the capacity utilization rates was released in July 1985. See "A Revision of the Index of Industrial Production" and accompanying tables that contain revised indexes (1977=100) through December 1984 in the FEDERAL RESERVE BULLETIN, vol. 71 (July 1985), pp. 487–501. The revised indexes for January through June 1985 were shown in the September BULLETIN.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1986	1987	1988	1988 July	1988 Aug.	1988 Sept.	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.[r]	1989 Mar.[r]	1989 Apr.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,750	1,535	1,456	1,425	1,466	1,432	1,526	1,508	1,518	1,486	1,403	1,230	1,334
2 1-family	1,071	1,024	994	976	1,007	980	1,029	1,027	1,058	1,052	989	870	954
3 2-or-more-family	679	511	462	449	459	452	497	481	460	434	414	360	380
4 Started	1,805	1,621	1,488	1,478	1,459	1,463	1,532	1,567	1,577	1,678	1,465	1,409	1,339
5 1-family	1,180	1,146	1,081	1,067	1,076	1,039	1,136	1,138	1,141	1,199	1,029	981	1,027
6 2-or-more-family	626	474	407	411	383	424	396	429	436	479	436	428	312
7 Under construction, end of period[1]	1,074	987	919	973	962	955	951	959	956	957	951	944	928
8 1-family	583	591	570	605	601	596	597	603	603	602	594	587	581
9 2-or-more-family	490	397	350	368	361	359	354	356	353	355	357	357	347
10 Completed	1,756	1,669	1,530	1,528	1,539	1,536	1,516	1,429	1,539	1,537	1,610	1,453	1,555
11 1-family	1,120	1,123	1,085	1,077	1,074	1,092	1,088	1,037	1,108	1,141	1,189	1,045	1,112
12 2-or-more-family	636	546	445	451	465	444	428	392	431	396	421	408	443
13 Mobile homes shipped	244	233	218	207	223	224	216	227	225	232	212	207	198
Merchant builder activity in 1-family units													
14 Number sold	748	672	675	701	712	691	718	650	669	700	621	547	597
15 Number for sale, end of period[1]	357	365	366	365	363	361	353	364	366	369	375	377	377
Price (thousands of dollars)[2]													
Median													
16 Units sold	92.2	104.7	113.3	118.0	110.0	116.6	112.9	110.4	121.0	113.0	118.0	124.0	116.0
Average													
17 Units sold	112.2	127.9	139.0	141.3	140.6	142.7	137.3	137.3	147.7	138.6	145.3	148.4	145.9
EXISTING UNITS (1-family)													
18 Number sold	3,566	3,530	3,594	3,650	3,690	3,650	3,680	3,710	3,920	3,550	3,480	3,400	3,400
Price of units sold (thousands of dollars)[2]													
19 Median	80.3	85.6	89.2	90.7	91.5	88.5	88.9	88.5	88.7	89.7	91.9	92.0	92.9
20 Average	98.3	106.2	112.5	114.7	115.4	112.6	112.3	112.4	112.0	113.0	117.8	116.1	118.0
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**386,093**	**398,848**	**403,122**	**404,164**	**403,172**	**406,906**	**407,697**	**411,517**	**420,999**	**417,953**	**415,744**	**414,621**	**414,857**
22 Private	314,651	323,819	325,110	324,658	326,763	327,164	330,735	332,279	335,641	336,504	333,780	339,574	335,602
23 Residential	187,147	194,772	195,280	194,215	195,393	196,945	199,971	200,601	201,738	201,441	199,727	201,135	200,694
24 Nonresidential, total	127,504	129,047	129,830	130,443	131,370	130,219	130,764	131,678	133,903	135,063	134,053	138,439	134,908
Buildings													
25 Industrial	13,747	13,707	14,239	13,928	14,006	13,546	15,275	15,957	14,949	15,789	15,028	16,054	16,429
26 Commercial	56,762	55,448	55,588	56,687	56,404	55,815	54,525	53,806	55,889	57,549	58,211	60,601	56,341
27 Other	13,216	15,464	16,761	16,166	16,613	16,600	17,127	16,798	17,177	17,915	17,437	17,617	16,911
28 Public utilities and other	43,779	44,428	43,242	43,662	44,347	44,258	43,837	45,117	45,888	43,810	43,377	44,167	45,227
29 Public	71,437	75,028	78,011	79,506	76,409	79,742	76,963	79,238	85,358	81,449	81,964	75,046	79,255
30 Military	3,868	4,327	3,952	4,350	3,984	4,897	2,718	3,521	4,006	3,440	3,433	3,740	3,326
31 Highway	22,681	22,758	25,721	27,673	23,491	23,841	25,958	26,433	30,955	27,396	26,121	23,516	25,595
32 Conservation and development	4,646	5,162	4,534	4,861	4,793	5,045	4,339	3,630	4,369	4,079	4,650	3,951	3,394
33 Other	40,242	42,781	43,804	42,622	44,141	45,959	43,948	45,654	46,028	46,534	47,760	43,839	46,940

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 previous 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 (1) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (2) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from the 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 May 1989[1]
	1988 May	1989 May	1988			1989	1989					
			June	Sept.	Dec.	Mar.	Jan.[r]	Feb.[r]	Mar.	Apr.	May	
CONSUMER PRICES[2] (1982–84=100)												
1 **All items**	**3.9**	**5.4**	**4.9**	**4.8**	**4.1**	**6.1**	**.6**	**.4**	**.5**	**.7**	**.6**	**123.8**
2 Food	3.3	6.8	6.4	8.8	3.0	8.2	.7	.4	.8	.5	.6	124.9
3 Energy items	1.5	9.8	3.7	2.7	−.4	10.2	.8	.6	1.1	5.1	1.6	97.4
4 All items less food and energy	4.3	4.6	4.3	4.3	4.9	5.2	.5	.4	.4	.2	.5	128.3
5 Commodities	3.4	3.6	3.9	3.1	4.2	4.1	.5	.2	.3	.2	.4	119.7
6 Services	4.7	5.1	4.5	4.8	5.4	5.9	.5	.5	.5	.2	.5	133.4
PRODUCER PRICES (1982=100)												
7 Finished goods	2.0	6.2	3.0	5.7	3.0	10.2	1.1	.9	.4	.4	.9	114.2
8 Consumer foods	.5	7.1	5.5	9.2	2.1	13.5	1.3	1.0	.8	−.6	.8	119.1
9 Consumer energy	.0	16.9	−5.2	−2.7	1.4	39.2	4.9	2.6	.9	7.2	3.3	72.0
10 Other consumer goods	3.4	4.8	3.5	5.9	4.4	6.1	.5	.6	.4	−.1	.5	123.3
11 Capital equipment	2.0	3.6	2.9	6.1	1.7	4.6	.6	.3	.2	−.1	.4	117.9
12 Intermediate materials[3]	5.5	5.8	7.4	4.6	4.5	9.1	1.0	.5	.6	.4	.3	112.6
13 Excluding energy	6.9	5.6	6.9	7.2	6.7	6.2	.8	.3	.4	.0	.2	120.8
Crude materials												
14 Foods	3.1	9.8	21.3	29.1	−7.9	16.5	2.3	−1.4	3.0	−2.8	.4	115.0
15 Energy	−4.2	10.2	7.8	−27.0	12.3	45.9	6.9	1.1	1.7	5.2	2.2	78.7
16 Other	18.8	6.5	−6.5	8.5	12.5	10.9	2.5	−1.8	2.0	−1.1	−.4	139.8

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	1986	1987	1988	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1[r]
GROSS NATIONAL PRODUCT								
1 **Total**	**4,240.3**	**4,526.7**	**4,864.3**	**4,724.5**	**4,823.8**	**4,909.0**	**4,999.7**	**5,099.0**
By source								
2 Personal consumption expenditures	2,807.5	3,012.1	3,227.5	3,128.1	3,194.6	3,261.2	3,326.4	3,378.1
3 Durable goods	406.5	421.9	451.1	437.8	449.8	452.9	464.0	459.9
4 Nondurable goods	943.6	997.9	1,046.9	1,016.2	1,036.6	1,060.8	1,073.9	1,092.7
5 Services	1,457.3	1,592.3	1,729.6	1,674.1	1,708.2	1,747.5	1,788.5	1,825.5
6 Gross private domestic investment	665.9	712.9	766.5	763.4	758.1	772.5	772.0	788.9
7 Fixed investment	650.4	673.7	718.1	698.1	714.4	722.8	737.2	748.5
8 Nonresidential	433.9	446.8	488.4	471.5	487.8	493.7	500.6	511.3
9 Structures	138.5	139.5	142.8	140.1	142.3	143.8	145.0	148.0
10 Producers' durable equipment	295.4	307.3	345.6	331.3	345.5	349.9	355.6	363.3
11 Residential structures	216.6	226.9	229.7	226.6	226.5	229.1	236.6	237.2
12 Change in business inventories	15.5	39.2	48.4	65.3	43.7	49.7	34.7	40.4
13 Nonfarm	17.4	40.7	42.2	49.4	33.1	41.9	44.6	25.7
14 Net exports of goods and services	−104.4	−123.0	−94.6	−112.1	−90.4	−80.0	−96.1	−79.3
15 Exports	378.4	428.0	519.7	487.8	507.1	536.1	548.0	573.8
16 Imports	482.8	551.1	614.4	599.9	597.5	616.0	644.0	653.2
17 Government purchases of goods and services	871.2	924.7	964.9	945.2	961.6	955.3	997.5	1,011.3
18 Federal	366.2	382.0	381.0	377.7	382.2	367.7	396.3	397.6
19 State and local	505.0	542.8	583.9	567.5	579.4	587.6	601.2	613.7
By major type of product								
20 Final sales, total	4,224.7	4,487.5	4,815.9	4,659.2	4,780.1	4,859.3	4,965.0	5,058.6
21 Goods	1,697.9	1,792.5	1,938.7	1,879.5	1,928.0	1,960.1	1,987.1	2,032.9
22 Durable	725.3	776.3	858.3	819.3	849.5	881.6	882.7	893.0
23 Nondurable	972.6	1,016.3	1,080.4	1,060.1	1,078.5	1,078.5	1,104.4	1,140.0
24 Services	2,118.3	2,295.7	2,478.0	2,405.2	2,451.5	2,501.6	2,553.5	2,603.9
25 Structures	424.0	438.4	447.7	439.9	444.3	447.3	459.1	462.2
26 Change in business inventories	15.5	39.2	48.4	65.3	43.7	49.7	34.7	40.4
27 Durable goods	4.3	26.6	30.9	26.6	17.8	45.1	34.1	30.0
28 Nondurable goods	11.3	12.6	17.4	38.6	25.9	4.6	0.6	10.5
MEMO								
29 **Total GNP in 1982 dollars**	**3,721.7**	**3,847.0**	**3,996.1**	**3,956.1**	**3,985.2**	**4,009.4**	**4,033.4**	**4,077.5**
NATIONAL INCOME								
30 **Total**	**3,437.1**	**3,678.7**	**3,968.2**	**3,850.8**	**3,928.8**	**4,000.7**	**4,093.4**	**4,188.9**
31 Compensation of employees	2,507.1	2,683.4	2,904.7	2,816.4	2,874.0	2,933.2	2,995.3	3,060.9
32 Wages and salaries	2,094.0	2,248.4	2,436.9	2,358.7	2,410.0	2,462.0	2,516.8	2,574.7
33 Government and government enterprises	393.7	420.1	446.1	437.1	442.9	449.1	455.4	465.9
34 Other	1,700.3	1,828.3	1,990.7	1,921.6	1,967.1	2,012.9	2,061.4	2,108.8
35 Supplement to wages and salaries	413.1	435.0	467.8	457.7	464.0	471.1	478.5	486.2
36 Employer contributions for social insurance	217.0	227.1	249.6	243.1	247.5	251.7	256.0	260.8
37 Other labor income	196.1	207.9	218.3	214.6	216.5	219.5	222.5	225.4
38 Proprietors' income[1]	286.7	312.9	324.5	323.9	328.8	321.6	323.8	358.1
39 Business and professional[1]	250.3	270.0	288.2	279.2	285.3	290.7	297.7	300.9
40 Farm[1]	36.4	43.0	36.3	44.7	43.4	30.9	26.0	57.1
41 Rental income of persons[2]	12.4	18.4	19.3	20.5	19.1	19.7	18.1	14.4
42 Corporate profits[1]	298.9	310.4	328.1	316.2	326.5	330.0	340.9	319.4
43 Profits before tax[3]	236.4	276.7	306.4	286.2	305.9	313.9	320.6	320.2
44 Inventory valuation adjustment	8.3	−18.0	−23.8	−19.4	−27.4	−29.3	−19.2	−34.1
45 Capital consumption adjustment	54.2	51.7	45.6	49.4	48.0	45.4	39.6	33.3
46 Net interest	331.9	353.6	391.5	373.9	380.6	396.2	415.4	436.2

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	1986	1987	1988	1988 Q1	1988 Q2	1988 Q3	1988 Q4	1989 Q1[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**3,531.1**	**3,780.0**	**4,062.1**	**3,951.4**	**4,022.4**	**4,094.0**	**4,180.5**	**4,315.7**
2 Wage and salary disbursements	2,094.0	2,248.4	2,436.9	2,358.7	2,410.0	2,462.0	2,516.8	2,574.7
3 Commodity-producing industries	625.5	649.8	695.4	676.0	689.1	701.3	715.4	727.7
4 Manufacturing	473.1	490.3	522.5	509.6	517.4	525.9	537.1	545.4
5 Distributive industries	498.9	531.7	578.7	558.2	572.1	585.8	598.6	611.8
6 Service industries	575.9	646.8	716.6	687.4	705.9	725.8	747.4	769.3
7 Government and government enterprises	393.7	420.1	446.1	437.1	442.9	449.1	455.4	465.9
8 Other labor income	196.1	207.9	218.3	214.6	216.5	219.5	222.5	225.4
9 Proprietors' income[1]	286.7	312.9	324.5	323.9	328.8	321.6	323.8	358.1
10 Business and professional[1]	250.3	270.0	288.2	279.2	285.3	290.7	297.7	300.9
11 Farm[1]	36.4	43.0	36.3	44.7	43.4	30.9	26.0	57.1
12 Rental income of persons[2]	12.4	18.4	19.3	20.5	19.1	19.7	18.1	14.4
13 Dividends	82.8	88.6	96.3	93.5	95.0	97.3	99.4	102.1
14 Personal interest income	499.1	527.0	575.9	554.2	563.7	581.9	603.7	634.2
15 Transfer payments	521.1	548.8	586.0	576.3	582.8	588.6	596.4	617.1
16 Old-age survivors, disability, and health insurance benefits	269.3	282.9	301.8	298.1	300.4	303.1	305.7	317.8
17 LESS: Personal contributions for social insurance	161.1	172.0	195.1	190.2	193.5	196.7	200.1	210.2
18 EQUALS: Personal income	3,531.1	3,780.0	4,062.1	3,951.4	4,022.4	4,094.0	4,180.5	4,315.7
19 LESS: Personal tax and nontax payments	511.4	570.3	590.3	575.8	601.0	586.5	598.0	635.1
20 EQUALS: Disposable personal income	3,019.6	3,209.7	3,471.8	3,375.6	3,421.5	3,507.5	3,582.5	3,680.6
21 LESS: Personal outlays	2,898.0	3,105.5	3,327.5	3,225.7	3,293.6	3,361.8	3,428.7	3,482.7
22 *EQUALS: Personal saving*	121.7	104.2	144.3	149.9	127.8	145.7	153.8	197.9
MEMO								
Per capita (1982 dollars)								
23 Gross national product	15,401.2	15,772.9	16,231.1	16,127.6	16,213.2	16,265.3	16,322.9	16,461.4
24 Personal consumption expenditures	10,160.1	10,336.2	10,528.8	10,435.4	10,492.3	10,563.1	10,628.1	10,637.5
25 Disposable personal income	10,929.0	11,012.0	11,326.0	11,260.0	11,237.0	11,362.0	11,445.0	11,592.0
26 *Saving rate (percent)*	4.0	3.2	4.2	4.4	3.7	4.2	4.3	5.4
GROSS SAVING								
27 **Gross saving**	**537.2**	**560.4**	**644.4**	**627.0**	**634.1**	**665.4**	**651.9**	**698.8**
28 Gross private saving	681.6	665.3	731.6	726.3	711.2	732.9	756.7	783.1
29 *Personal saving*	121.7	104.2	144.3	149.9	127.8	145.7	153.8	197.9
30 Undistributed corporate profits[1]	104.1	81.1	81.0	78.1	80.1	79.5	86.8	60.7
31 Corporate inventory valuation adjustment	8.3	−18.0	−23.8	−19.4	−27.4	−29.3	−19.2	−34.1
Capital consumption allowances								
32 Corporate	282.4	297.5	315.7	309.8	313.3	316.8	323.0	328.2
33 Noncorporate	173.5	182.5	190.6	188.5	189.9	190.9	193.1	196.4
34 Government surplus, or deficit (−), national income and product accounts	−144.4	−104.9	−87.3	−99.2	−77.1	−67.5	−104.8	−84.3
35 Federal	−205.6	−157.8	−142.4	−155.1	−133.3	−123.5	−157.5	−139.5
36 State and local	61.2	52.9	55.1	55.8	56.2	56.0	52.6	55.2
37 **Gross investment**	**523.6**	**552.3**	**630.3**	**612.0**	**629.0**	**651.4**	**628.7**	**667.3**
38 Gross private domestic	665.9	712.9	766.5	763.4	758.1	772.5	772.0	788.9
39 Net foreign	−142.4	−160.6	−136.2	−151.3	−129.1	−121.1	−143.3	−121.6
40 **Statistical discrepancy**	**−13.6**	**−8.1**	**−14.1**	**−15.0**	**−5.1**	**−14.0**	**−23.2**	**−31.5**

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	1986[r]	1987[r]	1988[r]	1988[r]				1989
				Q1	Q2	Q3	Q4	Q1[p]
1 Balance on current account	−133,249	−143,700	−126,548	−32,046	−33,485	−32,340	−28,677	−30,685
2 Not seasonally adjusted	....	....	....	−27,556	−33,875	−36,926	−28,191	−26,131
3 Merchandise trade balance[2]	−145,058	−159,500	−127,215	−33,446	−31,411	−30,339	−32,019	−27,634
4 *Merchandise exports*	223,367	250,266	319,251	76,447	78,471	80,604	83,729	88,496
5 Merchandise imports	−368,425	−409,766	−446,466	−109,893	−109,882	−110,943	−115,748	−116,130
6 Military transactions, net	−4,576	−2,857	−4,606	−964	−1,033	−1,006	−1,604	−1,482
7 Investment income, net	21,647	22,283	2,227	2,795	−2,465	−2,590	4,489	−3,508
8 Other service transactions, net	10,517	10,586	17,702	2,933	4,323	4,971	5,475	5,359
9 Remittances, pensions, and other transfers	−4,049	−4,063	−4,279	−1,131	−971	−1,088	−1,090	−1,192
10 U.S. government grants (excluding military)	−11,730	−10,149	−10,377	−2,233	−1,928	−2,288	−3,928	−2,228
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−2,024	997	2,999	−1,490	−885	1,961	3,413	1,012
12 Change in U.S. official reserve assets (increase, −)	312	9,149	−3,566	1,503	39	−7,380	2,272	−4,000
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−246	−509	474	155	180	−35	173	−188
15 *Reserve position in International Monetary Fund*	1,501	2,070	1,025	446	69	202	307	316
16 Foreign currencies	−942	7,588	−5,064	901	−210	−7,547	1,791	−4,128
17 Change in U.S. private assets abroad (increase, −)	−97,954	−86,363	−81,543	4,528	−15,273	−32,467	−38,332	−28,828
18 Bank-reported claims[3]	−59,975	−42,119	−54,481	15,266	−12,602	−26,229	−30,916	−22,601
19 Nonbank-reported claims	−7,396	5,201	−1,684	−65	−6,443	255	4,569	....
20 U.S. purchase of foreign securities, net	−4,271	−5,251	−7,846	−4,539	1,333	−1,592	−3,047	−2,554
21 U.S. direct investments abroad, net	−26,312	−44,194	−17,533	−6,134	2,439	−4,901	−8,938	−3,673
22 Change in foreign official assets in United States (increase, +)	35,594	45,193	38,882	24,631	5,895	−2,234	10,589	6,914
23 U.S. Treasury securities	34,364	43,238	41,683	27,702	5,853	−3,769	11,897	4,585
24 Other U.S. government obligations	−1,214	1,564	1,309	−162	202	572	697	716
25 Other U.S. government liabilities[4]	2,141	−2,520	−1,284	−304	−517	−232	−232	−377
26 Other U.S. liabilities reported by U.S. banks[3]	1,187	3,918	−331	−1,772	774	1,703	−1,036	1,538
27 Other foreign official assets[5]	−884	−1,007	−2,495	−833	−417	−508	−737	452
28 Change in foreign private assets in United States (increase, +)	186,011	172,847	180,418	2,396	59,438	48,413	70,170	42,163
29 *U.S. bank-reported liabilities*[3]	79,783	89,026	68,832	−17,137	30,455	23,291	32,223	10,398
30 U.S. nonbank-reported liabilities	−2,641	2,450	6,558	1,565	−59	2,350	2,702	....
31 Foreign private purchases of U.S. Treasury securities, net	3,809	−7,643	20,144	5,928	5,458	3,422	5,336	8,745
32 Foreign purchases of other U.S. securities, net	70,969	42,120	26,448	2,424	9,699	7,454	6,871	8,591
33 Foreign direct investments in United States, net	34,091	46,894	58,436	9,616	13,885	11,896	23,038	14,429
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	11,308	1,878	−10,641	479	−15,729	24,047	−19,434	13,424
36 Owing to seasonal adjustments	....	....	....	3,843	−3,714	−4,556	4,431	4,264
37 Statistical discrepancy in recorded data before seasonal adjustment	11,308	1,878	−10,641	−3,364	−12,015	28,603	−23,865	9,160
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	312	9,149	−3,566	1,503	39	−7,380	2,272	−4,000
39 Foreign official assets in United States (increase, +) excluding line 25	33,453	47,713	40,166	24,935	6,412	−2,002	10,821	7,291
40 Change in Organization of Petroleum Exporting Countries official assets in United States (part of line 22 above)	−9,327	−9,955	−3,109	−1,547	−1,776	−459	672	7,059
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	96	53	92	41	4	7	40	13

1. *Seasonal factors are not 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. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.

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[1]

Millions of dollars; monthly data are seasonally adjusted.

Item	1986	1987	1988	1988 Oct.	Nov.	Dec.	1989 Jan.	Feb.	Mar.	Apr.ᵖ
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments, f.a.s. value	227,159	254,122	321,813	27,816	27,542	29,062	28,747	28,664	30,323	30,572
GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses										
2 Customs value	365,438	406,241	441,574	36,600	38,200	40,052	37,425	38,483	39,868	38,836
Trade balance										
3 **Customs value**	**−138,279**	**−152,119**	**−119,760**	**−8,784**	**−10,658**	**−10,991**	**−8,678**	**−9,819**	**−9,545**	**−8,264**

1. 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 adjustment is 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. As of Jan. 1, 1987 census data are released 45 days after the end of the month; the previous month is revised to reflect late documents. Total exports and the trade balance reflect adjustments for undocumented exports to Canada.

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	1985	1986	1987	1988 Nov.	Dec.	1989 Jan.	Feb.	Mar.	Apr.	Mayᵖ
1 **Total**	**43,186**	**48,511**	**45,798**	**48,944**	**47,802**	**48,190**	**49,373**	**49,854**	**50,303**	**54,941**
2 Gold stock, including Exchange Stabilization Fund[1]	11,090	11,064	11,078	11,059	11,057	11,056	11,061	11,061	11,061	11,060
3 Special drawing rights[2,3]	7,293	8,395	10,283	9,785	9,637	9,388	9,653	9,443	9,379	9,134
4 Reserve position in International Monetary Fund[2]	11,947	11,730	11,349	10,103	9,745	9,422	9,353	9,052	9,132	8,513
5 Foreign currencies[4]	12,856	17,322	13,088	17,997	17,363	18,324	19,306	20,298	20,731	26,234

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[1]

Millions of dollars, end of period

Assets	1985	1986	1987	1988 Nov.	Dec.	1989 Jan.	Feb.	Mar.	Apr.	Mayᵖ
1 Deposits	480	287	244	251	347	279	325	351	352	428
Assets held in custody										
2 U.S. Treasury securities[2]	121,004	155,835	195,126	229,926	232,547	228,399	230,860	234,075	235,145	232,004
3 Earmarked gold[3]	14,245	14,048	13,919	13,640	13,636	13,635	13,609	13,602	13,576	13,612

1. Excludes deposits and U.S. Treasury securities held for international and regional organizations.
2. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.
3. Earmarked gold and the gold stock are valued at $42.22 per fine troy ounce. 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[1]

Millions of dollars, end of period

Asset account	1985	1986	1987	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.
					All foreign countries					
1 **Total, all currencies**	**458,012**	**456,628**	**518,618**	**497,514**	**516,360**	**505,790**	**496,509**	**501,438**	**519,522**	**516,849**
2 Claims on United States	119,706	114,563	138,034	157,317	171,304	169,111	167,143	168,558[r]	177,929[r]	170,046
3 Parent bank	87,201	83,492	105,845	117,494	130,834	129,856	127,403	128,115	134,029[r]	127,476
4 Other banks in United States	13,057	13,685	16,416	15,039	16,366	14,918	14,559[r]	13,506[r]	14,697[r]	13,460
5 Nonbanks	19,448	17,386	15,773	24,784	24,104	24,337	25,181[r]	26,937[r]	29,203[r]	29,110
6 Claims on foreigners	315,676	312,955	342,520	302,855	307,043	299,504	291,681[r]	296,028[r]	303,702[r]	306,933
7 Other branches of parent bank	91,399	96,281	122,155	102,050	106,639	107,176	102,478	103,960	110,433	114,834
8 Banks	102,960	105,237	108,859	102,285	100,758	96,866	93,760	95,784	97,799[r]	97,075
9 Public borrowers	23,478	23,706	21,832	18,234	18,191	17,138	16,751	16,504	16,858	16,077
10 Nonbank foreigners	97,839	87,731	89,674	80,286	81,455	78,324	78,692[r]	79,780[r]	78,612	78,947
11 Other assets	22,630	29,110	38,064	37,342	38,013	37,175	37,685[r]	36,852	37,891	39,870
12 **Total payable in U.S. dollars**	**336,520**	**317,487**	**350,107**	**341,132**	**355,652**	**358,027**	**345,506**	**346,971**	**366,414**	**359,818**
13 Claims on United States	116,638	110,620	132,023	151,598	165,017	163,456	160,520	161,336	170,118[r]	162,955
14 Parent bank	85,971	82,082	103,251	115,109	127,692	126,929	124,496	124,288	129,458[r]	123,258
15 Other banks in United States	12,454	12,830	14,657	13,560	15,062	14,167	12,908[r]	12,025[r]	13,259[r]	12,540
16 Nonbanks	18,213	15,708	14,115	22,929	22,263	22,360	23,116[r]	25,023[r]	27,401[r]	27,157
17 Claims on foreigners	210,129	195,063	202,428	173,467	173,826	177,672	167,271	168,274	178,118[r]	179,283
18 Other branches of parent bank	72,727	72,197	88,284	74,949	77,384	80,736	76,221	76,563	82,796	87,777
19 Banks	71,868	66,421	63,707	54,870	53,632	54,884	49,544	50,153	54,028[r]	50,804
20 Public borrowers	17,260	16,708	14,730	12,787	12,415	12,131	11,596	11,638	11,698	11,467
21 Nonbank foreigners	48,274	39,737	35,707	30,861	30,395	29,921	29,910	29,920	29,596	29,235
22 Other assets	9,753	11,804	15,656	16,067	16,809	16,899	17,715	17,361	18,178	17,580
					United Kingdom					
23 **Total, all currencies**	**148,599**	**140,917**	**158,695**	**155,580**	**159,556**	**156,835**	**156,529**	**154,879**	**154,856**	**153,146**
24 Claims on United States	33,157	24,599	32,518	36,260	39,242	40,089	40,954	40,547[r]	40,715[r]	39,394
25 Parent bank	26,970	19,085	27,350	30,569	33,138	34,243	34,928	34,449	35,315[r]	34,660
26 Other banks in United States	1,106	1,612	1,259	994	1,343	1,123	1,128	1,268	1,380	1,227
27 Nonbanks	5,081	3,902	3,909	4,697	4,761	4,723	4,898	4,830[r]	4,020[r]	3,507
28 Claims on foreigners	110,217	109,508	115,700	109,743	110,336	106,388	104,668	103,806[r]	103,443[r]	102,438
29 Other branches of parent bank	31,576	33,422	39,903	33,103	33,243	35,625	35,322	33,650	35,305	32,954
30 Banks	39,250	39,468	36,735	40,236	40,875	36,765	34,907	36,159	35,382[r]	37,079
31 Public borrowers	5,644	4,990	4,752	4,190	4,276	4,019	4,090	3,808	3,757	3,471
32 Nonbank foreigners	33,747	31,628	34,310	32,214	31,942	29,979	30,349	30,189[r]	28,999	28,934
33 Other assets	5,225	6,810	10,477	9,577	9,978	10,358	10,907	10,526	10,698	11,314
34 **Total payable in U.S. dollars**	**108,626**	**95,028**	**100,574**	**99,868**	**101,341**	**103,503**	**102,873**	**100,863**	**103,211**	**98,463**
35 Claims on United States	32,092	23,193	30,439	34,184	36,881	38,012	38,591	37,707	38,265[r]	36,772
36 Parent bank	26,568	18,526	26,304	29,667	32,115	33,252	33,925	33,106	34,320[r]	33,499
37 Other banks in United States	1,005	1,475	1,044	606	849	964	678	816	937	872
38 Nonbanks	4,519	3,192	3,091	3,911	3,917	3,796	3,988	3,785	3,008[r]	2,401
39 Claims on foreigners	73,475	68,138	64,560	60,984	59,405	60,472	58,798	57,567	59,201[r]	56,227
40 Other branches of parent bank	26,011	26,361	28,635	25,703	25,574	28,474	27,939	26,475	28,145	25,389
41 Banks	26,139	23,251	19,188	20,488	19,452	18,494	16,778	17,246	17,715[r]	17,680
42 Public borrowers	3,999	3,677	3,313	2,984	2,898	2,840	2,869	2,774	2,786	2,696
43 Nonbank foreigners	17,326	14,849	13,424	11,809	11,481	10,664	11,212	11,072	10,555	10,462
44 Other assets	3,059	3,697	5,575	4,700	5,055	5,019	5,484	5,589	5,745	5,464
					Bahamas and Caymans					
45 **Total, all currencies**	**142,055**	**142,592**	**160,321**	**159,147**	**169,034**	**170,639**	**162,352**	**165,862**	**179,212**	**172,319**
46 Claims on United States	74,864	78,048	85,318	96,287	106,240	105,320	103,016	103,989	111,978[r]	105,274
47 Parent bank	50,553	54,575	60,048	64,249	73,654	73,409	71,065	71,100	75,261	68,969
48 Other banks in United States	11,204	11,156	14,277	12,799	14,065	13,145	12,742[r]	11,563[r]	12,275[r]	11,564
49 Nonbanks	13,107	12,317	10,993	19,239	18,521	18,766	19,209[r]	21,326[r]	24,442[r]	24,741
50 Claims on foreigners	63,882	60,005	70,162	56,526	56,128	58,393	52,503	54,732	59,615[r]	60,096
51 Other branches of parent bank	19,042	17,296	21,277	18,772	18,534	17,954	15,982	18,454	20,048	26,261
52 Banks	28,192	27,476	33,751	25,636	25,549	28,268	24,755	24,514	27,727[r]	22,633
53 Public borrowers	6,458	7,051	7,428	6,045	5,861	5,830	5,422	5,513	5,480	5,374
54 Nonbank foreigners	10,190	8,182	7,706	6,073	6,184	6,341	6,344	6,251	6,360	5,828
55 Other assets	3,309	4,539	4,841	6,334	6,666	6,926	6,833	7,141	7,619	6,949
56 **Total payable in U.S. dollars**	**136,794**	**136,813**	**151,434**	**151,363**	**161,238**	**163,518**	**154,981**	**158,011**	**172,175**	**166,384**

1. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3.14—Continued

Liability account	1985	1986	1987	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.
					All foreign countries					
57 **Total, all currencies**	**458,012**	**456,628**	**518,618**	**497,514**	**516,360**	**505,790**	**496,509**	**501,438**	**519,522**	**516,849**
58 Negotiable CDs	34,607	31,629	30,929	27,969	30,734	28,511	28,538	30,013	30,768	30,278
59 To United States	156,281	152,465	161,390	163,526	174,437	185,555	172,035	174,936[r]	185,664	177,561
60 Parent bank	84,657	83,394	87,606	97,102	106,207	114,700	102,501	105,667	113,612[r]	107,434
61 Other banks in United States	16,894	15,646	20,559	14,029	13,584	14,897	13,539	12,989[r]	14,659[r]	14,306
62 Nonbanks	54,730	53,425	53,225	52,395	54,646	55,958	55,995	56,280	57,393	55,821
63 To foreigners	245,939	253,775	304,803	283,282	287,759	270,676	273,794	274,684[r]	280,818	284,735
64 Other branches of parent bank	89,529	95,146	124,601	107,532	112,310	111,262	109,116	111,577	116,284	117,166
65 Banks	76,814	77,809	87,274	82,282	82,636	72,623	71,998	70,296[r]	71,290	72,205
66 Official institutions	19,520	17,835	19,564	18,786	17,743	15,183	18,866	17,322	17,910	18,019
67 Nonbank foreigners	60,076	62,985	73,364	74,682	75,070	71,608	73,814	75,489	75,334	77,345
68 Other liabilities	21,185	18,759	21,496	22,737	23,430	21,048	22,142	21,805	22,272	24,275
69 **Total payable in U.S. dollars**	**353,712**	**336,406**	**361,438**	**347,019**	**363,425**	**367,075**	**353,661**	**356,578**	**378,435**	**371,014**
70 Negotiable CDs	31,063	28,466	26,768	23,218	26,130	24,045	23,696	25,452	26,287	25,970
71 To United States	150,905	144,483	148,442	152,240	161,080	173,189	159,650	161,449	173,323	164,955
72 Parent bank	81,631	79,305	81,783	90,122	97,898	107,150	94,531	96,714	105,386	99,187
73 Other banks in United States	16,264	14,609	19,155	12,868	12,230	13,628	12,413	11,535	13,355	12,780
74 Nonbanks	53,010	50,569	47,504	49,250	50,952	52,411	52,706	53,200	54,582	52,988
75 To foreigners	163,583	156,806	177,711	160,653	164,817	160,359	160,615	159,523	168,380	169,696
76 Other branches of parent bank	71,078	71,181	90,469	79,945	82,810	84,021	82,145	83,253	88,434	89,219
77 Banks	37,365	33,850	35,065	29,167	31,133	28,480	27,220	27,044	28,938	28,432
78 Official institutions	14,359	12,371	12,409	10,624	9,121	8,224	10,879	8,739	9,952	9,677
79 Nonbank foreigners	40,781	39,404	39,768	40,917	41,753	39,634	40,371	40,487	41,056	42,368
80 Other liabilities	8,161	6,651	8,517	10,908	11,398	9,482	9,700	10,154	10,445	10,393
					United Kingdom					
81 **Total, all currencies**	**148,599**	**140,917**	**158,695**	**155,580**	**159,556**	**156,835**	**156,529**	**154,879**	**154,856**	**153,146**
82 Negotiable CDs	31,260	27,781	26,988	23,345	26,013	24,528	24,253	25,942	26,625	26,157
83 To United States	29,422	24,657	23,470	31,575	32,420	36,784	34,535	35,393[r]	32,609	29,715
84 Parent bank	19,330	14,469	13,223	22,800	23,226	27,849	24,130	25,562	24,950	20,455
85 Other banks in United States	2,974	2,649	1,740	2,192	1,768	2,197	2,568	1,915[r]	1,984	1,551
86 Nonbanks	7,118	7,539	8,507	6,583	7,426	6,738	7,837	7,916	5,675	7,709
87 To foreigners	78,525	79,498	98,689	89,934	90,404	86,026	87,519	83,774[r]	86,011	87,478
88 Other branches of parent bank	23,389	25,036	33,078	25,743	26,268	26,812	26,815	24,553	25,929	25,800
89 Banks	28,581	30,877	34,290	32,385	33,029	30,609	29,329	28,508[r]	29,094	30,714
90 Official institutions	9,676	6,836	11,015	10,656	9,542	7,873	10,010	8,627	9,429	8,637
91 Nonbank foreigners	16,879	16,749	20,306	21,150	21,565	20,732	21,365	22,086	21,559	22,327
92 Other liabilities	9,392	8,981	9,548	10,726	10,719	9,497	10,222	9,770	9,611	9,796
93 **Total payable in U.S. dollars**	**112,697**	**99,707**	**102,550**	**101,689**	**102,933**	**105,514**	**104,462**	**103,302**	**105,942**	**100,514**
94 Negotiable CDs	29,337	26,169	24,926	20,864	23,543	22,063	21,500	23,419	24,302	24,073
95 To United States	27,756	22,075	17,752	28,063	27,123	32,588	30,032	30,442	29,430	25,493
96 Parent bank	18,956	14,021	12,026	21,665	21,003	26,404	22,069	22,998	23,865	18,524
97 Other banks in United States	2,826	2,325	1,512	1,978	1,366	1,912	2,362	1,600	1,719	1,227
98 Nonbanks	5,974	5,729	4,214	4,420	4,754	4,272	5,601	5,844	3,846	5,742
99 To foreigners	51,980	48,138	55,919	47,278	46,843	46,690	48,421	44,934	47,219	46,230
100 Other branches of parent bank	18,493	17,951	22,334	17,384	17,443	18,561	18,936	17,139	18,483	17,755
101 Banks	14,344	15,203	15,580	13,436	14,029	13,407	13,090	13,106	12,907	13,439
102 Official institutions	7,661	4,934	7,530	6,186	4,713	4,348	5,897	4,116	5,467	4,365
103 Nonbank foreigners	11,482	10,050	10,475	10,272	10,658	10,374	10,498	10,573	10,362	10,671
104 Other liabilities	3,624	3,325	3,953	5,484	5,424	4,173	4,509	4,507	4,991	4,718
					Bahamas and Caymans					
105 **Total, all currencies**	**142,055**	**142,592**	**160,321**	**159,147**	**169,034**	**170,639**	**162,352**	**165,862**	**179,212**	**172,319**
106 Negotiable CDs	610	847	885	1,092	1,361	953	1,118	1,138	1,073	1,025
107 To United States	104,556	106,081	113,950	108,858	116,952	122,332	113,562	114,729	124,736	118,162
108 Parent bank	45,554	49,481	53,239	53,197	59,883	62,894	56,643	57,684	62,689	59,761
109 Other banks in United States	12,778	11,715	17,224	10,824	10,823	11,494	9,890	9,743	11,464	11,345
110 Nonbanks	46,224	44,885	43,487	44,837	46,246	47,944	47,029	47,302	50,583	47,056
111 To foreigners	35,053	34,400	43,815	46,775	48,113	45,161	45,602	47,534	50,882	50,604
112 Other branches of parent bank	14,075	12,631	19,185	24,805	24,508	23,686	24,973	25,988	28,010	27,654
113 Banks	10,669	8,617	10,769	8,490	10,035	8,336	7,179	7,795	8,522	8,202
114 Official institutions	1,776	2,719	1,504	972	1,060	1,074	1,337	1,379	1,234	1,808
115 Nonbank foreigners	8,533	10,433	12,357	12,508	12,510	12,065	12,113	12,372	13,116	12,940
116 Other liabilities	1,836	1,264	1,671	2,422	2,608	2,193	2,070	2,461	2,521	2,528
117 **Total payable in U.S. dollars**	**138,322**	**138,774**	**152,927**	**151,600**	**160,786**	**162,950**	**154,663**	**157,890**	**172,213**	**166,484**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1986	1987	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.[p]
1 **Total**[1]	**211,834**	**259,556**	**295,219**	**300,956**	**299,749**	**301,730**	**304,220**[r]	**307,560**	**312,917**
By type									
2 Liabilities reported by banks in the United States[2]	27,920	31,838	34,796	35,089	31,507	36,744	34,712[r]	33,516	38,411
3 U.S. Treasury bills and certificates[3]	75,650	88,829	100,814	103,841	103,722	98,457	98,192	95,478	96,109
U.S. Treasury bonds and notes									
4 Marketable	91,368	122,432	144,617	146,813	149,025	151,040	155,338	161,887	161,043
5 Nonmarketable[4]	1,300	300	516	520	523	527	531	534	538
6 U.S. securities other than U.S. Treasury securities[5]	15,596	16,157	14,476	14,693	14,972	14,962	15,447	16,145	16,816
By area									
7 Western Europe[1]	88,629	124,620	125,407	128,665	125,099	126,057	124,801[r]	125,324	128,613
8 Canada	2,004	4,961	11,014	10,066	9,584	9,668	9,856	10,156	9,994
9 Latin America and Caribbean	8,417	8,328	9,849	10,525	10,094	9,943	8,875	7,533	7,209
10 Asia	105,868	116,098	139,439	142,768	145,579	147,273	152,277[r]	156,409	158,659
11 Africa	1,503	1,402	1,094	993	1,369	1,093	1,143	1,119	1,065
12 Other countries[6]	5,412	4,147	7,903	7,418	7,501	7,169	6,738	6,485	6,837

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[1]

Millions of dollars, end of period

Item	1985	1986	1987	1988 June	1988 Sept.	1988 Dec.	1989 Mar.
1 Banks' own liabilities	15,368	29,702	55,438	54,552	61,311	71,001	70,760
2 Banks' own claims	16,294	26,180	51,271	51,017	59,775	66,093	67,255
3 Deposits	8,437	14,129	18,861	17,660	20,769	23,831	21,810
4 Other claims	7,857	12,052	32,410	33,357	39,006	42,261	45,445
5 Claims of banks' domestic customers[2]	580	2,507	551	1,004	335	364	376

1. Data on claims exclude foreign currencies held by U.S. monetary authorities.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of the domestic customers.

3.17 LIABILITIES TO FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1985	1986	1987	1988 Oct.	1988 Nov.	1988 Dec.	1989 Jan.	1989 Feb.[r]	1989 Mar.	1989 Apr.[p]
1 **All foreigners**	**435,726**	**540,996**	**618,874**	**651,865**	**678,147**	**685,084**	**661,918**	**677,813**	**690,053**	**684,261**
2 Banks' own liabilities	341,070	406,485	470,070	482,647	503,610	513,070	493,248	507,533	523,581	518,256
3 Demand deposits	21,107	23,789	22,383	21,833	22,052	21,801	20,605	21,731	22,480	22,238
4 Time deposits[2]	117,278	130,891	148,374	142,181	149,438	150,980	145,557	151,464	158,804	157,516
5 Other[3]	29,305	42,705	51,677	57,046	53,939	52,074	52,165	50,712	53,300	57,880
6 Own foreign offices[4]	173,381	209,100	247,635	261,587	278,180	288,215	274,922	283,625	288,997	280,621
7 Banks' custody liabilities[5]	94,656	134,511	148,804	169,218	174,537	172,015	168,669	170,281	166,472	166,005
8 U.S. Treasury bills and certificates[6]	69,133	90,398	101,743	112,267	116,861	114,976	111,141	110,992	108,035	106,191
9 Other negotiable and readily transferable instruments[7]	17,964	15,417	16,776	16,400	16,662	16,371	16,763	17,061	16,958	17,283
10 Other	7,558	28,696	30,285	40,551	41,015	40,668	40,765	42,228	41,479	42,531
11 **Nonmonetary international and regional organizations**[8]	**5,821**	**5,807**	**4,464**	**6,109**	**4,978**	**3,224**	**2,704**	**3,252**	**3,739**	**4,094**
12 Banks' own liabilities	2,621	3,958	2,702	4,297	3,722	2,527	1,910	2,679	2,931	3,308
13 Demand deposits	85	199	124	143	76	71	67	74	88	163
14 Time deposits[2]	2,067	2,065	1,538	1,301	1,584	1,183	565	1,126	1,360	1,484
15 Other[3]	469	1,693	1,040	2,853	2,062	1,272	1,278	1,479	1,482	1,661
16 Banks' custody liabilities[5]	3,200	1,849	1,761	1,812	1,256	698	795	574	808	786
17 U.S. Treasury bills and certificates[6]	1,736	259	265	62	83	57	69	59	74	77
18 Other negotiable and readily transferable instruments[7]	1,464	1,590	1,497	1,750	1,163	641	711	463	734	693
19 Other	0	0	0	0	10	0	15	52	0	16
20 **Official institutions**[9]	**79,985**	**103,569**	**120,667**	**135,610**	**138,930**	**135,229**	**135,201**	**132,904**	**128,993**	**134,520**
21 Banks' own liabilities	20,835	25,427	28,703	31,017	31,107	27,097	32,023	29,392	27,898	32,331
22 Demand deposits	2,077	2,267	1,757	1,780	1,583	1,915	1,627	1,792	1,605	1,717
23 Time deposits[2]	10,949	10,497	12,843	11,407	12,176	9,784	13,476	12,748	11,104	12,399
24 Other[3]	7,809	12,663	14,103	17,830	17,348	15,398	16,920	14,852	15,189	18,215
25 Banks' custody liabilities[5]	59,150	78,142	91,965	104,593	107,823	108,132	103,178	103,512	101,095	102,189
26 U.S. Treasury bills and certificates[6]	53,252	75,650	88,829	100,814	103,841	103,722	98,457	98,192	95,478	96,109
27 Other negotiable and readily transferable instruments[7]	5,824	2,347	2,990	3,622	3,768	4,130	4,598	5,076	5,466	5,875
28 Other	75	145	146	158	214	280	124	244	152	205
29 **Banks**[10]	**275,589**	**351,745**	**414,280**	**424,966**	**447,246**	**459,924**	**437,173**	**452,485**	**468,662**	**455,778**
30 Banks' own liabilities	252,723	310,166	371,665	374,398	395,437	408,615	385,240	399,766	417,241	404,602
31 Unaffiliated foreign banks	79,341	101,066	124,030	112,811	117,258	120,400	110,318	116,141	128,244	123,980
32 Demand deposits	10,271	10,303	10,898	10,232	10,402	9,980	9,460	9,585	11,012	10,559
33 Time deposits[2]	49,510	64,232	79,717	70,887	76,415	80,279	72,537	76,921	84,888	81,455
34 Other[3]	19,561	26,531	33,415	31,693	30,442	30,141	28,321	29,635	32,344	31,967
35 Own foreign offices[4]	173,381	209,100	247,635	261,587	278,180	288,215	274,922	283,625	288,997	280,621
36 Banks' custody liabilities[5]	22,866	41,579	42,615	50,569	51,809	51,309	51,933	52,719	51,421	51,177
37 U.S. Treasury bills and certificates[6]	9,832	9,984	9,134	7,976	8,087	7,602	7,819	7,491	7,310	6,285
38 Other negotiable and readily transferable instruments[7]	6,040	5,165	5,392	5,225	5,696	5,666	5,870	5,884	5,254	5,057
39 Other	6,994	26,431	28,089	37,367	38,025	38,041	38,243	39,344	38,857	39,835
40 **Other foreigners**	**74,331**	**79,875**	**79,463**	**85,179**	**86,992**	**86,707**	**86,840**	**89,172**	**88,659**	**89,868**
41 Banks' own liabilities	64,892	66,934	67,000	72,935	73,343	74,832	74,076	75,695	75,510	78,015
42 Demand deposits	8,673	11,019	9,604	9,678	9,991	9,835	9,452	10,279	9,774	9,799
43 Time deposits[2]	54,752	54,097	54,277	58,586	59,264	59,734	58,979	60,670	61,451	62,179
44 Other[3]	1,467	1,818	3,119	4,671	4,088	5,263	5,645	4,746	4,285	6,037
45 Banks' custody liabilities[5]	9,439	12,941	12,463	12,244	13,650	11,876	12,764	13,476	13,148	11,853
46 U.S. Treasury bills and certificates[6]	4,314	4,506	3,515	3,415	4,849	3,595	4,797	5,250	5,174	3,720
47 Other negotiable and readily transferable instruments[7]	4,636	6,315	6,898	5,803	6,035	5,933	5,584	5,638	5,504	5,658
48 Other	489	2,120	2,050	3,026	2,766	2,347	2,383	2,589	2,471	2,474
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	9,845	7,496	7,314	6,117	6,128	6,366	6,296	6,064	5,809	5,533

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
3. Includes borrowing under repurchase agreements.
4. 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.
5. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
6. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
7. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
8. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks. Data exclude "holdings of dollars" of the International Monetary Fund.
9. Foreign central banks, foreign central governments, and the Bank for International Settlements.
10. Excludes central banks, which are included in "Official institutions."

3.17—Continued

Area and country	1985	1986	1987	1988			1989			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.^{p}
1 **Total**	**435,726**	**540,996**	**618,874**	**651,865**	**678,147**	**685,084**	**661,918**	**677,813^r**	**690,053**	**684,261**
2 **Foreign countries**	**429,905**	**535,189**	**614,411**	**645,755**	**673,169**	**681,860**	**659,213**	**674,561^r**	**686,314**	**680,166**
3 Europe	164,114	180,556	234,641	227,258	233,958	236,243	223,965	228,383^r	231,925	229,445
4 Austria	693	1,181	920	1,271	1,599	1,155	1,129	1,777	1,436	1,608
5 Belgium-Luxembourg	5,243	6,729	9,347	10,247	11,117	10,043	9,006	10,508^r	9,315	10,114
6 Denmark	513	482	760	2,362	3,089	2,180	1,833	2,082	1,639	1,615
7 Finland	496	580	377	339	339	284	375	560	527	397
8 France	15,541	22,862	29,835	23,259	24,564	24,758	22,263	24,260^r	26,844	25,655
9 Germany	4,835	5,762	7,022	5,898	7,981	6,781	5,794	5,263	5,514	6,975
10 Greece	666	700	689	675	683	672	919	933	760	927
11 Italy	9,667	10,875	12,073	12,512	13,337	14,610	11,322	11,073	13,480	12,964
12 Netherlands	4,212	5,600	5,014	6,377	5,939	5,311	5,248	6,011	5,600	5,602
13 Norway	948	735	1,362	1,143	1,342	1,559	1,502	1,367	1,547	1,783
14 Portugal	652	699	801	915	738	903	870	813	831	827
15 Spain	2,114	2,407	2,621	6,838	5,976	5,490	5,750	5,174^r	4,902	5,794
16 Sweden	1,422	884	1,379	1,579	1,815	1,270	1,299	1,319	1,416	1,730
17 Switzerland	29,020	30,534	33,766	31,325	31,919	34,224	32,564	31,659^r	29,816	29,033
18 Turkey	429	454	703	876	793	1,012	939	1,246	1,023	1,093
19 United Kingdom	76,728	85,334	116,852	109,976	111,747	116,103	110,894	113,409	115,325	111,486
20 Yugoslavia	673	630	710	655	569	529	489	434	440	465
21 Other Western Europe[1]	9,635	3,326	9,798	10,245	9,627	8,633	10,917	9,929	10,730	10,808
22 U.S.S.R	105	80	32	100	74	138	155	108^r	102	90
23 Other Eastern Europe[2]	523	702	582	667	711	589	697	458^r	677	477
24 Canada	17,427	26,345	30,095	26,697	26,188	21,029	19,267	20,732	25,694	24,466
25 Latin America and Caribbean	167,856	210,318	220,372	240,109	257,330	267,147	259,423	263,539^r	263,752	267,433
26 Argentina	6,032	4,757	5,006	7,065	7,307	7,749	7,628	6,836	6,415	6,280
27 Bahamas	57,657	73,619	74,767	76,844	83,725	86,590	82,009	83,455	85,540	85,887
28 Bermuda	2,765	2,922	2,344	2,577	2,752	2,621	2,381	2,545	2,578	2,367
29 Brazil	5,373	4,325	4,005	4,726	5,137	5,268	4,675	4,829	4,925	5,554
30 British West Indies	42,674	72,263	81,494	95,869	105,016	110,626	108,343	111,213^r	109,985	113,119
31 Chile	2,049	2,054	2,210	2,727	2,653	2,917	2,969	2,975	3,063	2,931
32 Colombia	3,104	4,285	4,204	4,136	4,221	4,317	4,300	4,453	4,148	4,175
33 Cuba	11	7	12	12	9	10	10	10	10	10
34 Ecuador	1,239	1,236	1,082	1,265	1,360	1,356	1,365	1,402	1,422	1,376
35 Guatemala	1,071	1,123	1,082	1,150	1,178	1,186	1,236	1,259	1,271	1,272
36 Jamaica	122	136	160	177	164	186	180	170	223	222
37 Mexico	14,060	13,745	14,480	15,636	15,457	15,093	15,277	14,867^r	14,625	14,269
38 Netherlands Antilles	4,875	4,970	4,975	5,354	5,907	6,705	6,083	5,641	5,666	5,765
39 Panama	7,514	6,886	7,414	4,117	4,046	4,206	4,284	4,496	4,388	4,347
40 Peru	1,167	1,163	1,275	1,605	1,650	1,626	1,716	1,728	1,707	1,763
41 Uruguay	1,552	1,537	1,582	1,788	1,887	1,895	2,011	2,142	2,243	2,255
42 Venezuela	11,922	10,171	9,048	9,547	9,301	9,095	9,159	9,532	9,483	9,553
43 Other	4,668	5,119	5,234	5,512	5,560	5,702	5,800	5,986	6,059	6,288
44 Asia	72,280	108,831	121,288	141,940	145,768	147,293	146,559	151,244^r	154,906	148,897
China										
45 Mainland	1,607	1,476	1,162	1,479	1,401	1,892	1,566	1,602	1,590	1,809
46 Taiwan	7,786	18,902	21,503	23,380	24,747	26,057	26,178	26,001	26,142	28,265
47 Hong Kong	8,067	9,393	10,180	11,532	12,437	11,727	10,941	11,387^r	10,761	11,411
48 India	712	674	582	778	761	695	689	838^r	900	1,787
49 Indonesia	1,466	1,547	1,404	1,286	995	1,189	1,189	1,198	1,611	1,168
50 Israel	1,601	1,892	1,292	2,323	1,063	1,471	1,216	1,366^r	1,156	973
51 Japan	23,077	47,410	54,322	70,478	73,100	73,989	75,391	77,407^r	83,006	72,301
52 Korea	1,665	1,141	1,637	2,440	2,681	2,541	2,454	2,502	2,827	3,444
53 Philippines	1,140	1,866	1,085	1,146	1,155	1,163	976	1,014	977	981
54 Thailand	1,358	1,119	1,345	1,363	1,205	1,236	1,373	1,615	1,151	1,165
55 Middle-East oil-exporting countries[3]	14,523	12,352	13,988	13,232	12,871	12,053	12,262	12,371^r	12,029	12,206
56 Other	9,276	11,058	12,788	12,503	13,352	13,281	12,323	13,943^r	12,758	13,389
57 Africa	4,883	4,021	3,945	3,702	3,530	3,974	3,688	3,791	3,714	3,665
58 Egypt	1,363	706	1,151	850	757	912	771	819	756	721
59 Morocco	163	92	194	66	64	68	90	69	60	82
60 South Africa	388	270	202	245	267	437	250	212	226	256
61 Zaire	163	74	67	71	72	71	74	75	77	73
62 Oil-exporting countries[4]	1,494	1,519	1,014	993	952	1,017	1,024	1,121	1,062	1,017
63 Other	1,312	1,360	1,316	1,477	1,418	1,470	1,479	1,494	1,534	1,516
64 Other countries	3,347	5,118	4,070	6,049	6,396	6,173	6,312	6,872	6,322	6,260
65 Australia	2,779	4,196	3,327	5,199	5,426	5,303	5,485	6,037	5,490	5,471
66 All other	568	922	744	849	970	870	827	836	832	789
67 Nonmonetary international and regional organizations	5,821	5,807	4,464	6,109	4,978	3,224	2,704	3,252^r	3,739	4,094
68 International[5]	4,806	4,620	2,830	4,142	3,491	2,503	1,725	2,106	2,521	2,664
69 Latin American regional	894	1,033	1,272	1,662	1,276	589	747	732	995	961
70 Other regional[6]	121	154	362	306	211	133	232	414^r	223	469

1. Includes the Bank for International Settlements and Eastern European countries that are not listed in line 23.
2. 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. *Excludes "holdings of dollars" of the International Monetary Fund.*
6. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

3.18 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States[1] Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1985	1986	1987	1988			1989			
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]
1 **Total**	**401,608**	**444,745**	**459,877**	**465,538**	**485,973**	**490,183**	**481,408**	**493,246[r]**	**505,002**	**496,183**
2 **Foreign countries**	**400,577**	**441,724**	**456,472**	**462,434**	**481,192**	**488,177**	**478,954**	**491,341[r]**	**502,672**	**494,300**
3 Europe	106,413	107,823	102,348	105,859	108,273	117,000	107,506	113,887[r]	116,700	111,593
4 Austria	598	728	793	812	721	485	544	646	809	804
5 Belgium-Luxembourg	5,772	7,498	9,397	8,902	8,954	8,573	8,356	7,926	7,890	8,102
6 Denmark	706	688	717	631	599	480	410	790	548	770
7 Finland	823	987	1,010	912	1,157	1,065	911	1,114	909	1,214
8 France	9,124	11,356	13,548	12,327	12,478	13,242	13,315	14,920	15,730	16,598
9 Germany	1,267	1,816	2,039	2,317	2,307	2,327	2,398	1,696[r]	3,106	4,010
10 Greece	991	648	462	493	601	433	448	517	584	560
11 Italy	8,848	9,043	7,460	6,022	7,100	7,946	5,526	5,581	5,856	4,890
12 Netherlands	1,258	3,296	2,619	2,666	2,763	2,547	2,514	2,475	2,806	2,725
13 Norway	706	672	934	534	478	455	472	601	432	551
14 Portugal	1,058	739	477	261	253	374	339	331	367	281
15 Spain	1,908	1,492	1,853	1,800	2,054	1,823	2,182	2,153	2,134	2,309
16 Sweden	2,219	1,964	2,254	1,852	2,083	1,977	2,619	2,622	2,613	2,164
17 Switzerland	3,171	3,352	2,718	2,918	2,983	3,895	3,511	3,799	3,786	4,871
18 Turkey	1,200	1,543	1,680	1,344	1,265	1,233	1,152	1,108	1,039	1,005
19 United Kingdom	62,566	58,335	50,823	57,924	58,095	65,594	58,037	62,465[r]	63,292	55,731
20 Yugoslavia	1,964	1,835	1,700	1,472	1,450	1,390	1,371	1,348	1,455	1,369
21 Other Western Europe[2]	998	539	619	1,120	916	1,152	1,275	1,560	1,262	1,511
22 U.S.S.R.	130	345	389	754	1,218	1,255	1,286	1,389[r]	1,298	1,346
23 Other Eastern Europe[3]	1,107	948	852	798	799	755	839	845[r]	784	782
24 Canada	16,482	21,006	25,368	22,482	23,285	18,988	16,731	18,079[r]	19,042	19,035
25 Latin America and Caribbean	202,674	208,825	214,789	201,047	211,079	213,272	210,294	210,396[r]	221,761	221,010
26 Argentina	11,462	12,091	11,996	12,077	12,023	11,804	11,880	11,801	11,635	11,681
27 Bahamas	58,258	59,342	64,587	59,345	67,238	67,003	68,874	69,479[r]	72,761	75,500
28 Bermuda	499	418	471	596	511	483	475	535	707	366
29 Brazil	25,283	25,716	25,897	25,461	26,399	25,735	25,835	25,367[r]	25,662	25,990
30 British West Indies	38,881	46,284	50,042	48,859	50,650	54,739	50,358	50,542[r]	58,322	55,244
31 Chile	6,603	6,558	6,308	5,459	5,319	5,401	5,156	5,139	5,347	5,234
32 Colombia	3,249	2,821	2,740	3,016	2,978	2,938	2,867	2,805	2,739	2,655
33 Cuba	0	0	1	0	0	1	1	1	1	2
34 Ecuador	2,390	2,439	2,286	2,168	2,162	2,075	2,048	2,026	2,037	2,029
35 Guatemala[4]	194	140	144	175	167	198	185	188	198	210
36 Jamaica[4]	224	198	188	201	205	211	214	202	211	266
37 Mexico	31,799	30,698	29,532	25,645	25,386	24,636	24,445	24,386	24,226	24,122
38 Netherlands Antilles	1,340	1,041	980	1,491	1,427	1,309	1,222	1,150	1,005	1,007
39 Panama	6,645	5,436	4,744	2,214	2,350	2,506	2,535	2,534	2,455	2,431
40 Peru	1,947	1,661	1,329	1,065	1,012	1,012	1,011	952	947	947
41 Uruguay	960	940	963	850	888	910	880	856	875	876
42 Venezuela	10,871	11,108	10,843	10,803	10,736	10,732	10,748	10,956[r]	10,810	10,680
43 Other Latin America and Caribbean	2,067	1,936	1,738	1,623	1,626	1,580	1,560	1,475	1,825	1,768
44 Asia	66,212	96,126	106,096	124,686	130,282	130,786	135,779	140,182	136,478	134,160
China										
Mainland	639	787	968	756	777	762	830	881	992	813
46 Taiwan	1,535	2,681	4,592	3,040	3,845	4,184	3,902	3,960	4,168	3,955
47 Hong Kong	6,797	8,307	8,218	9,500	10,831	10,134	8,739	8,004[r]	7,884	8,314
48 India	450	321	510	627	568	560	645	628	563	425
49 Indonesia	698	723	580	808	767	730	669	735	649	726
50 Israel	1,991	1,634	1,363	1,174	1,231	1,137	1,097	1,044	1,050	1,052
51 Japan	31,249	59,674	68,658	87,276	89,520	90,137	99,032	104,842	100,843	97,379
52 Korea	9,226	7,182	5,148	5,187	5,390	5,219	4,961	4,891	5,178	5,197
53 Philippines	2,224	2,217	2,071	1,912	1,900	1,876	1,847	1,900	1,913	1,839
54 Thailand	845	578	496	766	778	850	887	931	986	1,023
55 Middle East oil-exporting countries[5]	4,298	4,122	4,858	5,388	6,657	6,110	5,341	4,807[r]	5,399	5,129
56 Other Asia	6,260	7,901	8,635	8,253	8,018	9,087	7,829	7,559[r]	6,853	8,307
57 Africa	5,407	4,650	4,742	5,633	5,629	5,720	5,924	6,072	5,967	6,086
58 Egypt	721	567	521	540	532	509	495	567	543	541
59 Morocco	575	598	542	476	488	511	524	532	541	532
60 South Africa	1,942	1,550	1,507	1,707	1,698	1,681	1,688	1,718	1,695	1,742
61 Zaire	20	28	15	17	18	17	16	16	17	19
62 Oil-exporting countries[6]	630	694	1,003	1,483	1,491	1,523	1,534	1,522	1,482	1,474
63 Other	1,520	1,213	1,153	1,410	1,402	1,479	1,666	1,717	1,691	1,778
64 Other countries	3,390	3,294	3,129	2,728	2,645	2,410	2,720	2,726	2,724	2,417
65 Australia	2,413	1,949	2,100	1,879	1,586	1,517	1,711	1,686	1,689	1,505
66 All other	978	1,345	1,029	849	1,059	894	1,009	1,040	1,034	912
67 Nonmonetary international and regional organizations[7]	1,030	3,021	3,404	3,104	4,781	2,006	2,454	1,905[r]	2,330	1,883

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
3. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
4. Included in "Other Latin America and Caribbean" through March 1978.
5. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
6. Comprises Algeria, Gabon, Libya, and Nigeria.
7. Excludes the Bank for International Settlements, which is included in "Other Western Europe."

3.19 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1985	1986	1987	1988			1989			
				Oct.	Nov.	Dec.	Jan.	Feb.[r]	Mar.	Apr.[p]
1 **Total**	**430,489**	**478,650**	**497,635**	....	....	**537,380**	....	....	**558,180**	....
2 Banks' own claims on foreigners	401,608	444,745	459,877	465,538	485,973	490,183	481,408	493,246	505,002	496,183
3 Foreign public borrowers	60,507	64,095	64,605	61,940	64,949	61,768	63,670	63,080	62,888	63,111
4 Own foreign offices[2]	174,261	211,533	224,727	237,455	255,005	256,515	256,726	262,866	272,668	259,591
5 Unaffiliated foreign banks	116,654	122,946	127,609	122,071	123,299	129,542	119,009	124,561	130,127	131,411
6 Deposits	48,372	57,484	60,687	54,372	55,980	65,991	58,605	62,940	66,342	68,446
7 Other	68,282	65,462	66,922	67,699	67,318	63,552	60,404	61,621	63,785	62,965
8 All other foreigners	50,185	46,171	42,936	44,072	42,720	42,359	42,003	42,740	39,318	42,070
9 Claims of banks' domestic customers[3]	28,881	33,905	37,758	....	....	47,196	....	....	53,178	....
10 Deposits	3,335	4,413	3,692	....	....	8,289	....	....	12,084	....
11 Negotiable and readily transferable instruments[4]	19,332	24,044	26,696	....	....	25,372	....	....	24,960	....
12 Outstanding collections and other claims	6,214	5,448	7,370	....	....	13,535	....	....	16,134	....
13 MEMO: Customer liability on acceptances	28,487	25,706	23,107	....	....	19,484	....	....	17,161	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	38,102	43,984	40,587	42,362	49,297	43,023	45,087[r]	47,765	45,308	n.a.

1. 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. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. *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.
3. 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.
4. Principally negotiable time certificates of deposit and bankers acceptances.
5. 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.

3.20 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States[1]
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1985	1986	1987	1988			1989
				June	Sept.	Dec.	Mar.[p]
1 **Total**	**227,903**	**232,295**	**235,130**	**228,348**	**230,356**	**233,043**	**231,136**
By borrower							
2 Maturity of 1 year or less[2]	160,824	160,555	163,997	163,819	167,861	172,447	168,167
3 Foreign public borrowers	26,302	24,842	25,889	27,520	29,361	26,382	24,262
4 All other foreigners	134,522	135,714	138,108	136,299	138,499	146,064	143,905
5 Maturity over 1 year[2]	67,078	71,740	71,133	64,530	62,495	60,597	62,969
6 Foreign public borrowers	34,512	39,103	38,625	35,598	34,985	34,827	37,792
7 All other foreigners	32,567	32,637	32,507	28,932	27,510	25,770	25,177
By area							
Maturity of 1 year or less[2]							
8 Europe	56,585	61,784	59,027	55,986	54,243	56,025	57,557
9 Canada	6,401	5,895	5,680	6,664	6,410	6,275	5,127
10 Latin America and Caribbean	63,328	56,271	56,535	56,166	55,532	57,866	53,356
11 Asia	27,966	29,457	35,919	38,997	42,340	46,119	45,393
12 Africa	3,753	2,882	2,833	2,914	3,120	3,338	3,612
13 All other[3]	2,791	4,267	4,003	3,092	6,216	2,824	3,121
Maturity of over 1 year[2]							
14 Europe	7,634	6,737	6,696	5,337	5,327	4,736	4,446
15 Canada	1,805	1,925	2,661	2,344	2,062	1,929	2,284
16 Latin America and Caribbean	50,674	56,719	53,817	49,762	48,260	47,484	49,792
17 Asia	4,502	4,043	3,830	3,645	3,954	3,646	3,685
18 Africa	1,538	1,539	1,747	2,433	2,257	2,301	2,282
19 All other[3]	926	777	2,381	1,008	635	501	480

1. Reporting banks include all kinds of depository institutions besides commercial banks, as well as some brokers and dealers.
2. Remaining time to maturity.
3. Includes nonmonetary international and regional organizations.

3.21 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1,2]

Billions of dollars, end of period

Area or country	1985	1986	1987				1988				1989
			Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.[p]
1 **Total**	**385.4**	**385.1**	**395.4**	**384.6**	**387.7**	**381.4**	**370.0**	**350.5**	**353.7**	**348.8**	**352.5**
2 G-10 countries and Switzerland	146.0	156.6	162.7	158.1	155.2	160.0	157.2	151.2	149.5	154.5	150.0
3 Belgium-Luxembourg	9.2	8.3	9.1	8.3	8.2	10.1	9.3	9.2	9.5	9.0	8.6
4 France	12.1	13.7	13.3	12.5	13.7	13.8	11.5	10.8	10.0	10.7	11.2
5 Germany	10.5	11.6	12.7	11.2	10.5	12.6	11.8	10.6	8.9	9.9	10.0
6 Italy	9.6	9.0	8.7	7.5	6.6	7.3	7.4	6.1	5.9	6.4	4.9
7 Netherlands	3.7	4.6	4.4	7.3	4.8	4.1	3.3	3.3	3.0	2.8	2.9
8 Sweden	2.7	2.4	3.0	2.4	2.6	2.1	2.1	1.9	2.0	2.0	2.4
9 Switzerland	4.4	5.8	5.8	5.7	5.4	5.6	5.1	5.6	5.2	5.7	5.2
10 United Kingdom	63.0	71.0	73.7	72.0	72.1	69.1	71.7	70.5	68.1	66.7	66.5
11 Canada	6.8	5.3	5.3	4.7	4.7	5.5	4.9	5.4	5.2	5.5	4.6
12 Japan	23.9	24.9	26.9	26.3	26.5	29.8	30.0	27.9	31.7	35.9	33.6
13 Other developed countries	29.9	25.7	25.7	25.2	25.9	26.2	26.2	23.7	22.7	20.9	20.8
14 Austria	1.5	1.7	1.9	1.8	1.9	1.9	1.6	1.6	1.6	1.6	1.4
15 Denmark	2.3	1.7	1.7	1.5	1.6	1.7	1.4	1.0	1.1	.9	1.0
16 Finland	1.6	1.4	1.4	1.4	1.4	1.3	1.0	1.2	1.3	1.2	1.0
17 Greece	2.6	2.3	2.1	2.0	1.9	2.0	2.3	2.2	2.1	1.9	2.2
18 Norway	2.9	2.4	2.2	2.1	2.0	2.3	2.0	2.0	2.0	1.8	1.5
19 Portugal	1.2	.8	.9	.8	.8	.5	.4	.4	.4	.5	.5
20 Spain	5.8	5.8	6.3	6.1	7.4	8.0	9.0	7.2	6.3	6.2	6.3
21 Turkey	1.8	1.8	1.7	1.7	1.5	1.6	1.6	1.5	1.3	1.3	1.0
22 Other Western Europe	2.0	1.4	1.4	1.5	1.6	1.6	1.9	1.6	1.9	1.3	1.4
23 South Africa	3.2	3.0	3.0	3.0	2.9	2.9	2.8	2.8	2.7	2.4	2.2
24 Australia	5.0	3.5	3.2	3.1	2.9	2.4	2.1	2.2	1.8	1.8	2.4
25 OPEC countries[3]	21.3	19.3	20.0	18.8	19.0	17.1	17.2	16.4	17.6	16.5	16.3
26 Ecuador	2.1	2.2	2.1	2.1	2.1	1.9	1.9	1.8	1.8	1.7	1.7
27 Venezuela	8.9	8.6	8.5	8.4	8.3	8.1	8.0	8.0	7.9	7.9	8.0
28 Indonesia	3.0	2.5	2.4	2.2	2.0	1.9	1.9	1.9	1.9	1.9	1.8
29 Middle East countries	5.3	4.3	5.4	4.4	5.0	3.6	3.6	3.1	4.3	3.2	3.2
30 African countries	2.0	1.7	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6
31 Non-OPEC developing countries	104.2	99.1	100.7	100.4	97.7	97.6	94.3	91.3	87.0	85.5	85.8
Latin America											
32 Argentina	8.8	9.5	9.5	9.5	9.3	9.4	9.5	9.4	9.2	8.9	8.4
33 Brazil	25.4	25.2	26.2	25.1	25.1	24.7	23.9	23.7	22.4	22.5	22.8
34 Chile	6.9	7.1	7.3	7.2	7.0	6.9	6.6	6.4	6.2	5.7	5.6
35 Colombia	2.6	2.1	2.0	1.9	1.9	2.0	1.9	2.1	2.1	2.0	1.9
36 Mexico	23.9	23.8	24.1	25.3	24.8	23.7	22.5	21.1	20.6	19.0	18.3
37 Peru	1.8	1.4	1.4	1.3	1.2	1.1	1.1	.9	.8	.8	.7
38 Other Latin America	3.4	3.1	3.0	2.9	2.8	2.7	2.8	2.6	2.5	2.6	2.9
Asia											
China											
39 Mainland	.5	.4	.9	.6	.3	.3	.4	.3	.2	.3	.5
40 Taiwan	4.5	4.9	5.5	6.6	6.0	8.2	6.1	4.9	3.2	3.6	4.9
41 India	1.2	1.2	1.8	1.7	1.9	1.9	2.1	2.3	2.0	2.1	2.6
42 Israel	1.6	1.5	1.4	1.3	1.3	1.0	1.0	1.0	1.0	1.2	.9
43 Korea (South)	9.2	6.6	6.2	5.6	4.9	4.9	5.6	5.9	6.0	6.1	6.1
44 Malaysia	2.4	2.1	1.9	1.7	1.6	1.5	1.5	1.5	1.6	1.6	1.7
45 Philippines	5.7	5.4	5.4	5.4	5.4	5.1	5.1	4.9	4.5	4.5	4.3
46 Thailand	1.4	.9	.9	.8	.7	.7	1.0	1.1	1.2	1.1	1.0
47 Other Asia	1.0	.7	.6	.7	.7	.7	.7	.8	.8	.9	.8
Africa											
48 Egypt	1.0	.7	.6	.6	.6	.5	.5	.6	.5	.4	.5
49 Morocco	.9	.9	.9	.9	.8	.9	.9	.9	.8	.9	.9
50 Zaire	.1	.1	.1	.1	.1	.0	.1	.1	.0	.0	.0
51 Other Africa[4]	1.9	1.6	1.4	1.3	1.3	1.3	1.2	1.2	1.2	1.1	1.1
52 Eastern Europe	4.1	3.2	3.0	3.3	3.3	3.0	2.9	3.1	3.0	3.7	3.5
53 U.S.S.R.	.1	.1	.1	.3	.5	.4	.3	.4	.4	.7	.7
54 Yugoslavia	2.2	1.7	1.6	1.7	1.7	1.6	1.7	1.7	1.7	1.8	1.7
55 Other	1.8	1.4	1.3	1.3	1.2	1.0	.9	1.0	1.0	1.2	1.2
56 Offshore banking centers	62.9	61.3	63.1	60.7	64.3	54.3	50.8	42.4	46.5	45.5	50.5
57 Bahamas	21.2	22.0	23.9	19.9	25.5	17.1	15.1	8.6	12.5	11.5	15.5
58 Bermuda	.7	.7	.8	.6	.6	.6	.8	1.0	.9	.8	1.0
59 Cayman Islands and other British West Indies	11.6	12.4	12.2	14.0	12.8	13.3	11.7	10.0	11.5	13.1	14.0
60 Netherlands Antilles	2.2	1.8	1.7	1.3	1.2	1.2	1.3	1.2	1.2	1.0	.9
61 Panama[5]	6.0	4.0	4.3	3.9	3.7	3.7	3.3	3.0	2.7	2.6	2.3
62 Lebanon	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.4	11.1	11.4	12.5	12.3	11.2	11.3	11.7	10.6	10.2	9.9
64 Singapore	9.8	9.2	8.6	8.3	8.1	7.0	7.4	6.8	7.0	6.2	6.7
65 Others[6]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[7]	16.9	19.8	20.1	18.1	22.3	23.2	21.5	22.3	27.0	21.8	25.1

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. Beginning with June 1984 data, reported claims held by foreign branches have been reduced by an increase in the reporting threshold for "shell" branches from $50 million to $150 million equivalent in total assets, the threshold now applicable to all reporting branches.

3. *This group comprises the Organization of Petroleum Exporting Countries* shown individually, other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates), and Bahrain and Oman (not formally members of OPEC).

4. Excludes Liberia.

5. Includes Canal Zone beginning December 1979.

6. Foreign branch claims only.

7. 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	1984	1985	1986	1987	1988			
					Dec.	Mar.	June	Sept.	Dec.
1	***Total***	**29,357**	**27,825**	**25,587**	**27,889**	**29,416**	**29,564**	**31,560**	**33,492[r]**
2	Payable in dollars	26,389	24,296	21,749	22,504	23,869	24,319	26,391	28,128[r]
3	Payable in foreign currencies	2,968	3,529	3,838	5,385	5,547	5,244	5,168	5,363[r]
	By type								
4	Financial liabilities	14,509	13,600	12,133	11,882	13,635	13,219	14,076	14,740[r]
5	Payable in dollars	12,553	11,257	9,609	8,358	10,000	9,746	10,719	11,131[r]
6	Payable in foreign currencies	1,955	2,343	2,524	3,525	3,635	3,473	3,357	3,609[r]
7	Commercial liabilities	14,849	14,225	13,454	16,006	15,780	16,345	17,484	18,752[r]
8	Trade payables	7,005	6,685	6,450	7,433	6,581	6,899	6,610	6,750[r]
9	Advance receipts and other liabilities	7,843	7,540	7,004	8,573	9,199	9,445	10,874	12,002[r]
10	Payable in dollars	13,836	13,039	12,140	14,146	13,869	14,573	15,673	16,998[r]
11	Payable in foreign currencies	1,013	1,186	1,314	1,860	1,912	1,771	1,811	1,754
	By area or country								
	Financial liabilities								
12	Europe	6,728	7,700	7,917	8,078	9,411	8,890	10,092	9,840[r]
13	Belgium-Luxembourg	471	349	270	202	241	269	326	287[r]
14	France	995	857	661	364	390	353	354	326
15	Germany	489	376	368	583	585	625	709	726[r]
16	Netherlands	590	861	542	884	1,008	880	1,014	897
17	Switzerland	569	610	646	493	777	706	797	1,232
18	United Kingdom	3,297	4,305	5,140	5,358	6,228	5,885	6,722	6,206[r]
19	Canada	863	839	399	360	394	403	391	651[r]
20	Latin America and Caribbean	5,086	3,184	1,944	889	1,177	1,188	801	1,246[r]
21	Bahamas	1,926	1,123	614	293	264	225	213	191
22	Bermuda	13	4	4	0	0	0	0	0
23	Brazil	35	29	32	25	0	0	0	0
24	British West Indies	2,103	1,843	1,146	503	849	919	581	645[r]
25	Mexico	367	15	22	13	15	26	2	1
26	Venezuela	137	3	0	0	2	0	0	0
27	Asia	1,777	1,815	1,805	2,452	2,573	2,662	2,785	2,999[r]
28	Japan	1,209	1,198	1,398	2,042	2,112	2,066	2,196	2,248[r]
29	Middle East oil-exporting countries[2]	155	82	8	8	11	11	4	3
30	Africa	14	12	1	4	5	2	3	1
31	Oil-exporting countries[3]	0	0	1	1	3	1	1	0
32	All other[4]	41	50	67	100	75	74	3	2[r]
	Commercial liabilities								
33	Europe	4,001	4,074	4,446	5,616	5,738	5,844	6,845	7,730[r]
34	Belgium-Luxembourg	48	62	101	134	156	150	208	171
35	France	438	453	352	451	441	436	470	480
36	Germany	622	607	715	916	818	799	1,204	1,690
37	Netherlands	245	364	424	428	463	514	653	568
38	Switzerland	257	379	385	559	527	482	486	594
39	United Kingdom	1,095	976	1,341	1,657	1,798	1,848	2,186	2,115
40	Canada	1,975	1,449	1,405	1,301	1,392	1,167	1,109	1,200
41	Latin America and Caribbean	1,871	1,088	924	865	976	1,032	999	1,025[r]
42	Bahamas	7	12	32	19	15	58	20	45
43	Bermuda	114	77	156	168	325	272	222	184
44	Brazil	124	58	61	46	59	54	58	91
45	British West Indies	32	44	49	19	14	28	30	31
46	Mexico	586	430	217	189	164	233	178	179
47	Venezuela	636	212	216	162	122	140	204	176
48	Asia	5,285	6,046	5,080	6,573	5,888	6,285	6,653	6,905
49	Japan	1,256	1,799	2,042	2,580	2,510	2,661	2,769	3,095
50	Middle East oil-exporting countries[2,5]	2,372	2,829	1,679	1,964	1,062	1,320	1,312	1,386
51	Africa	588	587	619	574	575	626	465	564
52	Oil-exporting countries[3]	233	238	197	135	139	115	106	201
53	All other[4]	1,128	982	980	1,078	1,211	1,391	1,414	1,327

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	1984	1985	1986	1987	1988			
				Dec.	Mar.	June	Sept.	Dec.[r]
1 **Total**	**29,901**	**28,876**	**36,265**	**31,086**	**31,154**	**37,599**	**37,345**	**33,252**
2 Payable in dollars	27,304	26,574	33,867	28,514	28,997	35,421	34,660	31,057
3 Payable in foreign currencies	2,597	2,302	2,399	2,572	2,157	2,178	2,686	2,195
By type								
4 Financial claims	19,254	18,891	26,273	20,440	20,368	26,194	26,336	21,450
5 Deposits	14,621	15,526	19,916	14,923	13,056	19,858	19,574	14,519
6 Payable in dollars	14,202	14,911	19,331	13,706	12,402	19,009	18,358	13,571
7 Payable in foreign currencies	420	615	585	1,217	653	849	1,216	948
8 Other financial claims	4,633	3,364	6,357	5,517	7,312	6,336	6,762	6,931
9 Payable in dollars	3,190	2,330	5,005	4,703	6,192	5,440	5,863	6,207
10 Payable in foreign currencies	1,442	1,035	1,352	814	1,120	895	899	724
11 Commercial claims	10,646	9,986	9,992	10,647	10,786	11,405	11,010	11,802
12 Trade receivables	9,177	8,696	8,783	9,581	9,673	10,370	10,025	10,727
13 Advance payments and other claims	1,470	1,290	1,209	1,065	1,113	1,036	985	1,075
14 Payable in dollars	9,912	9,333	9,530	10,105	10,403	10,971	10,439	11,279
15 Payable in foreign currencies	735	652	462	541	383	434	571	523
By area or country								
Financial claims								
16 Europe	5,762	6,929	10,744	9,581	10,116	11,754	10,934	10,567
17 Belgium-Luxembourg	15	10	41	7	15	16	49	11
18 France	126	184	138	335	335	185	212	252
19 Germany	224	223	116	105	97	170	113	129
20 Netherlands	66	161	151	351	336	337	364	350
21 Switzerland	66	74	185	84	54	82	84	215
22 United Kingdom	4,864	6,007	9,855	8,472	9,062	10,642	9,543	9,240
23 Canada	3,988	3,260	4,808	2,851	2,696	2,960	3,545	2,606
24 Latin America and Caribbean	8,216	7,846	9,291	6,983	6,607	10,951	11,166	7,192
25 Bahamas	3,306	2,698	2,628	1,998	2,371	4,164	4,109	1,785
26 Bermuda	6	6	6	7	43	126	188	19
27 Brazil	100	78	86	63	86	46	44	47
28 British West Indies	4,043	4,571	6,078	4,399	3,574	6,111	6,359	4,853
29 Mexico	215	180	174	172	154	147	133	151
30 Venezuela	125	48	21	19	35	28	27	22
31 Asia	961	731	1,317	888	874	422	570	806
32 Japan	353	475	999	607	707	187	385	605
33 Middle East oil-exporting countries[2]	13	4	7	10	7	6	6	6
34 Africa	210	103	85	65	53	60	96	106
35 Oil-exporting countries[3]	85	29	28	7	7	10	9	10
36 All other[4]	117	21	28	72	23	47	26	173
Commercial claims								
37 Europe	3,801	3,533	3,725	4,209	4,201	4,725	4,281	4,972
38 Belgium-Luxembourg	165	175	133	179	194	159	172	176
39 France	440	426	431	652	554	686	535	673
40 Germany	374	346	444	562	637	773	605	611
41 Netherlands	335	284	164	135	151	173	146	266
42 Switzerland	271	284	217	185	172	262	183	317
43 United Kingdom	1,063	898	999	1,097	1,084	1,121	1,197	1,228
44 Canada	1,021	1,023	934	931	1,155	927	933	970
45 Latin America and Caribbean	2,052	1,753	1,857	1,944	1,927	2,080	2,104	2,146
46 Bahamas	8	13	28	19	14	13	12	31
47 Bermuda	115	93	193	170	171	174	161	156
48 Brazil	214	206	234	226	209	232	233	295
49 British West Indies	7	6	39	26	24	25	22	20
50 Mexico	583	510	412	368	374	412	463	460
51 Venezuela	206	157	237	296	274	318	266	226
52 Asia	3,073	2,982	2,755	2,919	2,857	2,994	2,994	2,952
53 Japan	1,191	1,016	881	1,160	1,109	1,169	957	936[r]
54 Middle East oil-exporting countries[2]	668	638	563	450	408	446	411	441
55 Africa	470	437	500	401	419	425	425	434
56 Oil-exporting countries[3]	134	130	139	144	126	136	137	122
57 All other[4]	229	257	222	241	227	254	273	329

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	1987	1988	1989	1988			1989			
			Jan.–Apr.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	249,122	181,048	60,196	13,232	11,973	11,224	11,923	18,384r	15,811	14,078
2 Foreign sales	232,849	183,039	59,961	14,852	11,861	12,467	11,789	18,495r	15,442	14,235
3 **Net purchases, or sales (−)**	**16,272**	**−1,991**	**235**	**−1,620**	**112**	**−1,243**	**134**	**−111r**	**370**	**−157**
4 ***Foreign countries***	**16,321**	**−1,816**	**442**	**−1,507**	**89**	**−1,198**	**167**	**−81r**	**507**	**−151**
5 Europe	1,932	−3,353	28	−128	−901	−771	−99	−126	71	182
6 France	905	−281	435	89	−49	−64	38	159	70	168
7 Germany	−70	218	162	107	−20	−53	30	59	59	14
8 Netherlands	892	−535	−56	17	−30	−1	128	−64	4	−125
9 Switzerland	−1,123	−2,242	−1,576	−217	−268	−273	−345	−1,181	91	−141
10 United Kingdom	631	−954	1,055	−41	−579	−424	74	800	−107	288
11 Canada	1,048	1,087	23	−116	576	274	320	−361	130	−66
12 Latin America and Caribbean	1,318	1,249	1,914	374	98	−21	599	575r	636	103
13 Middle East[1]	−1,360	−2,473	40	−846	151	−132	−100	265	220	−345
14 Other Asia	12,896	1,365	−1,712	−693	138	−567	−603	−544	−536	−28
15 Japan	11,365	1,922	−1,524	−626	133	−407	−563	−487	−458	−16
16 Africa	123	188	48	5	21	−1	29	4	5	10
17 Other countries	365	121	101	−102	6	19	21	106	−19	−7
18 **Nonmonetary international and regional organizations**	**−48**	**−176**	**−207**	**−112**	**23**	**−45**	**−33**	**−30**	**−137**	**−6**
BONDS[2]										
19 Foreign purchases	105,856	86,362	35,906	7,552	7,650	8,423	6,137	9,610	10,423	9,736
20 Foreign sales	78,312	58,301	21,511	4,674	4,795	4,441	4,593	4,736r	7,025	5,157
21 **Net purchases, or sales (−)**	**27,544**	**28,062**	**14,396**	**2,878**	**2,856**	**3,982**	**1,544**	**4,874r**	**3,398**	**4,579**
22 **Foreign countries**	**26,804**	**28,608**	**14,368**	**3,002**	**2,825**	**3,978**	**1,524**	**4,908r**	**3,358**	**4,578**
23 Europe	21,989	17,338	8,727	2,341	1,240	2,560	663	2,055r	2,794	3,215
24 France	194	143	158	45	13	−130	107	41r	−16	27
25 Germany	33	1,344	337	34	−122	75	15	38	148	135
26 Netherlands	269	1,514	130	545	171	17	30	−21	69	51
27 Switzerland	1,587	513	355	175	−13	273	130	131	4	90
28 United Kingdom	19,770	13,088	7,008	1,339	1,141	2,468	313	1,751	2,578	2,365
29 Canada	1,296	711	637	20	5	178	180	129	213	115
30 Latin America and Caribbean	2,857	1,930	1,400	198	58	240	229	651	301	219
31 Middle East[1]	−1,314	−174	122	−45	143	159	−128	160	87	3
32 Other Asia	2,021	8,900	3,385	485	1,353	840	552	1,893	−50	990
33 Japan	1,622	7,686	2,283	381	1,210	746	392	1,567	−285	608
34 Africa	16	−8	14	4	−1	0	3	2	5	4
35 Other countries	−61	−89	83	−1	26	2	24	18	8	33
36 **Nonmonetary international and *regional organizations***	**740**	**−547**	**28**	**−124**	**31**	**3**	**20**	**−34**	**41**	**1**
	Foreign securities									
37 Stocks, net purchases, or sales (−)	1,081	−1,850	−2,623	−126	−222	−1,102	−891	−629	−147	−956
38 Foreign purchases	95,458	74,792	31,124	6,070	7,625	7,472	6,856	8,070	9,477	6,721
39 Foreign sales	94,377	76,642	33,746	6,196	7,846	8,573	7,748	8,698	9,624	7,676
40 Bonds, net purchases, or sales (−)	−7,946	−10,170	−1,586	−3,407	433	−1,720	−247	−484r	−651	−204
41 Foreign purchases	199,089	216,461	72,773	20,525	20,873	20,510	14,835	18,711r	23,395	15,831
42 Foreign sales	207,035	226,631	74,359	23,932	20,440	22,230	15,083	19,195	24,046	16,036
43 **Net purchases, or sales (−), of stocks and bonds**	**−6,865**	**−12,020**	**−4,209**	**−3,533**	**211**	**−2,822**	**−1,139**	**−1,112r**	**−798**	**−1,160**
44 **Foreign countries**	**−6,757**	**−12,496**	**−4,649**	**−3,582**	**175**	**−2,916**	**−1,115**	**−1,190r**	**−991**	**−1,353**
45 Europe	−12,101	−10,319	−3,999	−2,881	−476	−1,543	−80	−797	−1,399	−1,724
46 Canada	−4,072	−3,799	−1,334	−273	392	−658	−378	−530	−584	158
47 Latin America and Caribbean	828	1,386	504	−120	23	−32	68	79r	161	195
48 Asia	9,299	856	52	112	166	−189	−872	−34	886	71
49 Africa	89	−54	1	−189	18	−33	6	−9	−16	19
50 Other countries	−800	−567	127	−230	52	−461	139	100	−40	−73
51 **Nonmonetary international and regional organizations**	**−108**	**476**	**440**	**49**	**36**	**94**	**−23**	**78**	**192**	**193**

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 Transactions

Millions of dollars

Country or area	1987	1988	1989	1988			1989			
			Jan.– Apr.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.[p]
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total[2]**	**25,587**	**48,770**	**20,427**	**2,193**	**8,582**	**337**	**2,826**	**8,922**	**8,640**	**38**
2 Foreign countries[2]	30,889	48,084	20,682	−244	8,247	2,348	2,038	10,046	8,297	301
3 Europe[2]	23,716	14,260	6,425	−175	1,719	304	2,191	3,905	2,143	−1,814
4 Belgium-Luxembourg	653	923	37	−3	133	−90	10	137	−23	−87
5 Germany[2]	13,330	−5,348	18	277	−1,015	−406	931	−39	−181	−693
6 Netherlands	−913	−356	2	41	135	−114	268	135	242	−643
7 Sweden	210	−323	72	−162	355	118	−115	297	−508	398
8 Switzerland[2]	1,917	−1,074	2,916	87	−411	−18	271	437	1,768	440
9 United Kingdom	3,975	9,667	1,190	−1,019	1,945	−231	−320	1,601	1,207	−1,298
10 Other Western Europe	4,563	10,781	2,194	615	577	1,059	1,145	1,337	−363	74
11 Eastern Europe	−19	−10	−5	−10	−2	−15	0	0	0	−5
12 Canada	4,526	3,761	113	633	−368	788	43	12	−55	114
13 Latin America and Caribbean	−2,192	703	419	−574	582	−104	−95	529	113	−127
14 Venezuela	150	−109	−108	1	0	0	−37	1	−53	−18
15 Other Latin America and Caribbean	−1,142	1,120	4	−331	506	140	−154	252	132	−226
16 Netherlands Antilles	−1,200	−308	523	−244	77	−244	96	276	34	117
17 Asia	4,488	27,585	13,948	−107	6,870	1,011	577	5,964	5,659	1,747
18 Japan	868	21,752	7,099	220	4,224	−157	115	2,505	1,855	2,624
19 Africa	−56	−13	44	0	−8	−7	−1	15	−2	32
20 All other	407	1,786	−267	−21	−548	358	−676	−379	439	350
21 Nonmonetary international and regional organizations	−5,300	689	−256	2,438	335	−2,011	788	−1,125	344	−263
22 International	−4,387	1,142	−124	2,365	489	−2,019	777	−1,072	424	−252
23 Latin America regional	3	−31	−39	0	10	10	0	−10	−8	−21
Memo										
24 Foreign countries[2]	30,889	48,084	20,682	−244	8,247	2,348	2,038	10,046	8,297	301
25 Official institutions	31,064	26,593	12,018	577	2,196	2,212	2,014	4,299	6,549	−844
26 Other foreign[2]	−181	21,489	8,664	−821	6,050	136	24	5,748	1,747	1,145
Oil-exporting countries										
27 Middle East[3]	−3,142	1,943	5,823	−1,023	2,121	1,080	121	3,568	2,607	−473
28 Africa[4]	16	1	0	0	0	0	0	0	0	0

1. Estimated official and private transactions in marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. 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 year

Country	Rate on June 30, 1989		Country	Rate on June 30, 1989		Country	Rate on June 30, 1989	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	6.0	June 1989	France[1]	8.75	June 1989	Norway	8.0	June 1983
Belgium	9.25	June 1989	Germany, Fed. Rep. of	5.0	June 1989	Switzerland	4.5	Apr. 1989
Brazil	49.0	Mar. 1981	Italy	13.5	Mar. 1989	United Kingdom[2]	....	....
Canada	12.31	June 1989	Japan	3.25	May 1989	Venezuela	8.0	Oct. 1985
Denmark	8.0	June 1989	Netherlands	6.0	June 1989			

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 year, averages of daily figures

Country, or type	1986	1987	1988	1988	1989					
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1 Eurodollars	6.70	7.07	7.86	9.30	9.28	9.61	10.18	10.01	9.66	9.28
2 United Kingdom	10.87	9.65	10.28	13.07	13.06	12.97	13.00	13.09	13.08	14.17
3 Canada	9.18	8.38	9.63	11.15	11.34	11.69	12.22	12.58	12.44	12.35
4 Germany	4.58	3.97	4.28	5.32	5.63	6.36	6.57	6.42	6.96	6.93
5 Switzerland	4.19	3.67	2.94	4.77	5.31	5.69	5.75	6.05	7.26	7.09
6 Netherlands	5.56	5.24	4.72	5.60	5.99	6.75	6.88	6.70	7.30	7.11
7 France	7.68	8.14	7.80	8.36	8.55	9.11	9.07	8.61	8.81	8.89
8 Italy	12.60	11.15	11.04	11.96	11.84	12.26	12.88	12.21	12.27	12.35
9 Belgium	8.04	7.01	6.69	7.38	7.59	8.04	8.28	8.17	8.45	8.51
10 Japan	4.96	3.87	3.96	4.16	4.24	4.21	4.21	4.20	4.25	4.46

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[1]

Currency units per dollar

Country/currency	1986	1987	1988	1989 Jan.	1989 Feb.	1989 Mar.	1989 Apr.	1989 May	1989 June
1 Australia/dollar[2]	67.093	70.136	78.408	87.05	85.64	81.69	80.35	77.36	75.61
2 Austria/schilling	15.260	12.649	12.357	12.904	13.022	13.148	13.161	13.691	13.912
3 Belgium/franc	44.662	37.357	36.783	38.441	38.792	39.136	39.148	40.723	41.414
4 Canada/dollar	1.3896	1.3259	1.2306	1.1913	1.1891	1.1954	1.1888	1.1925	1.1986
5 China, P.R./yuan	3.4615	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314
6 Denmark/krone	8.0954	6.8477	6.7411	7.1143	7.2094	7.2912	7.2803	7.5820	7.7087
7 Finland/markka	5.0721	4.4036	4.1933	4.2553	4.3006	4.2994	4.1961	4.3409	4.4302
8 France/franc	6.9256	6.0121	5.9594	6.2538	6.3004	6.3321	6.3223	6.5815	6.7135
9 Germany/deutsche mark	2.1704	1.7981	1.7569	1.8356	1.8505	1.8686	1.8697	1.9461	1.9789
10 Greece/drachma	139.93	135.47	142.00	152.25	154.72	157.34	159.23	165.41	170.42
11 Hong Kong/dollar	7.8037	7.7985	7.8071	7.8047	7.8009	7.7969	7.7828	7.7799	7.7934
12 India/rupee	12.597	12.943	13.899	15.092	15.240	15.467	15.718	16.102	16.420
13 Ireland/punt[2]	134.14	148.79	152.49	145.82	144.10	142.84	142.67	137.39	134.92
14 Italy/lira	1491.16	1297.03	1302.39	1345.12	1355.28	1372.50	1371.80	1415.83	1434.40
15 Japan/yen	168.35	144.60	128.17	127.36	127.74	130.55	132.04	137.86	143.98
16 Malaysia/ringgit	2.5830	2.5185	2.6189	2.7221	2.7307	2.7535	2.7211	2.6967	2.7086
17 Netherlands/guilder	2.4484	2.0263	1.9778	2.0723	2.0895	2.1085	2.1098	2.1938	2.2292
18 New Zealand/dollar[2]	52.456	59.327	65.558	62.412	61.629	61.547	61.167	60.718	57.376
19 Norway/krone	7.3984	6.7408	6.5242	6.6808	6.7254	6.8059	6.7964	7.0337	7.1852
20 Portugal/escudo	149.80	141.20	144.26	150.74	152.10	154.05	154.54	160.71	164.92
21 Singapore/dollar	2.1782	2.1059	2.0132	1.9404	1.9285	1.9407	1.9497	1.9575	1.9572
22 South Africa/rand	2.2918	2.0385	2.1900	2.3847	2.4570	2.5393	2.5480	2.6710	2.7828
23 South Korea/won	884.61	825.93	734.51	685.28	680.28	675.68	672.10	669.25	669.43
24 Spain/peseta	140.04	123.54	116.52	114.78	115.67	116.40	116.146	121.39	126.55
25 Sri Lanka/rupee	27.933	29.471	31.847	33.132	33.115	33.416	34.021	34.145	33.475
26 Sweden/krona	7.1272	6.3468	6.1369	6.2725	6.3238	6.3933	6.3689	6.5756	6.6872
27 Switzerland/franc	1.7979	1.4918	1.4642	1.5619	1.5740	1.6110	1.6469	1.7290	1.7089
28 Taiwan/dollar	37.837	31.756	28.636	27.821	27.716	27.591	26.998	25.788	26.023
29 Thailand/baht	26.314	25.774	25.312	25.322	25.386	25.542	25.524	25.757	25.909
30 United Kingdom/pound[2]	146.77	163.98	178.13	177.37	175.34	171.34	170.08	163.07	155.30
MEMO									
31 United States/dollar[3]	112.22	96.94	92.72	95.12	95.77	96.99	97.24	100.81	103.09

1. Averages of certified noon buying rates in New York for cable transfers. Data in this table also appear in the Board's G.5 (405) release. For address, see inside front cover.
2. Value in U.S. cents.
3. Index of weighted-average exchange value of U.S. dollar against the currencies of 10 industrial countries. The weight for each of the 10 countries is the 1972–76 average world trade of that country divided by the average world trade of all 10 countries combined. Series revised as of August 1978 (see FEDERAL RESERVE BULLETIN, vol. 64, August 1978, p. 700).

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

General Information

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.

In some of the tables, details do not add to totals because of rounding.

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

	Issue	*Page*
Anticipated schedule of release dates for periodic releases	June 1989	A101

SPECIAL TABLES

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Assets and liabilities of commercial banks, June 30, 1988	June 1989	A78
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Assets and liabilities of U.S. branches and agencies of foreign banks, December 31, 1988	June 1989	A90
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Pro forma balance sheet and income statements for priced service operations, June 30, 1987	November 1987	A74
Pro forma balance sheet and income statements for priced service operations, September 30, 1987	February 1988	A80
Pro forma balance sheet and income statements for priced service operations, March 31, 1988	August 1988	A70

Special tables begin on next page.

4.20 DOMESTIC AND FOREIGN OFFICES, Insured Commercial Bank Assets and Liabilities[1,2]
Consolidated Report of Condition, September 30, 1988

Millions of dollars

Item	Total	Banks with foreign offices[3,4]			Banks with domestic offices only[5]	
		Total	Foreign	Domestic	Over 100	Under 100
1 **Total assets**[6]	**3,078,975**	**1,784,873**	**432,719**	**1,406,286**	**895,016**	**399,085**
2 Cash and balances due from depository institutions	341,133	241,207	123,050	118,157	67,484	32,443
3 Cash items in process of collection, unposted debits, and currency and coin		81,097	1,757	79,339	28,227	
4 Cash items in process of collection and unposted debits	↑	n.a.	n.a.	68,309	20,795	↑
5 Currency and coin		n.a.	n.a.	11,030	7,432	
6 Balances due from depository institutions in the United States		36,555	23,779	12,776	21,624	n.a.
7 Balances due from banks in foreign countries and foreign central banks	n.a.	100,621	97,235	3,386	6,072	
8 Balances due from Federal Reserve Banks		22,934	278	22,656	11,561	
MEMO						↓
9 Noninterest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)	↓	n.a.	n.a.	7,990	13,082	10,354
10 **Total securities, loans and lease financing receivables, net**	**2,509,600**	**1,370,346**	n.a.	n.a.	**789,996**	**349,258**
11 Total securities, book value	526,964	222,892	28,106	194,786	186,857	117,216
12 U.S. Treasury securities and U.S. government agency and corporation obligations	324,255	117,692	1,600	116,092	121,073	85,491
13 U.S. Treasury securities	n.a.	61,780	1,028	60,752	66,301	n.a.
14 U.S. government agency and corporation obligations	n.a.	55,912	571	55,341	54,771	n.a.
15 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	82,493	44,952	523	44,428	22,844	14,698
16 All other	n.a.	10,960	48	10,912	31,928	n.a.
17 Securities issued by states and political subdivisions in the United States	109,828	48,210	609	47,601	40,302	21,317
18 Taxable	2,129	431	47	384	731	968
19 Tax-exempt	107,699	47,779	562	47,217	39,571	20,349
20 Other securities	92,881	56,990	25,898	31,093	25,482	10,409
21 Other domestic securities	n.a.	32,071	1,997	30,075	25,093	....
22 All holdings of private certificates of participation in pools of residential mortgages	4,068	1,693	0	1,693	1,670	705
23 All other	63,505	30,378	1,997	28,381	23,423	9,704
24 Foreign securities	n.a.	24,919	23,901	1,018	389	....
25 Federal funds sold and securities purchased under agreements to resell	138,045	77,589	814	76,776	39,013	21,442
26 Federal funds sold	110,924	55,907	n.a.	n.a.	34,028	20,990
27 Securities purchased under agreements to resell	27,121	21,682	n.a.	n.a.	4,986	453
28 Total loans and lease financing receivables, gross	1,909,340	1,113,373	214,310	899,063	579,552	216,414
29 LESS: Unearned income on loans	15,674	7,157	2,259	4,899	6,153	2,364
30 Total loans and leases (net of unearned income)	1,893,665	1,106,216	212,051	894,165	573,400	214,050
31 LESS: Allowance for loan and lease losses	48,928	36,205	n.a.	n.a.	9,273	3,450
32 LESS: Allocated transfer risk reserves	148	147	n.a.	n.a.	1	0
33 EQUALS: Total loans and leases, net	1,844,590	1,069,864	n.a.	n.a.	564,126	210,600
Total loans, gross, by category						
34 Loans secured by real estate	655,811	318,707	21,200	297,507	235,549	101,554
35 Construction and land development				84,618	34,724	7,814
36 Farmland	↑	↑	↑	1,875	4,245	9,239
37 1-4 family residential properties				121,384	114,842	56,052
38 Revolving, open-end loans, extended under lines of credit	n.a.	n.a.	n.a.	20,293	14,914	2,373
39 All other loans				101,091	99,928	53,678
40 Multifamily (5 or more) residential properties	↓	↓	↓	9,510	6,294	1,941
41 Nonfarm nonresidential properties				80,120	75,445	26,509
42 Loans to depository institutions	59,911	53,799	25,585	28,214	5,393	718
43 To commercial banks in the United States	n.a.	21,761	867	20,894	4,653	n.a.
44 To other depository institutions in the United States	n.a.	2,944	468	2,476	620	n.a.
45 To banks in foreign countries	n.a.	29,094	24,251	4,843	120	n.a.
46 Loans to finance agricultural production and other loans to farmers	31,028	5,556	264	5,292	6,909	18,563
47 Commercial and industrial loans	592,720	414,084	102,631	311,453	133,912	44,725
48 To U.S. addressees (domicile)	n.a.	329,663	20,902	308,762	133,605	n.a.
49 To non-U.S. addressees (domicile)	n.a.	84,421	81,729	2,692	306	n.a.
50 Acceptances of other banks	4,101	911	370	540	1,718	1,472
51 U.S. banks	n.a.	271	6	265	n.a.	n.a.
52 Foreign banks	n.a.	640	364	275	n.a.	n.a.
53 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	364,004	154,857	11,439	143,417	164,766	44,382
54 Credit cards and related plans	107,593	43,926	n.a.	n.a.	60,821	2,846
55 Other (includes single payment and installment)	256,411	110,930	n.a.	n.a.	103,945	41,536
56 Obligations (other than securities) of states and political subdivisions in the U.S. (includes nonrated industrial development obligations)	48,148	29,857	575	29,282	16,112	2,179
57 Taxable	1,195	611	145	467	493	91
58 Tax-exempt	46,953	29,245	430	28,815	15,620	2,088
59 All other loans	120,431	107,958	48,226	59,732	10,260	2,213
60 Loans to foreign governments and official institutions	n.a.	35,374	35,058	2,316	264	n.a.
61 Other loans	n.a.	72,584	15,168	57,416	9,996	n.a.
62 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	14,128	1,666	n.a.
63 All other loans	n.a.	n.a.	n.a.	43,288	8,329	n.a.
64 Lease financing receivables	33,186	27,644	4,018	23,626	4,934	609
65 Assets held in trading accounts	41,951	40,930	19,128	21,802	741	279
66 Premises and fixed assets (including capitalized leases)	45,160	23,933		n.a.	14,269	6,959
67 Other real estate owned	12,807	6,292	↑	n.a.	3,815	2,699
68 Investments in unconsolidated subsidiaries and associated companies	2,333	1,546		n.a.	731	56
69 Customers' liability on acceptances outstanding	33,328	32,909	n.a.	n.a.	397	22
70 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	n.a.	n.a.		37,685	n.a.	n.a.
71 Intangible assets	5,109	3,380	↓	n.a.	1,537	192
72 Other assets	87,552	64,330		n.a.	16,045	7,178

4.20—Continued

Item	Total	Banks with foreign offices[3,4]			Banks with domestic offices only[5]	
		Total	Foreign	Domestic	Over 100	Under 100
73 **Total liabilities, limited-life preferred stock, and equity capital**	**3,078,975**	**1,784,873**	n.a.	n.a.	**895,016**	**399,085**
74 **Total liabilities**[7]	**2,886,560**	**1,691,479**	**430,451**	**1,315,159**	**831,351**	**363,730**
75 Limited-life preferred stock	92	0	n.a.	n.a.	80	13
76 Total deposits	2,362,061	1,287,042	328,362	958,680	722,119	352,900
77 Individuals, partnerships, and corporations			189,138	863,561	661,170	322,881
78 U.S. government				2,247	1,474	592
79 States and political subdivisions in the United States				40,357	41,608	23,991
80 Commercial banks in the United States	n.a.	n.a.	n.a.	28,494	9,210	1,922
81 Other depository institutions in the United States				4,271	2,478	1,107
82 Banks in foreign countries				7,891	335	n.a.
83 Foreign governments and official institutions		25,718	24,370	1,348	289	n.a.
84 Certified and official checks	18,995	11,074	563	10,511	5,554	2,367
85 All other[8]			114,292	....	....	40
86 Total transaction accounts				316,893	205,096	94,218
87 Individuals, partnerships, and corporations				265,722	180,443	83,849
88 U.S. government				1,376	1,113	454
89 States and political subdivisions in the United States				8,621	9,942	6,362
90 Commercial banks in the United States	n.a.	n.a.	n.a.	19,508	6,429	862
91 Other depository institutions in the United States				3,442	1,386	310
92 Banks in foreign countries				6,934	215	n.a.
93 Foreign governments and official institutions				780	14	n.a.
94 Certified and official checks				10,511	5,554	2,367
95 All other				....	....	15
96 Demand deposits (included in total transaction accounts)				244,487	130,796	50,875
97 Individuals, partnerships, and corporations				195,511	111,074	44,659
98 U.S. government				1,352	1,091	441
99 States and political subdivisions in the United States				6,451	5,044	2,233
100 Commercial banks in the United States				19,508	6,425	860
101 Other depository institutions in the United States				3,442	1,378	304
102 Banks in foreign countries				6,934	215	n.a.
103 Foreign governments and official institutions				780	14	n.a.
104 Certified and official checks				10,511	5,554	2,367
105 All other				....	....	12
106 Total nontransaction accounts				641,787	517,022	258,682
107 Individuals, partnerships, and corporations	n.a.	n.a.	n.a.	597,839	480,727	239,033
108 U.S. government				871	362	139
109 States and political subdivisions in the United States				31,737	31,666	17,629
110 Commercial banks in the United States				8,987	2,780	1,060
111 U.S. branches and agencies of foreign banks				432	79	n.a.
112 Other commercial banks in the United States				8,555	2,701	n.a.
113 Other depository institutions in the United States				829	1,092	797
114 Banks in foreign countries				957	120	n.a.
115 Foreign branches of other U.S. banks				232	118	n.a.
116 Other banks in foreign countries				724	1	n.a.
117 Foreign governments and official institutions				568	276	n.a.
118 All other				....	....	25
119 Federal funds purchased and securities sold under agreements to repurchase	248,330	188,453	831	187,621	56,138	3,739
120 Federal funds purchased	150,837	122,321	n.a.	n.a.	27,012	1,504
121 Securities sold under agreements to repurchase	97,493	66,132	n.a.	n.a.	29,126	2,236
122 Demand notes issued to the U.S. Treasury	n.a.	n.a.	n.a.	25,565	4,998	648
123 Other borrowed money	120,439	85,690	37,903	47,787	32,895	1,854
124 Banks liability on acceptances executed and outstanding	33,449	33,030	6,548	26,481	397	22
125 Notes and debentures subordinated to deposits	17,098	14,706	n.a.	n.a.	2,087	305
126 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	n.a.	n.a.	n.a.	16,447	n.a.	n.a.
127 All other liabilities	73,973	56,993	n.a.	n.a.	12,718	4,262
128 Total equity capital[9]	192,323	93,395	n.a.	n.a.	63,585	35,343
MEMO						
129 Holdings of commercial paper included in total loans, gross		2,391	1,005	1,386	1,057	n.a.
130 Total individual retirement accounts (IRA) and Keogh plan accounts				39,740	36,545	16,450
131 Total brokered deposits				33,878	13,226	1,340
132 Total brokered retail deposits				7,534	7,954	1,165
133 Issued in denominations of $100,000 or less				1,027	4,282	866
134 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less				6,507	3,672	299
Savings deposits						
135 Money market deposit accounts (MMDAs)				176,864	123,567	48,457
136 Other savings deposits (excluding MMDAs)				80,656	73,916	33,618
137 Total time deposits of less than $100,000				172,612	208	133,071
138 Time certificates of deposit of $100,000 or more	n.a.	n.a.	n.a.	182,550	108,000	41,983
139 Open-account time deposits of $100,000 or more				29,105	3,907	1,553
140 All NOW accounts (including Super NOW)				70,491	72,012	41,835
141 Total time and savings deposits				714,193	591,323	302,025
Quarterly averages						
142 Total loans				866,171	561,303	209,942
143 Obligations (other than securities) of states and political subdivisions in the United States				29,890	15,948	n.a.
144 Transaction accounts in domestic offices (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)				73,799	74,020	43,247
Nontransaction accounts in domestic offices						
145 Money market deposit accounts (MMDAs)				179,351	125,485	49,115
146 Other savings deposits				80,676	74,576	33,534
147 Time certificates of deposit of $100,000 or more				175,058	103,825	41,028
148 All other time deposits				194,099	207,993	133,096
149 Number of banks	13,206	250	n.a.	n.a.	2,384	10,572

Footnotes appear at the end of table 4.22

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of $100 Million or more or with foreign offices[1,2,6]

Consolidated Report of Condition, September 30, 1988

Millions of dollars

Item	Total	Members			Nonmembers
		Total	National	State	
1 **Total assets**[6]	**2,301,302**	**1,841,030**	**1,459,564**	**381,466**	**460,272**
2 Cash and balances due from depository institutions	185,641	153,252	120,964	32,288	32,388
3 Cash items in process of collection and unposted debits	89,104	81,045	65,134	15,911	8,059
4 Currency and coin	18,462	15,382	12,721	2,661	3,081
5 Balances due from depository institutions in the United States	34,400	22,879	18,580	4,299	11,521
6 Balances due from banks in foreign countries and foreign central banks	9,458	5,735	4,526	1,210	3,723
7 Balances due from Federal Reserve Banks	34,217	28,212	20,004	8,208	6,005
8 **Total securities, loans and lease financing receivables, (net of unearned income)**	**1,964,996**	**1,556,955**	**1,249,894**	**307,061**	**408,041**
9 Total securities, book value	381,642	284,515	221,057	63,458	97,127
10 U.S. Treasury securities	127,053	93,739	73,716	20,022	33,314
11 U.S. government agency and corporation obligations	110,112	84,286	67,741	16,544	25,827
12 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	67,272	56,303	44,538	11,765	10,969
13 All other	42,840	27,983	23,204	4,779	14,857
14 Securities issued by states and political subdivisions in the United States	87,903	69,271	50,539	18,732	18,632
15 Taxable	1,115	763	571	192	352
16 Tax-exempt	86,788	68,508	49,968	18,539	18,280
17 Other domestic securities	55,168	36,055	28,495	7,560	19,113
18 All holdings of private certificates of participation in pools of residential mortgages	3,363	2,713	1,571	1,142	650
19 All other	51,805	33,342	26,924	6,419	18,462
20 Foreign securities	1,407	1,165	566	600	241
21 Federal funds sold and securities purchased under agreements to resell[10]	115,789	97,265	71,324	25,941	18,524
22 Federal funds sold	34,029	21,617	19,006	2,611	12,412
23 Securities purchased under agreements to resell	4,986	3,504	2,969	534	1,482
24 Total loans and lease financing receivables, gross	1,478,616	1,183,680	964,182	219,498	294,936
25 LESS: Unearned income on loans	11,051	8,506	6,669	1,837	2,546
26 Total loans and leases (net of unearned income)	1,467,565	1,175,174	957,513	217,662	292,390
Total loans, gross, by category					
27 Loans secured by real estate	533,056	406,085	346,500	59,585	126,971
28 Construction and land development	119,342	97,217	81,148	16,070	22,124
29 Farmland	6,120	4,160	3,645	515	1,960
30 1–4 family residential properties	236,226	173,979	148,908	25,071	62,247
31 Revolving, open-end and extended under lines of credit	35,207	27,465	23,519	3,947	7,742
32 All other loans	201,019	146,513	125,389	21,124	54,506
33 Multifamily (5 or more) residential properties	15,804	12,464	10,962	1,503	3,340
34 Nonfarm nonresidential properties	155,565	118,265	101,838	16,427	37,300
35 Loans to commercial banks in the United States	25,547	22,683	18,469	4,215	2,864
36 Loans to other depository institutions in the United States	3,097	2,828	2,508	320	269
37 Loans to banks in foreign countries	4,963	4,849	2,566	2,282	115
38 Loans to finance agricultural production and other loans to farmers	12,201	9,608	8,568	1,039	2,593
39 Commercial and industrial loans	445,365	365,726	287,432	78,294	79,639
40 To U.S. addressees (domicile)	442,367	362,993	285,199	77,794	79,373
41 To non-U.S. addressees (domicile)	2,998	2,733	2,233	500	265
42 Acceptances of other banks[11]	2,258	1,374	1,184	190	884
43 Of U.S. banks	765	478	440	39	286
44 Of foreign banks	428	338	261	77	90
45 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	308,183	243,798	203,121	40,677	64,385
46 Loans to foreign governments and official institutions	2,580	2,484	1,803	680	97
47 Obligations (other than securities) of states and political subdivisions in the United States	45,394	38,218	28,487	9,731	7,176
48 Taxable	959	688	562	126	271
49 Tax-exempt	44,435	37,530	27,925	9,605	6,905
50 Other loans	67,411	60,864	43,010	17,854	6,547
51 Loans for purchasing and carrying securities	15,794	14,528	9,403	5,125	1,266
52 All other loans	51,618	46,336	33,608	12,728	5,281
53 Lease financing receivables	28,560	25,163	20,533	4,631	3,396
54 Customers' liability on acceptances outstanding	26,207	25,116	17,646	7,470	1,091
55 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	37,685	34,311	22,819	11,492	3,375
56 Remaining assets	124,459	105,707	71,061	34,647	18,752

4.21—Continued

Item	Total	Members			Nonmembers
		Total	National	State	
57 **Total liabilities and equity capital**	**2,301,302**	**1,841,030**	**1,459,564**	**381,466**	**460,272**
58 **Total liabilities**[4]	**2,146,510**	**1,720,141**	**1,364,449**	**355,693**	**426,369**
59 Total deposits	1,680,799	1,316,352	1,062,174	254,178	364,447
60 Individuals, partnerships, and corporations	1,524,731	1,188,904	963,135	225,768	335,828
61 U.S. government	3,721	3,065	2,680	385	656
62 States and political subdivisions in the United States	81,965	62,925	53,000	9,925	19,041
63 Commercial banks in the United States	37,704	33,920	25,331	8,589	3,784
64 Other depository institutions in the United States	6,749	5,480	4,183	1,297	1,268
65 Banks in foreign countries	8,226	7,435	4,179	3,255	791
66 Foreign governments and official institutions	1,637	1,504	699	805	133
67 Certified and official checks	16,065	13,119	8,966	4,153	2,946
68 Total transaction accounts	521,990	426,007	335,132	90,875	95,983
69 Individuals, partnerships, and corporations	446,165	359,789	287,323	72,466	86,376
70 U.S. government	2,488	1,990	1,654	335	499
71 States and political subdivisions in the United States	18,562	14,944	12,120	2,824	3,618
72 Commercial banks in the United States	25,937	24,473	18,070	6,403	1,464
73 Other depository institutions in the United States	4,828	4,208	3,039	1,168	620
74 Banks in foreign countries	7,149	6,755	3,664	3,091	395
75 Foreign governments and official institutions	794	729	296	433	65
76 Certified and official checks	16,065	13,119	8,966	4,153	2,946
77 Demand deposits (included in total transaction accounts)	375,283	312,781	240,037	72,744	62,502
78 Individuals, partnerships, and corporations	306,585	252,066	196,732	55,334	54,519
79 U.S. government	2,443	1,949	1,618	332	494
80 States and political subdivisions in the United States	11,494	9,492	7,662	1,830	2,002
81 Commercial banks in the United States	25,933	24,471	18,068	6,403	1,462
82 Other depository institutions in the United States	4,820	4,201	3,033	1,168	619
83 Banks in foreign countries	7,149	6,754	3,663	3,091	395
84 Foreign governments and official institutions	793	729	296	433	65
85 Certified and official checks	16,065	13,119	8,966	4,153	2,946
86 Total nontransaction accounts	1,158,809	890,345	727,042	163,303	268,464
87 Individuals, partnerships, and corporations	1,078,566	829,115	675,812	153,302	249,451
88 U.S. government	1,233	1,075	1,026	50	157
89 States and political subdivisions in the United States	63,403	47,980	40,880	7,101	15,423
90 Commercial banks in the United States	11,767	9,447	7,261	2,185	2,320
91 U.S. branches and agencies of foreign banks	511	204	107	97	307
92 Other commercial banks in the United States	11,256	9,243	7,154	2,089	2,013
93 Other depository institutions in the United States	1,920	1,273	1,144	129	648
94 Banks in foreign countries	1,077	680	516	164	397
95 Foreign branches of other U.S. banks	351	233	232	1	118
96 Other banks in foreign countries	726	446	284	163	279
97 Foreign governments and official institutions	843	775	403	372	68
98 Federal funds purchased and securities sold under agreements to repurchase[12]	243,759	211,043	163,395	47,648	32,716
99 Federal funds purchased	27,012	20,210	16,899	3,311	6,802
100 Securities sold under agreements to repurchase	29,129	15,429	12,202	3,226	13,700
101 Demand notes issued to the U.S. Treasury	30,563	28,508	20,621	7,886	2,055
102 Other borrowed money	80,682	65,447	53,301	12,145	15,236
103 Banks liability on acceptances executed and outstanding	26,878	25,787	18,263	7,523	1,091
104 Notes and debentures subordinated to deposits	2,087	1,197	1,063	134	890
105 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	16,447	13,832	8,817	5,014	2,615
106 Remaining liabilities	81,743	71,808	45,630	26,178	9,935
107 **Total equity capital**[9]	**154,792**	**120,889**	**95,115**	**25,773**	**33,903**
MEMO					
108 Holdings of commercial paper included in total loans, gross	2,443	695	580	115	1,748
109 Total individual retirement accounts (IRA) and Keogh plan accounts	76,284	59,122	48,858	10,264	17,163
110 Total brokered deposits	47,104	35,630	28,385	7,245	11,474
111 Total brokered retail deposits	15,489	9,776	7,611	2,165	5,712
112 Issued in denominations of $100,000 or less	5,310	2,008	1,896	111	3,302
113 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	10,179	7,769	5,715	2,054	2,410
Savings deposits					
114 Money market deposit accounts (MMDAs)	300,432	235,871	192,144	43,727	64,561
115 Other savings accounts	154,572	119,304	92,459	26,845	35,268
116 Total time deposits of less than $100,000	380,244	285,782	240,987	44,795	94,462
117 Time certificates of deposit of $100,000 or more	290,550	220,567	181,180	39,387	69,983
118 Open-account time deposits of $100,000 or more	33,011	28,821	20,272	8,549	4,191
119 All NOW accounts (including Super NOW accounts)	142,503	110,394	92,550	17,845	32,109
120 Total time and savings deposits	1,305,516	1,003,571	822,137	181,433	301,945
Quarterly averages					
121 Total loans	1,427,474	1,142,854	929,888	212,965	284,621
122 Obligations (other than securities) of states and political subdivisions in the United States	45,838	38,779	28,542	10,236	7,059
123 Transaction accounts (NOW accounts, ATS accounts, and telephone preauthorized transfer accounts)	147,819	114,510	95,111	19,398	33,310
Nontransaction accounts					
124 Money market deposit accounts (MMDAs)	304,836	239,347	194,570	44,776	65,490
125 Other savings deposits	155,252	119,608	92,911	26,697	35,644
126 Time certificates of deposits of $100,000 or more	278,883	212,094	174,064	38,030	66,789
127 All other time deposits	402,092	304,607	252,417	52,190	97,485
128 Number of banks	2,634	1,508	1,269	239	1,126

Footnotes appear at the end of table 4.22

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities[1,2,6]
Consolidated Report of Condition, September 30, 1988

Millions of dollars

Item	Total	Members			Nonmembers
		Total	National	State	
1 **Total assets[6]**	**2,700,388**	**2,003,363**	**1,590,871**	**412,492**	**697,025**
2 Cash and balances due from depository institutions	218,083	166,819	132,206	34,613	51,264
3 Currency and coin	22,093	16,874	13,933	2,941	5,220
4 Noninterest-bearing balances due from commercial banks	31,426	17,977	14,997	2,980	13,449
5 Other	164,564	131,968	103,276	28,692	32,596
6 **Total securities, loans, and lease financing receivables (net of unearned income)**	**2,317,704**	**1,700,061**	**1,365,305**	**334,756**	**617,642**
7 Total securities, book value	498,858	330,391	258,484	71,907	168,467
8 U.S. Treasury securities and U.S. government agency and corporation obligations	322,656	211,347	168,576	42,771	111,308
9 Securities issued by states and political subdivisions in the United States	109,219	77,505	57,256	20,249	31,714
10 Taxable	2,082	1,085	834	251	997
11 Tax-exempt	107,137	76,420	56,422	19,998	30,717
12 Other securities	66,983	41,539	32,652	8,887	25,445
13 All holdings of private certificates of participation in pools of residential mortgages	4,069	3,061	1,795	1,267	1,008
14 All other	62,930	38,488	30,868	7,620	24,442
15 Federal funds sold and securities purchased under agreements to resell	137,231	107,111	79,336	27,775	30,121
16 Federal funds sold	55,018	31,223	26,817	4,405	23,795
17 Securities purchased under agreements to resell	5,438	3,743	3,170	573	1,695
18 Total loans and lease financing receivables, gross	1,695,030	1,272,101	1,034,966	237,134	422,929
19 LESS: Unearned income on loans	13,416	9,541	7,481	2,060	3,874
20 Total loans and leases (net of unearned income)	1,681,614	1,262,560	1,027,486	235,074	419,055
Total loans, gross, by category					
21 Loans secured by real estate	634,611	447,161	379,339	67,822	187,450
22 Construction and land development	127,156	100,449	83,765	16,684	26,707
23 Farmland	15,359	7,265	6,130	1,134	8,094
24 1–4 family residential properties	292,277	197,073	167,179	29,894	95,204
25 Revolving, open-end loans, and extended under lines of credit	37,580	28,466	24,300	4,166	9,114
26 All other loans	254,697	168,607	142,879	25,728	86,091
27 Multifamily (5 or more) residential properties	17,745	13,198	11,561	1,637	4,547
28 Nonfarm nonresidential properties	182,074	129,176	110,704	18,472	52,898
29 Loans to depository institutions	34,325	30,665	23,804	6,861	3,660
30 Loans to finance agricultural production and other loans to farmers	30,764	16,121	13,709	2,412	14,642
31 Commercial and industrial loans	490,090	385,143	302,879	82,264	104,947
32 Acceptances of other banks	3,730	1,972	1,709	263	1,758
33 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	352,565	262,416	218,188	44,228	90,148
34 Obligations (other than securities) of states and political subdivisions in the United States	47,572	39,035	29,168	9,867	8,538
35 Nonrated industrial development obligations	1,050	722	591	131	328
36 Other obligations (excluding securities)	46,523	38,313	28,577	9,736	8,210
37 All other loans	72,205	64,230	45,490	18,740	7,975
38 Lease financing receivables	29,168	25,358	20,681	4,677	3,810
39 Customers' liability on acceptances outstanding	26,229	25,127	17,656	7,472	1,102
40 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	37,685	34,311	22,819	11,492	3,375
41 Remaining assets	138,371	111,355	75,704	35,651	27,016
42 **Total liabilities and equity capital**	**2,700,388**	**2,003,363**	**1,590,871**	**412,492**	**697,025**
43 **Total liabilities[4]**	**2,510,240**	**1,868,420**	**1,484,566**	**383,853**	**641,821**
44 Total deposits	2,033,699	1,460,367	1,178,985	281,381	573,332
45 Individuals, partnerships, and corporations	1,847,613	1,320,893	1,070,151	250,742	526,720
46 U.S. government	4,313	3,295	2,869	426	1,018
47 States and political subdivisions in the United States	105,956	71,943	60,396	11,547	34,014
48 Commercial banks in the United States	39,626	35,062	26,201	8,861	4,564
49 Other depository institutions in the United States	7,856	6,029	4,646	1,383	1,827
50 Certified and official checks	18,431	14,190	9,829	4,361	4,242
51 All other	9,903	8,955	4,894	4,062	947
52 Total transaction accounts	616,208	465,278	367,199	98,079	150,929
53 Individuals, partnerships, and corporations	530,014	394,656	315,854	78,802	135,358
54 U.S. government	2,942	2,167	1,803	364	775
55 States and political subdivisions in the United States	24,924	17,344	14,106	3,238	7,580
56 Commercial banks in the United States	26,799	25,068	18,468	6,600	1,731
57 Other depository institutions in the United States	5,139	4,365	3,177	1,188	774
58 Certified and official checks	18,431	14,190	9,829	4,361	4,242
59 All other	7,958	7,488	3,963	3,526	470
60 Demand deposits (included in total transaction accounts)	426,158	334,662	257,778	76,884	91,496
61 Individuals, partnerships, and corporations	351,243	271,104	212,232	58,872	80,139
62 U.S. government	2,885	2,123	1,763	361	761
63 States and political subdivisions in the United States	13,727	10,337	8,360	1,978	3,390
64 Commercial banks in the United States	26,793	25,064	18,464	6,600	1,729
65 Other depository institutions in the United States	5,124	4,356	3,168	1,188	768
66 Certified and official checks	18,431	14,190	9,829	4,361	4,242
67 All other	7,954	7,488	3,962	3,525	467
68 Total nontransaction accounts	1,417,491	995,088	811,786	183,302	422,403
69 Individuals, partnerships, and corporations	1,317,599	926,237	754,297	171,940	391,362
70 U.S. government	1,371	1,128	1,066	62	244
71 States and political subdivisions in the United States	81,032	54,599	46,289	8,309	26,434
72 Commercial banks in the United States	12,827	9,994	7,733	2,260	2,833
73 Other depository institutions in the United States	2,717	1,665	1,470	195	1,053
74 All other	1,945	1,467	931	536	478

4.22—Continued

Item	Total	Members			Nonmembers
		Total	National	State	
75 Federal funds purchased and securities sold under agreements to repurchase	247,498	212,687	164,639	48,048	34,811
76 Federal funds purchased	28,516	21,057	17,491	3,566	7,459
77 *Securities sold under agreements to repurchase*	*31,365*	*16,226*	*12,854*	*3,372*	*15,139*
78 Demand notes issued to the U.S. Treasury	31,210	28,793	20,849	7,943	2,417
79 Other borrowed money	82,536	66,088	53,757	12,331	16,448
80 Banks liability on acceptances executed and outstanding	26,900	25,798	18,273	7,525	1,102
81 Notes and debentures subordinated to deposits	2,392	1,250	1,110	140	1,142
82 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	16,447	13,832	8,817	5,014	2,615
83 Remaining liabilities	86,005	73,437	46,952	26,485	12,569
84 **Total equity capital**[9]	**190,147**	**134,943**	**106,305**	**28,639**	**55,204**
MEMO					
85 Assets held in trading accounts[13]	22,823	22,273	13,168	9,105	550
86 U.S. Treasury securities	13,296	13,242	6,759	6,484	54
87 U.S. government agency corporation obligations	3,846	3,838	2,841	998	7
88 Securities issued by states and political subdivisions in the United States	1,190	1,181	994	187	8
89 Other bonds, notes, and debentures	314	281	180	101	33
90 Certificates of deposit	492	492	306	186	0
91 Commercial paper	50	50	49	1	0
92 Bankers acceptances	1,763	1,748	1,068	680	15
93 Other	1,272	1,272	812	460	0
94 Total individual retirement accounts (IRA) and Keogh plan accounts	92,734	65,529	54,085	11,444	27,206
95 Total brokered deposits	48,445	36,064	28,751	7,313	12,381
96 Total brokered retail deposits	16,654	10,141	7,918	2,223	6,513
97 Issued in denominations of $100,000 or less	6,176	2,343	2,180	163	3,834
98 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	10,478	7,798	5,738	2,060	2,680
Savings deposits					
99 Money market deposit accounts (MMDAs)	348,888	256,688	209,099	47,589	92,201
100 Other savings deposits	188,190	133,103	103,396	29,707	55,087
101 Total time deposits of less than $100,000	513,315	337,151	282,400	54,751	176,165
102 Time certificates of deposit of $100,000 or more	332,533	238,804	196,204	42,600	93,730
103 Open-account time deposits of $100,000 or more	34,564	29,343	20,688	8,655	5,221
104 All NOW accounts (including Super NOW)	184,338	127,301	106,471	20,829	57,037
105 Total time and savings deposits	1,607,541	1,125,705	921,208	204,497	481,836
Quarterly averages					
106 Total loans	1,637,416	1,228,824	998,855	229,969	408,593
107 Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	191,066	131,871	109,370	22,501	59,195
Nontransaction accounts					
108 Money market deposit accounts (MMDAs)	353,952	260,415	211,741	48,675	93,536
109 Other savings deposits	188,786	133,370	103,837	29,533	55,417
110 Time certificates of deposit of $100,000 or more	319,911	229,957	188,796	41,161	89,954
111 All other time deposits	535,188	355,859	293,782	62,077	179,329
112 Number of banks	13,206	5,452	4,385	1,067	7,754

1. Effective Mar. 31, 1984, the report of condition was substantially revised for commercial banks. Some of the changes are as follows: (1) Previously, banks with international banking facilities (IBFs) that had no other foreign offices were considered domestic reporters. Beginning with the Mar. 31, 1984 call report these banks are considered foreign and domestic reporters and must file the foreign and domestic report of condition; (2) banks with assets greater than $1 billion have additional items reported; (3) the domestic office detail for banks with foreign offices has been reduced considerably; and (4) banks with assets under $25 million have been excused from reporting certain detail items.

2. The "n.a." for some of the items is used to indicate the lesser detail available from banks without foreign offices, the inapplicability of certain items to banks that have only domestic offices and/or the absence of detail on a fully consolidated basis for banks with foreign offices.

3. *All transactions between domestic and foreign offices of a bank are reported* in "net due from" and "net due to." All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Since these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively, of the domestic and foreign offices.

4. Foreign offices include branches in foreign countries, Puerto Rico, and in U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge act and agreement corporations wherever located and IBFs.

5. The 'over 100' column refers to those respondents whose assets, as of June 30 of the previous calendar year, were equal to or exceeded $100 million. (These respondents file the FFIEC 032 or FFIEC 033 call report.) The 'under 100' column refers to those respondents whose assets, as of June 30 of the previous calendar year, were less than $100 million. (These respondents filed the FFIEC 034 call report.)

6. Since the domestic portion of allowances for loan and lease losses and allocated transfer risk reserve are *not reported for banks with foreign offices*, the components of total assets (domestic) will not add to the actual total (domestic).

7. Since the foreign portion of demand notes issued to the U.S. Treasury is not reported for banks with foreign offices, the components of total liabilities (foreign) will not add to the actual total (foreign).

8. The definition of 'all other' varies by report form and therefore by column in this table. See the instructions for more detail.

9. Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices.

10. Only the domestic portion of federal funds sold and securities purchased under agreements to resell are reported here, therefore, the components will not add to totals for this item.

11. "Acceptances of other banks" is not reported by domestic respondents less than $300 million in total assets, therefore the components will not add to totals for this item.

12. Only the domestic portion of federal funds purchased and securities sold are reported here, therefore the components will not add to totals for this item.

13. Components of assets held in trading accounts are only reported for banks with total assets of $1 billion or more; therefore the components will not add to the totals for this item.

4.20 DOMESTIC AND FOREIGN OFFICES, Insured Commercial Bank Assets and Liabilities[1,2]
Consolidated Report of Condition, December 31, 1988

Millions of dollars

Item	Total	Banks with foreign offices[3,4]			Banks with domestic offices only[5]	
		Total	Foreign	Domestic	Over 100	Under 100
1 **Total assets[6]**	**3,114,672**	**1,791,142**	**420,638**	**1,431,591**	**916,540**	**406,858**
2 Cash and balances due from depository institutions	352,410	246,374	118,918	127,456	71,820	34,208
3 Cash items in process of collection, unposted debits, and currency and coin		89,282	1,325	87,958	32,652	
4 Cash items in process of collection and unposted debits		n.a.	n.a.	73,515	23,482	
5 Currency and coin		n.a.	n.a.	14,443	9,170	
6 Balances due from depository institutions in the United States		35,373	23,030	12,342	21,862	n.a.
7 Balances due from banks in foreign countries and foreign central banks	n.a.	97,944	94,361	3,583	5,021	
8 Balances due from Federal Reserve Banks		23,775	203	23,572	12,285	
MEMO						
9 Noninterest-bearing balances due from commercial banks in the United States (included in balances due from depository institutions in the United States)		n.a.	n.a.	8,078	13,809	11,440
10 **Total securities, loans and lease financing receivables, net**	**2,536,951**	**1,375,045**	n.a.	n.a.	**806,197**	**355,596**
11 Total securities, book value	533,333	224,016	29,487	194,529	189,697	119,605
12 U.S. Treasury securities and U.S. government agency and corporation obligations	332,287	118,284	2,005	116,279	125,489	88,514
13 U.S. Treasury securities	n.a.	57,931	884	57,047	67,300	n.a.
14 U.S. government agency and corporation obligations	n.a.	60,352	1,121	59,231	58,189	n.a.
15 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	87,701	48,064	1,080	46,984	24,217	15,409
16 All other	n.a.	12,288	41	12,247	33,972	n.a.
17 Securities issued by states and political subdivisions in the United States	105,682	46,371	518	45,853	38,683	20,628
18 Taxable	2,083	395	47	348	689	1,000
19 Tax-exempt	103,599	45,976	471	45,505	37,994	19,628
20 Other securities	95,348	59,361	26,964	32,397	25,525	10,462
21 Other domestic securities	n.a.	33,615	2,424	31,191	25,121	....
22 All holdings of private certificates of participation in pools of residential mortgages	4,197	1,930	0	1,930	1,607	660
23 All other	65,002	31,685	2,424	29,261	23,514	9,803
24 Foreign securities	n.a.	25,746	24,540	1,206	404	....
25 Federal funds sold and securities purchased under agreements to resell	126,845	66,380	604	65,776	37,166	23,298
26 Federal funds sold	102,021	47,278	n.a.	n.a.	32,008	22,738
27 Securities purchased under agreements to resell	24,820	19,102	n.a.	n.a.	5,158	560
28 Total loans and lease financing receivables, gross	1,938,544	1,125,351	210,689	914,663	594,743	218,449
29 LESS: Unearned income on loans	15,345	7,009	2,107	4,902	6,015	2,320
30 Total loans and leases (net of unearned income)	1,923,297	1,118,342	208,581	909,761	588,728	216,129
31 LESS: Allowance for loan and lease losses	46,315	33,492	n.a.	n.a.	9,393	3,429
32 LESS: Allocated transfer risk reserves	209	201	n.a.	n.a.	1	8
33 EQUALS: Total loans and leases, net	1,876,773	1,084,649	n.a.	n.a.	579,334	212,692
Total loans, gross, by category						
34 Loans secured by real estate	674,602	328,857	22,128	306,730	242,601	103,101
35 Construction and land development				85,799	35,356	7,918
36 Farmland				1,895	4,275	9,282
37 1–4 family residential properties				125,575	118,180	56,950
38 Revolving, open-end loans, extended under lines of credit	n.a.	n.a.	n.a.	21,603	15,693	2,539
39 All other loans				103,972	102,487	54,411
40 Multifamily (5 or more) residential properties				9,694	6,492	2,011
41 Nonfarm nonresidential properties				83,767	78,299	26,940
42 Loans to depository institutions	58,416	51,637	24,194	27,443	6,009	770
43 To commercial banks in the United States	n.a.	22,280	988	21,293	5,307	n.a.
44 To other depository institutions in the United States	n.a.	2,777	467	2,311	614	n.a.
45 To banks in foreign countries	n.a.	26,580	22,740	3,840	88	n.a.
46 Loans to finance agricultural production and other loans to farmers	30,101	5,748	277	5,471	6,669	17,683
47 Commercial and industrial loans	596,508	415,851	99,351	316,499	135,342	45,315
48 To U.S. addressees (domicile)	n.a.	333,000	19,160	313,840	135,047	n.a.
49 To non-U.S. addressees (domicile)	n.a.	82,851	80,192	2,659	294	n.a.
50 Acceptances of other banks	5,012	819	376	443	2,074	2,119
51 U.S. banks	n.a.	230	34	196	n.a.	n.a.
52 Foreign banks	n.a.	589	341	247	n.a.	n.a.
53 Loans to individuals for household, family and other personal expenditures (includes purchased paper)	374,120	158,510	12,126	146,384	171,094	44,515
54 Credit cards and related plans	116,522	46,666	n.a.	n.a.	66,636	3,219
55 Other (includes single payment and installment)	257,583	111,844	n.a.	n.a.	104,458	41,296
56 Obligations (other than securities) of states and political subdivisions in the U.S. (*includes nonrated industrial development obligations*)	44,951	27,495	340	27,155	15,370	2,085
57 Taxable	1,265	669	21	648	501	95
58 Tax-exempt	43,686	26,826	319	26,508	14,869	1,990
59 All other loans	120,538	107,741	47,859	59,882	10,544	2,252
60 Loans to foreign governments and official institutions	n.a.	35,148	33,398	1,749	255	n.a.
61 Other loans	n.a.	72,594	14,461	58,133	10,289	n.a.
62 Loans for purchasing and carrying securities	n.a.	n.a.	n.a.	14,158	1,601	n.a.
63 All other loans	n.a.	n.a.	n.a.	43,975	8,688	n.a.
64 Lease financing receivables	34,340	28,692	4,038	24,654	5,039	608
65 Assets held in trading accounts	35,463	34,602	16,465	18,137	661	200
66 Premises and fixed assets (including capitalized leases)	45,468	24,014		n.a.	14,416	7,035
67 Other real estate owned	11,218	4,749		n.a.	3,827	2,642
68 Investments in unconsolidated subsidiaries and associated companies	2,774	2,087		n.a.	642	45
69 Customers' liability on acceptances outstanding	33,040	32,602	n.a.	n.a.	410	28
70 Net due from own foreign offices, Edge and agreement subsidiaries and, IBFs	n.a.	n.a.		44,833	n.a.	n.a.
71 Intangible assets	5,079	3,108		n.a.	1,752	219
72 Other assets	92,270	68,562		n.a.	16,815	6,885

4.20—Continued

Item	Total	Banks with foreign offices[3,4]			Banks with domestic offices only[5]	
		Total	Foreign	Domestic	Over 100	Under 100
73 **Total liabilities, limited-life preferred stock, and equity capital**	**3,114,672**	**1,791,142**	n.a.	n.a.	**916,540**	**406,858**
74 **Total liabilities**[7]	**2,918,768**	**1,694,771**	**420,625**	**1,335,232**	**852,249**	**371,625**
75 Limited-life preferred stock	84	0	n.a.	n.a.	83	2
76 Total deposits	2,418,263	1,314,877	315,079	999,798	742,052	361,334
77 Individuals, partnerships, and corporations			184,858	900,909	679,608	329,939
78 U.S. government				2,949	1,933	725
79 States and political subdivisions in the United States				41,273	41,675	24,836
80 Commercial banks in the United States	n.a.	n.a.	n.a.	28,781	9,482	1,864
81 Other depository institutions in the United States				5,182	2,401	1,060
82 Banks in foreign countries				8,163	440	n.a.
83 Foreign governments and official institutions		23,892	22,178	1,713	289	n.a.
84 Certified and official checks	20,425	11,343	514	10,829	6,223	2,859
85 All other[8]	n.a.	n.a.	107,529	....	....	51
86 Total transaction accounts				340,447	217,124	99,901
87 Individuals, partnerships, and corporations				285,659	190,375	88,420
88 U.S. government				2,017	1,589	597
89 States and political subdivisions in the United States				9,602	10,902	6,789
90 Commercial banks in the United States	n.a.	n.a.	n.a.	19,708	6,430	883
91 Other depository institutions in the United States				3,873	1,356	337
92 Banks in foreign countries				7,528	233	n.a.
93 Foreign governments and official institutions				1,232	16	n.a.
94 Certified and official checks				10,829	6,223	2,859
95 All other				....	....	17
96 Demand deposits (included in total transaction accounts)				262,599	138,954	54,711
97 Individuals, partnerships, and corporations				210,099	117,571	47,770
98 U.S. government				1,988	1,568	581
99 States and political subdivisions in the United States				7,343	5,566	2,275
100 Commercial banks in the United States				19,707	6,429	881
101 Other depository institutions in the United States				3,873	1,348	330
102 Banks in foreign countries				7,527	232	n.a.
103 Foreign governments and official institutions				1,231	15	n.a.
104 Certified and official checks				10,829	6,223	2,859
105 All other				....	....	16
106 Total nontransaction accounts				659,351	524,928	261,433
107 Individuals, partnerships, and corporations	n.a.	n.a.	n.a.	615,250	489,233	241,519
108 U.S. government				932	344	128
109 States and political subdivisions in the United States				31,671	30,773	18,047
110 Commercial banks in the United States				9,073	3,052	981
111 U.S. branches and agencies of foreign banks				686	167	n.a.
112 Other commercial banks in the United States				8,387	2,886	n.a.
113 Other depository institutions in the United States				1,308	1,044	724
114 Banks in foreign countries				635	207	n.a.
115 Foreign branches of other U.S. banks				4	206	n.a.
116 Other banks in foreign countries				631	1	n.a.
117 Foreign governments and official institutions				482	274	n.a.
118 All other				....	....	34
119 Federal funds purchased and securities sold under agreements to repurchase	233,521	172,875	424	172,451	57,232	3,413
120 Federal funds purchased	144,851	114,903	n.a.	n.a.	28,459	1,475
121 Securities sold under agreements to repurchase	88,686	57,972	n.a.	n.a.	28,773	1,939
122 Demand notes issued to the U.S. Treasury	n.a.	n.a.	n.a.	20,000	4,323	454
123 Other borrowed money	118,055	83,121	34,497	48,624	33,179	1,755
124 Banks liability on acceptances executed and outstanding	33,184	32,745	5,947	26,798	410	28
125 Notes and debentures subordinated to deposits	17,226	14,879	n.a.	n.a.	2,031	315
126 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	n.a.	n.a.	n.a.	16,254	n.a.	n.a.
127 All other liabilities	73,621	56,273	n.a.	n.a.	13,021	4,325
128 Total equity capital[9]	195,819	96,371	n.a.	n.a.	64,208	35,232
MEMO						
129 Holdings of commercial paper included in total loans, gross		1,566	831	734	1,339	n.a.
130 Total individual retirement accounts (IRA) and Keogh plan accounts				41,105	37,240	16,736
131 Total brokered deposits				37,889	13,951	1,345
132 Total brokered retail deposits				9,379	8,760	1,205
133 Issued in denominations of $100,000 or less				1,634	4,813	888
134 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less				7,745	3,946	317
Savings deposits						
135 Money market deposit accounts (MMDAs)				178,372	122,502	47,764
136 Other savings deposits (excluding MMDAs)				81,512	73,749	33,132
137 Total time deposits of less than $100,000				181,085	216	135,938
138 Time certificates of deposit of $100,000 or more	n.a.	n.a.	n.a.	189,271	108,760	42,963
139 Open-account time deposits of $100,000 or more				29,110	3,862	1,637
140 All NOW accounts (including Super NOW)				76,107	75,841	43,595
141 Total time and savings deposits				737,199	603,098	306,623
Quarterly averages						
142 Total loans				878,719	572,534	211,925
143 Obligations (other than securities) of states and political subdivisions in the United States				28,914	15,348	n.a.
144 Transaction accounts in domestic offices (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)				75,275	74,870	43,873
Nontransaction accounts in domestic offices						
145 Money market deposit accounts (MMDAs)				178,522	123,306	48,025
146 Other savings deposits				81,652	74,270	33,113
147 Time certificates of deposit of $100,000 or more				182,516	106,784	41,770
148 All other time deposits				207,166	216,038	135,828
149 Number of banks	13,079	251	n.a.	n.a.	2,357	10,471

Footnotes appear at the end of table 4.22

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of $100 Million or more or with foreign offices[1,2,6]
Consolidated Report of Condition, December 31, 1988

Millions of dollars

Item	Total	Members: Total	Members: National	Members: State	Non-members
1 **Total assets**[6]	**2,348,131**	**1,873,730**	**1,496,524**	**377,206**	**474,401**
2 Cash and balances due from depository institutions	199,276	165,099	131,322	33,776	34,178
3 Cash items in process of collection and unposted debits	96,997	87,538	69,457	18,081	9,459
4 Currency and coin	23,613	19,553	16,352	3,200	4,061
5 Balances due from depository institutions in the United States	34,204	22,656	18,292	4,364	11,548
6 Balances due from banks in foreign countries and foreign central banks	8,605	6,009	4,938	1,071	2,596
7 Balances due from Federal Reserve Banks	35,857	29,344	22,284	7,060	6,513
8 **Total securities, loans and lease financing receivables, (net of unearned income)**	**1,985,657**	**1,566,986**	**1,266,978**	**300,007**	**418,671**
9 Total securities, book value	384,226	285,825	221,219	64,606	98,401
10 U.S. Treasury securities	124,347	90,400	70,629	19,771	33,947
11 U.S. government agency and corporation obligations	117,420	90,186	71,974	18,212	27,234
12 All holdings of U.S. government-issued or guaranteed certificates of participation in pools of residential mortgages	71,201	60,056	47,482	12,574	11,145
13 All other	46,219	30,130	24,492	5,639	16,089
14 Securities issued by states and political subdivisions in the United States	84,536	66,332	48,498	17,835	18,204
15 Taxable	1,037	725	533	191	312
16 Tax-exempt	83,499	65,608	47,964	17,643	17,892
17 Other domestic securities	56,312	37,564	29,563	8,000	18,748
18 All holdings of private certificates of participation in pools of residential mortgages	3,537	2,860	1,759	1,101	676
19 All other	52,775	34,703	27,804	6,899	18,072
20 Foreign securities	1,610	1,343	555	788	268
21 Federal funds sold and securities purchased under agreements to resell[10]	102,943	87,055	65,616	21,439	15,887
22 Federal funds sold	32,009	20,284	17,720	2,564	11,725
23 Securities purchased under agreements to resell	5,158	3,717	3,164	553	1,441
24 Total loans and lease financing receivables, gross	1,509,406	1,202,512	986,797	215,715	306,894
25 LESS: Unearned income on loans	10,917	8,407	6,653	1,753	2,511
26 *Total loans and leases (net of unearned income)*	1,498,489	1,194,106	980,143	213,962	304,383
Total loans, gross, by category					
27 Loans secured by real estate	549,331	416,582	357,046	59,535	132,750
28 Construction and land development	121,155	97,509	81,899	15,610	23,646
29 Farmland	6,169	4,183	3,682	501	1,986
30 1–4 family residential properties	243,755	179,425	153,916	25,510	64,330
31 Revolving, open-end and extended under lines of credit	37,296	29,062	24,846	4,216	8,234
32 All other loans	206,459	150,363	129,070	21,294	56,096
33 Multifamily (5 or more) residential properties	16,186	12,698	11,177	1,521	3,488
34 Nonfarm nonresidential properties	162,066	122,766	106,372	16,393	39,300
35 Loans to commercial banks in the United States	26,600	23,085	18,610	4,475	3,515
36 Loans to other depository institutions in the United States	2,925	2,697	2,390	307	228
37 Loans to banks in foreign countries	3,928	3,773	2,066	1,707	154
38 Loans to finance agricultural production and other loans to farmers	12,141	9,624	8,639	986	2,516
39 Commercial and industrial loans	451,841	369,541	293,707	75,834	82,300
40 To U.S. addressees (domicile)	448,887	366,859	291,476	75,383	82,029
41 To non-U.S. addressees (domicile)	2,954	2,682	2,231	451	271
42 Acceptances of other banks[11]	2,517	1,519	1,318	202	998
43 Of U.S. banks	844	534	470	64	310
44 Of foreign banks	379	301	244	56	78
45 Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	317,478	250,046	209,637	40,409	67,432
46 Loans to foreign governments and official institutions	2,005	1,934	1,376	557	71
47 Obligations (other than securities) of states and political subdivisions in the United States	42,526	35,776	26,500	9,276	6,750
48 Taxable	1,149	858	729	129	291
49 Tax-exempt	41,377	34,917	25,770	9,147	6,460
50 Other loans	68,422	62,187	44,160	18,027	6,234
51 Loans for purchasing and carrying securities	15,758	14,707	9,562	5,145	1,051
52 All other loans	52,663	47,480	34,598	12,882	5,183
53 Lease financing receivables	29,693	25,747	21,347	4,400	3,946
54 Customers' liability on acceptances outstanding	26,483	25,342	17,990	7,352	1,141
55 Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	44,833	40,621	24,770	15,851	4,212
56 Remaining assets	136,714	116,304	80,233	36,071	20,411

4.21—Continued

Item	Total	Members			Non-members
		Total	National	State	
57 **Total liabilities and equity capital**	**2,348,131**	**1,873,730**	**1,496,524**	**377,206**	**474,401**
58 **Total liabilities**[4]	**2,187,482**	**1,748,071**	**1,399,091**	**348,980**	**439,410**
59 Total deposits	1,741,850	1,362,711	1,103,387	259,324	379,139
60 Individuals, partnerships, and corporations	1,580,517	1,231,746	1,001,623	230,123	348,771
61 U.S. government	4,883	3,997	3,506	491	886
62 States and political subdivisions in the United States	82,948	64,013	53,517	10,496	18,934
63 Commercial banks in the United States	38,263	33,644	25,510	8,135	4,619
64 Other depository institutions in the United States	7,582	5,985	5,017	967	1,598
65 Banks in foreign countries	8,603	7,679	4,068	3,611	923
66 Foreign governments and official institutions	2,003	1,871	870	1,001	132
67 Certified and official checks	17,052	13,776	9,276	4,500	3,276
68 Total transaction accounts	557,571	453,021	358,620	94,401	104,551
69 Individuals, partnerships, and corporations	476,033	382,887	307,063	75,824	93,147
70 U.S. government	3,606	2,881	2,448	433	725
71 States and political subdivisions in the United States	20,504	16,491	13,489	3,002	4,013
72 Commercial banks in the United States	26,138	24,194	18,538	5,656	1,944
73 Other depository institutions in the United States	5,230	4,281	3,420	861	949
74 Banks in foreign countries	7,761	7,320	3,831	3,489	441
75 Foreign governments and official institutions	1,247	1,191	555	637	56
76 Certified and official checks	17,052	13,776	9,276	4,500	3,276
77 Demand deposits (included in total transaction accounts)	401,552	332,119	256,835	75,284	69,434
78 Individuals, partnerships, and corporations	327,670	267,900	210,248	57,652	59,771
79 U.S. government	3,556	2,834	2,405	430	722
80 States and political subdivisions in the United States	12,909	10,630	8,569	2,061	2,279
81 Commercial banks in the United States	26,136	24,193	18,537	5,656	1,943
82 Other depository institutions in the United States	5,222	4,276	3,415	861	946
83 Banks in foreign countries	7,760	7,319	3,830	3,488	441
84 Foreign governments and official institutions	1,246	1,191	555	637	55
85 Certified and official checks	17,052	13,776	9,276	4,500	3,276
86 Total nontransaction accounts	1,184,278	909,690	744,767	164,923	274,588
87 Individuals, partnerships, and corporations	1,104,483	848,859	694,559	154,300	255,624
88 U.S. government	1,277	1,116	1,059	57	161
89 States and political subdivisions in the United States	62,443	47,522	40,028	7,494	14,921
90 Commercial banks in the United States	12,125	9,450	6,972	2,479	2,675
91 U.S. branches and agencies of foreign banks	852	541	387	154	311
92 Other commercial banks in the United States	11,273	8,909	6,584	2,235	2,364
93 Other depository institutions in the United States	2,352	1,704	1,598	106	649
94 Banks in foreign countries	842	360	237	122	482
95 Foreign branches of other U.S. banks	210	4	1	3	206
96 Other banks in foreign countries	632	355	236	119	276
97 Foreign governments and official institutions	756	680	315	365	76
98 Federal funds purchased and securities sold under agreements to repurchase[12]	229,683	198,817	154,647	44,169	30,867
99 Federal funds purchased	28,564	21,226	17,559	3,666	7,338
100 Securities sold under agreements to repurchase	28,855	15,099	12,041	3,058	13,755
101 Demand notes issued to the U.S. Treasury	24,323	22,304	17,264	5,040	2,019
102 Other borrowed money	81,803	67,961	56,023	11,938	13,843
103 Banks liability on acceptances executed and outstanding	27,208	26,067	18,621	7,445	1,141
104 Notes and debentures subordinated to deposits	2,031	1,226	1,082	144	805
105 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	16,254	12,974	10,472	2,502	3,280
106 Remaining liabilities	80,583	68,986	48,066	20,920	11,596
107 **Total equity capital**[9]	**160,649**	**125,659**	**97,432**	**28,226**	**34,990**
MEMO					
108 Holdings of commercial paper included in total loans, gross	2,073	1,100	941	159	973
109 Total individual retirement accounts (IRA) and Keogh plan accounts	78,344	60,892	50,349	10,544	17,452
110 Total brokered deposits	51,840	39,236	31,897	7,339	12,604
111 Total brokered retail deposits	18,139	12,043	9,562	2,480	6,096
112 Issued in denominations of $100,000 or less	6,448	2,511	2,395	116	3,937
113 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	11,691	9,531	7,167	2,364	2,160
Savings deposits					
114 Money market deposit accounts (MMDAs)	300,873	236,742	193,196	43,545	64,132
115 Other savings accounts	155,261	119,829	92,841	26,988	35,432
116 Total time deposits of less than $100,000	397,141	299,349	253,580	45,769	97,792
117 Time certificates of deposit of $100,000 or more	298,031	225,073	185,400	39,673	72,958
118 Open-account time deposits of $100,000 or more	32,972	28,698	19,750	8,948	4,275
119 All NOW accounts (including Super NOW accounts)	151,948	118,150	99,337	18,813	33,799
120 Total time and savings deposits	1,340,297	1,030,592	846,552	184,039	309,705
Quarterly averages					
121 Total loans	1,451,253	1,157,259	948,700	208,559	293,994
122 Obligations (other than securities) of states and political subdivisions in the United States	44,262	37,618	27,646	9,972	6,644
123 Transaction accounts (NOW accounts, ATS accounts, and telephone preauthorized transfer accounts)	150,145	116,474	97,174	19,300	33,671
Nontransaction accounts					
124 Money market deposit accounts (MMDAs)	301,828	236,737	193,210	43,527	65,091
125 Other savings deposits	155,922	120,093	93,496	26,597	35,829
126 Time certificates of deposits of $100,000 or more	289,300	219,936	181,190	38,746	69,364
127 All other time deposits	423,204	322,539	270,302	52,237	100,665
128 Number of banks	2,608	1,495	1,261	234	1,113

Footnotes appear at the end of table 4.22

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities[1,2,6]
Consolidated Report of Condition, December 31, 1988

Millions of dollars

	Item	Total	Members			Nonmembers
			Total	National	State	
1	**Total assets[6]**	**2,754,989**	**2,039,521**	**1,630,552**	**408,969**	**715,468**
2	Cash and balances due from depository institutions	233,484	179,454	143,183	36,271	54,029
3	Currency and coin	27,563	21,188	17,680	3,508	6,375
4	Noninterest-bearing balances due from commercial banks	33,327	18,642	15,564	3,078	14,685
5	Other	172,594	139,625	109,939	29,685	32,969
6	**Total securities, loans, and lease financing receivables (net of unearned income)**	**2,344,689**	**1,712,805**	**1,384,529**	**328,276**	**631,884**
7	Total securities, book value	503,830	332,805	259,481	73,324	171,025
8	U.S. Treasury securities and U.S. government agency and corporation obligations	330,282	215,292	170,816	44,476	114,989
9	Securities issued by states and political subdivisions in the United States	105,164	74,241	54,931	19,310	30,923
10	Taxable	2,036	1,060	804	256	976
11	Tax-exempt	103,128	73,181	54,127	19,054	29,947
12	Other securities	68,385	43,272	33,735	9,537	25,113
13	All holdings of private certificates of participation in pools of residential mortgages	4,197	3,176	1,959	1,217	1,021
14	All other	64,393	40,302	31,981	8,320	24,092
15	Federal funds sold and securities purchased under agreements to resell	126,241	97,655	74,305	23,350	28,586
16	Federal funds sold	54,747	30,553	26,121	4,432	24,194
17	Securities purchased under agreements to resell	5,718	4,048	3,452	596	1,671
18	Total loans and lease financing receivables, gross	1,727,855	1,291,763	1,058,182	233,581	436,092
19	Less: Unearned income on loans	13,238	9,419	7,440	1,979	3,818
20	Total loans and leases (net of unearned income)	1,714,617	1,282,344	1,050,742	231,602	432,273
	Total loans, gross, by category					
21	Loans secured by real estate	652,432	458,297	390,404	67,894	194,135
22	Construction and land development	129,073	100,804	84,551	16,254	28,269
23	Farmland	15,451	7,313	6,190	1,123	8,138
24	1-4 family residential properties	300,705	202,843	172,420	30,423	97,863
25	Revolving, open-end loans, and extended under lines of credit	39,835	30,135	25,685	4,450	9,701
26	All other loans	260,870	172,708	146,735	25,973	88,162
27	Multifamily (5 or more) residential properties	18,197	13,453	11,794	1,659	4,744
28	Nonfarm nonresidential properties	189,006	133,884	115,449	18,435	55,122
29	Loans to depository institutions	34,222	29,939	23,404	6,535	4,283
30	Loans to finance agricultural production and other loans to farmers	29,824	15,944	13,666	2,279	13,880
31	Commercial and industrial loans	497,156	389,103	309,216	79,887	108,053
32	Acceptances of other banks	4,636	2,353	2,038	314	2,283
33	Loans to individuals for household, family, and other personal expenditures (includes purchased paper)	361,993	268,619	224,603	44,016	93,375
34	Obligations (other than securities) of states and political subdivisions in the United States	44,611	36,557	27,154	9,403	8,054
35	Nonrated industrial development obligations	1,244	898	762	135	346
36	Other obligations (excluding securities)	43,367	35,659	26,392	9,268	7,708
37	All other loans	72,679	65,009	46,201	18,808	7,670
38	Lease financing receivables	30,302	25,942	21,497	4,445	4,360
39	Customers' liability on acceptances outstanding	26,512	25,357	18,001	7,356	1,155
40	Net due from own foreign offices, Edge and agreement subsidiaries, and IBFs	44,844	40,621	24,770	15,851	4,223
41	Remaining assets	150,305	121,906	84,840	37,066	28,399
42	**Total liabilities and equity capital**	**2,754,989**	**2,039,521**	**1,630,552**	**408,969**	**715,468**
43	**Total liabilities[4]**	**2,559,106**	**1,899,836**	**1,521,980**	**377,856**	**659,270**
44	Total deposits	2,103,184	1,510,266	1,223,011	287,255	592,918
45	Individuals, partnerships, and corporations	1,910,456	1,366,776	1,111,043	255,732	543,680
46	U.S. government	5,608	4,286	3,742	544	1,322
47	States and political subdivisions in the United States	107,784	73,308	61,138	12,170	34,476
48	Commercial banks in the United States	40,128	34,768	26,363	8,405	5,360
49	Other depository institutions in the United States	8,643	6,507	5,464	1,044	2,135
50	Certified and official checks	19,911	15,053	10,306	4,748	4,858
51	All other	10,656	9,569	4,955	4,614	1,088
52	Total transaction accounts	657,473	494,637	392,593	102,044	162,835
53	Individuals, partnerships, and corporations	564,453	419,708	337,191	82,517	144,745
54	U.S. government	4,203	3,117	2,644	473	1,087
55	States and political subdivisions in the United States	27,294	18,962	15,519	3,443	8,332
56	Commercial banks in the United States	27,021	24,835	18,977	5,858	2,186
57	Other depository institutions in the United States	5,567	4,448	3,567	881	1,119
58	Certified and official checks	19,911	15,053	10,306	4,748	4,858
59	All other	9,025	8,515	4,389	4,127	509
60	Demand deposits (included in total transaction accounts)	456,264	355,652	275,935	79,716	100,612
61	Individuals, partnerships, and corporations	375,440	288,282	226,843	61,439	87,158
62	U.S. government	4,137	3,068	2,598	469	1,069
63	States and political subdivisions in the United States	15,185	11,460	9,263	2,197	3,724
64	Commercial banks in the United States	27,018	24,843	18,976	5,858	2,184
65	Other depository institutions in the United States	5,552	4,441	3,560	880	1,111
66	Certified and official checks	19,911	15,053	10,306	4,748	4,858
67	All other	9,022	8,514	4,388	4,126	508
68	Total nontransaction accounts	1,445,711	1,015,629	830,418	185,211	430,082
69	Individuals, partnerships, and corporations	1,346,002	947,068	773,852	173,216	398,935
70	U.S. government	1,405	1,169	1,099	71	235
71	States and political subdivisions in the United States	80,490	54,346	45,620	8,726	26,144
72	Commercial banks in the United States	13,106	9,933	7,386	2,547	3,173
73	Other depository institutions in the United States	3,076	2,060	1,896	163	1,017
74	All other	1,632	1,053	566	487	578

4.22—Continued

Item	Total	Members			Nonmembers
		Total	National	State	
75 Federal funds purchased and securities sold under agreements to repurchase	233,096	200,477	155,916	44,561	32,619
76 Federal funds purchased	30,039	22,054	18,154	3,900	7,985
77 Securities sold under agreements to repurchase	30,793	15,932	12,715	3,217	14,862
78 Demand notes issued to the U.S. Treasury	24,778	22,506	17,430	5,076	2,271
79 Other borrowed money	83,558	68,560	56,432	12,127	14,999
80 Banks liability on acceptances executed and outstanding	27,237	26,082	18,633	7,449	1,155
81 Notes and debentures subordinated to deposits	2,346	1,281	1,128	152	1,066
82 Net due to own foreign offices, Edge and agreement subsidiaries, and IBFs	16,254	12,974	10,472	2,502	3,280
83 Remaining liabilities	84,907	70,665	49,430	21,235	14,242
84 **Total equity capital**[9]	**195,883**	**139,685**	**108,572**	**31,113**	**56,198**
MEMO					
85 Assets held in trading accounts[13]	18,998	18,549	11,203	7,345	450
86 U.S. Treasury securities	9,915	9,913	5,068	4,845	3
87 U.S. government agency corporation obligations	3,286	3,281	2,257	1,024	5
88 Securities issued by states and political subdivisions in the United States	1,178	1,165	960	205	13
89 Other bonds, notes, and debentures	212	212	99	113	0
90 Certificates of deposit	847	797	456	341	50
91 Commercial paper	19	19	19	0	0
92 Bankers acceptances	1,582	1,566	1,112	454	17
93 Other	1,448	1,434	1,074	360	14
94 Total individual retirement accounts (IRA) and Keogh plan accounts	95,081	67,420	55,674	11,746	27,660
95 Total brokered deposits	53,185	39,631	32,229	7,401	13,554
96 Total brokered retail deposits	19,344	12,370	9,835	2,535	6,974
97 Issued in denominations of $100,000 or less	7,336	2,809	2,644	165	4,528
98 Issued in denominations greater than $100,000 and participated out by the broker in shares of $100,000 or less	12,008	9,562	7,191	2,370	2,446
Savings deposits					
99 Money market deposit accounts (MMDAs)	348,637	257,426	210,029	47,397	91,211
100 Other savings deposits	188,393	133,436	103,634	29,802	54,957
101 Total time deposits of less than $100,000	533,079	351,728	295,776	55,952	181,350
102 Time certificates of deposit of $100,000 or more	340,993	243,800	200,791	43,009	97,193
103 Open-account time deposits of $100,000 or more	34,609	29,238	20,188	9,050	5,371
104 All NOW accounts (including Super NOW)	195,543	135,717	113,818	21,900	59,826
105 Total time and savings deposits	1,646,920	1,154,615	947,076	207,539	492,306
Quarterly averages					
106 Total loans	1,663,178	1,243,954	1,018,132	225,822	419,224
107 Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	194,018	134,054	111,597	22,457	59,964
Nontransaction accounts					
108 Money market deposit accounts (MMDAs)	349,853	257,485	210,101	47,384	92,368
109 Other savings deposits	189,035	133,698	104,311	29,387	55,337
110 Time certificates of deposit of $100,000 or more	331,071	238,100	196,135	41,965	92,971
111 All other time deposits	559,032	374,668	312,287	62,381	184,364
112 Number of banks	13,079	5,396	4,338	1,058	7,683

1. Effective Mar. 31, 1984, the report of condition was substantially revised for commercial banks. Some of the changes are as follows: (1) Previously, banks with international banking facilities (IBFs) that had no other foreign offices were considered domestic reporters. Beginning with the Mar. 31, 1984 call report these banks are considered foreign and domestic reporters and must file the foreign and domestic report of condition; (2) banks with assets greater than $1 billion have additional items reported; (3) the domestic office detail for banks with foreign offices has been reduced considerably; and (4) banks with assets under $25 million have been excused from reporting certain detail items.

2. The "n.a." for some of the items is used to indicate the lesser detail available from banks without foreign offices, the inapplicability of certain items to banks that have only domestic offices and/or the absence of detail on a fully consolidated basis for banks with foreign offices.

3. All transactions between domestic and foreign offices of a bank are reported in "net due from" and "net due to." All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Since these intraoffice transactions are nullified by consolidation, total assets and total liabilities for the entire bank may not equal the sum of assets and liabilities respectively, of the domestic and foreign offices.

4. Foreign offices include branches in foreign countries, Puerto Rico, and in U.S. territories and possessions; subsidiaries in foreign countries; all offices of Edge act and agreement corporations wherever located and IBFs.

5. The 'over 100' column refers to those respondents whose assets, as of June 30 of the previous calendar year, were equal to or exceeded $100 million. (These respondents file the FFIEC 032 or FFIEC 033 call report.) The 'under 100' column refers to those respondents whose assets, as of June 30 of the previous calendar year, were less than $100 million. (These respondents filed the FFIEC 034 call report.)

6. Since the domestic portion of allowances for loan and lease losses and allocated transfer risk reserve are not reported for banks with foreign offices, the components of total assets (domestic) will not add to the actual total (domestic).

7. Since the foreign portion of demand notes issued to the U.S. Treasury is not reported for banks with foreign offices, the components of total liabilities (foreign) will not add to the actual total (foreign).

8. The definition of 'all other' varies by report form and therefore by column in this table. See the instructions for more detail.

9. Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices.

10. Only the domestic portion of federal funds sold and securities purchased under agreements to resell are reported here, therefore, the components will not add to totals for this item.

11. "Acceptances of other banks" is not reported by domestic respondents less than $300 million in total assets, therefore the components will not add to totals for this item.

12. Only the domestic portion of federal funds purchased and securities sold are reported here, therefore the components will not add to totals for this item.

13. Components of assets held in trading accounts are only reported for banks with total assets of $1 billion or more; therefore the components will not add to the totals for this item.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1989[1]

Millions of dollars

Item	All states[2]		New York		California		Illinois	
	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]
1 **Total assets[4]**	**522,853**	**253,822**	**385,878**	**200,836**	**74,356**	**32,754**	**37,466**	**13,021**
2 Claims on nonrelated parties	467,283	205,939	344,125	162,800	67,736	27,612	37,074	12,110
3 Cash and balances due from depository institutions	126,991	107,689	103,989	87,654	12,627	11,825	8,681	7,168
4 Cash items in process of collection and unposted debits	702	1	656	1	28	0	6	0
5 Currency and coin (U.S. and foreign)	26	n.a.	18	n.a.	2	n.a.	1	n.a.
6 Balances with depository institutions in United States	65,496	48,304	53,017	38,474	6,496	5,798	5,413	3,960
7 U.S. branches and agencies of other foreign banks (including their IBFs)	56,786	45,679	45,819	36,072	5,973	5,660	4,688	3,895
8 Other depository institutions in United States (including their IBFs)	8,709	2,625	7,198	2,402	523	138	725	65
9 Balances with banks in foreign countries and with foreign central banks	59,934	59,383	49,637	49,179	6,051	6,027	3,217	3,208
10 Foreign branches of U.S. banks	1,011	925	849	768	121	116	15	15
11 Other banks in foreign countries and foreign central banks	58,923	58,458	48,788	48,411	5,930	5,911	3,202	3,193
12 Balances with Federal Reserve Banks	834	n.a.	661	n.a.	50	n.a.	44	n.a.
13 **Total securities and loans**	**279,855**	**88,813**	**191,291**	**67,895**	**46,774**	**14,108**	**26,120**	**4,515**
14 Total securities, book value	33,509	10,139	27,469	7,734	3,862	1,689	1,351	556
15 U.S. Treasury	5,934	n.a.	5,553	n.a.	141	n.a.	171	n.a.
16 Obligations of U.S. government agencies and corporations	4,883	n.a.	4,823	n.a.	47	n.a.	0	n.a.
17 Other bonds, notes, debentures and corporate stock (including state and local securities)	22,692	10,139	17,093	7,734	3,674	1,689	1,180	556
18 Federal funds sold and securities purchased under agreements to resell	13,546	1,951	11,814	1,512	1,103	413	348	5
19 U.S. branches and agencies of other foreign banks	8,208	1,243	6,782	868	958	353	322	5
20 Commercial banks in United States	2,774	40	2,549	16	85	20	26	0
21 Other	2,564	668	2,482	628	60	40	0	0
22 Total loans, gross	246,589	78,716	163,979	60,199	42,969	12,423	24,793	3,959
23 Less: Unearned income on loans	244	42	156	38	57	3	23	0
24 Equals: Loans, net	246,345	78,673	163,822	60,160	42,912	12,420	24,769	3,958
Total loans, gross, by category								
25 Real estate loans	23,254	206	12,435	168	5,658	31	3,108	0
26 Loans to depository institutions	63,718	43,462	45,873	29,691	11,679	9,084	4,620	3,483
27 Commercial banks in United States (including IBFs)	33,030	15,295	23,000	9,009	6,649	4,219	3,105	1,980
28 U.S. branches and agencies of other foreign banks	29,467	14,698	19,952	8,524	6,379	4,109	2,892	1,979
29 Other commercial banks in United States	3,563	597	3,048	485	270	111	213	1
30 Other depository institutions in United States (including IBFs)	139	0	91	0	47	0	0	0
31 Banks in foreign countries	30,549	28,166	22,782	20,682	4,983	4,865	1,515	1,503
32 Foreign branches of U.S. banks	395	346	308	260	73	73	12	12
33 Other banks in foreign countries	30,155	27,820	22,474	20,422	4,910	4,792	1,503	1,492
34 Other financial institutions	6,035	579	3,713	443	946	74	687	40
35 Commercial and industrial loans	129,494	17,740	81,134	14,925	22,788	2,211	15,991	319
36 U.S. addressees (domicile)	106,785	165	63,063	116	19,656	44	15,512	5
37 Non-U.S. addressees (domicile)	22,709	17,575	18,071	14,810	3,132	2,167	479	313
38 Acceptances of other banks	772	19	648	17	61	0	29	2
39 U.S. banks	290	0	218	0	55	0	2	0
40 Foreign banks	482	19	430	17	6	0	27	2
41 Loans to foreign governments and official institutions (including foreign central banks)	18,576	16,471	16,587	14,721	1,077	1,023	132	115
42 Loans for purchasing or carrying securities (secured and unsecured)	2,549	51	1,848	51	685	0	0	0
43 All other loans	2,192	188	1,741	181	75	0	225	0
44 All other assets	46,892	7,487	37,032	5,739	7,232	1,266	1,925	422
45 Customers' liability on acceptances outstanding	26,486	n.a.	20,632	n.a.	4,704	n.a.	846	n.a.
46 U.S. addressees (domicile)	17,595	n.a.	12,261	n.a.	4,402	n.a.	826	n.a.
47 Non-U.S. addressees (domicile)	8,891	n.a.	8,371	n.a.	302	n.a.	19	n.a.
48 Other assets including other claims on nonrelated parties	20,406	7,487	16,399	5,739	2,528	1,266	1,079	422
49 Net due from related depository institutions[5]	55,570	47,884	41,753	38,037	6,620	5,142	391	911
50 Net due from head office and other related depository institutions[5]	55,570	n.a.	41,753	n.a.	6,620	n.a.	391	n.a.
51 Net due from establishing entity, head offices, and other related depository institutions[5]	n.a.	47,884	n.a.	38,037	n.a.	5,142	n.a.	911
52 **Total liabilities[4]**	522,853	253,822	385,878	200,836	74,356	32,754	37,466	13,021
53 Liabilities to nonrelated parties	450,792	226,428	344,899	180,897	67,790	30,600	22,384	8,141

4.30—Continued

Millions of dollars

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs	IBFs only[3]	Total excluding IBFs	IBFs only[3]	Total excluding IBFs	IBFs only[3]	Total excluding IBFs	IBFs only[3]
54 Total deposits and credit balances	72,068	180,633	58,944	158,769	3,280	12,295	3,402	4,008
55 Individuals, partnerships, and corporations	58,245	14,939	47,063	9,903	2,264	341	2,721	56
56 U.S. addressees (domicile)	45,111	457	38,840	432	666	0	1,850	23
57 Non-U.S. addressees (domicile)	13,134	14,482	8,224	9,471	1,597	341	871	32
58 *Commercial banks in United States (including IBFs)*	9,521	56,170	7,947	48,179	887	5,388	654	2,278
59 U.S. branches and agencies of other foreign banks	4,078	48,865	2,999	42,388	488	4,188	567	1,998
60 Other commercial banks in United States	5,443	7,306	4,947	5,791	399	1,200	87	280
61 Banks in foreign countries	1,811	100,153	1,670	91,609	40	6,479	7	1,655
62 Foreign branches of U.S. banks	211	8,013	191	6,517	20	1,087	0	362
63 Other banks in foreign countries	1,600	92,140	1,480	85,092	20	5,392	7	1,293
64 *Foreign governments and official institutions (including foreign central banks)*	923	9,123	828	8,829	21	87	1	19
65 All other deposits and credit balances	988	249	947	249	33	0	1	0
66 Certified and official checks	581	n.a.	490	n.a.	36	n.a.	16	n.a.
67 Transaction accounts and credit balances (excluding IBFs)	6,773		5,716		270		225	
68 Individuals, partnerships, and corporations	4,495		3,640		217		203	
69 U.S. addressees (domicile)	3,281		2,766		170		198	
70 Non-U.S. addressees (domicile)	1,213		874		47		5	
71 Commercial banks in United States (including IBFs)	225		218		1		1	
72 U.S. branches and agencies of other foreign banks	105		104		0		0	
73 Other commercial banks in United States	120	n.a.	113	n.a.	1	n.a.	1	n.a.
74 Banks in foreign countries	828		766		10		2	
75 Foreign branches of U.S. banks	7		7		0		0	
76 Other banks in foreign countries	821		759		10		2	
77 Foreign governments and official institutions (including foreign central banks)	336		306		2		1	
78 All other deposits and credit balances	308		296		5		1	
79 Certified and official checks	581		490		36		16	
80 Demand deposits (included in transaction accounts and credit balances)	5,760		4,938		203		211	
81 Individuals, partnerships, and corporations	3,872		3,242		151		189	
82 U.S. addressees (domicile)	2,859		2,478		121		184	
83 Non-U.S. addressees (domicile)	1,014		763		30		5	
84 Commercial banks in United States (including IBF)s	83		77		1		1	
85 U.S. branches and agencies of other foreign banks	32		32		0		0	
86 Other commercial banks in United States	50	n.a.	45	n.a.	1	n.a.	1	n.a.
87 Banks in foreign countries	706		648		10		2	
88 Foreign branches of U.S. banks	7		7		0		0	
89 Other banks in foreign countries	699		642		10		2	
90 Foreign governments and official institutions (including foreign central banks)	293		267		2		1	
91 All other deposits and credit balances	225		215		3		1	
92 Certified and official checks	581		490		36		16	
93 Non-transaction accounts (including MMDAs, excluding IBFs)	65,296		53,228		3,010		3,177	
94 Individuals, partnerships, and corporations	53,750		43,423		2,046		2,518	
95 U.S. addressees (domicile)	41,829		36,074		497		1,652	
96 Non-U.S. addressees (domicile)	11,921		7,350		1,550		866	
97 Commercial banks in United States (including IBFs)	9,296		7,729		885		653	
98 U.S. branches and agencies of other foreign banks	3,973		2,895		487		567	
99 Other commercial banks in United States	5,324	n.a.	4,834	n.a.	398	n.a.	86	n.a.
100 Banks in foreign countries	983		904		30		5	
101 Foreign branches of U.S. banks	204		184		20		0	
102 Other banks in foreign countries	779		720		10		5	
103 Foreign governments and official institutions (including foreign central banks)	587		521		20		0	
104 All other deposits and credit balances	680		650		28		1	
105 IBF deposit liabilities		180,633		158,769		12,295		4,008
106 Individuals, partnerships, and corporations		14,939		9,903		341		56
107 U.S. addressees (domicile)		457		432		0		23
108 Non-U.S. addressees (domicile)		14,482		9,471		341		32
109 Commercial banks in United States (including IBFs)		56,170		48,179		5,388		2,278
110 U.S. branches and agencies of other foreign banks		48,865		42,388		4,188		1,998
111 Other commercial banks in United States	n.a.	7,306	n.a.	5,791	n.a.	1,200	n.a.	280
112 Banks in foreign countries		100,153		91,609		6,479		1,655
113 Foreign branches of U.S. banks		8,013		6,517		1,087		362
114 Other banks in foreign countries		92,140		85,092		5,392		1,293
115 Foreign governments and official institutions (including foreign central banks)		9,123		8,829		87		19
116 All other deposits and credit balances		249		249		0		0

For notes see end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, March 31, 1989[1]—Continued

Millions of dollars

Item	All states[2]		New York		California		Illinois	
	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]
117 Federal funds purchased and securities sold under agreements to repurchase	42,722	2,507	30,209	1,501	8,853	732	3,075	146
118 U.S. branches and agencies of other foreign banks	9,371	1,151	6,104	458	2,455	533	647	75
119 Other commercial banks in United States	18,221	245	10,345	52	5,620	193	1,980	0
120 Other	15,129	1,110	13,760	991	777	5	449	71
121 Other borrowed money	109,178	36,708	61,598	15,416	35,180	16,581	10,038	3,689
122 Owed to nonrelated commercial banks in United States (including IBFs)	64,753	14,464	33,086	3,190	23,504	9,146	6,215	1,473
123 Owed to U.S. offices of nonrelated U.S. banks	29,621	2,832	17,048	931	8,706	1,610	3,214	107
124 Owed to U.S. branches and agencies of nonrelated foreign banks	34,952	11,632	16,037	2,259	14,798	7,536	3,001	1,367
125 Owed to nonrelated banks in foreign countries	20,401	19,783	10,409	9,851	7,366	7,348	2,226	2,215
126 Owed to foreign branches of nonrelated U.S. banks	2,631	2,442	1,152	963	1,201	1,201	174	174
127 Owed to foreign offices of nonrelated foreign banks	17,770	17,341	9,257	8,888	6,165	6,147	2,052	2,041
128 Owed to others	24,205	2,462	18,103	2,374	4,309	87	1,597	0
129 All other liabilites	46,190	6,580	35,379	5,212	8,182	991	1,861	299
130 Branch or agency liability on acceptances executed and outstanding	29,690	n.a.	21,849	n.a.	6,256	n.a.	1,061	n.a.
131 Other liabilities to nonrelated parties	16,500	6,580	13,529	5,212	1,926	991	799	299
132 Net due to related depository institutions[5]	72,060	27,394	40,979	19,939	6,566	2,155	15,082	4,880
133 Net due to head office and other related depository institutions[5]	72,060	n.a.	40,979	n.a.	6,566	n.a.	15,082	n.a.
134 Net due to establishing entity, head office, and other related depository institutions[5]	n.a.	27,394	n.a.	19,939	n.a.	2,155	n.a.	4,880
MEMO								
135 Non-interest bearing balances with commercial banks in United States	2,313	8	2,091	6	122	0	46	0
136 Holding of commercial paper included in total loans	991		711		214		66	
137 Holding of own acceptances included in commercial and industrial loans	2,546		1,404		956		93	
138 Commercial and industrial loans with remaining maturity of one year or less	66,587		37,857		13,124		8,991	
139 Predetermined interest rates	39,697	n.a.	20,858	n.a.	9,675	n.a.	5,000	n.a.
140 Floating interest rates	26,890		16,999		3,449		3,991	
141 Commercial and industrial loans with remaining maturity of more than one year	62,907		43,278		9,664		7,000	
142 Predetermined interest rates	20,341		14,505		3,345		1,999	
143 Floating interest rates	42,566		28,773		6,318		5,000	

4.30—Continued

Millions of dollars

Item	All states[2]		New York		California		Illinois	
	Total excluding IBFs	IBFs only[3]	Total excluding IBFs	IBFs only[3]	Total excluding IBFs	IBFs only[3]	Total excluding IBFs	IBFs only[3]
144 Components of total nontransaction accounts, included in total deposits and credit balances of nontransactional accounts, including IBFs	88,375		76,054		2,918		3,648	
145 Time CDs in denominations of $100,000 or more	48,907		40,760		1,772		1,824	
146 Other time deposits in denominations of $100,000 or more	11,465	n.a.	9,512	n.a.	633	n.a.	1,171	n.a.
147 Time CDs in denominations of $100,000 or more with remaining maturity of more than 12 months	28,003		25,783		513		653	
	All states[2]		*New York*		*California*		*Illinois*	
	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]	Total including IBFs	IBFs only[3]
148 Market value of securities held	31,123	9,615	25,353	7,359	3,616	1,542	1,338	556
149 Immediately available funds with a maturity greater than one day included in other borrowed money	65,327	n.a.	36,218	n.a.	24,317	n.a.	3,611	n.a.
150 Number of reports filed[6]	524	....	243	....	126	....	54	....

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." Details may not add to totals because of rounding. This form was first used for reporting data as of June 30, 1980, and was revised as of December 31, 1985. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.
2. Includes the District of Columbia.
3. Effective December 1981, the Federal Reserve Board amended Regulations D and Q to permit banking offices located in the United States to operate International Banking Facilities (IBFs). As of December 31, 1985 data for IBFs are reported in a separate column. These data are either included in or excluded from the total columns as indicated in the headings. The notation "n.a." indicates that no IBF data re reported for that item, either because the item is not an eligible IBF asset or liability or because that level of detail is not reported for IBFs. From December 1981 through September 1985, IBF data were included in all applicable items reported.
4. Total assets and total liabilities include *net* balances, if any, due from or due to related banking institutions in the United States and in foreign countries (see footnote 5). On the former monthly branch and agencyu report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefopre, total asset and total liability figures in this table are not comparable to those in the G.11 tables.
5. "Related banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly).
6. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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Federal Reserve Banks, Branches, and Offices

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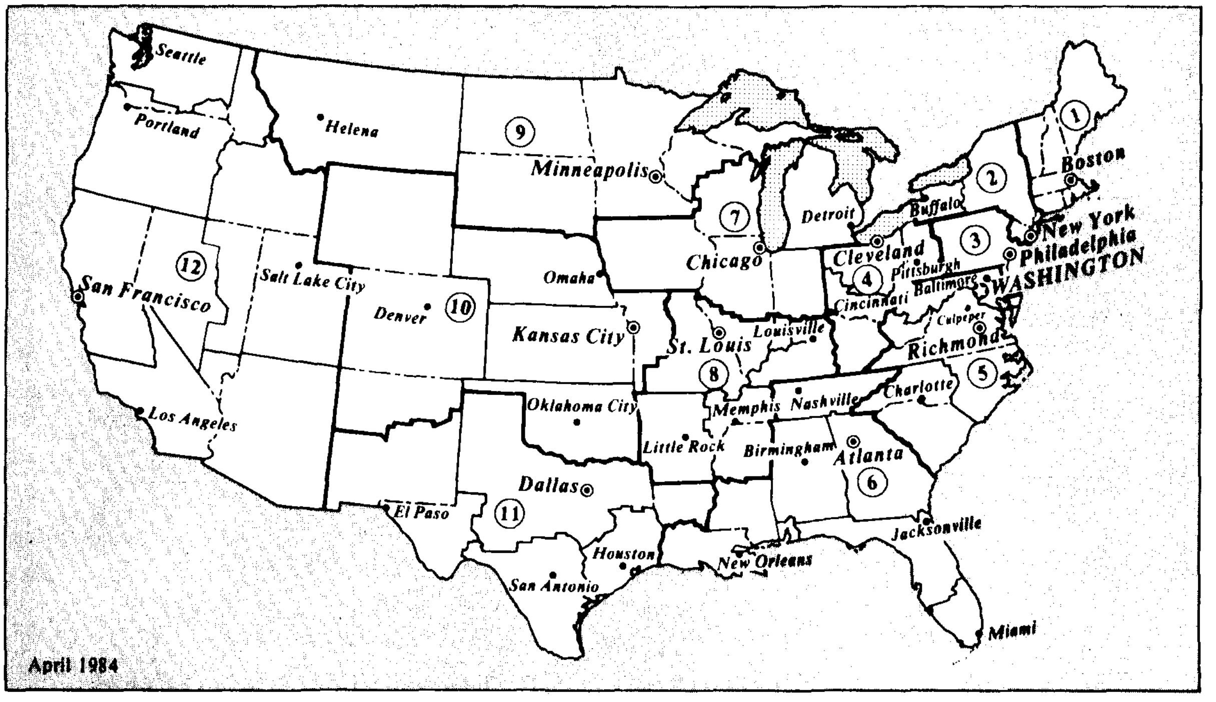
NEW YORK* 10045	Cyrus R. Vance Ellen V. Futter	E. Gerald Corrigan James H. Oltman	
Buffalo 14240	Mary Ann Lambertsen		John T. Keane
PHILADELPHIA 19105	Peter A. Benoliel Gunnar E. Sarsten	Edward G. Boehne William H. Stone, Jr.	
CLEVELAND* 44101	Charles W. Parry John R. Miller	W. Lee Hoskins William H. Hendricks	
Cincinnati 45201	Owen B. Butler		Charles A. Cerino[1]
Pittsburgh 15230	James E. Haas		Harold J. Swart[1]
RICHMOND* 23219	Hanne Merriman Leroy T. Canoles, Jr.	Robert P. Black Jimmie R. Monhollon	
Baltimore 21203	Thomas R. Shelton		Robert D. McTeer, Jr.[1]
Charlotte 28230	William E. Masters		Albert D. Tinkelenberg[1]
Culpeper Communications and Records Center 22701			John G. Stoides[1]
ATLANTA 30303	Bradley Currey, Jr. Larry L. Prince	Robert P. Forrestal Jack Guynn	Delmar Harrison[1]
Birmingham 35283	Nelda P. Stephenson		Fred R. Herr[1]
Jacksonville 32231	Winnie F. Taylor		James D. Hawkins[1]
Miami 33152	Jose L. Saumat		James Curry III
Nashville 37203	Patsy R. Williams		Donald E. Nelson
New Orleans 70161	James A. Hefner		Robert J. Musso
CHICAGO* 60690	Robert J. Day Marcus Alexis	Silas Keehn Daniel M. Doyle	
Detroit 48231	Richard T. Lindgren		Roby L. Sloan[1]
ST. LOUIS 63166	Robert L. Virgil, Jr. H. Edwin Trusheim	Thomas C. Melzer James R. Bowen	
Little Rock 72203	L. Dickson Flake		John F. Breen[1]
Louisville 40232	Thomas A. Alvey		Howard Wells
Memphis 38101	Seymour B. Johnson		Ray Laurence
MINNEAPOLIS 55480	Michael W. Wright John A. Rollwagen	Gary H. Stern Thomas E. Gainor	
Helena 59601	Warren H. Ross		Robert F. McNellis
KANSAS CITY 64198	Fred W. Lyons, Jr. Burton A. Dole, Jr.	Roger Guffey Henry R. Czerwinski	
Denver 80217	James C. Wilson		Kent M. Scott
Oklahoma City 73125	Patience S. Latting		David J. France
Omaha 68102	Kenneth L. Morrison		Harold L. Shewmaker
DALLAS 75222	Bobby R. Inman Hugh G. Robinson	Robert H. Boykin William H.Wallace	Tony J. Salvaggio[1]
El Paso 79999	Diana S. Natalicio		Sammie C. Clay
Houston 77252	Andrew L. Jefferson, Jr.		Robert Smith, III[1]
San Antonio 78295	Lawrence E. Jenkins		Thomas H. Robertson
SAN FRANCISCO 94120	Robert F. Erburu Carolyn S. Chambers	Robert T. Parry Carl E. Powell	John F. Hoover[1]
Los Angeles 90051	Yvonne B. Burke		Thomas C. Warren[2]
Portland 97208	Paul E. Bragdon		Angelo S. Carella[1]
Salt Lake City 84125	Don M. Wheeler		E. Ronald Liggett[1]
Seattle 98124	Carol A. Nygren		Gerald R. Kelly[1]

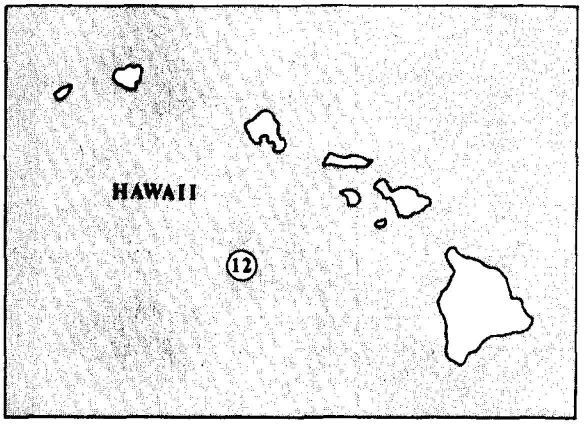
*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

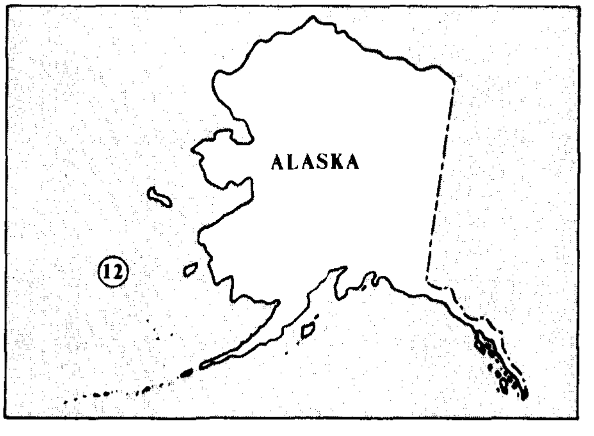
1. Senior Vice President.
2. Executive Vice President.

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