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Table of Contents

Housing and Mortgage Markets: The Post-1982 Expansion

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Housing construction rebounded strongly in the years following the 1980–82 recession. A confluence of positive movements in a wide range of economic and demographic factors fueled the boom in construction. Interest rates on conventional fixed-rate mortgages declined from their 1981 high of more than 18 percent to a nine-year low of about half that amount in early 1987. Lower mortgage rates and higher household income made housing more affordable, releasing demand pent up from previous years. Changes in tax laws, enacted in 1981, also stimulated the construction of housing, particularly of rental units. A rise in household formations similarly boosted construction activity. Early years of the recovery were further marked by the robust economic expansion and increases in construction in growing Sunbelt areas.

Moreover, new financial instruments for homebuyers and investors aided the surge in housing activity. New lending instruments in the primary market—especially adjustable-rate mortgages (ARMs), which were offered at initial interest rates well below those of their fixed-rate counterparts—helped make housing more affordable. Also, lenders in the primary market, including thrift institutions, increasingly sold new mortgages in the secondary market; the "securitization" of many of these loans in the form of both standard pass-throughs and new derivative securities has accelerated in recent years. By broadening the base of mortgage finance, securitization helped reduce housing's vulnerability to nonprice credit rationing.

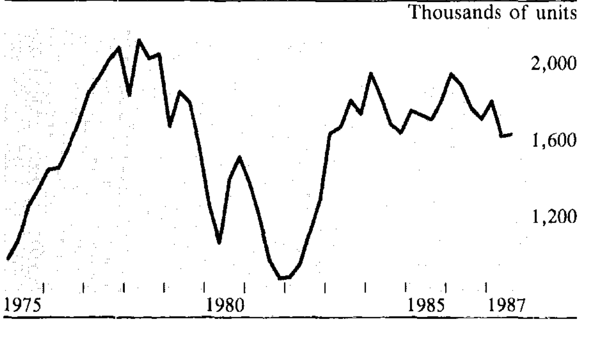
Under the influence of these developments, the pace of housing starts quickened from 1.1 million units per year in the 1981–82 period to almost 1.75 million units during 1983–86 (chart 1). The average annual rate of new-home sales during 1983–86 jumped 60 percent from the relatively low 1981–82 rate; resales of existing homes advanced by about 40 percent. By mid-1987, however, some determinants of housing construction, especially fixed-rate mortgage interest rates, took a turn for the worse, causing perceptible contraction in housing activity and raising concern about prospects for the housing market.

HOUSING AFFORDABILITY

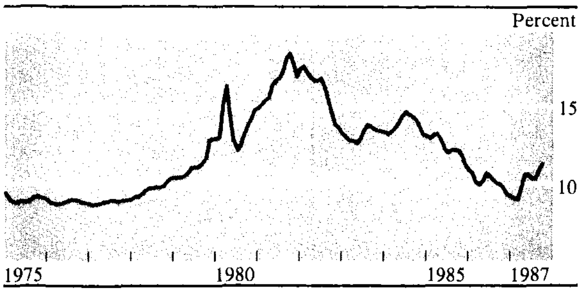
The cost of homeownership strongly influences the demand for housing. Indexes of housing affordability measure costs of homeownership as a percentage of average household disposable income. One index uses mortgage payments on a standard-quality new home as a proxy for costs; the loan amount is 80 percent of the home's value. Another, more comprehensive index adds operating and transactions expenses, tax effects, and expected appreciation to its measure of homeownership costs.

By early 1987, mortgage interest rates had declined precipitously (chart 2), house prices had

1. Total housing starts



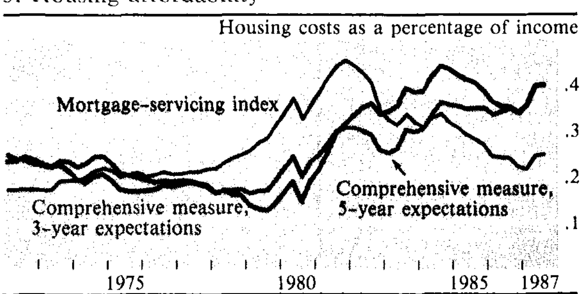
2. Contract interest rate on conventional fixed-rate mortgage commitments



risen only moderately, and household income had strengthened from levels of the 1980–82 recession. As a result, mortgage costs for a standard-quality new home, which had reached as high as 45 percent of mean household disposable income during the early 1980s, fell off sharply, to about 20 percent of household income in early 1987 (chart 3). The post-recession resurgence in housing demand was due largely to sharp improvements in this measure of housing affordability. Although the mortgage burden rose markedly in mid-1987 because of runups in mortgage interest rates, it remained moderate relative to its levels of the previous 10 years.

The trend of the more comprehensive index of housing affordability during the post-1983 period was similar to that of the mortgage-servicing index. However, the comprehensive index remained higher than the mortgage-servicing index during the post-recession period and high relative to the late 1970s, largely because of reduced price appreciation and higher real interest rates. Lower expected appreciation in home prices reduces housing affordability as measured by the comprehensive index. In the calculation of the comprehensive index, expected capital gains are represented by changes in the price of the average quality-adjusted home. In one version of the index, the price changes cover the preceding three years; in another, the preceding five years. Expectations about longer-term appreciation are relevant to homebuyers, who typically expect to stay for several years. If price expectations are based on experience, homeownership may have been perceived to be substantially more affordable during the late 1970s and early 1980s than the mortgage-servicing burden suggested. Likewise, moderated gains in housing prices during the later 1980s relative to the earlier period tended to keep the comprehensive measure high, while the mortgage-servicing burden showed a marked drop.

3. Housing affordability[1]



1. See text for description of indexes. Income is average household disposable income.

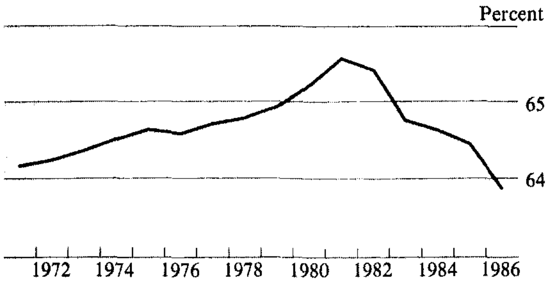
Many series on housing prices are available for use in constructing indexes of housing affordability. The Census Bureau publishes a quality-adjusted series of new home prices, which was used in the above analysis. The quality-adjusted price series measures variations in the price of new homes, taking account of basic features (floor area, number of bathrooms, presence of air conditioning, and so on). The regional distribution of home sales used in calculating the quality-adjusted index is that of the base year, 1982.

Inflation of housing prices as measured by the adjusted series has diverged sharply from that in the unadjusted series in recent years; average prices of new homes have been rising much more quickly than the prices of constant-quality homes. This divergence stems in part from improvements in the size and attributes of new homes relative to their 1982 counterparts. The average living area of new homes increased 12 percent, to 1,864 square feet, between 1982 and mid-1987; lot size rose from 11,554 to 13,061 square feet. Furthermore, new homes sold in mid-1987 were significantly more likely to include such amenities as a fireplace, basement, garage, and more than two bathrooms. Such improvements are to be expected given the increases in household income and wealth since the relatively depressed base year; they also reflect the greater proportion of older, more affluent repeat buyers among those purchasing new homes. According to surveys by the Na-

Why Has the Homeownership Rate Declined?

The homeownership rate among American families rose steadily in the decades after World War II. By the 1970s, more than 6 of every 10 families owned a home. During the 1980s, however, the homeownership rate contracted by about 2 percentage points (see chart).

Homeownership rate[1]



1. Percent of households owning a home.

As indicated in the accompanying table, ownership rates rise appreciably with age. Advancing age is often accompanied by growth in income, at least through middle age, sufficient to make a home more affordable; established, older households move less often than younger families and are therefore also more likely to buy a home.

Homeownership rates in the 1980s declined primarily among households headed by someone under age 40—a falloff of about 5 percentage points between 1981 and 1987. In that period, the cost of owning—as measured by the indexes discussed in the text—rose significantly relative to the residential rent component of the consumer price index, especially during the cyclical downturn of the early 1980s. Younger people as a group are the most sensitive to the relative costs of owning and renting; older households typically have already purchased homes and do not respond to the higher costs of owning—as measured by the indexes discussed in the text—by changing to renter status. A report from the Joint Center for Housing Studies estimates that about 800,000 prospective first-time homebuyers delayed the purchase of a home during 1979–83 because of the relatively high costs of owner-occupancy.

Rates of homeownership, by age of household head, selected years, 1981–87
Percent

Age (years)	1981	1985	1987[1]
Less than 30	34.4	29.8	29.0
30–39	63.1	58.8	58.3
40–64	77.3	75.0	76.3
65 or more	73.9	75.0	75.1
All	**65.4**	**63.9**	**63.8**

1. First half.
SOURCE. Bureau of the Census.

tional Association of Home Builders, the proportion of first-time homebuyers among all new-home buyers declined from about 40 percent in 1984 to about 36 percent in the first quarter of 1987. In addition, the substantial increase in the share of homes built in high-priced metropolitan areas and in California has boosted the pace of housing price inflation as measured by the unadjusted series of new-home prices. This divergence arises because the quality-adjusted index of new-home prices weights the weak rates of price inflation in "oil-patch" states more strongly than the unadjusted series does and weights the housing price advances in California and elsewhere more weakly.

Changes in unadjusted values of new or existing homes imply levels of housing affordability lower than do changes in the quality-adjusted series; however, most indexes point to improved affordability from 1983 through early 1987, largely because of the downtrend in interest rates. Although declines in the mortgage-servicing burden figured heavily in the post-recession resurgence in housing demand, those effects were partially offset by the relatively high levels of comprehensive homeownership costs. Housing affordability on all indexes deteriorated in the wake of the interest rate increases of mid-1987, causing housing activity to fall somewhat.

TAX CHANGES

The 1981 Economic Recovery Tax Act (ERTA), which dramatically altered many features of the federal tax system, stimulated housing construction. The act made major changes in the treatment of rental housing: it reduced the taxation of capital gains, accelerated depreciation writeoffs, and provided incentives for the expanded use of real estate tax shelters that allow individuals to shelter earned income with "passive" real estate losses. These changes substantially increased investor returns on rental housing. In the wake of those tax provisions and the other positive developments for housing already recited, the pace of multifamily housing starts rose by about two-thirds, from 378,000 units in 1981 to 635,000 units in 1983. Within that sector, the biggest increase was in the construction of rental units rather than of condominiums.

Other effects of the tax bill, especially the rapid expansion in real estate limited partnerships, also may have indirectly contributed to the acceleration of multifamily housing construction. Large public syndications—those with 30 or more limited partners—became much more popular after the passage of ERTA. During 1984–85, equity funds raised through public and private syndications reached about $20 billion. Combined with mortgage borrowing, this sum would have financed almost all the considerable rental housing construction of that period. However, much of the partnership money either funded nonresidential construction or was invested in existing residential structures. Tax-driven syndications may have stimulated new construction indirectly by bidding up the prices of existing structures and improving the profitability of new multifamily projects.

Tax-exempt mortgage revenue bonds, issued by state and local governments, also contributed to the surge in multifamily housing construction during the post-recession period. A 1980 amendment to the Internal Revenue Code directed the use of this instrument for providing housing to lower- and middle-income individuals. The annual issuance of such bonds, only $1 billion in 1980–81, subsequently rose to $5 billion in 1982 and skyrocketed to $20 billion in 1985. The General Accounting Office (GAO) estimated that approximately 200,000 new housing units were constructed with the proceeds of tax-exempt mortgage revenue bonds issued in 1983 and 1984, about one-quarter of all multifamily rental construction during that period.

Although a vast number of multifamily units were built with tax-exempt financing, a large portion of the construction might have been financed conventionally if the tax-exempt instruments had not been available. No direct evidence is available on this important point; however, studies of earlier federally sponsored housing subsidy programs suggest that a sizable fraction of all projects financed with tax-exempt bonds would have started within a year or so even if conventional financing had been required. GAO analyses of metropolitan rental markets with substantial tax-exempt construction suggested that a similar number of apartments would have been built in the absence of below-market financing; according to the GAO, demand-side pressures and resultant rates of return in those areas likely would have prompted large increases in conventionally financed construction.

The Tax Reform Act of 1986 likely has strong implications for residential construction. The major real estate features of the Tax Reform Act reversed the provisions in ERTA regarding multifamily construction; it raised the tax on capital gains, and it restricted individual sheltering of earned and "portfolio" income with losses arising from passive investments. The 1986 act further diminished depreciation writeoffs, which had already been scaled back by legislation passed in 1982 and 1984.

The reduction in investor tax benefits from the 1986 act, combined with the relatively low level of rents in many local markets, reduces the rate of return on investment in rental housing below that considered adequate for new construction. The tax reform provisions therefore imply some reduction in the pace of multifamily construction. Such a decline would be expected, in time, to boost rents sufficiently to offset the loss of tax benefits. The controversy that surrounds the tax status of the marginal rental housing investor makes uncertain the rent increase necessary to reallocate resources into rental housing, but most studies suggest the increase is likely to be substantial.

Housing Demographics

A recovery in the rate of household formations has supported the post-1982 housing expansion. The number of new households plunged to a 30-year low of 400,000 in the year ended in March 1983; but formations rebounded to reach an average annual rate of more than 1.5 million during the ensuing three years, a pace close to the annual readings of 1975–79. The rate of household formations fell to 1 million during the year ended in March 1987, with the drop concentrated among households whose head is under the age of 25. The coming of age of the "baby bust" generation suggests that net household formations likely will remain below 1.5 million units per year, on average, through the remainder of the decade. This factor should significantly restrain housing demand because, historically, a large majority of newly constructed housing units have been built to accommodate, directly or indirectly, additional households.

Total household formations reflect age-specific living arrangements plus marriage and divorce rates, all of which vary with economic conditions and social change. The post-1983 rise in household formations undoubtedly was associated with the improvement in employment opportunities as well as with the greater affordability of homes.

A 9 percent decline between 1980 and 1987 in the number of young adults (ages 14 to 24) served to damp the pace of household growth. Furthermore, despite some recent increase, the current proportion of young adults who are household heads—13.8 percent in 1987—remains somewhat below its 1980 value. The propensity of young adults to cluster in households of unrelated individuals did not increase sufficiently to account for this decline in their headship rate. Instead, the decline stemmed from a significant rise in the tendency of young adults to remain in the parental home. The percentage of individuals 18–24 years old living with their parents increased to almost 54 percent in 1987 from about 48 percent in 1980.

Analysts point to a number of economic and social factors to explain this contraction in young-adult households. According to the report of consumer income by the Census Bureau, the population aged 15 to 24 was the only age group whose real median household income declined between 1980 and 1986, from $16,900 to $15,300, or 9.5 percent. Further, the increase in the inclination of young adults to remain at home may result from changing social attitudes as well as an easing of the "sibling squeeze"—the presence of fewer younger siblings in the parental home, which reduces the pressure to move away. Availability of space in the parental home perhaps interacted with economic constraints in slowing household formation by young adults.

In contrast, the growth of households has been relatively robust among "baby boom" age groups; between 1980 and 1987 the number of new households increased 11 percent in the 25–34 age group and 34 percent in the 35–44 age group. The headship rate among the baby boomers in this period remained stable or declined; the growth in households, many of them nonfamily households, derived entirely from the growth in the population of these groups.

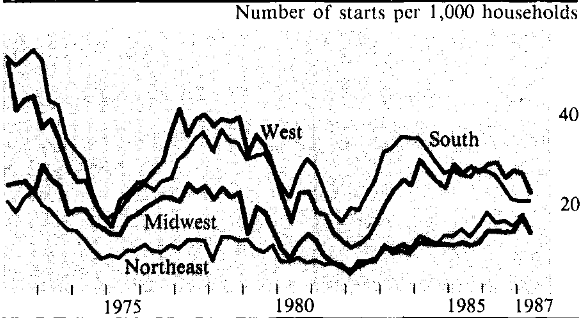
For the remainder of the decade, the number of households in the 15–24 age group is expected to decline further, while household formations among those aged 25–54 should be maintained through continued growth in their population.

Regional Economic Growth and Housing Construction

The early years of the post-1982 housing expansion reflected a strong cyclical recovery in the South and West, coupled with a moderate trending up in the pace of construction in the other regions. Since 1985, however, housing demand has weakened in oil-patch states, while the housing markets in many metropolitan areas of the Northeast have been booming. This shifting of economic growth to higher-cost areas should work to slow the aggregate pace of housing construction.

The high level of production achieved in 1983 has generally been sustained in the West but not in the oil-patch markets of the South (chart 4). Although the South's share of total construction activity continues to exceed that of other regions, it has declined from 50 percent in 1982–83 to about 39 percent in mid-1987. In contrast, the

4. Regional housing starts



Northeast's share in that period has risen from 11 percent to 17 percent.

During the first half of the 1980s, many households migrated from the Northeast and North Central regions to the South and West, as they had since the 1970s, thereby giving a strong push to housing demand in the Sunbelt. Those households were drawn by, and contributed to, the expanding Sunbelt economy: growth in nonagricultural employment in major census divisions of the South and West far exceeded that of their counterparts in the Northeast and North Central regions (table 1). Expanding areas of the Sunbelt typically lacked the housing demanded by the growing population but had abundant and relatively inexpensive land, whose development was limited by few regulatory constraints.

Economic growth has slowed in some Sunbelt markets. The surge in multifamily construction earlier in the decade, together with weak demand for multifamily units, has produced record-high rates of rental vacancy in the South, rates far higher than those in other regions. Weakness in the oil-patch economy dragged down nationwide new-home sales during mid-1986. One-third of the national rise in existing home sales in the third quarter of 1986 derived from the wave of distress sales and emigration that swept over Texas, Oklahoma, Louisiana, and Arkansas.

1. Change in nonagricultural employment by selected census regions, selected years, 1975–85

Percent change from previous period

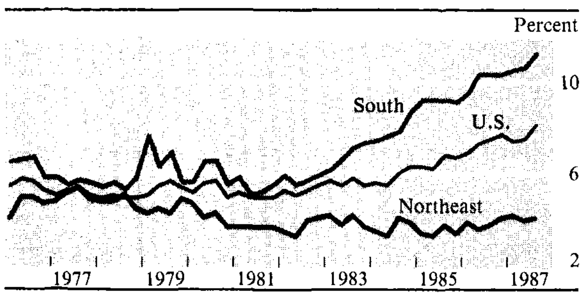
Region	1975	1980	1985
East North Central	4.0	14.5	15.1
Middle Atlantic	−1.1	6.4	12.7
New England	3.0	21.2	34.2
Pacific	14.2	43.3	57.4
South Atlantic	15.3	39.9	59.8
West South Central	21.5	56.3	72.2
United States	9.5	28.5	38.4

SOURCE. Bureau of Labor Statistics.

In contrast, housing demand and construction have remained strong in the Northeast, where economic restructuring and diversification have substantially improved employment and income. By mid-decade, New England had become the most affluent of the Census divisions, with per capita personal income in 1986 at 117 percent of the national average. The vacancy rate for rental housing in the Northeast has remained low, at 4 percent (chart 5); and prices of existing homes have risen by two to three times the national average during the recent period. Housing starts in the Northeast rose 20 percent in 1984 and again in 1985, while starts in the rest of the country remained virtually unchanged.

Housing affordability as measured by the mortgage-servicing and comprehensive indexes exhibits regional variation consistent with underlying regional economic trends. Affordability according to the mortgage-servicing measure rose in all areas during the mid-1980s and fell somewhat in all areas during the 1987 runup in mortgage interest rates. Housing prices in the Northeast have escalated sharply in recent years under the twin pressures of rising demand and constraints on supply. Local land-use ordinances restrict development in many metropolitan areas of the Northeast and West; research suggests such policies may add appreciably to the price of a standard dwelling. The recently heightened inflation of home prices in the Northeast improves affordability under the comprehensive index because of higher expected capital gains; but it worsens affordability under the mortgage-

5. Rental vacancy rates



burden index because of the significant rise in mortgage-servicing costs. Typical Northeast households that purchased homes in late 1987 allocated more than one-third of monthly income to mortgage expenses on a standard-quality new home; housing affordability according to the mortgage-burden index fell considerably below that of other regions.

Developments in Mortgage Markets

The rate of growth of mortgage debt on residential properties rose strongly following the 1980–82 slump, moving from 4.8 percent in 1982 to 14 percent in 1986, a rate among the most rapid of the past three decades.

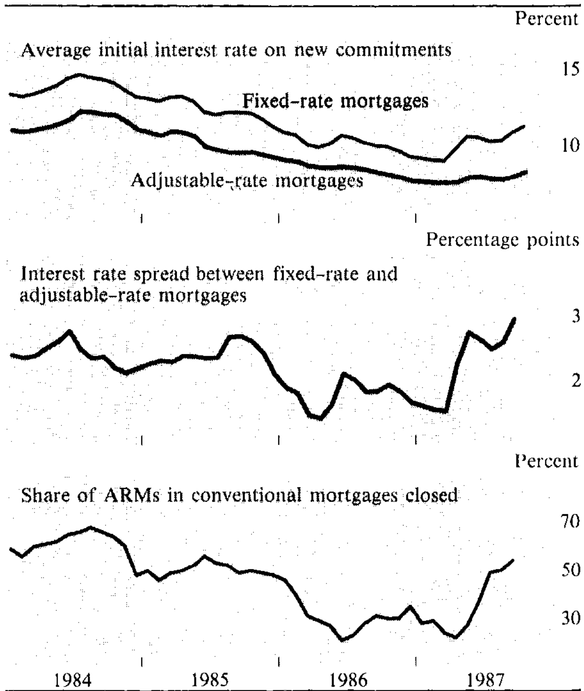
While the post-recession expansion in housing activity stimulated the demand for mortgage credit, other factors helped to enhance the availability of mortgage funds to homebuyers. The secondary mortgage market continued to develop, introducing a variety of innovations in mortgage securitization. Also, the proliferation of adjustable-rate mortgages allowed homebuyers greater access to credit. Mortgages with periodic rate adjustments were not widely available before the 1980s; in the wake of the runup in mortgage interest rates during the early eighties, ARMs became an important choice on mortgage menus nationwide.

ARMs

Adjustable-rate home mortgages grew from only a small share of originations before the cyclical downturn to almost two-thirds of all conventional purchase loans closed in mid-1984 (chart 6). The share trended down during subsequent years to reach about one-fifth of the total in early 1987, but then expanded in subsequent months, supporting housing demand despite the increased costs of fixed-rate mortgage credit.

Both the level of fixed-rate mortgage interest rates and the interest rate differential between fixed- and adjustable-rate credit appear to be important factors affecting the market share of ARMs. The spread between the rate on fixed-rate financing and the initial rate offered with ARMs has varied widely since late 1985 (chart 6). The sharp runup in the costs of fixed-rate mortgage credit in 1987 doubled the spread to a record 300 basis points and resulted in a substantial increase in ARM market share.

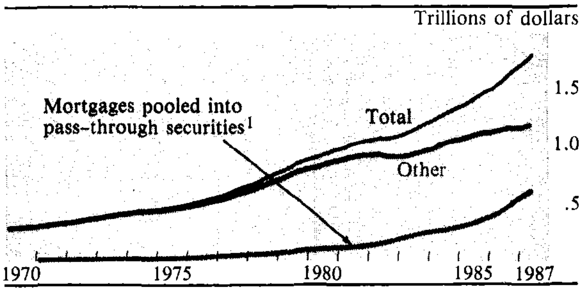
6. Comparison of adjustable-rate and fixed-rate mortgages



Adjustable-rate mortgages have proven attractive to both borrowers and lenders. The lower initial interest rate on ARMs (chart 6) enables more buyers to qualify for purchase of a particular home, hence increasing the effective demand for housing. Because most borrowers are qualified on the basis of initial monthly payments, ARMs likely support housing demand during periods of high or rising rates on fixed-rate mortgages. Homebuyers expecting some decline in rates also are attracted to ARMs, which pass declines to borrowers without costly refinancing. Further, ARMs likely are attractive to homebuyers with short expected durations of residence, given the low initial ARM interest rate relative to fixed-rate loans. Lenders, especially thrift institutions, favor ARMs as a means of increasing their holdings of rate-sensitive instruments.

ARM features have become increasingly standardized. The dominant form to have emerged

7. Home mortgage debt outstanding



1. GNMA, FHLMC, and FNMA pass-throughs only.

sets indexation to the rate on one-year Treasury bills, limits interest rate adjustments to 2 percentage points annually and 5 to 6 percentage points over the life of the mortgage, and precludes negative amortization (that is, an increase in the outstanding principal on the loan). Standardization of both ARM design and underwriting criteria has improved the liquidity of ARMs.

Expansion of the Secondary Market

Developments in the secondary mortgage market have broadened the supply of mortgage credit to homebuyers while linking the mortgage market more closely to capital markets. Since 1982, 60 percent of the growth of home mortgage debt has been in the form of pass-through securities, which represent undivided ownership interests in a pool of mortgages (table 2). The trend toward securitization has become especially pronounced in recent years: since the beginning of 1986, four-fifths of the growth in home mortgage debt outstanding has been in the form of pass-through securities (chart 7).

2. Issuance of mortgage securities, 1982–87
Billions of dollars

Type	1982	1983	1984	1985	1986	1987[1]
Pass-through securities						
Federally related	54.2	83.5	60.1	108.4	258.9	199.6
Private	2.1	2.8	2.1[2]	5.3[2]	n.a.	n.a.
Derivative securities[3]	.6	5.7	13.4	20.5	58.8	61.5
MEMO: Total home mortgage originations	96.9	201.9	203.7	246.8	442.3	n.a.

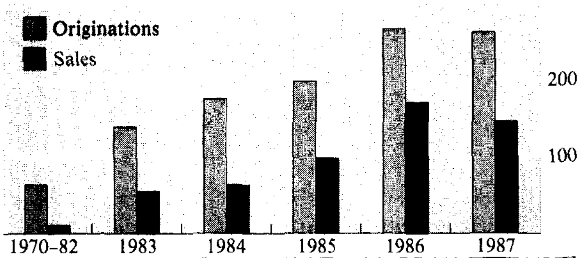
1. Through Sept.
2. Federal Reserve Board staff estimate.
3. Public offerings only.

Investors value these securities in part because the return of principal and interest on the collateral is usually guaranteed by a federal agency, the Government National Mortgage Association, or a federally chartered private entity, either the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation. Potential investors who otherwise would be forced to evaluate separately the quality of individual mortgage loans can buy standardized securities with little if any risk of default and with a diversified risk of prepayment. As a result, the expanded issuance of pass-through securities has attracted a variety of nontraditional investors to the mortgage market and facilitated the provision of credit to the housing sector.

In addition to broadening the investor base, the maturation of the secondary market has reduced the risk to mortgage originators by providing a reliable market for their product. At a certain cost, lenders can negotiate forward commitments to sell their loans, thereby shifting to secondary market dealers the risk that an upturn in interest rates will reduce the value of mortgages during the interval between lock-in of the borrower's rate and loan delivery.

During the 1970s, the leading traditional portfolio lenders—thrift institutions—made little use of the secondary market; they largely originated and retained fixed-rate loans, which were funded out of short-term retail deposits. Early in this decade, however, higher interest rates raised the cost of loanable funds above the return on holdings of long-term, fixed-rate mortgage loans. In the wake of those changing financial conditions, thrift institutions suffered large losses, prompting them to increase the rate sensitivity of their portfolios. After legislative and regulatory changes, thrift institutions increasingly marketed adjustable-rate mortgages. Further, they turned to the secondary market, selling off seasoned fixed-rate loans so as to shorten the maturities of their assets. Thrift institutions also securitized their holdings of fixed-rate mortgages through swap transactions with FHLMC and FNMA. Mortgage-backed securities provide thrift institutions with relatively liquid holdings that may be used as collateral for borrowing. Borrowers increasingly sought fixed-rate loans as rates trended down during 1985 and 1986; in contrast

8. Mortgage activity at FSLIC-insured thrift institutions[1]

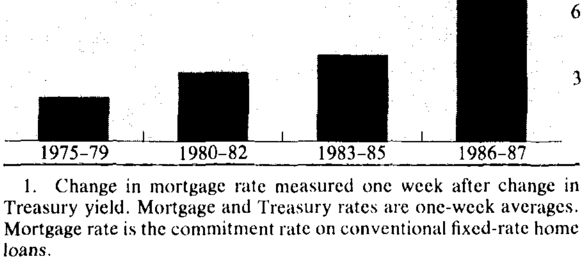


1. The data for 1970–82 are annual averages; for 1987, Jan.–Aug. at seasonally adjusted annual rates.

to earlier years, and largely because of the prevalence of fixed-rate lending, thrift institutions during this period sold most of their mortgage originations in the secondary market (chart 8).

The increase in the tendency of thrift institutions to emphasize mortgage banking functions—originating loans and selling them into the secondary market—reduced the risk these institutions faced earlier when holding fixed-rate mortgages; but this change in behavior also worked to diminish the insulation of primary market rates from fluctuations in the overall capital market. Indeed, statistical tests indicate that in recent years conventional fixed-rate mortgage rates have responded more fully and more quickly to movements in the yield on Treasury securities of comparable maturity. During the mid- to late 1970s, only 20 percent of a change in 10-year Treasury yields was mirrored in mortgage rate movements within a week (chart 9). Short-term responsiveness increased nearly threefold by 1986–87, when nearly 80 percent of any change

9. Average change in mortgage rates per 10-basis-point change in yield on 10-year Treasury securities[1]



1. Change in mortgage rate measured one week after change in Treasury yield. Mortgage and Treasury rates are one-week averages. Mortgage rate is the commitment rate on conventional fixed-rate home loans.

in Treasury yields was reflected in mortgage rates within a week.

Derivative Mortgage Securities

Another development in the secondary mortgage market has been the introduction of a new breed of instruments, collectively known as derivative mortgage securities. These securities restructure the cash flow from the underlying pool of mortgages and are typically backed by pass-through securities guaranteed by a federally related institution. Derivative mortgage securities are designed to exploit the varying risk–return requirements of market participants and in certain cases reduce the exposure of some investors to mortgage prepayment. The issuance of derivative securities has grown rapidly in recent years—the volume for the first nine months of 1987 was $62 billion—but remains substantially less than that of traditional mortgage pass-through securities. Opinion remains divided on the effects of derivative securities on primary market rates. Their issuance may improve the marketability of mortgages in the secondary market, thereby broadening the base of investors and possibly exerting some downward pressure on mortgage rates; but otherwise they lack substantive benefits to mortgage borrowers. Alternatively, finely tailored derivative securities may provide arbitrage profits to a small number of issuers.

Recent innovations in mortgage securities include the multiclass pay-through bond, known as the collateralized mortgage obligation or CMO. The multiclass nature of the CMO means that schedules for the repayment of principal vary for each class of bond, so that anticipated maturities differ. CMOs may attract investors who limit their purchases to certain maturities and who thus otherwise might ignore mortgage investments. Particular CMO classes attempt to minimize the variability of cash flows associated with prepayment options. This lessened investment risk could translate into lower rates in the primary market, but the statistical analyses undertaken to date typically fail to show such an effect.

Other innovations in mortgage-backed securities include so-called stripped securities, or "strips," and senior/subordinated securities. Strips allow the issuer to allocate principal and interest payments from the underlying mortgage pool separately or in any combination. Investors can then purchase that part of the mortgage cash flow they most desire. Strips vary considerably in their composition and performance. This instrument, introduced in 1986, may further broaden the attractiveness of derivative mortgage securities to a range of potential investors; however, the relatively small magnitude of issuance to date suggests this innovation has yet to affect rates in the primary market. Senior/subordinated securities are structured to represent senior and subordinated interests in the underlying mortgage assets; risk and hence yield on the subordinated interest will exceed that of the senior interest, thereby promoting development of a high-yield component in the mortgage securities market.

Derivative securities should become more popular because of the 1986 Tax Reform Act. In an effort to establish greater uniformity and certainty in the taxation and trading of mortgage-backed securities, the tax act authorized a new vehicle for issuing those securities, known as the real estate mortgage investment conduit (REMIC). A REMIC is a tax-advantaged entity that holds mortgage assets and issues multiclass mortgage-backed securities. The sponsor of a REMIC has almost unlimited flexibility in structuring its legal and financial form. This flexibility will likely result in wider range and larger volume of mortgage securities and may further broaden the investor base of the housing finance system.

Outlook

Housing activity has diminished since early this year, in part because of the runup in mortgage interest rates. Rates on conventional fixed-rate mortgage loans, at a low of about 9 percent early in the year, rose to well above 11 percent by September. Total housing starts declined sharply during this period; for 1987, the annual pace of housing construction will fall substantially below the robust average of 1.75 million units during the 1983–86 period.

Uncertainty about several variables cloud the outlook for housing affordability. The reduction in marginal income tax rates resulting from the 1986 tax law lowers the value of the deduction for homeowner mortgage interest and hence reduces housing affordability. However, the reduction in marginal tax rates also tends to boost household disposable income, some of which may be spent on housing. Further, some increase in the demand for real estate stemming from elimination of other tax shelters suggests improved capital gains in housing, which should favorably affect the comprehensive measure of homeownership costs. The net result of these direct and indirect effects remains to be seen.

The continuing decline in formations of young-adult households suggests weakness in the demand for rental apartments. Middle-aged and more-affluent baby boomers should swell the number of buyers who are trading up to better new and existing single-family homes; nonfamily households in this age group will also likely have earnings appropriate for the purchase of such units. Rates of homeownership among baby-boom households should rise and yield a moderate improvement in the overall homeownership index.

In the market for multifamily housing, construction has weakened considerably since the spring of 1986, when the anticipated tax law became binding for newly started projects. By mid-1987, multifamily starts had fallen to about two-thirds of their average post-recession pace. Tax reform was not the only factor impinging on construction in this market, however; record-high rates of vacancy in selected local markets also lowered the improvement rate of return on investment in multifamily units. Except for some improvement in those few metropolitan areas with tight housing markets, the pace of starts for multifamily rental units may remain low for some time to come.

Shifts in the location of construction activity to less supply-elastic and more costly markets should also affect the level of aggregate housing construction. Other things equal, those influences suggest that housing will remain relatively expensive on a mortgage-burden basis in the Northeast and West; in turn, the national pace of construction will likely be damped.

Turning to mortgage markets, substantial amounts of mortgage capital have been raised from individuals and institutions that do not originate mortgage loans but instead are attracted by the yield, liquidity, and diversification of mortgage securities. Recent innovations in derivative securities indicate that the variety of such instruments will increase to meet the demands of different investors; those developments suggest increased efficiency and competitiveness in secondary market operations. This further integration of mortgage and capital markets points to the continued availability of funds for home mortgages but allows fluctuations in capital costs to be passed along more quickly to the interest-sensitive housing sector.

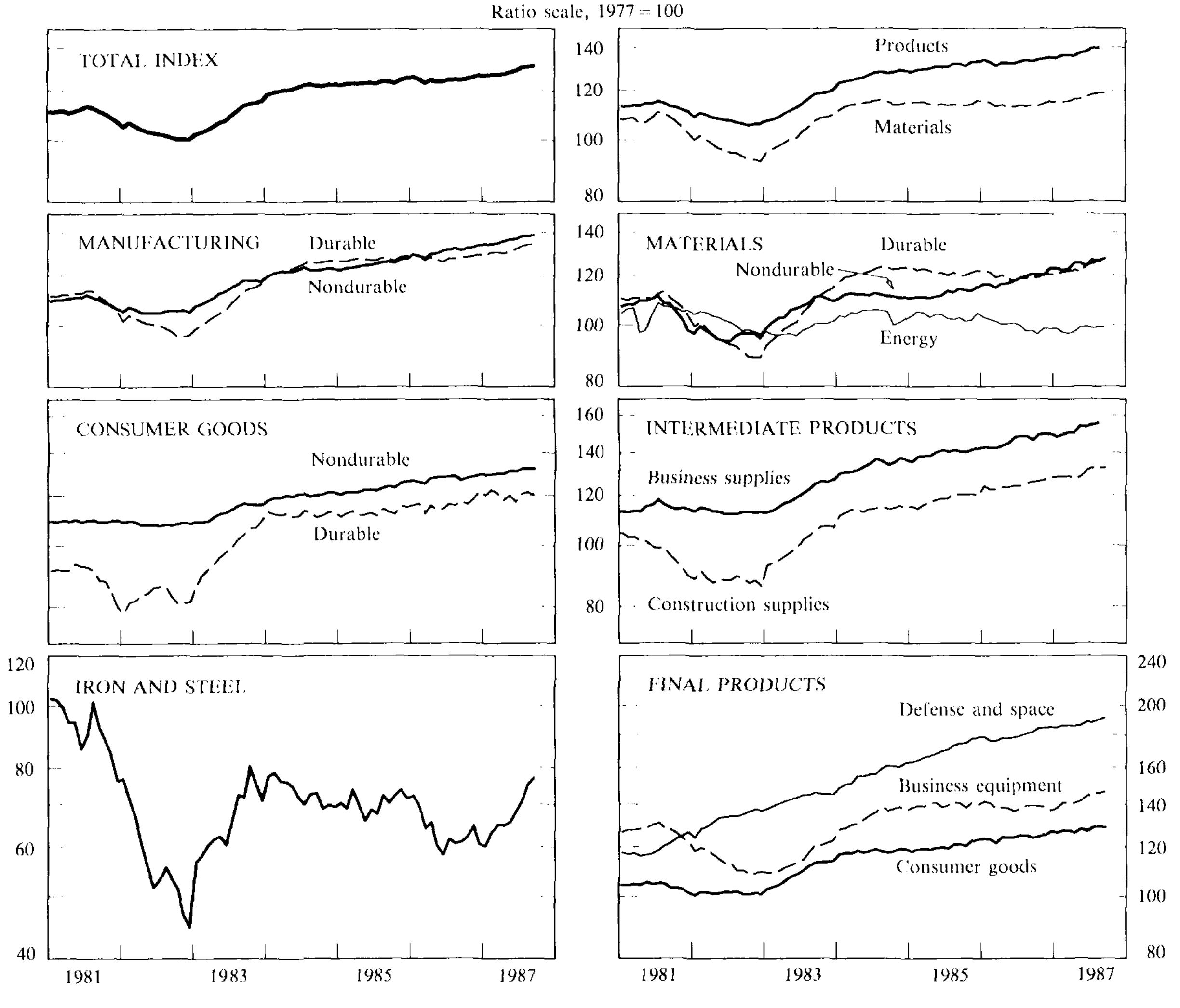
Finally, adjustable-rate mortgages, with their lower initial rates, should continue to be attractive to both borrowers and lenders and to provide support for housing activity during periods of high or increasing interest rates.

Industrial Production

Released for publication October 16

Industrial production increased 0.2 percent in September following gains of 0.3 and 1.1 percent in August and July respectively. In September, there were continued gains in equipment production, but output of consumer goods fell slightly, and the production of materials changed little. At 131.2 percent of the 1977 average, the total index in September was 5.4 percent higher than it was a year earlier. Output in the third quarter was about 2 percent higher than it was in the second quarter of 1987.

In market groups among consumer goods, the production of automotive goods dropped 2½ percent. All of the decline was in truck production as autos were assembled at an annual rate of 6.1 million units—close to the low rate of 6.0



Group	1977 = 100		Percentage change from preceding month					Percentage change, Sept. 1986 to Sept. 1987
	1987		1987					
	Aug.	Sept.	May	June	July	Aug.	Sept.	
	Major market groups							
Total industrial production	**131.0**	**131.2**	**.6**	**.7**	**1.1**	**.3**	**.2**	**5.4**
Products, total	139.9	140.2	.8	.7	1.3	.2	.2	5.3
Final products	138.4	138.8	.7	.5	1.4	.2	.2	5.0
Consumer goods	129.3	128.9	1.5	−.1	1.5	.1	−.3	4.3
Durable	121.5	120.1	2.9	−2.3	2.8	.7	−1.2	2.3
Nondurable	132.2	132.2	1.0	.7	1.1	−.1	.0	5.0
Business equipment	145.8	146.6	−.3	1.8	1.3	−.1	.5	5.0
Defense and space	190.2	191.5	.0	−.3	.0	.8	.7	3.7
Intermediate products	144.9	145.2	1.1	1.1	.9	.2	.2	6.4
Construction supplies	132.4	132.6	.7	1.8	.9	−.3	.2	4.2
Materials	118.9	119.0	.3	.8	.9	.5	.1	5.5
	Major industry groups							
Manufacturing	136.0	136.1	.5	.6	1.1	.4	.1	5.4
Durable	134.2	134.3	.3	.4	1.1	.6	.1	4.6
Nondurable	138.6	138.7	.8	.9	1.1	.1	.1	6.5
Mining	99.9	100.7	.6	.0	.1	.6	.8	5.1
Utilities	109.7	109.6	3.3	−.2	1.4	−1.1	−.1	3.2

NOTE. Indexes are seasonally adjusted.

million in August. Output of goods for the home eased in September, following strong gains in July and August, bringing the cumulative advance during the past year to almost 7 percent. Total business equipment posted a moderate rise in September. For the third quarter as a whole, production was up 2.5 percent, with particular strength in manufacturing equipment, especially metalworking and general industrial equipment. Output of supplies for construction and business was maintained at high levels during September. Materials production edged up in September. There was a 0.6 percent gain in nondurables, but this gain was largely offset by a slight decrease in durables and no change in energy materials.

In industry groups, total manufacturing output increased fractionally with another sizable increase in primary metals, particularly steel. However, overall motor vehicle production was reduced and in many other industries production was little changed. Mining output rose 0.8 percent but utility production was about unchanged.

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
June	129.2	129.1	.7	.7
July	130.3	130.6	.8	1.1
August	130.7	131.0	.3	.3
September	...	131.2	...	.2

Revision of the Indexes

As part of the Federal Reserve's ongoing review of its statistical series, the indexes of industrial production have been revised, beginning with January 1985.

Revision of the Indexes for 1985 and 1986. The revision of the indexes for 1985 and 1986 affects the series primarily through the incorporation of information now available at the time the indexes were originally estimated. In the present revision, unlike the 1985 general revision, no major modifications were introduced; in particular, the reference year, the weights, and the groupings of the index have remained unchanged. The present revision, in addition to the incorporation of data previously not available, reflects the updating of the seasonal adjustment factors for the entire index (including its groupings and the basic series); these are now calculated with the use of data through December 1986. The production adjustment factors applied to the indexes were updated as well.

The revised data indicate that the growth in the total index of industrial production is essentially the same as previously estimated: a rise of 1.9 percent in 1985 (instead of 2.0 percent), and an increase of 1.1 percent during 1986 (instead of 1.0 percent). The level of the total index in December 1986 was revised upward slightly. However, indexes for several industry and market groups showed significant, but offsetting, revisions. Over the 1985 and 1986 periods, the most notable upward revisions in the market categories occurred in equipment and construction supplies. The largest downward revisions were in home goods and textile materials. Among the major industry groups, less growth in nondurable manufacturing was countered by an increase in durables.

Revision of 1987 Indexes. The revisions of the data between January and August 1987 reflect in part the revisions undertaken for 1985 and 1986 as well as the receipt of new information for 1987. Like the revisions for 1985 and 1986, the revisions for the first eight months of 1987 indicate, on balance, about the same rate of growth in industrial activity as estimated previously. The overall level of industrial output for August 1987—at 131.0 percent of the 1977 average—was slightly higher than the figure published earlier (130.7).

Statements to Congress

Statement by Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Telecommunications and Finance of the Committee on Energy and Commerce, U.S. House of Representatives, October 5, 1987.

I welcome this opportunity to appear before the Subcommittee on Telecommunications and Finance to explore the structure of the financial services industry with an emphasis on the regulatory framework that applies to banking and securities activities. I want to express my appreciation to you for calling this hearing and for focusing the attention of the Congress and this committee on the important issue of the basic rules that should apply to the financial services industries.

Mr. Chairman, in a speech that you made recently in San Francisco, you expressed increasing unease that the financial system has evolved beyond the terms of our laws and is functioning without effective legislative guidelines. You said, the "Congress must be at the center, not the sidelines, of the development of the policy for structuring our financial industry."

I would like to express my strong agreement with that view. It is essential that the Congress come to grips with the difficult decisions that must be made to update our laws to the new circumstances of technology and competition. We all feel considerable frustration that the Congress has not acted, and I very much welcome the pledge made by both the House of Representatives and the Senate in the Competitive Equality Banking Act adopted earlier this year not to extend the moratorium on banking expansion, to review our banking and financial laws, and to make decisions on the need for financial restructuring legislation before the moratorium expires.

Before turning to the questions of financial structure, I believe it is important to reflect on our starting point. We have the strongest, most competitive, and innovative capital market in the world. Our job is to preserve its strengths and make improvements to assure its role in a substantially more competitive world marketplace. Banking is a vital part of this capital market structure, and despite a difficult economic environment, this industry has shown extraordinary resilience and strength. It has carried a special burden in the transition to a less inflationary economic climate as some of the major sectors it has financed—agriculture, developing countries, energy, and real estate—have been seriously and adversely affected by the transition, experiencing in some cases not only a relative slowdown in the rate of inflation, but actual sharp declines in prices. The banking industry is coming through this experience wiser and stronger.

While profitability levels for many banks remain depressed, regional banks have been strongly profitable and have strengthened themselves in the past three years through regional interstate banking arrangements. In the future, I anticipate the development of a broad interstate banking system as regional arrangements evolve into a national framework. Already 10 states have adopted full interstate banking, 13 states have provided for it after a transition period, and 8 additional states permit interstate acquisition of troubled banks. This constructive trend, especially when fully developed, will result in better service to customers and a strengthened banking system.

Securities markets also are adjusting to substantial change. The global marketplace, involving 24-hour trading in a variety of securities, is now a reality. There has been an explosion in complex new products and services posing new risks and putting a new emphasis on capital adequacy. And here at home attention has focused on a deterioration in ethical standards and the possible need to take corrective action.

All of these concerns have led to a new and searching focus on how our financial structure can be improved. Your San Francisco speech pointed to many of these issues, including international competition, new securitized products, deregulation of interest rates, and expansion of nonbanking organizations into fields traditionally thought of as banking services and vice versa. All of these developments have amounted to a very much more competitive environment for banking, while at the same time banking has been frozen within a regulatory structure fashioned some 50 years ago. Your statement and those of many others reflect what, I believe, is a widespread feeling that our existing structure is too rigid, limiting efficient service to the users of financial services, hampering competition in a way that produces unfair and anomalous results. Senator Proxmire's consideration of a proposal to repeal the Glass–Steagall Act is another example of this serious reevaluation of our financial laws.

Among all these changes there is one development that I believe is of particular importance and is now a permanent feature of the financial environment. This development is the erosion of the role of banks as intermediaries in the credit-granting process as a result of major developments in data processing and telecommunications technology. These changes have taken the form of improvements in productivity, permitting the efficient processing of large volumes of transactions, the linking of geographically separate markets, and a substantial reduction of costs. These changes, in turn, have had a marked impact on the traditional role of banks—intermediation whose function it is to substitute bank credit for the credit of the ultimate borrower. This traditional intermediation, the result of careful credit analysis and diversification of risk, has provided lenders more secure investments than would otherwise have been possible through direct loans from a lender to an ultimate borrower. In this process, the value added by the bank, and a core element of its comparative advantage, is its superior information about the creditworthiness of the borrower.

Now, extensive on-line data bases, powerful computation capacity, and telecommunication facilities provide credit and market information almost instantaneously, allowing the lender to make its own analysis of creditworthiness, and to develop and execute complex trading strategies to hedge against risk. The result is that the basic products provided by banks—credit evaluation and diversification of risk—are less competitive than they were 10 years earlier. These fundamental changes will have a permanent effect on the competitiveness of depository institutions and will expand the competitive advantage of the market for securitized assets.

The impact of these changes in relative competitiveness because of technological innovation has been accelerated by another simultaneous development. The full force of the technological changes has come at a time when market forces have adversely affected many of the sectors to which a large number of banking institutions have made significant financial commitments. Thus, the growing cost advantage of avoiding the depository institution intermediary, already significant in terms of a reduction in both administrative and regulatory costs, widened as a result of the market downgrading of many banks.

As one important example of the consequences of these changes, we have seen a remarkable expansion of the commercial paper market as a substitute for direct short-term lending by banks to the most creditworthy borrowers. Since 1980, this market has more than doubled—rising from $31 billion at the end of that year to $78 billion at midyear 1987.

The same kind of securitization of many other types of lending has proceeded apace, involving everything from home mortgages to automobile loans. Expansion has been most dramatic in the mortgage market where mortgage pass-through securities exceeded $600 billion at midyear 1987, or about one-third of all residential mortgage debt. The concept of the pass-through security has more recently been extended to other claims on the household sector, notably automobile loans and credit card receivables, which stood at about $15 billion at midyear. The development of this market, which substitutes securities for bank loans, is now reaching down below the top industrial and commercial firms to a broader segment of the economy. As you know, banks have not been able to participate fully in servicing this extension of their own natural markets because of regulatory restrictions.

These same technological forces are now prevalent throughout the world. To remain viable in this highly competitive and innovative environment, financial institutions are seeking to have the broadest range of products available to meet the changing needs of their customers. Thus, we have seen investment firms provide traditional banking services, such as short-term bridge financing, and banking firms, including American and Japanese banks that are under regulatory constraints at home, participate broadly in securities markets overseas. As an aside, I would note that the successful and substantial participation of U.S. banking firms in these overseas markets for debt securities certainly raises important questions about the need for the restrictions on lenders doing the same thing at home. It is considerations of the kind I have outlined above that have led the British and Canadian governments to adopt or propose substantial changes in their previously segmented financial systems to allow banking and other financial service firms to provide integrated services in the single world financial market.

As I have stressed, we do need to make some changes in our segmented financial structure to make it more competitively effective, both domestically and internationally, and I will turn to this in a moment. One thing I do not think we need to do is follow a deliberate policy of allowing our financial institutions to become larger for the specific purpose of meeting international competition.

One argument that is put forward for this proposition is the fact that of the top 25 banks in the world in 1986, 16 were Japanese and only 2 were based here, in contrast with 1981 when 4 were American including the top 2, while 10 were Japanese. At the same time, we must ask ourselves whether these changes in the relative ranking of Japanese firms can be explained largely by Japan's rather highly concentrated banking system, its appreciated currency, its trade surpluses, and very high domestic savings. It is no surprise that in these circumstances Japanese institutions would be growing rapidly, particularly in terms of dollars.

But there is no evidence that extraordinary size is necessary for successful international competition. Many banks in countries other than our own compete successfully in the international marketplace with assets that are significantly smaller than those of their American counterparts. Clearly, many American financial institutions have reached the size that is necessary for effective participation in international markets.

On the other hand, I would rate capital adequacy as an important ingredient in the international competitive environment that does require a great deal more attention. The Federal Reserve has begun an effort, in cooperation with banking supervisors both at home and overseas, to achieve agreement on a uniform system for measuring capital adequacy focused on a risk-based standard. Considerable progress is being made toward an agreement, which I hope will be completed by the end of this year. An agreement of this kind will both strengthen the banking system worldwide and assure greater equity in the competitive environment.

I would like to turn now to consideration of how we should go about restructuring the financial system to deal with the problems that I think we all agree are hampering its performance. You have suggested that the fundamental test for determining the kind and scope of the required changes is what we will need to do to serve better our nation's economic interest. You point out that in the process of considering removal of some or all of the barriers separating banking and securities firms we have to ask ourselves several important questions, including the following: (1) How can we insulate insured deposits from securities activities? (2) How can we ensure the continued safety and soundness of, and public confidence in, banking and securities markets? and (3) How can we prevent conflicts of interest and concentration of resources? To these important considerations I would add the corollary that our basic objective must be to promote a system that provides efficient services to customers large and small in an environment that promotes competition. As part of this analysis, I would add two other points that are of particular importance to the Federal Reserve but are also of vital concern to the economy as a whole: (1) we must have a system in which monetary policy can function efficiently; and (2) we must have a system that maintains the integrity of the nation's payment system.

There is, I believe, wide agreement on these goals. We accept as basic to our thinking that any combination of banking and other firms should take place within an organizational structure that separates the bank in such a manner as to assure that only the bank has the benefit of the support of the federal safety net and that includes deposit insurance and access to Federal Reserve lending. There are various ways in which this separation could be accomplished. The three main proposals that have been put before the Congress involve the following ideas:

1. Require that all nonbanking activities of a banking enterprise take place in the subsidiary of an overall holding company. This holding company could be subject to the same regulatory framework that we have now for holding companies. This proposal, put forward by the President of the Federal Reserve Bank of New York, suggests that the powers of bank holding companies should not extend beyond securities and insurance activities and that traditional holding company regulation is appropriate in this context.

2. In contrast, others suggest that functional regulation should be applied to each of the different kinds of activities owned by a holding company parent, but that there should be little, if any, regulatory authority over the parent enterprise.

3. Finally, suggestions have been made, including those recently put forward in a Federal Deposit Insurance Corporation staff paper, that it would be appropriate to expand nonbanking activities of banking institutions within the subsidiary of banks themselves without any regulation at all at the holding company level.

While we have yet to come to definitive conclusions about these implementation options, our experience thus far suggests that the most effective insulation of a bank from affiliated financial or commercial activities is achieved through a holding company structure, though we welcome debate on other alternatives.

We also agree that attention must be given to the whole range of relationships between a bank and its affiliated entities to assure that confidence in banks is not compromised and that conflicts of interest are avoided. In addition, we are addressing such issues as the following: (1) the need for limitations on loans by a bank to affiliated enterprises or to customers of affiliated enterprises; (2) the need for adequate separation of directors, officers, and premises; (3) restrictions on the flow of confidential information; (4) the scope of permissible joint marketing; (5) rules on intercorporate provision of services; and (6) the need for public disclosure of affiliate relationships.

As a result of this review, we at the Board hope to be in a position to advise the Congress on how best to implement the changes that we see are so urgently needed to assure that the financial system continues to serve our public policy goals. We expect to have specific recommendations on how best to achieve bank-affiliate insulation, on the maintenance of safety and soundness, on prevention of conflicts of interest, and on avoidance of conferring competitive benefits that are unavailable to all competitors that are similarly situated. We hope that these recommendations will be valuable to the Congress as it proceeds with its consideration of the restructuring of our financial system and that our recommendations will enable the American financial system to remain competitive, serving the needs of customers here and abroad without compromising the strength or stability of our financial markets. □

Statement by Martha R. Seger, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs and Coinage of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, October 6, 1987.

I appreciate the opportunity to appear before this subcommittee to discuss home equity lines of credit and H.R. 3011. The proposed bill would amend the Truth in Lending Act to require creditors to provide consumers with more information about home equity programs in advertisements and in initial account disclosure statements.

The information that we have regarding home equity lines of credit shows that there has been a substantial growth in this type of credit since 1984, with outstanding balances totaling approximately $40 billion at the end of 1986. We believe that the total may now be as high as $65 billion and could reach $75 billion to $80 billion by year-end.

The rapid expansion is probably attributable to several factors. For example, the plans have provided consumers convenient access to credit at interest rates that are relatively low compared with other means of financing consumer spending. Tax laws phasing out the deductibility of interest for nonmortgage consumer debt have made home equity loans more desirable to tax-conscious borrowers. In addition, competition among financial institutions to offer diverse financial services to their customers has resulted in vigorous marketing of home equity lines, often at low introductory interest rates and discounted fees.

Recently, the Board and other bank regulatory agencies changed the reporting requirements for credit secured by real estate to provide more complete and accurate information on household borrowing through home equity lines of credit. This change should provide more accurate information for an important segment of the market, and enable us to better gauge the growth of this type of credit and the effect it is having on other consumer borrowing. In addition, the Board has conducted consumer surveys this year to gather information that will allow us to better understand consumer usage of home equity lines of credit.

During the past year, the Board has received inquiries from financial institutions, trade associations, consumer groups, and the Congress concerning home equity lines of credit. Much of the debate has focused on the current disclosure requirements for these loans, and whether these requirements are adequate. The sponsors of H.R. 3011 have sought to address some of these concerns by introducing legislation to require additional disclosures for home equity loans. At the same time, the Board has been reviewing its current regulatory requirements, with the goal of ensuring that consumers receive sufficient information before contracting for this type of credit.

Legislative Proposal

H.R. 3011 would amend the Truth in Lending Act to establish additional disclosure and advertising requirements for open-end credit plans secured by the consumer's dwelling. Currently, the Truth in Lending Act and Regulation Z treat home equity lines of credit like other types of open-end credit plans. As a result, creditors are required to disclose how the finance charge will be determined under the plan, what other charges will be imposed, the security interest being taken, and the consumer's billing rights.

The proposed bill would require creditors to give more extensive and detailed disclosures. For example, it would require more disclosures concerning the annual percentage rate, including, if applicable, a statement that no limit on annual rate increases exists. The bill would also add an example, based on a $10,000 amount outstanding, showing the payment terms under the plan and how changes in the annual percentage rate could affect payments under the plan. In addition, the proposed bill would call for disclosure of the creditor's ability to unilaterally change the terms and conditions of the plan, a statement that the consumer risks losing his or her home in the event of any default, and a disclosure that interest-only payments increase the cost of the loan since they do not reduce the principal owed. Creditors would also be required to give consumers a pamphlet that is to be prepared by the Board. These additional disclosures would generally have to be given at the time of application, which is earlier than current requirements, and would have to be segregated from other information, which is once again a departure from current truth-in-lending requirements for open-end credit.

The proposed legislation would also add a new advertising section to the Truth in Lending Act for home equity lines. Currently, a creditor is required to make certain cost disclosures in advertisements only when "any specific terms of the plan" are included in the advertisement. Regulation Z limits "specific terms" to items that are required to be disclosed in the initial disclosures. The bill would add a reference to a periodic payment amount as a term that requires the advertisement to include additional disclosures. The bill also would require, under certain circumstances, a disclosure regarding the tax deductibility of interest paid on home equity loans as "free money" or a "loan at prime."

POSSIBLE REGULATORY ACTION

Since home equity programs are more complex than other types of open-end credit plans and pose a greater risk to consumers if they fail to understand the terms and conditions of the plan, the Board, like the Congress, is concerned about whether the existing disclosure requirements under the Truth in Lending Act and Regulation Z ensure that consumers receive adequate information about these types of loans when they contract for a particular plan. In our review of H.R. 3011, we find that the Congress has identified many of the issues that we ourselves have targeted as major areas of concern that possibly could be addressed through regulatory action.

During the past year, Board staff has been considering the issue of home equity lending within the context of truth-in-lending disclosure requirements. In addition, the Board's Consumer Advisory Council formed a subcommittee at the beginning of this year to look into the issue and has discussed it at its past two meetings. The staff's analysis indicates that the current regulatory requirements for open-end credit may not reflect adequately the complexities that are present in most home equity programs. Specifically, the staff has focused on the content, timing, and format of the disclosures required under Regulation Z as possible candidates for regulatory change. At this time, Board staff is preparing a proposal that would amend Regulation Z to address these issues and expects to present the recommendations of the staff to the Board sometime next month. Although the review is still in process, and neither the staff nor the Board has made any firm decisions about what can and should be done, I would like to share with you some of the particular issues we have been considering.

Under current requirements, when a home equity plan is opened, a creditor need only give those general disclosures that I previously outlined. Creditors are not required to disclose certain items, such as their right to unilaterally change the terms and conditions of the plan, or the possibility that a balloon payment may be required as part of the plan. It is conceivable that Regulation Z could be amended to require disclosure of these features. There also may be a need to require more disclosures in home equity line advertisements. Some questions raised in this regard include whether "teaser" rates are adequately disclosed as only lasting for a limited time period and whether disclosing a payment term in an advertisement should require disclosure of other material terms, such as the annual percentage rate or fees to be charged under the plan. In considering any additional disclosure requirements, however, the Board is guided by the principle that disclosures should provide consumers with essential information, without overloading them with less important information or unnecessarily raising creditors' compliance costs.

Another area we have identified as one to look into concerns the timing of disclosures. Regulation Z currently permits open-end credit disclosures to be given anytime before the first transaction. In the case of home equity lines of credit, therefore, consumers, in many cases, do not receive disclosures about the terms and conditions of the plan until closing. Since most home equity credit plans involve large up-front fees and tend to be more complex than other types of open-end credit, an argument can be made for requiring disclosure of the fees, terms, and conditions of such plans at an earlier time in the credit process.

Finally, concern has been expressed that consumers may not fully understand the terms and conditions of the programs. This concern may be due, in part, to the complexity of these plans and to the fact that the underlying contracts could run several pages in length. Currently, Regulation Z does not require any special format for open-end disclosures. As a result, in most cases, the disclosures given for these plans are not segregated from the contractual provisions or highlighted in any standard manner. We believe that consumers should be alerted to the most important terms and conditions of the plans for which they contract. To the extent that the current regulatory requirements fail to meet this goal, it might be necessary to require that disclosures about these plans be segregated from other information.

The Federal Reserve Board shares the goal that consumers receive adequate information at a relevant stage of the credit process when they contract for home equity loans. We believe that it is particularly important that consumers understand these programs since they arguably pose a greater risk because of their complexity, the large credit lines generally involved, and the possibility of losing one's home. Therefore, we look forward to working with you on this important subject. □

Statement by Wayne D. Angell, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs and the Subcommittee on Procurement, Innovation, and Minority Enterprise Development of the Committee on Small Business, U.S. House of Representatives, October 30, 1987.

I welcome the opportunity to discuss the functioning and effectiveness of the small business and agriculture Advisory Councils to the Federal Reserve Banks. The Board of Governors believes that the Advisory Councils have become a valuable part of the informal structure of the Federal Reserve System, and we are joined in this assessment by the Presidents of the Federal Reserve Banks.

I am pleased to be accompanied today by members from the Advisory Councils of three Districts: Carolyn Draper from the Dallas Reserve Bank's Advisory Council on Small Business and Agriculture, Donald Lynch from the Philadelphia Reserve Bank's Small Business-Agriculture Advisory Council, and William Mathers from the Minneapolis Reserve Bank's Advisory Council on Small Business, Agriculture, and Labor. These Council members have just participated in the meeting of the Board with representatives from the Advisory Councils to the 12 Federal Reserve Districts, which takes place in the fall of each year.

The Advisory Councils to the Federal Reserve Banks were established in 1985, with the encouragement of the Congress, for the purpose of improving communication with various sectors of economic activity within each Federal Reserve District. The Board requested that the membership of the Council include persons from the small business and agricultural communities in the Districts. Other sectors such as community banks and organized labor were also included in some Districts, and their inclusion depended on the then-existing composition of Reserve Bank and Branch boards of directors, the existing formal and informal forums for contact with different sectors, and the economic diversity of the particular District. The size and composition of each Council were left to the discretion of the Reserve Bank.

From the perspective of the Board of Governors, the Councils have successfully met the objectives we envisioned when they were established. The benefit to the Federal Reserve lies in the ability of the Councils to provide economic intelligence about current developments in the District to their respective Reserve Bank. The Banks have found that the concerns raised at Council meetings have a distinctly regional flavor that is of importance in the interpretation and analysis of data on economic activity within the District.

At the meeting each year with Council representatives in Washington, the Board is informed firsthand of current and emerging developments around the country, and the Council members also confer to exchange views. The discussion confirms the diversity of economic developments and the variety of market pressures across Districts, even within the agricultural sector or the small business community.

I can also report that the Presidents of the Reserve Banks are of the view that the Council members contribute additional information or insight that only "grass roots" sources can provide. Council meetings have provided a forum for a two-way flow of information—as the Councils learn about the analysis of data that is performed by the Reserve Banks, and the Banks learn about the perceptions and expectations of the small business and agricultural communities that underlie the data. This additional information has been helpful to the directors of some of the Reserve Banks who have considered it in conjunction with their discount rate deliberations.

In your letter of invitation to this hearing, the Subcommittee Chairmen have raised a number of questions about the organization and functioning of the Advisory Councils. I have provided detailed responses in an appendix to this statement.[1] However, let me just briefly indicate that, while there is considerable organizational variation across the Districts, the Reserve Banks all consider a wide range of sources of potential candidates for Council membership. All seek diversity in geographic, industry, and other characteristics in their selection of Council members, and all have integrated the Councils fully into their systems for gathering information about economic activity in their District.

The small business and agricultural Advisory Councils to the Federal Reserve Banks are now in their third year of activity. Last year, at the Board's request, the Council members who met in Washington assessed the activities of the Councils in terms of meeting the objectives for improved communication between the Federal Reserve and leaders of certain sectors of the economy. The Council members unanimously agreed that the activities of the Councils are beneficial and should be continued. They believed that, with the Councils, policymakers within the Federal Reserve are better informed of the nature of the concerns of small business, agriculture, and other sectors, as well as the regional diversity of the problems confronting these sectors.

Citing the diversity of issues across Reserve Districts, the Council members also agreed that decisions as to how the Council should function should continue to be made within the Districts. The Board specifically raised the possibility of formal reporting to the Board and received a unanimous reply that uniform reporting requirements need not, indeed should not, be imposed by the Board. The Council members felt that flexibility at the District level would best serve the purpose of the Advisory Councils and that the economic intelligence provided by Council members to the Reserve Banks appropriately makes its way into the policymaking process through the participation of the Reserve Bank Presidents in deliberations of the Federal Open Market Committee and in other forums. In fact, the Council members argued persuasively that increased formality would be counterproductive to the advisory process that had developed.

The Board appreciates your interest in the Advisory Councils. I will be happy to answer any questions you may have. □

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

Announcements

Statement by Chairman Greenspan on Providing Liquidity to the Financial System

Chairman Alan Greenspan issued the following statement on October 20, 1987:

> The Federal Reserve, consistent with its responsibilities as the Nation's central bank, affirmed today its readiness to serve as a source of liquidity to support the economic and financial system.

Revised List of OTC Stocks Subject to Margin Regulations Now Available

The Federal Reserve Board on October 23, 1987, published a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective November 10, 1987.

This List of Marginable OTC Stocks supersedes the revised list that was effective on August 11, 1987. Changes that have been made in the list, which now includes 3,328 OTC stocks, are as follows: 182 stocks have been included for the first time, 153 under NMS designation; 36 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing; 56 stocks have been removed for reasons such as listing on a national securities exchange or involvement in an acquisition.

The list includes all over-the-counter securities designated by the Board pursuant to its established criteria as well as all stocks designated as National Market System (NMS) securities for which transaction reports are required to be made pursuant to an effective transaction reporting plan. Additional OTC securities may be designated as NMS securities in the interim between the Board's quarterly publications and will be immediately marginable. The next publication of the Board's list is scheduled for February 1988.

In addition to NMS-designated securities, the Board will continue to monitor the market activity of other OTC stocks to determine which stocks meet the requirements for inclusion and continued inclusion on the list.

Publication of Annual Statistical Digest, 1986

The *Annual Statistical Digest, 1986*, is now available. This one-year *Digest* is designed as a compact source of economic, and especially financial, data. The *Digest* provides a single source of historical continuations of the statistics carried regularly in the FEDERAL RESERVE BULLETIN. The *Digest* also offers a continuation of series that formerly appeared regularly in the BULLETIN, as well as certain special, irregular tables that the BULLETIN also once carried.

This issue of the *Digest* covers only 1986 unless data were revised for earlier years. It serves to maintain the historical series first published in *Banking and Monetary Statistics, 1941–1970*, and the *Digest* for 1970–79 and yearly issues thereafter. A *Concordance of Statistics* will be included with all orders. The *Concordance* provides a guide to tables that cover the same material in the current and the previous two years' issues of the *Digest*, the ten-year *Digest* for 1970–79, and the BULLETIN.

Copies of the *Digest* are available from Publications Services, Mail Stop 138, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is $15.00 per copy.

List of Bank Holding Companies Now Available

The annual list of "Bank Holding Companies and Subsidiary Banks as of December 31, 1986," is available. The report is $20.00 per copy, and remittance should be made payable to the Board of Governors of the Federal Reserve System. To order a copy, please forward the request and payment to the Office of the Controller, Federal Reserve Board, Washington, D.C. 20551.

The report includes assets and deposits for domestic and consolidated companies that have reported to the Board pursuant to the requirements of the Bank Holding Company Act.

CHANGES IN BOARD STAFF

The Board of Governors has announced the following appointments to the official staff, effective October 28, 1987.

In the Office of the Controller, Darrell R. Pauley has been appointed Assistant Controller for Finance, and Stephen J. Clark has been appointed Assistant Controller for Programs and Budgets.

In the Division of Federal Reserve Bank Operations, Louise L. Roseman has been appointed Assistant Director for the Check Payments and Electronic Payments Sections.

Mr. Clark joined the Board's staff in June 1979 and most recently was Chief of the Program Analysis and Budgets Section in the Office of the Controller. He has an M.S. in Business Administration from Boston University.

Mr. Pauley joined the Board's staff in August 1975 and most recently was Chief of the Finance and Accounting Section in the Office of the Controller. He has a B.B.A. from Marshall University and is a Certified Public Accountant.

Ms. Roseman came to the Board in August 1985 and was most recently a senior program leader in the Division of Federal Reserve Bank Operations. She has an M.B.A. from George Washington University.

The Board also announced the following changes, effective November 16, 1987:

Division of Research and Statistics

The appointment of Mark N. Greene as Assistant Director and Chief of the Automation and Research Computing Section.

The appointment of Myron L. Kwast as Assistant Director with oversight responsibilities for the Financial Structure and Monetary and Financial Studies Sections.

The appointment of David J. Stockton as Assistant Director and Chief of the Economic Activity Section.

The promotion of Thomas D. Simpson, Deputy Associate Director, to Associate Director.

The promotion of Lawrence Slifman, Deputy Associate Director, to Associate Director.

Division of Monetary Affairs

The appointment of Brian F. Madigan as Assistant Director of the Division with oversight responsibilities for the Banking and Money Market Analysis, Money and Reserves Projections, and Banking and Money Market Statistics Sections.

Mr. Greene joined the Board's staff in August 1982 and was promoted to Chief of the Automation and Research Computing Section in July 1985. Mr. Greene has a Ph.D. in Economics from the University of Michigan.

Mr. Kwast joined the Board's staff in June 1978 and became Chief of the Financial Studies Section in March 1985. Mr. Kwast has a Ph.D. in Economics from the University of Wisconsin.

Mr. Stockton joined the board's staff in September 1981 and became a senior economist in the Economic Activity Section in September 1986. Mr. Stockton has a Ph.D. in Economics from Yale University.

Mr. Madigan joined the Board's staff in July 1979 and was reappointed in September 1983, after a brief period as senior financial economist at the Federal National Mortgage Association. He was promoted to Chief of the Banking Section in April 1985. He has a Ph.D. in Economics from the Pennsylvania State University.

PROGRAM APPROVED FOR AMORTIZATION OF LOSSES ON AGRICULTURAL LOANS

The Federal Reserve Board announced approval on October 30, 1987, of a program allowing eligible state member banks to amortize losses on agricultural loans over several years. The eligible state member banks include banks with less than $100 million in assets but with at least 25 percent of those assets in qualified agricultural loans.

Although the program is effective beginning November 9, 1987, amortized loans will first appear on reports of condition as of December 31, 1987. Consequently, interested state member banks may contact their Reserve Banks to determine whether they are eligible beginning October 30. Additionally, the Board is requesting comment on the regulation. Comments on this matter should be received by the Board by December 3, 1987.

The program was created by Title VIII of the Competitive Equality Banking Act of 1987. Similar programs have been adopted by the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency.

System Membership: Admission of State Banks

The following state banks were admitted to membership in the Federal Reserve System during the period from October 1 to October 31, 1987:

California
Palo Alto . . . . Mid-Peninsula Bank
Colorado
La Junta . . . . . Ark Valley Industrial Bank
Lamar. . . . . Lamar Industrial Bank
Florida
Boca Raton . . . . First Southern Bank
Fernandina Beach. . . . . First Coast Community Bank
Orange City . . . . . First Community Bank of Orange City

NOTE. On Page 861 of the November 1987 BULLETIN, United Virginia Bank (now Crestar Bank) was incorrectly listed as a recently admitted member of the Federal Reserve System when in fact it had been a member for many years.

Legal Developments

FINAL GUIDELINES REGARDING THE BANK BRIBERY ACT

The Board of Governors has approved final guidelines regarding the Bank Bribery Act as required by the Bank Bribery Amendments Act of 1985. The guidelines were developed by the Interagency Bank Fraud Enforcement Working Group and submitted to the Federal Financial Institutions Examination Council for its consideration and submission to each of the federal financial institutions regulatory agencies. The final guidelines encourage all state member banks and bank holding companies to adopt codes of conduct or written policies that describe the prohibitions of the bank bribery law. They also identify situations that, in the opinion of the Board of Governors, do not constitute violations of the federal bank bribery law. In addition, the final guidelines suggest that State member banks and bank holding companies themselves establish, in their own codes of conduct or written policies, a range of internally acceptable dollar amounts for the various benefits that their officials may receive from those doing or seeking to do business with them.

Effective October 21, 1987, as required by the Bank Bribery Amendments Act of 1985 (P.L. 99–370), the Board adopts the following guidelines regarding the Bank Bribery Act, 18 U.S.C. section 215:

Final Guidelines

The final guidelines encourage all State member banks and bank holding companies to adopt internal codes of conduct or written policies or amend their present codes of conduct or policies to include provisions that explain the general prohibitions of the bank bribery law. The guidelines relate only to the bribery law and do not address other areas of conduct that a State member bank or bank holding company would find advisable to cover in its code of conduct or written policy. Consistent with the intent of the statute to proscribe corrupt activity within financial institutions, the code or policy should prohibit any employee, officer, director, agent or attorney of a State member bank or bank holding company (hereinafter "Bank or Bank Holding Company Official" or "Bank or Bank Holding Company Officials") from:

(1) soliciting for themselves or for a third party (other than the bank or bank holding company itself) anything of value from anyone in return for any business, service or confidential information of the bank or bank holding company and from;
(2) accepting anything of value (other than *bona fide* salary, wages and fees as referred to in 18 U.S.C. Section 215(c)) from anyone in connection with the business of the bank or the bank holding company, either before or after a transaction is discussed or consummated.

The State member banks' and bank holding companies' codes or policies should be designed to alert Bank or Bank Holding Company Officials about the bank bribery statute, as well as to establish and enforce standards relating to acceptable business practices.

In its code of conduct or written policy, the State member bank or bank holding company may, however, specify appropriate exceptions to the general prohibition of accepting something of value in connection with bank or bank holding company business. There are a number of instances where a Bank or Bank Holding Company Official, without risk of corruption or breach of trust, may accept something of value from one doing or seeking to do business with the bank or bank holding company. The most common examples are the business luncheon or the holiday gift from a customer. In general, there is no threat of a violation of the statute if the acceptance is based on a family or personal relationship existing independent of any business of the institution; if the benefit is available to the general public under the same conditions on which it is available to the Bank or Bank Holding Company Official; or if the benefit would be paid for by the bank or bank holding company as a reasonable business expense if not paid for by another party. Indeed, by adopting a code of conduct or written policy with appropriate allowances for such circumstances, a State member bank or bank holding company recognizes that acceptance of certain benefits by its Bank or Bank Holding Company Officials does not amount to a corrupting influence on the bank's or bank holding company's transactions.

In issuing guidance under the statute in the area of business purpose entertainment or gifts, it is not advisable for the Board of Governors to establish rules about what is reasonable or normal in fixed dollar terms. What is reasonable in one part of the country may appear lavish in another part of the country. A State member bank or bank holding company should seek to embody the highest ethical standards in its code of conduct or written policy. In doing this, a State member bank or bank holding company may establish in its own code or policy a range of dollar values which cover the various benefits that its Bank or Bank Holding Company Officials may receive from those doing or seeking to do business with the bank or bank holding company.

The code of conduct or written policy should provide that, if a Bank or Bank Holding Company Official is offered or receives something of value beyond what is authorized in the bank's or bank holding company's code of conduct or written policy, the Bank or Bank Holding Company Official must disclose that fact to an appropriately designated official of the financial institution. The State member bank or bank holding company should keep contemporaneous written reports of such disclosures. An effective reporting and review mechanism should serve to prevent situations that might otherwise lead to implications of corrupt intent or breach of trust and should enable the bank or bank holding company to better protect itself from self-dealing. However, a Bank or Bank Holding Company Official's full disclosure evidences good faith when such disclosure is made in the context of properly exercised supervision and control. Management should review the disclosures and determine that what is accepted is reasonable and does not pose a threat to the integrity of the State member bank or bank holding company. Thus, the prohibitions of the bank bribery statute cannot be avoided by simply reporting to management the acceptance of various gifts.

The Board of Governors recognizes that a serious threat to the integrity of a State member bank or bank holding company occurs when its Bank or Bank Holding Company Officials become involved in outside business interests or employment that gives rise to a conflict of interest. Such conflicts of interest may evolve into corrupt transactions that are covered under the bank bribery statute. Accordingly, State member banks and bank holding companies are encouraged to prohibit, in their codes of conduct or policies, their Bank or Bank Holding Company Officials from self-dealing or otherwise trading on their positions with the bank or bank holding company or accepting from one doing or seeking to do business with the bank or bank holding company a business opportunity not available to other persons or that is made available because of such official's position with the State member bank or bank holding company. In this regard, a State member bank's or bank holding company's code of conduct or policy should require that its Bank or Bank Holding Company Officials disclose all potential conflicts of interest, including those in which they have been inadvertently placed due to either business or personal relationships with customers, suppliers, business associates, or competitors of the bank or bank holding company.

Exceptions

In its code of conduct or written policy, a State member bank or bank holding company may describe appropriate exceptions to the general prohibition regarding the acceptance of things of value in connection with bank or bank holding company business. These exceptions may include those that:

(a) permit the acceptance of gifts, gratuities, amenities or favors based on obvious family or personal relationships (such as those between the parents, children or spouse of a Bank or Bank Holding Company Official) where the circumstances make it clear that it is those relationships rather than the business of the bank or bank holding company concerned which are the motivating factor;

(b) permit acceptance of meals, refreshments, travel arrangements or accommodations, or entertainment, all of reasonable value and in the course of a meeting or other occasion the purpose of which is to hold *bona fide* business discussions, provided that the expenses would be paid for by the State member bank or bank holding company as a reasonable business expense, if not paid for by another party (the bank or bank holding company may establish a specific dollar limit for such an occasion);

(c) permit acceptance of loans from other banks or financial institutions on customary terms to finance proper and usual activities of Bank or Bank Holding Company Officials, such as home mortgage loans, except where prohibited by law;

(d) permit acceptance of advertising or promotional material of reasonable value, such as pens, pencils, note pads, key chains, calendars and similar items;

(e) permit acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers;

(f) permit acceptance of gifts of reasonable value that are related to commonly recognized events or occasions, such as a promotion, new job, wedding, retirement, Christmas or bar or bat mitzvah (the bank or bank holding company may establish a specific dollar limit for such an occasion); or

(g) permit the acceptance of civic, charitable, educational, or religious organizational awards for recognition of service and accomplishment (the bank or bank holding company may establish a specific dollar limit for such an occasion).

The policy or code may also provide that, on a case by case basis, a State member bank or bank holding company may approve of other circumstances, not identified above, in which a Bank or Bank Holding Company Official accepts something of value in connection with bank or bank holding company business, provided that such approval is made in writing on the basis of a full written disclosure of all relevant facts and is consistent with the bank bribery statute.

Disclosures and Reports

To make effective use of these guidelines, the Board of Governors recommends the following additional procedures:

(a) The State member bank or bank holding company should maintain a copy of any code of conduct or written policy it establishes for its Bank or Bank Holding Company Officials, including any modifications thereof.

(b) The State member bank or bank holding company should require an initial written acknowledgement of its code or policy and a written acknowledgement of any subsequent material changes to the code or policy from its Bank or Bank Holding Company Officials and the Bank or Bank Holding Company Officials' agreement to comply therewith.

(c) The State member bank or bank holding company should maintain contemporaneous written reports of any disclosures made by its Bank or Bank Holding Company Officials in connection with a code of conduct or written policy.

ORDERS ISSUED UNDER BANK HOLDING COMPANY ACT, BANK MERGER ACT, BANK SERVICE CORPORATION ACT, AND FEDERAL RESERVE ACT

Orders Issued Under Section 3 of the Bank Holding Company Act

Alaska Mutual Bancorporation Anchorage, Alaska

Order Approving the Merger of Bank Holding Companies

Alaska Mutual Bancorporation, Anchorage, Alaska, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et seq.*) ("BHC Act"), has applied for the Board's approval under section 3(a)(5) of the BHC Act (12 U.S.C. § 1842(a)(5)) to merge with United Bancorporation Alaska, Inc., Anchorage, Alaska ("United"), also a bank holding company within the meaning of the BHC Act.[1] After the merger with United, Applicant will retain its charter, but will conduct business under a new name, Alliance Bancorporation.

Notice of the application, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the BHC Act (12 U.S.C. § 1842(b)). 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 BHC Act (12 U.S.C. § 1842(c)).

Applicant is the second largest commercial banking organization in Alaska, controlling one subsidiary bank with total deposits of $692 million, representing 17 percent of the total deposits in commercial banks in the state.[2] United is the fifth largest commercial banking organization in Alaska, controlling two subsidiary banks with total deposits of $440 million, representing 10.8 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed transaction, Applicant would become the largest commercial banking organization in the state, with total deposits of $1.1 billion, representing 27.8 percent of the total deposits in commercial banks in the state.

The Board has considered carefully the effects of the combination of the second and fifth largest commercial banking organizations in Alaska on the concentration of banking resources in the state. The Board notes that after consummation of the proposal, numerous banking alternatives would remain in Alaska. Based on the foregoing and other facts of record, the Board concludes that the proposed transaction would have no substantial adverse effects on the concentration of banking resources in Alaska.

In evaluating this application, the Board has considered the financial resources of Applicant and the effect on those resources of the proposed acquisition. The Board has stated and continues to believe that capital adequacy is an especially important factor in the analysis of bank holding company proposals, particu-

1. As part of this merger, United's subsidiary bank, United Bank Alaska, Anchorage, a state-chartered bank, will merge into Applicant's subsidiary bank, Alaska Mutual Bank, Anchorage ("AMB"), a state-chartered stock savings bank. The resulting bank will continue to do business under the charter of AMB and its new name, Alliance Bank. Subsequent to this bank merger, United's other subsidiary bank, United Bank Alaska Southeastern, Juneau, Alaska, also a state-chartered bank, will be merged into Alliance Bank. Federal Deposit Insurance Corporation approval of both bank mergers is being sought, pursuant to the Bank Merger Act, 12 U.S.C. § 1828(c), contemporaneously with this application.

2. State banking data are as of December 31, 1986.

larly in transactions such as this in which the acquisition of a large organization experiencing financial problems is proposed.

This proposal is designed to significantly enhance the financial resources of Applicant. This acquisition has been structured as an exchange of shares, and Applicant will not incur any debt in connection with this proposal. The Board has given special attention to Applicant's commitment to issue significant amounts of additional primary capital to augment its capital base following consummation of this proposal. In addition, the Federal Deposit Insurance Corporation has agreed to make a significant capital contribution to Applicant, which will assist its recapitalization plan. This increase in primary capital is considered to be a significant factor weighing in favor of the proposal.

After a review of Applicant's proposal in light of the financial condition of Applicant and United and the current difficulties in the Alaska economy, the Board concludes that the *pro forma* financial and managerial resources of Applicant and its subsidiary bank, are consistent with approval. In reaching this decision, the Board has noted as a matter of particular importance the circumstances under which this merger has been arranged. Due in part to a weak state economy, Applicant and United have experienced a decline in operating performance and recently have experienced significant financial losses. The merger of the two companies and resulting cost savings are anticipated to position Applicant to better withstand the current difficult economic situation in the energy and real estate sectors of the economy.

The Board also has considered that this proposal, under the circumstances, represents the best available alternative to address the financial difficulties of Applicant and United. Based on all of the preceding financial factors and other facts of record, the Board concludes that, on balance, the financial resources of Applicant and its subsidiary bank are consistent with approval of this application.

Applicant and United compete directly in the Anchorage banking market.[3] Applicant is the largest of 11 commercial banking organizations in the market, with total deposits of $516 million, representing 22.3 percent of total deposits in commercial banks in the market.[4] United is the third largest commercial banking organization in the market, with total deposits of $320 million, representing 13.8 percent of total deposits in commercial banks in the market. Upon consummation of this proposal, Applicant would remain the largest commercial banking organization in the market and would control 36.1 percent of the total deposits in commercial banks in the market. The Anchorage banking market is moderately concentrated, with the four largest banking organizations in the market controlling 66.1 percent of the deposits in the market. Upon consummation of the proposal, the market would become concentrated, with the four-firm concentration ratio increasing to 77 percent. The market's Herfindahl–Hirschman Index ("HHI") would increase by 615 points from 1424 to 2039.[5]

Although consummation of this application would eliminate some existing competition between Applicant and United in the Anchorage banking market, certain facts and circumstances of this case mitigate the anticompetitive effects that would otherwise result from the consummation. Numerous other banking organizations, including two thrift institutions, would remain in the market following consummation of the proposal. Moreover, the record of this application indicates that this transaction would provide substantial benefits to the convenience and needs of the community by averting further deterioration of the financial condition of Applicant and United. In this context, the Board concludes that the benefit of maintaining services to the customers of Applicant and United that would be derived from this proposal are so substantial as to outweigh any anticompetitive effects of this proposal.

Based on the foregoing and other facts of record, the Board has determined that the application under the BHC Act should be and hereby is approved. The transaction shall not be consummated before the fifth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of San Francisco pursuant to delegated authority.

By order of the Board of Governors, effective October 28, 1987.

3. The Anchorage, Alaska, banking market consists of the Anchorage Ranally Metropolitan Area.

4. Market data are as of June 30, 1985.

5. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (1984)) a market in which the post-merger HHI is over 1800 is considered concentrated. In such markets, the Department is likely to challenge a merger that increases the HHI by more than 50 points. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognizes the competitive effect of limited-purpose lenders and other non-depository financial entities.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, and Kelley.

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

Fairfax Bancshares, Inc.
Fairfax, Missouri

Order Approving Acquisition of a Bank

Fairfax Bancshares, Inc., Fairfax, Missouri, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.*, has applied pursuant to section 3(a)(3) of the Act, 12 U.S.C. § 1842(a)(3), to acquire 30 percent of the voting shares of The Farmers and Valley Bank, Tarkio, Missouri.

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

Applicant is a Missouri corporation with one bank subsidiary, controlling deposits of $13.5 million, representing 0.03 percent of total deposits in commercial banking organizations in the state. Bank is the 464th largest commercial bank in Missouri, controlling deposits of $14 million, representing 0.03 percent of total deposits in commercial banking organizations in the state.[1] Upon consummation of this proposal, Applicant would continue to rank among the smallest commercial banking organizations in the state, controlling 0.06 percent of total deposits in commercial banking organizations in the state. Consummation of the proposal would not significantly increase the concentration of banking resources in Missouri.

Applicant's subsidiary bank competes directly with Bank in the Atchison County banking market.[2] Applicant is the smallest of five banking organizations in the market, controlling deposits of $13.5 million, representing 12.8 percent of total market deposits. Bank is the fourth largest bank in the market, controlling $14 million in deposits, representing 13.3 percent of total market deposits. Upon consummation of this proposal, Applicant would become the second largest commercial banking organization in the market, controlling 26 percent of total market deposits. The market is considered highly concentrated, with a four-firm concentration ratio of 87.2 percent and a Herfindahl–Hirschman Index ("HHI") of 2288. Upon consummation of this proposal the four-firm concentration ratio would increase to 100 percent and the HHI would increase by 339 points to 2627.[3]

Although consummation of this proposal would eliminate existing competition between Applicant and Bank, several factors mitigate the competitive effects of the proposal. Competition between Applicant's subsidiary bank and Bank has been reduced by the long-term involvement of a principal of Applicant and its subsidiary bank as a management official of Bank. In addition, the Board has previously considered the impact of market demographic and economic factors as factors mitigating adverse competitive effects.[4] The Atchison County banking market is a rural, sparsely populated area experiencing a severe economic decline. The population of Atchison County has declined and the county lags the state in most measures of economic performance, including per capita income. Both Applicant and Bank are small in absolute size and may derive some economies of scale from consolidation. In addition, Applicant and Bank have not been active competitors in the market, as evidenced by their relatively low shares of loans, rates of deposit growth, and ratios of loans to deposits.[5] Finally, one of the competing organizations that would remain in the market is a subsidiary of the seventh largest bank holding company in the state. Consequently, the Board has determined that, in view of all of the facts of record, consummation of this proposal would not have a significant adverse effect on existing competition in the Atchison County banking market. Thus, the Board concludes that competitive aspects are consistent with approval.

The financial and managerial resources of Applicant, its subsidiary bank, and Bank are consistent with approval. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

1. All banking data are as of December 31, 1986.
2. The Atchison County banking market is approximated by Atchison County, Missouri.

3. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is over 1800 is considered highly concentrated, and the Department is likely to challenge a merger that increases the HHI by more than 50 points unless other factors indicate that the merger will not substantially lessen competition. The Department of Justice has informed the Board that a bank merger or acquisition is likely to be challenged (in the absence of other factors indicating an anticompetitive effect) if the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

The Department of Justice has informed Board staff that the Department will not challenge this acquisition on antitrust grounds.

4. *See St. Ansgar State Bank*, 70 FEDERAL RESERVE BULLETIN 473 (1984).

5. As of December 31, 1985, the loan to deposit ratios of Bank and Applicant were 8.33 and 5.35, respectively. The loan to deposit ratios for the three competing banks in the market averaged 41.03.

Based on the foregoing and other factors of record, the Board has determined that the application should be, and hereby is, approved. The acquisition shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective October 26, 1987.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, and Kelley.

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

M & F Capital Corporation Macon, Mississippi

Order Approving Formation of a Bank Holding Company

M & F Capital Corporation, Macon, Mississippi, has applied for the Board's approval pursuant to section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) (the "BHC Act") to become a bank holding company by acquiring all of the voting shares of Merchants and Farmers Bank, Macon, Mississippi ("Bank").

Notice of the application, affording interested persons an opportunity to submit comments, has been published (52 *Federal Register* 27,460 (1987)). The time for filing comments has expired, and the Board has considered the application and all comments received, including comments in opposition to the application from the Mississippi Legal Services Coalition ("Mississippi Coalition"), in light of the factors set forth in section 3(c) of the BHC Act (12 U.S.C. § 1842(c)).

Applicant is a nonoperating company with no subsidiaries, formed for the purpose of acquiring Bank. Bank is the largest of three commercial banking organizations in the Noxubee County market,[1] controlling deposits of $42.2 million representing 60.3 percent of total market deposits.[2] None of the principals of Applicant or Bank is associated with any other financial institutions located within the relevant banking market. Accordingly, consummation of this proposal would not have any significant effect on existing or probable future competition, nor would it significantly increase the concentration of banking resources in the relevant banking market.

The financial and managerial resources of Applicant and Bank are considered satisfactory and consistent with approval. In considering the convenience and needs of the communities to be served, the Board has also taken into account Applicant's record under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.* ("CRA")). The CRA requires the Board, in its evaluation of a bank holding company application, to assess the record of an applicant in meeting the credit needs of the entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation. The Board has received comments from the Mississippi Coalition, which represents low-income and minority groups and individuals in Macon. The Mississippi Coalition contends that Bank has failed to "accurately serve" the convenience and needs of low-income and minority persons in the Noxubee and Kemper County area.[3]

In accordance with the Board's practice and procedures for handling protested applications,[4] the Board reviewed the allegations made by the Mississippi Coalition and Applicant's response. Bank has met privately with the Mississippi Coalition and has made a number of commitments designed to tailor its services more closely to the convenience and needs of its community. Bank has committed to: continue to pursue the establishment of a mortgage loan department offering VA and FHA loans; advertise that an unaffiliated mortgage company will accept VA and FHA applications on Bank's premises; increase the number of home improvement and business loans made to minorities; advertise loan products on a local radio station; and increase its number of minority employees and officers.

The Board notes that the FDIC has previously determined that the CRA record of Bank is satisfactory. The Board has carefully reviewed Bank's record in meeting the convenience and needs of all segments

1. The Noxubee County market is approximated by Noxubee County, Mississippi.
2. All banking data are as of December 31, 1986.

3. The Mississippi Coalition asserts that the Board should not approve this application, unless Bank establishes an affirmative lending program that would target loans to low income and minority neighborhoods and areas within Bank's service area; increases the number of home improvement loans, short-term working capital for neighborhood businesses, loans for community development corporations, and FHA, FmHA and VA loans made to minorities and low-to-moderate income residents; includes an aggressive marketing program such as targeting advertising to minority groups and neighborhoods; and establishes a dollar goal for lending in the low-income and minority neighborhoods in Bank's service area.
4. *See* 12 C.F.R. § 262.25(c).

of its community.[5] Based on this review and after taking into account Bank's commitments to enhance its service to meet the convenience and needs of its community, including low- and moderate-income segments, the Board concludes that convenience and needs considerations are consistent with approval of this application.[6]

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. The acquisition of Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than 90 days after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis, pursuant to delegated authority.

By order of the Board of Governors, effective October 13, 1987.

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

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

Wake Bancorp, Inc.
Wakefield, Massachusetts

Order Approving Formation of a Bank Holding Company

Wake Bancorp, Inc., Wakefield, Massachusetts, has applied for the Board's approval pursuant to section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) (the "BHC Act") to become a bank holding company by acquiring all of the voting shares of Wakefield Savings Bank, Wakefield, Massachusetts ("Bank"), an FDIC insured savings bank.[1] Bank presently operates as a mutual association and will convert to stock form in connection with the acquisition.

Notice of the application, affording interested persons an opportunity to submit comments, has been published (52 *Federal Register* 28,192 (1987)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is a nonoperating company formed for the purpose of acquiring Bank. Bank is the 75th largest banking organization in Massachusetts, with approximately $215.4 million in deposits, controlling less than one percent of the total deposits in banking organizations in Massachusetts.[2]

Bank is the 15th largest of 58 banking organizations in the Boston market,[3] controlling less than one percent of total deposits in banks in the market.[4] In view of the fact that the proposal represents a corporate reorganization, consummation of this proposal would not result in any adverse effects upon competition or increase the concentration of banking resources in any relevant market. Accordingly, the Board concludes that competitive considerations under the BHC Act are consistent with approval.

In evaluating the financial resources of Applicant and Bank, the Board has taken into consideration the fact that Bank engages through subsidiaries in real estate investment and development activities authorized pursuant to state law. The Board notes that the Competitive Equality Banking Act of 1987 amended the BHC Act to provide that "notwithstanding any other provision of [the BHC] Act, any qualified savings bank which is a subsidiary of a bank holding company may engage, directly or through a subsidiary, in any activity in which such savings bank may engage (as a State chartered savings bank) pursuant to express, incidental or implied powers under any stat-

5. The record demonstrates that Bank has made over 50 percent of its installment loans secured by real estate or mobile homes and 28 percent of its total commercial real estate loans to minority residents. Moreover, over 50 percent of the government guaranteed student loans made by bank and over half of its automobile loans were made to minority residents. In addition, Bank currently offers free checking to persons 65 years and older as well as checking accounts at reduced rates for low-income individuals. As noted above, Applicant has committed to continue to pursue establishing a VA, FHA, or FmHA mortgage loan program.

6. The Mississippi Coalition has also requested that the Board order a public meeting to receive public testimony on the issues presented by these applications. Although section 3(b) of the BHC Act does not require a public meeting or formal hearing in this instance, the Board may, in any case, order a public meeting or hearing. *See* 12 C.F.R. § 262.25(d). In its request for a public meeting, the Mississippi Coalition does not present any material questions of fact that are in dispute. In accordance with the Board's guidelines, Applicant and the Mississippi Coalition have met privately to discuss this application and have exchanged extensive correspondence. In the Board's view, the parties have had ample opportunity to present their arguments in writing and respond to one another's submissions. Based on these facts, the Board has determined that a public hearing or an informal public meeting is not necessary to clarify the record in this case and would serve no useful purpose. Accordingly, the Mississippi Coalition's request for a public meeting is hereby denied.

1. As an FDIC insured institution, Bank would qualify as a "bank" under section 2(c) of the BHC Act, as amended by section 101(a) of the Competitive Equality Banking Act of 1987 ("CEBA"), Pub. L. No. 100-86, 100 Stat. 552, 554 (1987) (to be codified at 12 U.S.C. § 1841(c)).

2. Deposit data are as of March 31, 1987.

3. The Boston market is approximated by the Boston RMA minus the New Hampshire towns of Brentwood, Chester, and Derry plus the Massachusetts towns of Ayer, Berlin, Groton, Harvard, Pepperell, Shirley, and those portions of Bellingham, Carver, Lakeville, Middleboro, and Plymouth not already included in the RMA.

4. Market data are as of June 30, 1985.

ute or regulation, or under any judicial interpretation of any law, of the State in which such savings bank is located."[5] Under this provision, a qualified savings bank may engage directly or through a subsidiary in any activity permitted by state law for the savings bank to conduct as a savings bank, even though the Board has not determined that the activity is closely related to banking under section 4(c)(8) of the BHC Act and the activity is thus not generally permissible for bank holding companies under the Act.

While this provision of CEBA authorizes qualified savings banks to conduct activities that may not be permissible for bank holding companies under the BHC Act, CEBA does not negate the Board's responsibility in the context of every bank holding company application to evaluate the financial resources of the bank holding company and the bank to be acquired.[6] In addition, under the International Lending Supervision Act ("ILSA"), the Board is responsible for ensuring that bank holding companies and their nonbank subsidiaries maintain adequate levels of capital.[7] In this regard, the Board notes that the Senate Report on this provision of CEBA states that, while it was intended to allow qualified savings banks to engage in state authorized activities, "[t]he Board would, however, be authorized under its general supervisory authority over bank holding companies and their subsidiaries to prevent unsafe or unsound activities; or to require the bank holding company to maintain higher levels of capital to support such activities."[8]

As part of the Board's analysis in this case, including its evaluation of the capital and financial resources of the bank holding company and bank involved, the Board has considered the risk to Applicant and Bank of the real estate development activities conducted by Bank through its nonbank subsidiaries. The Board has serious reservations with this and similar applications by bank holding companies to acquire savings banks engaged directly or through subsidiaries in real estate development activities. In its December 31, 1986 proposal regarding the real estate development activities of bank holding companies and their subsidiaries, the Board expressed the view that such activities involve a significant degree of risk beyond other activities conducted by banks and bank holding companies. (52 *Federal Register* 543 (1987)).

Accordingly, in its proposal the Board asked for comment on a series of prudential safety and soundness limitations to ensure that the risk from these activities is insulated to the maximum extent possible from federally insured banking organizations affiliated within a bank holding company system. Among these limitations was a proposed requirement that real estate development activities be authorized only through a nonbank subsidiary of the bank holding company and not through subsidiaries of a holding company bank. The Board indicated such a requirement would be intended to separate the subsidiary banks of bank holding companies as much as possible from real estate development activities, including the direct legal obligation for losses that might result from the conduct of such activities.

In the Board's view, the conduct of real estate development activities through a holding company subsidiary rather than a bank subsidiary would provide more effective corporate separateness between the bank and the real estate affiliate with a corresponding minimization of the risk that the bank's resources and those of the federal safety net would be used to support the affiliate or could be affected by difficulties of the affiliate. Under such a structure, the bank would be removed from the affiliate's ownership chain and the concomitant responsibility for the management and operations of the affiliate. This separation would be particularly important from the standpoint of corporate separateness in a situation of financial stress. The Board notes that in such a situation the management of the bank may feel compelled to dispense with normal corporate formalities and take direct control over the management and operations of a subsidiary, thereby subjecting the bank to the increased risk of liability for the losses of that subsidiary. The Board also notes that in such a situation the bank may feel pressured to lend its resources to the affiliate or its customers or business associates, to relax normal credit judgments, or to provide financial support to its subsidiary, or to customers or business associates of the subsidiary, other than through a direct credit extension.

Moreover, under the holding company structure, the losses of the holding company affiliate would not be consolidated with the bank's earnings and customers of the bank and the public may be less likely to perceive the affiliate to be an integral part of the bank, providing additional safeguards for maintaining public confidence in the bank.

The Board intends to review these and other questions raised by this application, including questions related to the appropriate capital requirements for bank holding companies that control savings banks engaged in real estate development activities as well as for their nonbank subsidiaries, in connection with the Board's pending real estate investment and develop-

5. 101 Stat. at 561–562 (to be codified at 12 U.S.C. § 1842(f)). This exception applies only to "qualified savings banks." A savings bank loses its qualification if it is controlled by a bank holding company that has less than 70 percent of its assets invested in savings banks.
6. 12 U.S.C. § 1842(c).
7. 12 U.S.C. §§ 3901–3912.
8. S. Rep. No. 100-19, 100th Cong., 1st Sess. 36 (1987).

ment proposal. 52 *Federal Register* 543, 551 (1987). In that proceeding, the Board has asked for comment on whether it should modify its existing regulation (section 225.22(d)(2)) to prohibit holding company banks from holding shares of a company engaged in real estate development activities.[9] The Board has also proposed for consideration whether additional safety and soundness limitations are appropriate for the conduct by bank holding companies and their nonbank subsidiaries of real estate development activities.

The Board believes that it is appropriate to resolve these important issues that affect a large number of other institutions through a rulemaking proceeding in which the Board has had the benefit of extensive public comment and in which all parties interested in this question may participate. In this regard, the Board has also today asked for comment on certain additional measures that the Board is considering to ensure that banking organizations and the resources of the federal safety net are appropriately insulated from the risks of real estate development activities. These include proposals to determine that a real estate subsidiary of a bank, as well as under certain circumstances, a partner or co-venturer of such a subsidiary, would be an "affiliate" of the bank for purposes of section 23A of the Federal Reserve Act (12 U.S.C. § 371c(b)(2)), thereby regulating transactions between the bank and its real estate subsidiaries and partners; to impose special capital requirements on bank holding companies and their nonbank subsidiaries engaged in real estate development activities; and to require, as a matter of safety and soundness and as a condition of its approval for bank holding companies to acquire qualified savings banks, that new real estate development investments by such organizations be made by the parent bank holding company or its direct nonbank subsidiaries rather than by the bank or subsidiaries of the bank. This latter proposal would be in the event the Board authorizes bank holding companies to engage in real estate development activities (subject to certain prudential limitations) at the expiration of the real estate moratorium imposed under Title II of CEBA. In the interim, the Board will continue to evaluate applications involving qualified savings banks on a case by case basis.

9. Under section 225.22(d)(2) of Regulation Y, a state bank subsidiary of a bank holding company may, without Board approval under the BHC Act, acquire and retain all of the voting shares of a company that engages solely in activities that the bank may conduct directly at locations at which the bank may conduct the activity and subject to the same limitations as would apply to the bank. 12 C.F.R. 225.22(d)(2).

Based upon its review of the facts in this case as well as certain commitments by Applicant regarding its capital position and that of Bank, the Board concludes that the financial and managerial resources and future prospects of Applicant and Bank are consistent with approval of the proposal. In reaching this decision, the Board has relied upon Applicant's commitment to comply with the results of the Board's real estate development rulemaking. The Board's approval of this application is conditioned upon compliance with these commitments.

Considerations relating to the convenience and needs of the community to be served are consistent with approval.

Bank also underwrites and sells Savings Bank Life Insurance ("SBLI") through a department of Bank pursuant to state law. Such activities are expressly authorized for qualified savings banks under CEBA,[10] and are thus not subject to the insurance moratorium provisions of Title II of CEBA.[11] The Board has previously expressed its opinion that these activities do not raise serious financial or safety and soundness concerns. Accordingly, the Board has determined that Bank's SBLI activities do not preclude approval of this application.

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. The acquisition of Bank shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than 90 days 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 Boston, pursuant to delegated authority.

By order of the Board of Governors, effective October 30, 1987.

Voting for this action: Chairman Greenspan and Governors Seger, Heller, and Kelley. Voting against this action: Governors Johnson and Angell.

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

Statement by Governors Johnson and Angell

We share the concerns expressed by the majority of the Board in this case regarding the risks associated

10. 101 Stat. at 562 (to be codified at 12 U.S.C. § 1842(f)(3)).
11. Section 201(b)(3) and (4), 101 Stat. at 582.

with the conduct of real estate investment and development activities by banks and subsidiaries of banks. Given the nature of these activities and their significant risk beyond the risks associated with traditional banking and permissible nonbanking activities, we believe that, consistent with safe and sound banking practices, these activities should not be conducted by a subsidiary of a holding company bank as proposed by Applicant.

We note that the Board has proposed regulations that would establish a framework and prudential limitations for the conduct of real estate development activities within a holding company system. As the majority notes, among these limitations is a requirement that the activities be conducted only by a direct nonbank subsidiary of the bank holding company and not through a subsidiary of a holding company bank. In light of the significant risks associated with real estate development activities, we would defer action on this application until after the Board completes its rulemaking proposal in this area. In the event that the Board were to adopt the proposed framework for the conduct of real estate development activities within a bank holding company system, we would condition approval of this application on a requirement that the Applicant conduct its real estate activities within that prudential framework. Accordingly, we do not agree with the Board's decision to approve the application at this time.

October 30, 1987

ORDERS ISSUED UNDER SECTION 4 OF THE BANK HOLDING COMPANY ACT

First Interstate Bancorp
Los Angeles, California

Order Conditionally Approving Application to Underwrite and Deal in Certain Securities to a Limited Extent

First Interstate Bancorp, Los Angeles, California, a bank holding company within the meaning of the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.* ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act and section 225.21(a) of the Board's Regulation Y, 12 C.F.R. § 225.21(a), to engage through a wholly owned subsidiary, First Interstate Capital Markets, Inc. ("Company"), in underwriting and dealing in, on a limited basis, the following securities:

(1) municipal revenue bonds, including certain industrial development bonds;
(2) 1–4 family mortgage-related securities; and
(3) commercial paper.[1]

Company currently underwrites and deals in securities that state member banks are permitted to underwrite and deal in under section 16 of the Banking Act of 1933 (the "Glass–Steagall Act") (12 U.S.C. §§ 24 Seventh and 335) (hereinafter "bank-eligible securities"), as permitted by section 225.25(b)(16) of Regulation Y (12 C.F.R. § 225.25(b)(16)).

Applicant, with consolidated assets of $51.8 billion, is the ninth largest banking organization in the nation.[2] It operates 24 subsidiary banks in California, Oregon, Arizona, Washington, Nevada, Utah, Idaho, Colorado, New Mexico, Montana, Oklahoma, and Alaska and engages in a broad range of permissible nonbanking activities in the United States.

Notice of the application, affording interested parties an opportunity to submit comments, has been given in accordance with section 3(b) of the BHC Act (52 *Federal Register* 32,606 (1987)). 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 BHC Act.

On April 30, the Board approved applications by Citicorp, J.P. Morgan and Bankers Trust to underwrite and deal in, through their bank-eligible securities underwriting subsidiaries, 1–4 family mortgage-backed securities, municipal revenue bonds (and certain industrial development bonds) and commercial paper (hereinafter "bank-ineligible securities").[3] The Board concluded that the underwriting subsidiaries would not be "engaged principally" in underwriting or dealing in securities within the meaning of section 20 of the Glass–Steagall Act provided they derived no more than 5 percent of their total gross revenues from underwriting and dealing in the bank-ineligible securities over any two-year period and their underwriting and dealing activities did not exceed 5 percent of the market for each particular type of security involved.[4] The Board further found that, subject to the prudential

1. Applicant proposes to conduct Company's underwriting and dealing activity in these securities in the same manner and to the same extent as previously approved by the Board in its Orders approving similar applications. *See Citicorp, J.P. Morgan & Co. Incorporated, Bankers Trust New York Corporation*, 73 FEDERAL RESERVE BULLETIN 473 (1987).

2. Asset data are as of June 30, 1987. Banking data are as of December 31, 1986.

3. *Citicorp/Morgan/Bankers Trust, supra.* The Board subsequently approved similar applications by a number of other bank holding companies. *See, e.g., Marine Midland Banks, Incorporated*, 73 FEDERAL RESERVE BULLETIN 738 n.3 (1987).

4. Section 20 of the Glass–Steagall Act (12 U.S.C. § 377) prohibits the affiliation of a member bank with "any corporation . . . engaged principally in the issue, flotation, underwriting, public sale, or distribution at wholesale or retail or through syndicate participation of stocks, bonds, debentures, notes, or other securities . . . ."

framework of limitations established in those cases to address the potential for conflicts of interest, unsound banking practices or other adverse effects, the proposed underwriting and dealing activities were so closely related to banking as to be a proper incident thereto within the meaning of section 4(c)(8) of the BHC Act.

For the reasons set forth in the Board's *Citicorp/Morgan/Bankers Trust* Order, the Board concludes that Applicant's proposal to engage through Company in underwriting and dealing in the proposed bank-ineligible securities[5] would not result in a violation of section 20 of the Glass–Steagall Act and is closely related and a proper incident to banking within the meaning of section 4(c)(8) of the BHC Act, provided Applicant limits Company's activities as set forth in the *Citicorp/Morgan/Bankers/Trust* Order. Accordingly, the Board has determined to approve the application subject to all of the terms and conditions established in the *Citicorp/Morgan/Bankers Trust* Order. The Board hereby adopts and incorporates herein by reference the reasoning and analysis contained in the *Citicorp/Morgan/Bankers Trust* Order.

The Board's approval of this application extends only to activities conducted within the limitations of the *Citicorp/Morgan/Bankers Trust* Order, including the Board's reservation of authority to establish additional limitations to ensure that the subsidiary's activities are consistent with safety and soundness, conflict of interest and other relevant considerations under the BHC Act. Underwriting or dealing in the approved securities in any manner other than as approved in that Order is not within the scope of the Board's approval and is not authorized for Company.

The Board's 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.

The Board notes that Title II of the Competitive Equality Banking Act of 1987, enacted on August 10, 1987, prohibits the Board from authorizing a bank holding company to engage in underwriting or dealing in securities under the "engaged principally" provision of the Glass–Steagall Act, unless the effective date of the Order is delayed until the expiration of a moratorium time period established under the Act.[6] Accordingly, the Board has determined to delay the effective date of this Order until the moratorium ends on March 1, 1988.

In addition, the Board notes that the SIA has sought judicial review in the U.S. Court of Appeals for the Second Circuit of the *Citicorp/Morgan/Bankers Trust* Order to which this Order pertains, as well as subsequent Board Orders approving the underwriting applications of a number of other bank holding companies. The Board notes that the court has stayed the effectiveness of these Board Orders pending judicial review. In light of the pendency of this litigation, the Board has determined that this Order should be stayed for such time as the stay of the prior decisions is effective.

By order of the Board of Governors, effective October 7, 1987.

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

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

Dissenting Statement of Governor Angell

I regret I am unable to join the majority in approving this application.

As I have stated previously, the regret reflects the fact that, as a matter of policy, I support the idea that affiliates of bank holding companies underwrite and deal in commercial paper, municipal revenue bonds, and 1–4 family mortgage-related securities, the activities involved in the Board's decision.[1] Moreover, I agree generally with the nature of the limitations placed upon the activities in the Board decision, assuming the threshold question of their legality in the *particular form proposed* can be answered affirmatively.

My point of difference involves precisely that question of law. Section 20 of the Glass–Steagall Act provides that no member bank may be affiliated with

5. The industrial development bonds approved in those applications and for Applicant in this case are only those tax exempt bonds in which the governmental issuer, or the governmental unit on behalf of which the bonds are issued, is the owner for federal income tax purposes of the financed facility (such as airports, mass commuting facilities, and water pollution control facilities). Without further approval from the Board, Company may underwrite or deal in only these types of industrial development bonds.

6. Pub. L. No. 100–86, §§ 201–02, 101 Stat. 552, 582 (1987).

1. I have joined earlier decisions of the Board authorizing some of these activities in non-securities affiliates.

any corporation engaged principally in the underwriting of stocks, bonds, debentures, notes or other securities. I believe the plain words of the statute, read together with earlier Supreme Court and circuit opinions, as I understand them, indicate that government securities are indeed "securities" within the meaning of section 20. Consequently, it appears to me that the application approved here, as a matter of law, involves affiliations of member banks with corporations that are in fact not only "principally engaged" in dealing and underwriting in securities, but in fact would be wholly engaged in such activities, thereby exceeding the authority of law.[2]

My point is not merely one of legal formalisms. The interpretation adopted by the majority would appear to make feasible, as a matter of law if not Board policy, the affiliations of banks with some of the principal underwriting firms or investment houses of the country. Such a legal result, I feel, is inconsistent with the intent of Congress in passing the Glass–Steagall Act.

As the Board as a whole has repeatedly urged, the plain and desirable remedy to this legal and substantive morass is a fresh Congressional mandate. I urge the Congress to provide straightforwardly the authority for bank holding companies to conduct, with appropriate safeguards, the kinds of activities permitted by the Board in its decision, the practical import of which is confined to a relative handful of large bank holding companies with substantial government securities operations.

October 7, 1987

2. Without elaborating on the legal debate reviewed in the Board's Order, I wish to reiterate that I fully support earlier Board decisions allowing the underwriting and dealing of government securities to take place in an affiliate. My point of disagreement is whether that authority can, in effect, be used to bootstrap securities activities that Congress clearly wished to restrain or prohibit.

Manufacturers Hanover Corporation
New York, New York

Order Approving Application to Engage in Combined Investment Advisory and Securities Brokerage Activities

Manufacturers Hanover Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act ("BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act and section 225.21(a) of the Board's Regulation Y, 12 C.F.R. § 225.21(a), to expand the authority of its wholly owned subsidiary, Manufacturers Hanover Securities Corporation ("MHSC"), to include the activities of providing investment advisory and research services to "Institutional Customers,"[1] and furnishing general economic information and advice, general economic statistical forecasting services and industry studies to such customers.[2]

MHSC presently engages in securities brokerage services throughout the United States pursuant to section 225.25(b)(15) of Regulation Y, 12 C.F.R. § 225.25(b)(15), and now proposes to combine investment advice with its brokerage services for institutional customers only.[3]

Applicant, with total consolidated assets of $73.8 billion, is the sixth largest commercial banking organization in the nation.[4] It operates two subsidiary banks in New York and Delaware and engages directly and through other subsidiaries in a broad range of nonbanking activities.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (52 *Federal Register* 2,807 (1987)). The time for filing comments has expired, and the Board has considered the application and all comments received, including comments op-

1. An Institutional Customer is defined by Applicant to be a person that is:
(1) a bank (acting in an individual or fiduciary capacity); a savings and loan association; an insurance company; a registered investment company under the Investment Company Act of 1940; or a corporation, partnership, proprietorship, organization or institutional entity that regularly invests in the types of securities as to which investment advice is given, or that regularly engages in transactions in securities;
(2) an employee benefit plan with assets exceeding $1,000,000 or whose investment decisions are made by a bank, insurance company or investment adviser registered under the Investment Advisers Act of 1940;
(3) a natural person whose individual net worth (or joint net worth with his or her spouse) at the time of receipt of the investment advice or brokerage services exceeds $1,000,000;
(4) a broker-dealer or option trader registered under the Securities Exchange Act of 1934, or other securities professionals; or
(5) an entity all of the equity owners of which are Institutional Customers.

2. MHSC will also provide its services to other subsidiaries of the Applicant as permissible servicing activities under section 225.22 of the Board's Regulation Y, 12 C.F.R. § 225.22.

3. In addition, MHSC underwrites and deals in securities that national and state member banks are permitted to underwrite and deal in under the Glass–Steagall Act, as permitted by section 225.25(b)(16) of Regulation Y (12 C.F.R. § 225.25(b)(16)). MHSC also has previously received Board approval under section 4(c)(8) of the BHC Act to underwrite and deal in, to a limited extent, certain municipal revenue bonds (including "public ownership" industrial development bonds), 1–4 family mortgage-related securities, commercial paper and consumer-receivable-related securities, which are eligible for purchase by member banks for their own account but not eligible for member banks to underwrite and deal in ("ineligible securities"). MHSC may not currently underwrite and deal in ineligible securities under the terms of the judicial stay imposed by the U.S. Court of Appeals for the Second Circuit pending its review of the Board's Order authorizing MHSC to engage in that activity and the moratorium contained in the Competitive Equality Banking Act of 1987. Pub. L. No. 100–86, §§ 201–02, 101 Stat. 552, 582 (1987). MHSC's brokerage services are currently conducted separately from its securities underwriting and dealing activities.

4. Banking data are as of June 30, 1987.

posing the proposal from the Securities Industry Association ("SIA"), a national trade association of the securities industry, in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.[5]

Section 4(c)(8) imposes a two-step test for determining the permissibility of nonbanking activities for bank holding companies: (1) whether the activity is closely related to banking; and (2) whether the activity is a "proper incident" to banking—that is, whether the proposed activity can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. 12 U.S.C. § 1843(c)(8).

The Board has previously determined that the combined offering of investment advice with securities execution services to institutional customers from the same bank holding company subsidiary is closely related and a proper incident to banking under section 4(c)(8) of the BHC Act and does not violate the Glass–Steagall Act.[6] *National Westminister Bank PLC, et al.*, 72 FEDERAL RESERVE BULLETIN 584 (1986) ("NatWest"); *J.P. Morgan and Company, Inc.* 73 FEDERAL RESERVE BULLETIN 810 (1987) ("*J.P. Morgan*").

As in *NatWest*, under this proposal, MHSC will not act as principal or take a position (*i.e.*, bear the financial risk) in any securities it brokers or recommends. MHSC will execute a transaction only at the direction of a customer and will not exercise discretion with respect to any customer account. MHSC will not execute any transaction where an affiliate exercises investment discretion without customer authorization. MHSC proposes to offer investment advice, as well as to provide securities execution services, to institutional customers on an integrated basis, *i.e.*, MHSC will not charge an explicit fee for the investment advice and will receive fees only for transactions executed for customers.[7]

Applicant has however proposed several modifications to the conduct of the proposed activities as approved in *NatWest*. These modifications are:

(1) Applicant proposes to lower the test for institutional customers from the $5 million threshold approved in *NatWest* to $1 million;[8]

(2) MHSC would share customer lists with its affiliates, but not confidential information obtained from its customers; and

(3) MHSC would have officer and director interlocks with the parent bank holding company, Manufacturers Hanover Corporation, but not with its bank affiliates.

In the Board's view and for the reasons set forth below, these modifications do not alter the underlying rationale of the Board's decision in *NatWest* that the combined activities are closely related to banking or a proper incident thereto.[9]

Definition of Institutional Customer

Applicant proposes a $1 million threshold for its institutional customers who would be eligible to receive the combined investment advisory and securities brokerage services. The applicants in *NatWest* proposed a $5 million threshold for such institutional customers. The Board in its *NatWest* Order viewed the institutional customers to be served as financially sophisticated and thus unlikely to place undue reliance on investment advice received and better able to detect investment advice motivated by self-interest.

Applicant notes that both it and its subsidiaries generally employ a $1 million, rather than a $5 million, threshold for high net worth individuals in connection with their marketing of institutional services and money market products. Moreover, Applicant contends that the proposed $1 million threshold is consistent with the definition of an "accredited investor" contained in Regulation D promulgated by the SEC

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5. The SIA has stated that it opposes the application for the reasons stated in its earlier protest to a virtually identical proposal previously approved by the Board. *National Westminister Bank PLC*, 72 FEDERAL RESERVE BULLETIN 584 (1986).

6. The SIA argues that the combination of investment advice and buying and selling securities on behalf of customers constitutes the "public sale" of securities under the Glass–Steagall Act. The SIA also contends that the combination gives rise to the "subtle hazards" the Glass–Steagall Act was meant to eliminate, such as damage to the bank's reputation and its position as an impartial provider of credit.

For the reasons noted in *NatWest*, and on the basis of the facts appearing in the record, the Board concludes that the combination of investment advice and execution services as proposed here does not constitute a "public sale" of securities for purposes of section 20 or 32 of the Glass–Steagall Act and that the proposal is consistent with the intent of that Act. In this regard, the Board notes that the U.S. Court of Appeals for the District of Columbia Circuit has recently upheld the Board's similar determination in the virtually identical *NatWest* proposal. *Securities Industry Ass'n v. Board of Governors of the Federal Reserve System*, 821 F.2d 810 (D.C. Cir. 1987).

7. In line with *NatWest*, Applicant has also committed that MHSC will fully disclose its dual role as securities broker and investment advisor to its customers. MHSC will hold itself out as a separate and distinct corporation with its own properties, assets, liabilities, capital, books and records. All of MHSC's notices, advice, confirmations, correspondence and other documentation will clearly indicate MHSC's separate identity in order to avoid any confusion between MHSC and its bank affiliates. MHSC will specify in all customer agreements that MHSC is solely responsible for its contractual obligations and commitments. The Board notes that MHSC must also advise its customers that its bank affiliates are not responsible for MHSC's obligations. MHSC will not transmit advisory research or recommendations to the commercial lending department of any affiliate.

8. Applicant's definition of an institutional customer is otherwise identical to that in *NatWest* and *J.P. Morgan*.

9. The Board hereby incorporates by reference its rationale and findings in the *NatWest* and *J.P. Morgan* Orders regarding the consistency of the proposed activity with the closely-related and proper incident to banking criteria of section 4(c)(8).

under the Securities Act of 1933 regarding private placements of securities.[10] The SEC views such investors as being of sufficient financial sophistication to participate in limited offerings of securities without being furnished the detailed disclosure documents normally required in securities offerings by the Securities Act of 1933.

Applicant further notes that a $1 million threshold would be consistent with the requirements of the SEC rule promulgated under the Investment Advisers Act of 1940 with respect to clients who may enter into performance compensation arrangements.[11] In such arrangements, the amount of the adviser's compensation is based on a share of the client's capital appreciation or gain. The SEC has limited such arrangements to clients who have at least $500,000 under an adviser's management or with a net worth of over $1 million on the theory that such arrangements may lead the adviser to take undue risks with clients' funds. Consequently, only clients who are financially experienced and able to bear the risks associated with performance fees are permitted to enter into such arrangements.[12] Based on these factors, Applicant submits that individuals with a net worth in excess of $1 million can reasonably be considered as having the sophistication and capacity to bear the risks that are customarily identified with institutional investors.

For these reasons and based upon these facts of record, the Board concludes that, while Applicant's proposal to lower the minimum net worth threshold would result in a substantial increase in the number of qualified customers, those customers would be of sufficient financial sophistication such that the proposal would not be materially different from that approved by the Board in *NatWest* .

Sharing Customer Lists

Applicant has proposed that MHSC exchange customer lists with its affiliates limited to the names, addresses and telephone numbers of such customers, and would in no instance convey confidential customer information. The Board in *NatWest* determined that the commitment of the applicants therein not to exchange customer information, including customer lists, between the full-service brokerage subsidiary and its affiliates would reduce the possibility that depositors of that subsidiary's bank affiliates might be solicited by the brokerage subsidiary for their business. The commitment would thereby mitigate the potential for loss of depositor confidence in the event that such depositors are furnished with poor advice. The commitment was also designed to reduce the possibility that personnel at the brokerage subsidiary would recommend the purchase of securities of a company which borrows from an affiliated bank, thereby indirectly benefitting the bank.

Applicant contends that the exchange of customer lists will not adversely affect the confidence of depositors in Applicant's bank affiliates since MHSC and Applicant's lead bank, Manufacturer Hanover Trust Company ("MHTC"), solicit the same institutional market. Consequently, many potential institutional customers would be solicited by both MHTC and MHSC, even without sharing customer lists.[13]

In the Board's view, Applicant's more limited commitment should be sufficient to accomplish the Board's objective of protecting the reputation of Applicant's bank subsidiaries from the investment recommendations of the brokerage subsidiary. The customer lists MHSC will receive from its affiliates will not indicate whether the customers are depositors or borrowers of its bank affiliates or include any information regarding extensions of credit by any affiliate. In addition, the fact that MHSC intends to provide investment advice to institutional customers, who are likely to be financially sophisticated and thus able to appreciate the distinction between a bank and its other affiliates in a holding company, will safeguard against any loss of depositor confidence in the event that such depositors are furnished with poor advice by another affiliate within the bank holding company organization.[14]

The Board also notes the limited amount of customer information to be exchanged, which will not include the relationship of the customer to the bank affiliate or any details regarding that relationship. Accordingly, the Board has determined to permit

10. Regulation D defines an "accredited investor" as:
(1) any bank, insurance company, investment company or employee benefit plan;
(2) any business development company;
(3) any charitable or educational institution with assets of more than $5 million;
(4) any director, executive officer or general partner of the issuer;
(5) any person who purchases at least $150,000 of the securities being offered, provided the purchase does not exceed 20 percent of his net worth;
(6) any person with a net worth of more than $1 million; and
(7) any person with an annual income of more than $200,000. 17 C.F.R. § 230.501(a)(6).

11. 17 C.F.R. § 275.205-3(b).

12. Investment Advisers Act of 1940 Release No. 1A 996 (November 14, 1985).

13. In support of its position, Applicant notes that MHSC presently maintains a customer list on which many of the customers of its bank affiliates are listed.

14. Moreover, as the Board previously has stated, the potential for loss of depositor confidence is present in every situation where a bank affiliate (or the bank itself through its trust department) provides investment advice. *See, e.g., NatWest*, 72 FEDERAL RESERVE BULLETIN at 589.

Applicant to exchange customer lists with its affiliates, subject to the limitations set forth herein.

Interlocks Between the Brokerage Subsidiary and the Parent Bank Holding Company

Applicant has proposed to have interlocking officers and directors between MHSC and its parent holding company, Manufacturers Hanover Corporation.[15]

In the recently decided underwriting cases, including Applicant's own proposal to underwrite and deal in ineligible securities through MHSC,[16] the Board addressed the issue of whether a securities subsidiary of a bank holding company may have officer, director or employee interlocks with its parent holding company. The Board determined that a prohibition against such interlocks was unnecessary in those cases to guard against conflicts of interest or other adverse effects, given the absence of such relationships with bank affiliates and the other limitations in those cases designed to separate the bank from the securities affiliates. Applicant has committed not to have officer, director or employee interlocks between MHSC and its bank affiliates. This commitment, in conjunction with the other limitations contained in this Order, will, in the Board's view, adequately guard against conflicts of interest such as unsound lending practices or biased investment advice.

CONCLUSION

Based upon 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 application is hereby approved, subject to the commitments made by Applicant and the conditions (whether explicitly stated or incorporated by reference) in this Order. 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 October 1, 1987.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, and Kelley.

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

MCorp
Dallas, Texas

MCorp Financial, Inc.
Wilmington, Delaware

Order Approving Acquisition of a Data Processing Company

MCorp, Dallas, Texas, and its wholly owned subsidiary, MCorp Financial, Inc., Wilmington, Delaware, bank holding companies within the meaning of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1841 *et seq.*) (collectively referred to as "Applicant"), have applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.25(b)(7) of the Board's Regulation Y (12 C.F.R. § 225.25(b)(7)) for Applicant's subsidiary MTech Corp., Irving, Texas, to acquire Kalvar Corporation, Minneapolis, Minnesota ("Company"), a company engaged in data processing activities.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (52 *Federal Register* 33,878 (1987)). 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, through its subsidiary, MTech Corp., seeks to acquire 100 percent of Company and engage

15. In *NatWest* and *J.P. Morgan*, the applicants committed not to have interlocking officers or directors among the brokerage subsidiaries and their bank affiliates. In connection with this commitment, the Board in *NatWest* recognized that, as a practical matter, a bank cannot be completely insulated from the fortunes of a nonbank subsidiary of its holding company, since the securities markets, the general public and the holding company itself typically look upon the bank and its affiliate as part of a consolidated organization. However, the Board also recognized that conducting nonbanking activities in a separate affiliate can to some extent prevent problems associated with the nonbanking activity from affecting the bank. Applicant, of course, has proposed interlocks between MHSC and parent holding company only, and not with any of Applicant's bank subsidiaries.

16. *Manufacturers Hanover Corporation*, 73 FEDERAL RESERVE BULLETIN 620 (1987).

in data processing and computer output to microfilm ("Com") services,[1] including offering enhanced Com services to MTech's data processing customers and providing optical storage capability on optical digital disks and computer assisted retrieval for data stored on microfilm and microfiche. Applicant also proposes to sell certain equipment and supplies necessary to utilize the processed microfiche or microfilm, including reading machines, scanners and paper, which, at all times, would constitute less than 30 percent of any packaged offering.[2]

Applicant maintains that the foregoing activities are permissible under section 4(c)(8) of the BHC Act and the data processing provisions of section 225.25(b)(7) of the Board's Regulation Y (12 C.F.R. 225.25(b)(7)). Applicant's proposal meets the terms of the expanded data processing activities of Regulation Y as revised by the Board in 1982, because the data to be processed or furnished are financial, banking or economic data and the Com services qualify as data processing and data transmission services as those terms are used in the Board's data processing regulation. In addition, Applicant's proposal to engage in the sale of equipment and supplies to Com customers[3] meets the requirements of section 225.25(b)(7)(iii).[4]

In evaluating this application, the Board has considered the financial and managerial resources of Applicant and its subsidiaries. The Board notes that the acquisition will be made through MTech, Applicant's data processing subsidiary, which is in satisfactory financial condition. The proposed acquisition is considered relatively small and should enhance MTech's earnings. Overall, financial and managerial factors are consistent with approval.

1. Com services involve reading computer data from magnetic tape, disk or diskette, and through the use of software, microcomputers and recorders transferring the data to microfilm or microfiche.

2. Applicant also proposes to provide, as an incident to the above services, a process involving the conversion of large volumes of banking, financial and economic data from paper onto microfilm or microfiche, pursuant to section 225.123(e)(1) and (e)(2) of the Board's Regulation Y (12 C.F.R. § 225.123(e)(1) and (e)(2)). The Com services equipment would not be purchased for the purposes of marketing this incidental service, but rather would be the minimum equipment needed to properly perform permissible Com services.

3. Applicant has not proposed to produce or manufacture such equipment and supplies.

4. The Board notes that, in 1975, it determined that a bank holding company could offer Com services as a permissible data processing activity only if the Com services were offered as an output option for data otherwise being permissibly processed by the bank holding company system and not as a separate line of endeavor. 12 C.F.R. § 225.123(e)(4). The Com services of Company are materially different from the type of Com services which were being performed in 1975 when the Board adopted its interpretation. In light of the technological developments in the Com industry and the Board's expansion of the permissible data processing activities of Regulation Y in 1982, the Board intends to revoke its 1975 Com services interpretation. 12 C.F.R. § 225.123(e)(4).

In view of the facts of record, the Board concludes that Applicant's acquisition of Company would not significantly affect competition in any relevant market. Furthermore, there is no evidence in the record to indicate that approval of this proposal would result in undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of the public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of the application.

Based on the foregoing and other facts of record, the Board has determined that the application under section 4 of the BHC Act should be, and hereby is, approved. The acquisition shall not occur later than three months after the effective date of this Order, unless the latter period is extended for good cause by the Board or by the Federal Reserve Bank of Dallas, acting pursuant to delegated authority. Applicant's acquisition of Company is subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b) (12 C.F.R. §§ 225.4(d) and 225.23(b)), and to the Board's authority to require such modifications or termination of 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.

By order of the Board of Governors, effective October 14, 1987.

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

JAMES MCAFEE

[SEAL] *Associate Secretary of the Board*

Trustcorp, Inc.
Toledo, Ohio

Order Approving Application to Retain Shares of a General Insurance Agency

Trustcorp, Inc., Toledo, Ohio, a registered bank holding company within the meaning of the Bank Holding Company Act ("BHC Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 4(c)(8)(D) of the BHC Act (12 U.S.C. § 1843(c)(8)(D)) and section 225.25(b)(8)(iv) of Regulation Y (12 C.F.R. § 225.25(b)(8)(iv)) to retain shares of St. Joseph Insurance Agency, Inc., South Bend, Indiana ("Agency"), a company that proposes to engage in general insurance agency activities in Indiana and adjacent states. These activities include all types of credit and noncredit-related personal, commercial and casualty insurance, except life insurance.

Notice of this application, affording opportunity for interested persons to submit comment, has been duly published (51 *Federal Register* 31,665 (1987)). The time for filing comments has expired, and the Board has considered all comments received[1] in light of the public interest factors set forth in section 4(c)(8) of the BHC Act.

Applicant operates six subsidiary banks in Indiana and is the 8th largest commercial banking organization in that state. Applicant controls $945 million of deposits in Indiana representing 3.71 percent of the total deposits in commercial banks in that state. Applicant also owns banks in Ohio and Michigan, controlling deposits representing 2.35 percent and 0.28 percent of total deposits, respectively, in those states.[2] Applicant engages through wholly-owned subsidiaries in various nonbanking activities which the Board previously has determined are permissible for bank holding companies.

Agency is a wholly owned subsidiary of St. Joseph Bancorporation, Inc., South Bend, Indiana ("St. Joseph"), which was acquired by Trustcorp in December 1986 pursuant to approval granted by the Federal Reserve Bank of Cleveland. TrustCorp filed a separate application seeking approval from the Board to retain indirect control of Agency pursuant to section 4(c)(8)(G) of the BHC Act ("exemption G").[3] The Board denied that application on the grounds that a company qualifying for exemption G rights may not retain its grandfather status upon acquisition by another non-grandfathered bank holding company. *Trustcorp, Inc.*, 73 FEDERAL RESERVE BULLETIN 827 (1987). The Board noted, however, that its determination was without prejudice to any claim that Agency might have to more limited grandfather privileges under exemption D.[4] Based on the unique legislative history and limited scope of that provision, the Board previously has determined that exemption D rights do not expire following the purchase of a grandfathered company by another banking firm.[5] Trustcorp thereafter submitted this application under section 4(c)(8)(D) of the BHC Act for approval to retain Agency's general insurance activities.

Trustcorp claims that Agency was engaged lawfully in general insurance activities on May 1, 1982, the grandfather date under exemption D, that Agency did not thereafter abandon its insurance operations, and that Agency therefore may retain its exemption D rights after its acquisition by Trustcorp. Protestants argue to the contrary that Agency forfeited its grandfather status in June 1982 when it sold substantially all of its assets to another local insurance firm, and that Agency consequently has no exemption D rights to preserve.

Based on the record of this case, the Board believes that Agency qualified for exemption D grandfather rights on May 1, 1982 and did not thereafter abandon its authorization under the BHC Act to conduct insurance agency activities. In accordance with Board precedent, Agency may continue to conduct its general insurance operations in Indiana and adjacent states following the proposed acquisition pursuant to exemption D.

The record in this case shows that Agency qualified initially for exemption D grandfather privileges. Agency was established in 1914 and commenced operations selling homeowners and automobile insurance. In 1961, Agency received Board approval to conduct a general insurance business, including all types of credit and noncredit-related personal, commercial and casualty insurance (except life insurance). 47 FEDERAL RESERVE BULLETIN 290 (1961). The Board notes that Agency still was conducting these activities throughout Indiana on May 1, 1982, and therefore was engaged lawfully in insurance activities on the applicable grandfather date.

In the years following, moreover, Agency effectively preserved its exemption D grandfather status. Despite its sale of assets in June 1982, there is no evidence in the record to suggest that Agency abandoned its authorization under the BHC Act to conduct

1. The Board received comments in opposition to Applicant's proposal from the Independent Insurance Agents of America, Inc.; the National Association of Casualty and Surety Agents; the National Association of Surety Bond Producers; the National Association of Life Underwriters; and the National Association of Professional Insurance Agents ("Protestants").

2. State deposit data are as of March 31, 1987.

3. Exemption G is the broadest exception to the insurance agency and underwriting prohibitions of the Garn–St Germain Depository Institutions Act ("Garn Act") in that it potentially allows a qualifying company to sell any type of insurance anywhere in the country. 12 U.S.C. § 1843(c)(8)(G).

4. Exemption D of the Garn Act provides exception for "any insurance activity which was engaged in by the bank holding company or any of its subsidiaries on May 1, 1982." 12 U.S.C. § 1843(c)(8)(D). Such activities may be conducted in the grandfathered company's home state, states adjacent thereto or any state where the company was authorized to operate an insurance business before the grandfather date.

On October 3, 1986, the Board amended Regulation Y to include the insurance agency activities delineated in the seven exemptions to the Garn Act among the list of activities that the Board has found to be closely related to banking and permissible within the meaning of section 4(c)(8) of the BHC Act. 51 *Federal Register* 36,201 (1986), codified at 12 C.F.R. § 225.25(b)(8) (1987).

5. *MNC Financial Corporation*, 73 FEDERAL RESERVE BULLETIN 740 (1987) and *Sovran Financial Corporation*, 73 FEDERAL RESERVE BULLETIN 672 (1987).

general insurance activities. On the contrary, in connection with this sale, Agency and the purchasing firm entered a five-year referral/noncompetition agreement, the terms of which show that Agency fully intended to preserve its insurance agency authority. In essence, the agreement permitted Agency to continue soliciting insurance business, but required it to refer all customers to the other agency for a stated fee. During this time, moreover, Agency maintained its status as a corporation in good standing as well as its license to conduct a general insurance agency business in Indiana. Agency also retained officers and directors, rented office space, hired part-time consultants and provided periodic financial reports.

On the basis of these facts, the Board concludes that Agency qualifies for grandfather privileges under exemption D.

The Board previously has determined that any company entitled to engage in insurance agency activities under exemption D does not lose those rights upon its acquisition by another non-grandfathered banking firm, provided that the grandfathered entity retains it separate corporate structure and its insurance activities are not conducted by other companies within the acquiring banking organization.[6] In keeping with this precedent, the Board observes that upon its acquisition by Trustcorp, St. Joseph was retained as a separate bank holding company, and Agency as a separate nonbank subsidiary thereof. As a consequence, Agency's grandfathered insurance activities would be wholly self-contained and isolated from the operations of other Trustcorp subsidiaries. The Board, therefore, concludes that Agency may retain its exemption D grandfather privileges even after its purchase by another non-grandfathered banking firm.

Under the terms of section 4(c)(8)(D), however, Agency may conduct grandfathered insurance activities only in St. Joseph's home state of Indiana, states adjacent thereto, or states in which it lawfully engaged in insurance activities on May 1, 1982. 12 U.S.C. § 1843(c)(8)(D). Because Agency has confined its grandfathered insurance activities to the State of Indiana and has never received approval to conduct insurance operations in any other state, the Board notes that Agency may continue to engage in general insurance activities only in Indiana and adjacent states.

In considering any application under section 4(c)(8) of the BHC Act, the Board must determine whether the proposed activity is a proper incident to banking; that is, whether performance of the activity can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. As a result of Trustcorp's proposal, consumers in Indiana and adjacent states would benefit from ongoing access to Agency as a source of insurance products and services. The continuation of grandfathered operations by Agency thus would serve to maintain existing business relationships and expectations, and also would preserve Agency as a viable competitor in the insurance agency industry. Conversely, there is no evidence to suggest that Trustcorp's proposal would result in undue concentration of resources, unfair or decreased competition, conflicts of interest or other adverse effects. The balance of public interest factors therefore weighs in favor of Trustcorp's ability to retain indirect control of a company such as Agency that engages in exemption D grandfathered insurance activities.

Based on the foregoing and other facts of record, the Board has determined that the application under section 4 should be, and hereby is, approved. This determination is subject to all of the conditions set forth in Regulation Y, and provided that the insurance activities are conducted solely by Agency, which must remain an independent subsidiary of Trustcorp. It is also subject to the Board's authority to require such modifications or termination of activities of the bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and prevent evasions of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective October 5, 1987.

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

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

ORDERS ISSUED UNDER SECTIONS 3 AND 4 OF THE BANK HOLDING COMPANY ACT

One National Bancshares, Inc.
North Little Rock, Arkansas

Order Approving Formation of a Bank Holding Company and Acquisition of a Nonbanking Company

One National Bancshares, Inc., North Little Rock, Arkansas, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act of

6. *Sovran Financial Corp.*, 73 FEDERAL RESERVE BULLETIN 672 (1987).

1956, as amended ("BHC Act") (12 U.S.C. § 1842(a)(1)), to become a bank holding company through the consolidation of Hunt and Howell Bancshares, Inc., Fayetteville, Arkansas ("Hunt and Howell"), and First American Bancshares, Inc., North Little Rock, Arkansas ("First American"), and thereby to indirectly acquire the following bank subsidiaries: First National Bank of Fayetteville, Fayetteville, Arkansas; One National Bank of North Little Rock, North Little Rock, Arkansas; One National Bank of Little Rock, Little Rock, Arkansas; and One National Bank of Hot Springs, Hot Springs, Arkansas. Applicant has also applied under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(2) of Regulation Y (12 C.F.R. § 225.23(a)(2)) to acquire First American's nonbanking subsidiary, First American Life Insurance Company, North Little Rock, Arkansas, and thereby engage in the issuance of credit-related life and disability insurance. These activities have been previously determined by the Board to be closely related to banking pursuant to section 4(c)(8)(A) of the BHC Act (12 U.S.C. § 1843(c)(8)(A)) and section 225.25(b)(8) of the Board's Regulation Y (12 C.F.R. § 225.25(b)(8)).

Notice of the application, affording interested persons an opportunity to submit comments, has been published (52 *Federal Register* 29,066 (1987)). The time for filing comments has expired, and the Board has considered the application and all comments received, including comments submitted by the Little Rock Community Reinvestment Alliance ("Protestant"), in light of the factors set forth in sections 3(c) and 4(c)(8) of the BHC Act.

Applicant is a nonoperating company with no subsidiaries, formed for the purpose of acquiring Hunt and Howell and First American. Currently, Applicant, Hunt and Howell, and First American are controlled by the same individuals, with the proposed transactions representing a reorganization of existing ownership interests. The Hunt and Howell/First American banking chain is the sixth largest commercial banking organization in Arkansas, with total deposits of approximately $493.5 million, representing approximately 3.1 percent of total deposits in commercial banks in the state.[1] Based on all the facts of record, the Board believes that consummation of the proposal would have no significantly adverse effect on the concentration of banking resources in the state.

The Board has considered the effects of the proposal upon competition in the relevant banking markets. Hunt and Howell and First American do not operate in the same banking market, and are controlled by the same individuals.[2] Based on the facts of this case, consummation of this proposal would not result in any adverse effect upon existing or future competition or increase the concentration of banking resources in any relevant banking market. Accordingly, the Board concludes that competitive factors are consistent with approval.

The financial and managerial resources of Applicant and the banks to be acquired are considered satisfactory and consistent with approval. In considering the convenience and needs of the communities to be served, the Board has also taken into account Applicant's record under the Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) ("CRA"). The CRA requires the Board, in its evaluation of a bank holding company application, to assess the record of an applicant in meeting the credit needs of the entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation. The Board has received comments from Protestant, which represents low-income and minority groups and individuals in Little Rock. Protestant contends that One National Bank of North Little Rock ("Bank") has failed to serve the convenience and needs of low-income and minority persons in the Little Rock area.[3]

The Board has carefully reviewed Bank's record in meeting the convenience and needs of all segments of its community. The Board notes that all of the banks to be acquired by Applicant, including Bank, have received satisfactory CRA ratings at the most recent examinations.

Applicant acquired control of First American and Bank in October 1986, after the date of Bank's last examination, and replaced the prior management of

1. Banking data are as of December 31, 1986.

2. The First National Bank of Fayetteville operates in the Fayetteville/Springdale banking market, which is approximated by Benton and Washington Counties, Arkansas.

One National Bank of North Little Rock and One National Bank of Little Rock operate in the Little Rock banking market, which is approximated by Pulaski and Saline Counties, plus part of Lonoke County, Arkansas. The Office of the Comptroller of the Currency ("OCC") has approved the merger of these two banks.

One National Bank of Hot Springs operates in the Garland County banking market, which is approximated by Garland County, Arkansas.

3. Protestant asserts that the Board should not approve this application unless Bank provides below market financing and other favorable terms for mortgages and commercial loans for residents and businesses in the low- and moderate- income areas; establishes a Community Development Corporation to assist residents in the target areas in meeting residential and community needs; markets home-improvement and housing rehabilitation loans in designated areas; establishes a CRA Advisory Board to review loan denials and withdrawals; increases advertising and marketing in targeted areas; provides loans to non-profit entities; and establishes lifeline services. As part of the proposal, Protestant requests that Bank commit to provide $9 million in loans, $600 thousand in lines of credit for organizations to be designated by Protestant, and $130 thousand in grants or matching funds to Protestant or its affiliates.

Bank. At that time, Bank was in less than satisfactory financial condition. In the year since it gained control of Bank, Applicant has devoted most of its resources to improving the financial condition of Bank, and has achieved significant improvement in the asset quality and earnings of Bank. Applicant expects that the new management, which has a satisfactory CRA record in its other banks, will also improve the CRA performance of Bank. In this regard, Applicant has provided the following commitments to the Board:

1. *Creation of Mortgage Loan Department.* Within six months, Bank will open a full-service residential mortgage lending department. The manager of this department will develop a written plan to market real estate loans throughout the delineated community, specifically addressing low- and moderate-income neighborhoods. Bank will solicit comments from community leaders in low- and moderate-income areas of Little Rock and North Little Rock in formulating its plan.
2. *Lending.* Consistent with safe and sound banking practices, Bank will fund all FHA, VA and conventional real estate loans and small business loans in low- and moderate-income areas that meet Bank's underwriting standards.
3. *Community Outreach Program.* Within three months, Bank will initiate a comprehensive community outreach program designed to educate the banking public in low- and moderate-income areas on loan application preparation and loan terms and availability, especially as these relate to subparagraphs (1) and (2) above.
4. *Community Service Officer.* A Community Service Officer will be designated by the president of Bank. The Community Service Officer will be properly trained to manage the Community Outreach Program within the three months allowed for its establishment. The Community Service Officer will serve as a point of contact for community groups, and will monitor the Bank's CRA compliance as well as the commitments contained herein and will report directly to the president of Bank on CRA-related matters.
5. *Responsiveness to the Community.* In addition to Bank's ongoing assessment of the credit needs of the community as required by current regulations, Bank will initiate quarterly meetings with community leaders from low- and moderate-income neighborhoods of Little Rock and North Little Rock, to receive recommendations concerning the credit needs of the delineated community, including low- and moderate-income neighborhoods.

In this regard, Applicant has committed to provide the Reserve Bank with semi-annual reports concerning Bank's progress in implementing its commitments to the Board concerning Bank's CRA programs.

In accordance with the Board's practice and procedure for handling protested applications,[4] the Board reviewed the allegations made by the Protestant and Applicant's response. Bank has met privately with the Protestant and has made a number of commitments designed to tailor its services more closely to the convenience and needs of its community.

The Board notes that this application involves a restructuring of existing ownership interests for the apparent purpose of enabling Applicant to further expand its banking operations. Any such expansion will require an application to the Board. At such time, the Board will carefully scrutinize such an application to determine whether Applicant has made substantial measurable progress in fulfilling the commitments it has made to the Board to improve its service to the convenience and needs of its community.

Based on all the facts of record and after taking into account Bank's commitments to enhance its service to meet the convenience and needs of its community, including low- and moderate-income segments, the Board concludes that convenience and needs considerations are consistent with approval of this application.[5]

As indicated earlier, Applicant also has applied, pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to engage in the issuance of credit life and disability insurance through First American Life Insurance Company ("Company"). These activities have been previously determined by the Board to be closely related to banking pursuant to section 4(c)(8)(A) of the BHC Act (12 U.S.C. § 1843(c)(8)(A)) and section 225.25(b)(8) of the Board's Regulation Y (12 C.F.R. § 225.25(b)(8)). Because Applicant does not currently engage in this activity, the Board concludes that the proposal would not have any significant adverse effect on existing or probable future competition in any relevant market.

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4. *See* 12 C.F.R. § 262.25(c).

5. Protestant has also requested that the Board order a public hearing to receive public testimony on the issues presented by the application. Although section 3(b) of the BHC Act does not require a public meeting or formal hearing in this instance, the Board may, in any case, order a public meeting or formal hearing. *See* 12 C.F.R. § 262.3(e). The Board's Rules of Procedure also provide that a public meeting may be held to clarify factual issues related to an application or to provide an opportunity for interested persons to testify. 12 C.F.R. § 262.25(d). Protestant does not present any material questions of fact that are in dispute. In accordance with the Board's guidelines, Applicant and Protestant have met privately to discuss this application and have exchanged extensive correspondence. Based on these facts, the Board has determined that a public hearing or an informal public meeting is not necessary to clarify the record in this case and would serve no useful purpose. Accordingly, Protestant's request for a public hearing or public meeting is hereby denied.

There is no evidence in the record to indicate that approval of this proposal would result in decreased competition in other areas or in undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, and other adverse effects on the public interest. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the BHC Act is favorable and consistent with approval of the application.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The acquisition of banks in this case shall not be consummated before the thirtieth calendar day following the effective date of this Order, and the entire transaction shall be consummated no later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis, acting pursuant to delegated authority. The determination as to Applicant's nonbanking activities are subject to all of the conditions contained in Regulation Y, including those in sections 225.4(d) and 225.3(b) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), 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 Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective October 26, 1987.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, and Kelley.

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

Sovran Financial Corporation
Norfolk, Virginia

Order Approving Acquisition of a Bank Holding Company and a Bank

Sovran Financial Corporation, Norfolk, Virginia ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) (the "Act"), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire Commerce Union Corporation, Nashville, Tennessee ("Company"), and thereby indirectly to acquire its subsidiary banks: Commerce Union Bank, Nashville, Tennessee; Commerce Union Bank/Chattanooga, Chattanooga, Tennessee; Commerce Union Bank/Clarksville, Clarksville, Tennessee; Commerce Union Bank/Eastern, Oak Ridge, Tennessee; Commerce Union Bank/Greeneville, Greeneville, Tennessee; Commerce Union Bank of Memphis, Memphis, Tennessee; Commerce Union Bank/Tri-Cities, Johnson City, Tennessee; Commerce Union Bank/Union City, Union City, Tennessee; Williamson County Bank, Franklin, Tennessee; First National Bank of Lewisburg, Lewisburg, Tennessee; and Planters Bank and Trust Company, Hopkinsville, Kentucky.[1] Applicant also has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire Commerce Union Realty Services, Inc., Nashville, Tennessee, and thereby engage in brokering commercial loans, and Tennessee Valley Life Insurance Company, Nashville, Tennessee, and thereby engage in reinsuring credit life, accident, and health insurance directly related to extensions of credit by the subsidiary banks of Company. These activities are authorized for bank holding companies pursuant to the Board's Regulation Y, 12 C.F.R. §§ 225.25(b)(1) and (8). Finally, Applicant has provided notice to the Board under section 4(c)(14) of the Act of its intention to acquire Commerce Trading Corporation, Nashville, Tennessee, an export trading company.

Notice of the applications, affording opportunity for interested persons to submit comments, has been published (52 *Federal Register* 27,724, 32,054 (1987)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the Act.

Applicant is the largest commercial banking organization in Virginia with domestic deposits of approximately $8.3 billion,[2] representing approximately 20.4 percent of the total deposits in commercial banks in Virginia.[3] Company is the 4th largest commercial banking organization in Tennessee with domestic deposits of approximately $3.1 billion,[4] representing approximately 9.7 percent of the total deposits in commercial banks in Tennessee.

1. In connection with this application, both Applicant and Company have applied for the Board's approval under section 3 of the Act to acquire Security Bank and Trust Company, Centerville, Tennessee ("Bank"). In order to effectuate the acquisition as a non-taxable reorganization, Company will acquire Bank after the consummation of Applicant's acquisition of Company.
2. State data are as of December 31, 1986.
3. Applicant also controls deposits of approximately $3.2 billion in the District of Columbia, Maryland, and Delaware.
4. Company also controls approximately $161.9 million in deposits in a subsidiary bank in Kentucky, representing approximately less than one percent of the total deposits in commercial banks in Kentucky.

Section 3(d) of the Act, 12 U.S.C. § 1842(d), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside the bank holding company's home state, unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."[5] In this case, Company controls banks in two states: Tennessee and Kentucky. The Tennessee Regional Reciprocal Banking Act (the "Tennessee Act") authorizes a "regional bank holding company" to acquire a Tennessee bank or bank holding company under certain conditions.[6] A "regional bank holding company" is defined by the Tennessee Act as a bank holding company that has its principal place of business in a state within a specified region, and that controls banks within the region that account for more than 80 percent of the total deposits held by all of its bank subsidiaries (the "80 percent deposit test"). Applicant is a bank holding company with its principal place of business in Virginia, a state within the Tennessee Act's region. Applicant, however, does not meet the 80 percent deposit test until after the proposed acquisition.

Tennessee's Commissioner of Financial Institutions has issued an interpretation of the Tennessee Act which states that the 80 percent deposit test is to be applied as of the moment the acquisition is consumated, rather than immediately prior to the acquisition. Further, the Tennessee Commissioner has informed the Board that Applicant's proposals to acquire Company and Bank are permissible under the Tennessee Act, and accordingly, the Commissioner has no objection to the proposals.

Kentucky law authorizes a bank holding company having its principal place of business in any state to acquire a Kentucky bank if that state allows a Kentucky bank holding company to acquire a bank in that state.[7] The Kentucky Commissioner of Banking has informed the Board that Applicant's proposal to acquire Planters Bank and Trust Company, Hopkinsville, Kentucky, appears permissible under Kentucky law, and accordingly, the Kentucky Commissioner has no objection to the proposal. Based on the foregoing factors and its own review of the record, the Board has determined that the proposed interstate acquisitions are specifically authorized by the statute laws of Tennessee and Kentucky and thus Board approval is not prohibited by the Douglas Amendment.

The Board has considered the effects of the proposal upon competition in the relevant banking markets. Applicant and Company compete in the Bristol-Kingsport market.[8] Applicant is the fifth largest commercial banking organization in the market with deposits of approximately $108.1 million, representing approximately 9.6 percent of the total deposits in commercial banking organizations in the market.[9] Company is the eighth largest commercial banking organization in the market with deposits of approximately $52.0 million, representing approximately 4.6 percent of total deposits in commercial banking organizations in the market. Upon consummation of Applicant's acquisition of Company, Applicant will become the second largest commercial banking organization in the market with deposits of approximately $160.1 million, representing approximately 14.3 percent of the total deposits in commercial banking organizations in the market. The Herfindahl–Hirschman Index would increase by 89 points to 1622, remaining moderately concentrated. In view of the market shares involved and the small increase in concentration in the market, consummation of Applicant's acquisition of Company would not have a substantial adverse effect in the Bristol-Kingsport market.[10]

The Board also has considered the effects of the proposed acquisition on probable future competition in markets in which Applicant and Company do not compete. In view of the number of probable future entrants into those markets, the Board concludes that consummation of this proposal would not have a significant adverse effect on probable future competition in any relevant banking market.

The financial and managerial resources of Applicant, Company, and Bank are satisfactory. In considering the convenience and needs of the communities to be served, the Board has taken into account the records of Applicant and Company under the Community Reinvestment Act ("CRA"), 12 U.S.C. § 2901 *et seq.*[11] The Board has received comments from an

5. A bank holding company's home state for purposes of the Douglas Amendment is that state in which the total deposits of its banking subsidiaries were largest on July 1, 1966, or on the date it became a bank holding company, whichever date is later. 12 U.S.C. § 1842.

6. Tenn. Code Ann. § 45–12–101 *et seq.* (1986). *See, e.g., Dominion Bancshares* (Nashville City Bank and Trust Company), 72 FEDERAL RESERVE BULLETIN 847 (1986) (approved by the Federal Reserve Bank of Richmond acting pursuant to authority delegated by the Board).

7. Ky. Rev. Stat. § 287.900(6) (Michie/Bobbs - Merrill 1986).

8. The Bristol-Kingsport market is approximated by the Bristol, Virginia RMA and the Kingsport, Tennessee RMA.

9. Market data are as of June 30, 1986.

10. Because Applicant and Company do not operate a banking subsidiary in any market in which Bank operates, consummation of Applicant and Company's acquisition of Bank would not eliminate significant existing competition in any relevant banking market.

11. The CRA requires the Board, in its evaluation of a bank holding company application, to assess the record of an applicant in meeting the credit needs of the entire community, including the low- and moderate-income neighborhoods, consistent with safe and sound operation.

individual regarding the record of one of Applicant's subsidiary banks. In an attempt to resolve the concerns raised by the protest, representatives of the bank involved have met and are continuing to meet with the individual regarding the matter raised by the protest. Applicant also has taken steps to increase the awareness of the CRA of the officers of the bank, and will follow this with continuing officer training programs.

The Board has reviewed the record of Applicant in serving the credit and deposit needs of the communities to be served. The Board notes that the Office of the Comptroller of the Currency ("OCC") has expressed certain concerns regarding the CRA record of Applicant's lead bank, Sovran Bank, N.A., Richmond, Virginia. In response, the bank has submitted a plan to the OCC describing specific corrective actions to be taken to strengthen its performance, and has provided the OCC with an update on the bank's CRA activity designed to better document current performance. The OCC has indicated that it is satisfied with the bank's response. Further, the primary regulators of Applicant's remaining bank subsidiaries and of Company and its subsidiaries have determined that the CRA performance of these institutions is satisfactory or better. Based on the foregoing factors and all the facts of record, the Board concludes that convenience and needs considerations are consistent with approval.

As indicated earlier, Applicant also has applied, pursuant to section 4(c)(8), to acquire certain nonbanking subsidiaries of Company. Applicant operates subsidiaries which originate residential first mortgage loans that compete with Company's subsidiaries in such activity in the Nashville market.[12] In view of the numerous existing and potential competitors in the market and *de minimis* market shares involved, the Board concludes that the proposal would not have any significant adverse effect on existing or probable future competition in this market.

There is no evidence in the record to indicate that approval of this proposal would result in decreased competition in any other market or undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the applications to acquire Company's nonbanking subsidiaries and activities.

The Board also has considered the notice of Applicant's proposed investment in Commerce Trading Corporation under section 4(c)(14) of the Act. Based on the facts of record, the Board has determined that disapproval of the proposed investment is not warranted.

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The acquisitions shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, acting pursuant to delegated authority. The determinations as to Applicant's nonbanking activities are subject to all of the conditions contained in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), 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 Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective October 1, 1987.

Voting for this action: Chairman Greenspan and Governors Johnson, Seger, Angell, Heller, and Kelley.

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

U.S. Bancorp
Portland, Oregon

Order Approving Acquisition of a Bank Holding Company

U.S. Bancorp, Portland, Oregon, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) (the "Act"), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire Peoples Ban Corporation, Seattle, Washington ("Peoples"), and thereby indirectly to acquire its subsidiary bank, Peoples National Bank of Washington, Seattle, Washington.

Applicant also has applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(a)(2) of Regulation Y (12 C.F.R. § 225.23(a)(2)) to acquire the nonbanking subsidiaries of Peoples. These subsidiaries include the following: Peoples Discount Brokerage Company, Seattle, Washington, and thereby engage in discount brokerage activities; Peoples Insurance, Inc., Seattle, Washington, and thereby engage in the sale of property, casualty, and credit life

12. The Nashville market is approximated by the counties of Davidson, Rutherford, Williamson, and Wilson, and the southern half of the counties of Robertson and Sumner, all in Tennessee.

and disability insurance by the bank holding company; Peoples Services Corporation, Seattle, Washington, and thereby engage in escrow company activities; and Peoples Computer Services, Inc., Seattle, Washington, and thereby engage in data processing activities. These activities are authorized for bank holding companies pursuant to the Board's Regulation Y, 12 C.F.R. §§ 225.25(b)(3), (7), (8)(iv) and (15).

Notice of the applications, affording interested persons an opportunity to submit comments, has been published (52 *Federal Register* 24,343 (1987)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in sections 3(c) and 4(c)(8) of the Act.

Section 3(d) of the Act, 12 U.S.C. § 1842(d), the Douglas Amendment, prohibits the Board from approving an application by a bank holding company to acquire a bank located outside of the bank holding company's home state, unless the acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."[1] Applicant's home state is Oregon. The Board has previously determined that Washington's interstate banking statute expressly authorizes an Oregon bank holding company, such as Applicant, to acquire a Washington bank holding company, such as Peoples. Accordingly, approval of Applicant's proposal to acquire Peoples is not barred by the Douglas Amendment.

Applicant is the largest commercial banking organization in Oregon, with deposits in Oregon of approximately $5.7 billion, representing approximately 39.5 percent of the total deposits in commercial banks in that state.[2] Applicant is also the sixth largest commercial banking organization in Washington, controlling deposits of $1.5 billion, representing 6.0 percent of commercial bank deposits in the state. Peoples is the fourth largest banking organization in Washington with deposits of $2.1 billion, representing 8.2 percent of the deposits in commercial banks in the state.

Upon consummation of the proposed transaction, Applicant will become the third largest banking organization in Washington, with total deposits of $3.6 billion, representing approximately 14.2 percent of total deposits in commercial banks in the state. Consummation of this proposal would not have any significant adverse effect on the concentration of banking resources in Washington.

Applicant and Peoples compete directly in the Seattle, Portland, Yakima, Tri-Cities and Moses Lake-Othello banking markets. In the Seattle[3] and Portland[4] markets, consummation of the proposal would result in an increase of less than 50 points in the Herfindahl–Hirschman Index ("HHI") and numerous competitors would remain in each market.[5] Accordingly, consummation of the proposal would not have a significant effect on competition in either market.

In the Tri-Cities banking market,[6] Applicant is the third largest of seven commercial banking organizations, controlling $86 million in deposits, which represents 16.9 percent of total deposits in commercial banks in the market. Peoples is the fourth largest commercial banking organization in the market, controlling $78 million in deposits, which represents 15.0 percent of total deposits in commercial banks in that market. The Tri-Cities banking market is highly concentrated with the four largest commercial banks controlling 87.8 percent of deposits in that market. Following acquisition of Peoples, Applicant would become the largest commercial banking organization in the market, controlling 31.9 percent of the deposits in commercial banks in the market. The four-firm concentration ratio would increase by 4.5 percentage points to 92.3 and the HHI for the market would increase by 508 points to 2777.

In the Yakima County banking market,[7] Applicant is the fifth largest of eight commercial banking organizations, controlling $48 million in deposits, which represents 6.6 percent of the deposits in commercial banks in the market. Peoples is the third largest commercial banking organization in the market, controlling $136 million in deposits, which represents 18.6 percent of total deposits in commercial banks in the market. The Yakima County market is concentrated with a four-

1. A bank holding company's home state for purposes of the Douglas Amendment is that state in which the total deposits of its banking subsidiaries were largest on July 1, 1966, or on the date it became a bank holding company, whichever date is later. 12 U.S.C. § 1842(d).

2. State banking data are as of December 31, 1986. Local banking data are as of June 30, 1985, unless otherwise noted.

3. The Seattle banking market is approximated by the Seattle-Tacoma-Everett RMA.

4. The Portland banking market is approximated by the Portland RMA.

5. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823) a market in which the post-merger HHI is over 1800 is considered concentrated. In such markets, the Department is likely to challenge a merger that increases the HHI by more than 50 points. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points. The Justice Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognizes the competitive effect of limited purpose lenders and other non-depository financial entities.

6. The Tri-Cities banking market is approximated by the Pasco-Kennewick-Richland RMA.

7. The Yakima banking market is approximated by Yakima County, Washington.

firm concentration ratio of 81.6 percent. Upon consummation of this proposal, Applicant would become the second largest commercial banking organization in the market, controlling $184 million in deposits, representing 25.2 percent of the market share. The four-firm concentration ratio in the market would increase to 88.2 percent, and the HHI would increase by 246 points to 2047.

In the Moses Lake-Othello banking market,[8] Applicant is the smallest of the six commercial banking organizations in the market, with total deposits of $15.2 million, representing 5.8 percent of the deposits in commercial banks in the market.[9] Company is the largest commercial banking organization in the market, with deposits of $81.2 million, representing 31.2 percent of the deposits in commercial banks in the market. After consummation of the proposal, Applicant's share of the deposits in commercial banks in the market would be 37.0 percent. The Moses Lake-Othello banking market is considered highly concentrated with a four-firm concentration ratio of 86.9 percent which, upon consummation, would increase to 92.7 percent. The HHI would increase by 363 points to 2511.

Although consummation of this proposal would eliminate some existing competition between Applicant and Peoples in the Yakima County, Tri-Cities and Moses Lake-Othello banking markets, numerous other commercial banking organizations would continue to operate in each market after consummation of the proposal. In addition, the Board has considered the presence of thrift institutions in these banking markets in its analysis of this proposal. These institutions account for a significant percentage of the total deposits in each of the markets. The Board previously has indicated that thrift institutions have become, or have the potential to become, major competitors of commercial banks.[10] Thrift institutions already exert a considerable competitive influence in the market as providers of NOW accounts and consumer loans, and many are engaged in the business of making commercial loans. Based upon the number, size, market shares and commercial lending activities of thrift institutions in their markets, the Board has concluded that thrift institutions exert a significant competitive influence that mitigates the anticompetitive effects of this proposal in the Yakima, Tri-Cities and Moses Lake-Othello banking markets.[11]

On the basis of the above facts and other facts of record, the Board concludes that consummation of Applicant's proposal would not have a significantly adverse effect on existing competition in any relevant market.

The financial and managerial resources of Applicant and Peoples as well as their bank subsidiaries are consistent with approval.

In considering the convenience and needs of the communities to be served, the Board has taken into account the records of the subsidiary banks of Applicant and Peoples under the Community Reinvestment Act ("CRA"), 12 U.S.C. § 2901 *et seq.*[12] The Board has received comments regarding the CRA record of Peoples National Bank of Washington ("PNB") from the South End Seattle Community Organization ("SESCO") and the Yakima County Community Reinvestment Committee ("Yakima Committee"). The protestants generally allege PNB has failed to meet the credit needs of the low- and moderate-income areas of Seattle and Yakima. In addition, one of the protestants alleges that PNB does not meet the credit needs of minority areas in the community it serves. Further, the protestants allege that PNB is not making special efforts, such as communication, marketing, or special programs, to ascertain or to meet the credit needs of its community.

In accordance with the Board's practice and procedures for handling protested applications,[13] the Board reviewed the protestants' allegations and Applicant's response to the allegations. In an attempt to resolve the concerns raised by the protests, Applicant and PNB have met with SESCO and the Yakima Committee on several occasions to discuss the issues raised by

8. The Moses Lake-Othello banking market is approximated by southern Grant County, Washington, and the city of Othello in Adams County, Washington.

9. Data for the Moses Lake-Othello banking market are as of June 30, 1986.

10. *National City Corporation*, 70 FEDERAL RESERVE BULLETIN 743 (1984); *The Chase Manhattan Corporation*, 70 FEDERAL RESERVE BULLETIN 529 (1984); *NCNB Bancorporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802 (1983); *First Tennessee Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

11. The following data indicate the market share and the change in the HHI if 50 percent of the deposits controlled by thrift institutions were included in the calculation of market concentration:

In the Yakima County market, Applicant and Peoples would control 5.0 percent and 14.1 percent of total market deposits, respectively. The HHI would increase by 140 points to 1329 upon consummation of the proposal.

In the Tri-Cities banking market, Applicant and Peoples would control 12.4 percent and 11.3 percent of total market deposits, respectively. The HHI would increase by 280 points to 1662 upon consummation of the proposal.

In the Moses Lake-Othello banking market, Applicant and Peoples would control 5.0 percent and 26.9 percent of total market deposits, respectively. The HHI would increase by 269 points to 1930 upon consummation of the proposal.

12. The CRA requires the Board, in its evaluation of a bank holding company application, to take into account the record of the applicant's subsidiary banks in meeting the credit needs of the entire community, including the low- and moderate-income neighborhoods, as reflected in the examinations by the bank's primary federal banking regulator. 12 U.S.C. § 2903.

13. *See* 12 C.F.R. § 262.25(c).

the protestants. The parties, however, were unable to come to a resolution of their differences.

Initially, the Board notes that PNB as well as Applicant's subsidiary banks have received satisfactory CRA assessments from their primary supervisory agencies. Furthermore, Applicant has adopted an extensive plan to enhance PNB's service to its communities. Applicant has indicated that it will adopt the following measures:

1. PNB will conduct educational seminars in the South End community of Seattle, to provide residents with financial counseling regarding residential loans and small business loans, as well as promotional campaigns, to market its products, including the use of price incentives;
2. PNB will continue to meet with community organizations, including SESCO, to review community needs and determine appropriate courses of action; and
3. PNB has established goals to increase residential real estate and small business loans in the South End community of Seattle.

Applicant has adopted a CRA plan for the Yakima area similar to that adopted for South End:

1. PNB will increase its marketing efforts in all segments of the Yakima market and has pledged to continue to meet with the Yakima Committee and other members of the community to ascertain community banking needs;
2. PNB has committed to render financial assistance to the City of Yakima Multi-Family Rehabilitation Program;
3. PNB will consider "sweat equity," *i.e.*, an individual's home improvement efforts, as part of an owner's equity contribution to the purchase of an owner-occupied single-family residence for low- and moderate-income households; and
4. PNB has established goals to increase residential real estate and small business loans in Yakima community and will continue to participate in federal, state and local programs aimed at increasing the accessibility of credit to new or undercapitalized small businesses.

Based on Applicant's commitments and the overall satisfactory CRA record of PNB as well as of Applicant's existing subsidiary banks, the Board concludes that convenience and needs considerations in this case are consistent with approval of the applications.[14]

As indicated above, Applicant also has applied, pursuant to section 4(c)(8), to acquire certain nonbanking subsidiaries of Peoples. Applicant currently operates nonbanking subsidiaries that offer services similar to those services offered by Peoples. In view of the small market shares of Applicant and Peoples in those geographic areas in which they compete for these services and the large number of competitors for these services, the Board concludes that the proposal would not have any significant adverse effect on existing or probable future competition in any relevant market.

There is no evidence in the record to indicate that approval of this proposal would result in decreased competition, undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. Accordingly, the Board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the Act is favorable and consistent with approval of the applications to acquire Peoples' nonbanking subsidiaries and activities.

Applicant has requested the Board's authorization to retain the insurance agency activities of Peoples' wholly owned subsidiary, Peoples Insurance, Inc., which currently engages in the sale of property, casualty, and credit life and disability insurance pursuant to exemption D of the Garn–St. Germain Depository Institutions Act of 1982 (the "Garn Act").[15] Exemption D of the Garn Act permits a bank holding company to engage in "any insurance activity which was engaged in by the bank holding company or any of its subsidiaries on May 1, 1982."

On November 25, 1981, Peoples obtained approval for Peoples Insurance, Inc., to engage in the sale of property, casualty and credit life and disability insurance and was engaged in those activities on the grandfathered date, under its former name "Western States Agencies, Inc." Accordingly, Peoples Insurance, Inc., is entitled to continue to sell insurance under exemption D.

The Board has previously determined in *Sovran Financial Corporation*, 73 FEDERAL RESERVE BULLETIN 672 (1987), that an insurance agency which is entitled to continue to sell insurance under exemption D does not lose its grandfathered rights if the agency is

14. The protestants requested that the Board order a public meeting. Under the Board's rules, the Board may hold a public meeting on an application to clarify factual issues related to the application and to provide an opportunity for testimony, if appropriate. 12 U.S.C. § 262.25(d). In this case, the Federal Reserve Bank of San Francisco has arranged private meetings for this purpose. Moreover, Applicant and the protestants have exchanged extensive correspondences. Based on this and on the other facts of record, the Board has determined that a public meeting would serve no useful purpose. Accordingly, the requests for public meetings are denied.

15. 12 U.S.C. § 1843(c)(8)(D). Such activities may be conducted in the grandfathered company's home state, states adjacent thereto or any state where the company was authorized to operate an insurance business before the grandfather date.

acquired by another bank holding company provided the agency maintains its separate corporate structure and its insurance activities are not extended to other subsidiaries within the acquiror's banking organization. Applicant has committed that Peoples Insurance, Inc., will remain a separate subsidiary of Peoples, which will remain a separate bank holding company, and its insurance activities will not be conducted by any of Applicant's subsidiaries. Accordingly, the Board has determined to permit Peoples Insurance, Inc., to continue to engage in insurance activities following its acquisition by Applicant.[16]

Based on the foregoing and other facts of record, the Board has determined that the applications should be, and hereby are, approved. The acquisition of Peoples shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority. The determinations as to Applicant's nonbanking activities are subject to all of the conditions contained in Regulation Y, including those in sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), 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 Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective October 20, 1987.

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

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

16. Pursuant to exemption D, Peoples Insurance, Inc., may sell insurance only in the home state of Peoples under the Douglas Amendment, and states adjacent to Washington.

ORDERS APPROVED UNDER BANK HOLDING COMPANY 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.

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Badger Bank Services, Inc., Cassville, Wisconsin	Badger State Bank, Cassville, Wisconsin	Chicago	October 16, 1987
Bank South Corporation, Atlanta, Georgia	Heritage Bancshares, Inc., Atlanta, Georgia	Atlanta	September 24, 1987
Bradford Bancshares, Inc., Bradford, Tennessee	Bank of Bradford, Bradford, Tennessee	St. Louis	October 21, 1987
Capitol Bancorp, Ltd., Lansing, Michigan	Capitol National Bank, Lansing, Michigan	Chicago	September 25, 1987
Colonial Bancshares, Inc., Des Peres, Missouri	The Village Bank of St. Louis County, St. Louis County, Missouri	St. Louis	October 7, 1987
Commercial BancShares, Incorporated, Parkersburg, West Virginia	Farmers and Merchants Bank of Cairo, Harrisville, West Virginia	Richmond	October 20, 1987
Dean Financial Services, Inc., St. Paul, Minnesota	Princeton State Bank, Princeton, Minnesota	Minneapolis	October 8, 1987

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Family Bancorp, Grants Pass, Oregon	Family Bank of Commerce, Grants Pass, Oregon	San Francisco	October 16, 1987
Farmers Bancorp, Inc., Blytheville, Arkansas	Farmers Bank and Trust Company, Blytheville, Arkansas	St. Louis	October 19, 1987
Farmers Bancshares, Inc., Valmeyer, Illinois	The Ramsey National Bank, Ramsey, Illinois	St. Louis	October 16, 1987
First of America Bank Corporation, Kalamazoo, Michigan	Manistee Bank & Trust Co., Manistee, Michigan	Chicago	October 13, 1987
First National Bancorp, Gainesville, Georgia	First State Bank of Gilmer County, Ellijay, Georgia	Atlanta	October 13, 1987
First National Bank of Sauk Centre Profit Sharing Trust No. 1, Sauk Centre, Minnesota	Sauk Centre Financial Services, Inc., Sauk Centre, Minnesota	Minneapolis	October 20, 1987
First National Holding Company, Inc., Fullerton, Nebraska	First National Bank and Trust of Fullerton, Fullerton, Nebraska	Kansas City	October 9, 1987
First Paxton Bancorp, Inc., Paxton, Illinois	First National Bank in Paxton, Paxton, Illinois	Chicago	October 15, 1987
General Educational Fund, Inc., Burlington, Vermont	New England Merchants Bancshares, Inc., Burlington, Vermont	Boston	October 16, 1987
The Gwinnett Financial Corporation, Lawrenceville, Georgia	The Bank of Bwinnett County, Lawrenceville, Georgia	Atlanta	October 20, 1987
Ixonia Bancshares, Inc., Ixonia, Wisconsin	Ixonia State Bank, Ixonia, Wisconsin	Chicago	September 24, 1987
J.R. Montgomery Bancorporation, Lawton, Oklahoma	Fort Sill National Bank, Fort Sill, Oklahoma	Kansas City	September 24, 1987
KD Bancshares, Inc., Edgerton, Wisconsin	Kingston-Dalton State Bank, Kingston, Wisconsin	Chicago	September 25, 1987
Kingsbury Bank Holding Co., De Smet, South Dakota	Peoples State Bank of De Smet, De Smet, South Dakota	Minneapolis	September 28, 1987
Lincolnland Bancorp, Inc., Dale, Indiana	Chrisney State Bank, Chrisney, Indiana	St. Louis	September 25, 1987
Little Mountain Bancshares, Inc., Monticello, Minnesota	First National Bank of Monticello, Monticello, Minnesota	Minneapolis	September 28, 1987
Local Investors, Inc., Unadilla, Georgia	Citizens Bank, Vienna, Georgia	Atlanta	September 30, 1987
Merchants National Corporation, Indianapolis, Indiana	Elston Corporation, Crawfordsville, Indiana	Chicago	September 30, 1987
Mid America Banks, Inc., Atlantic, Iowa	Exchange State Bank, Collins, Iowa	Chicago	October 15, 1987
NBS Bancorp, New Brunswick, New Jersey	New Brunswick Savings Bank, New Brunswick, New Jersey	New York	October 13, 1987

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
New England Merchants Bancshares, Inc., Burlington, Vermont	Merchants Bancshares, Inc., Burlington, Vermont United Vermont Bancorporation, Rutland, Vermont	Boston	October 16, 1987
Phoenix Bancorp, Inc., Minersville, Pennsylvania	Minersville Safe Deposit Bank and Trust Co., Minersville, Pennsylvania	Philadelphia	September 25, 1987
Provident Bankshares Corporation, Baltimore, Maryland	Provident Bank of Maryland, Baltimore, Maryland	Richmond	October 15, 1987
Riherd Bank Holding Company, Lake Butler, Florida	Farmers and Dealers Bank, Lake Butler, Florida	Atlanta	September 30, 1987
Sauk Centre Financial Services, Inc., Sauk Centre, Minnesota	First National Bank of Sauk Centre, Sauk Centre, Minnesota	Minneapolis	October 20, 1987
Shakopee Bancorporation, Inc., St. Paul, Minnesota	Citizens State Bank of Shakopee, St. Paul, Minnesota	Minneapolis	September 28, 1987
Union Savings Bancshares, Inc., Sedalia, Missouri	Union Savings Bank, Sedalia, Missouri	Kansas City	September 25, 1987
Westamerica Bancorporation, San Rafael, California	Bank of Mendocino County, N.A., Ukiah, California Bank of Lake County, N.A., Lakeport, California Gold Country Bank, N.A., Grass Valley, California	San Francisco	October 9, 1987
Western Community Bancorp, Corona, California	Western Community Bank of Corona, Corona, California	San Francisco	September 22, 1987

Section 4

Applicant	Nonbanking Company/Activity	Reserve Bank	Effective date
The Chase Manhattan Corporation, New York, New York	selected assets and liabilities of Lyons Mortgage Corp., Rolling Meadows, Illinois	New York	October 21, 1987
County Financial Corporation, North Miami Beach, Florida	North American Financial Services of Southeast Florida, Inc., North Miami Beach, Florida	Atlanta	October 16, 1987
First Bank System, Inc., Minneapolis, Minnesota	Moorhead Agency, Inc., Moorhead, Minnesota	Minneapolis	October 13, 1987
First Commercial Corporation, Little Rock, Arkansas	GulfNet, Inc., New Orleans, Louisiana	St. Louis	October 19, 1987
First NH Banks, Inc., Manchester, New Hampshire	CreditAmerica, Inc., New Hyde Park, New York	Boston	October 9, 1987
Lincolnland Bancshares, Inc., Casey, Illinois	Sweet Insurance Agency, Martinsville, Illinois	Chicago	September 30, 1987

Sections 3 and 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
AmSouth Bancorporation, Birmingham, Alabama	First Mutual Bank, Pensacola, Florida Gulf Coast Realty Group, Inc., Pensacola, Florida	Atlanta	September 29, 1987
Bank South Corporation, Atlanta, Georgia	First Bank Financial Corporation, Conyers, Georgia First Financial Realty Service Corporation, Conyers, Georgia	Atlanta	September 24, 1987
FNB Rochester Corp., Rochester, New York	Atlanta National Bank, Atlanta, New York continue engaging in making, procuring or acquiring loans and other extensions of credit	New York	October 21, 1987

ORDERS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
Central Bank, Monroe, Louisiana	Lincoln Bank and Trust Company, Ruston, Louisiana	Dallas	September 29, 1987
First of America Bank-Manistee, Manistee, Michigan	Manistee Bank & Trust Co., Manistee, Michigan	Chicago	October 13, 1987

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.

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

Securities Industry Association v. Board of Governors, No. 87–4135 (2d Cir. filed Oct. 8, 1987).

Independent Insurance Agents of America, Inc. v. Board of Governors, No. 87–4118 (2d Cir., filed Sept. 17, 1987).

Citicorp v. Board of Governors, No. 87–1475 (D.C. Cir. filed Sept. 9, 1987).

Securities Industry Association v. Board of Governors, No. 87–4115 (2d Cir. filed Sept. 9, 1987).

Board of Trade of the City of Chicago, et al. v. Board of Governors, No. 87–2389 (7th Cir. filed Sept. 1, 1987).

Barrett v. Volcker, No. 87–2280 (D.D.C., filed August 17, 1987).

Northeast Bancorp v. Board of Governors, No. 87–1365 (D.C. Cir., filed July 31, 1987).

National Association of Casualty & Insurance Agents v. Board of Governors, Nos. 87–1354, 87–1355 (D.C. Cir., filed July 29, 1987).

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

Securities Industry Association v. Board of Governors, Nos. 87–4091, 87–4093, 87–4095 (2d Cir., filed July 1 and July 15, 1987).

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

Securities Industry Association v. Board of Governors, et al. No. 87–4041 and consolidated cases (2d Cir., filed May 1, 1987).

Securities Industry Association v. Board of Governors, et al., No. 87–1169 (D.C. Cir., filed April 17, 1987).

Bankers Trust New York Corp. v. Board of Governors, No. 87–1035 (D.C. Cir., filed Jan. 23, 1987).

Securities Industry Association v. Board of Governors, et al., No. 87–1030 (D.C.Cir., filed Jan. 20, 1987).

Grimm v. Board of Governors, No. 87–4006 (2d Cir., filed Jan. 16, 1987).

Independent Insurance Agents of America, et al. v. Board of Governors, Nos. 86–1572, 1573, 1576 (D.C. Cir., filed Oct. 24, 1986).

Independent Community Bankers Association of South Dakota v. Board of Governors, No. 86–5373 (8th Cir., filed Oct. 3, 1986).

Jenkins v. Board of Governors, No. 86–1419 (D.C. Cir., filed July 18, 1986).

Securities Industry Association v. Board of Governors, No. 86–1412 (D.C. Cir., filed July 14, 1986).

CBC, Inc. v. Board of Governors, No. 86–1001 (10th Cir., filed Jan. 2, 1986).

Myers, et al. v. Federal Reserve Board, No. 85–1427 (D. Idaho, filed Nov. 18, 1985).

Souser, et al. v. Volcker, et al., No. 85-C-2370, *et al.* (D. Colo., filed Nov. 1, 1985).

Podolak v. Volcker, No. C85–0456, *et al.* (D. Wyo., filed Oct. 28, 1985).

Kolb v. Wilkinson, et al., No. C85–4184 (N.D. Iowa, filed Oct. 22, 1985).

Farmer v. Wilkinson, et al., No. 4–85-CIVIL-1448 (D. Minn., filed Oct. 21, 1985).

Kurkowski v. Wilkinson, et al., No. CV-85–0-916 (D. Neb., filed Oct. 16, 1985).

Alfson v. Wilkinson, et al., No. A1–85–267 (D. N.D., filed Oct. 8, 1985).

Independent Community Bankers Associaton of South Dakota v. Board of Governors, No. 84–1496 (D.C. Cir., filed Aug. 7, 1985).

Urwyler, et al. v. Internal Revenue Service, et al., No. 85–2877 (9th Cir., filed July 18, 1985).

Wight, et al. v. Internal Revenue Service, et al., No. 85–2826 (9th Cir., filed July 12, 1985).

Lewis v. Volcker, et al., No. 86–3210 (6th Cir., filed Jan. 14, 1985).

Brown v. United States Congress, et al., No. 84–2887–6(IG) (S.D. Cal., filed Dec. 7, 1984).

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

Financial and Business Statistics

CONTENTS

Domestic Financial Statistics

MONEY STOCK AND BANK CREDIT

POLICY INSTRUMENTS

FEDERAL RESERVE BANKS

MONETARY AND CREDIT AGGREGATES

COMMERCIAL BANKING INSTITUTIONS

WEEKLY REPORTING COMMERCIAL BANKS

FINANCIAL MARKETS

FEDERAL FINANCE

SECURITIES MARKETS AND CORPORATE FINANCE

REAL ESTATE

CONSUMER INSTALLMENT CREDIT

FLOW OF FUNDS

Domestic Nonfinancial Statistics

SELECTED MEASURES

International Statistics

SUMMARY STATISTICS

REPORTED BY BANKS IN THE UNITED STATES

REPORTED BY NONBANKING BUSINESS ENTERPRISES IN THE UNITED STATES

SECURITIES HOLDINGS AND TRANSACTIONS

INTEREST AND EXCHANGE RATES

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

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1986	1987			1987				
	Q4	Q1	Q2	Q3	May	June r	July r	Aug. r	Sept.
Reserves of depository institutions[2]									
1 Total	24.3	16.4	8.0	−1.6	8.2	−13.3	−2.2	5.7	−1.0
2 Required	22.8	16.5	8.4	−.5	3.1	−15.9	6.9	.1	4.0
3 Nonborrowed	25.3	18.5	5.4	−.4	7.5	−8.1	*	6.3	−7.1
4 Monetary base[3]	11.0	11.3	6.8	4.7	8.7	.5	4.7	6.5	5.1
Concepts of money, liquid assets, and debt[4]									
5 M1	17.0	13.1	6.4	−.1	4.5	−10.4	1.6	5.3	.3
6 M2	9.3r	6.4r	2.3	2.9	.2r	.5	2.6	6.1	5.3
7 M3	8.3r	6.5r	4.2r	4.9	5.4r	5.6	2.3	7.4	5.7
8 L	8.4r	6.3r	3.2r	n.a.	9.5r	3.9	−1.9	7.6	n.a.
9 Debt	12.6r	10.5r	8.2r	7.2	9.0	7.9	5.6	7.4	n.a.
Nontransaction components									
10 In M2[5]	6.7r	4.1r	.8	4.0	−1.3r	4.4	2.9	6.3	7.1
11 In M3 only[6]	4.3r	6.9r	12.1r	12.7	26.4r	25.7	1.5	12.4	7.3
Time and savings deposits									
Commercial banks									
12 Savings[7]	36.9	37.3	24.1	7.8	16.0	6.9	7.5	9.5	.0
13 Small-denomination time[8]	−10.7	−4.9	−4.6	7.9	−1.3	10.1	11.0	6.3	6.2
14 Large-denomination time[9,10]	.1	9.7	18.3	4.4	18.8	16.2	−4.6	.0	2.3
Thrift institutions									
15 Savings[7]	23.2	27.3	25.9	7.3	17.4	12.6	2.5	9.0	−2.5
16 Small-denomination time	−6.4	−4.2	1.0r	10.6	−.5	9.6	13.0	12.6	11.5
17 Large-denomination time[9]	−7.0	−9.5	−8.4	10.4	3.2r	8.9	8.8	13.5	17.3
Debt components[4]									
18 Federal	11.7r	12.2r	8.8r	5.9	8.2r	7.5	1.9	8.8	n.a.
19 Nonfederal	13.0r	9.9r	8.1r	7.6	9.2r	8.0	6.8	7.0	n.a.
20 Total loans and securities at commercial banks[11]	8.8r	10.1	7.0	5.8	7.4	3.6	1.3	10.8	9.7

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

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

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

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

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

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

M2: M1 plus overnight (and continuing contract) repurchase agreements (RPs) issued by all commercial banks and overnight Eurodollars issued to U.S. residents by foreign branches of U.S. banks worldwide, 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. Also subtracted is a consolidation adjustment that represents the estimated amount of demand deposits and vault cash held by thrift institutions to service their time and savings deposits.

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

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

Debt: Debt of domestic nonfinancial sectors consists of outstanding credit market debt of the U.S. government, state and local governments, and private nonfinancial sectors. Private debt consists of corporate bonds, mortgages, consumer credit (including bank loans), other bank loans, commercial paper, bankers acceptances, and other debt instruments. The source of data on domestic *nonfinancial debt is the Federal Reserve Board's flow of funds accounts.* Debt data are 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.

11. *Changes calculated from figures shown in table 1.23.*

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						
	1987			1987						
	July	Aug.	Sept.	Aug. 19	Aug. 26	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**233,463**	**231,606**	**240,591**	**230,970**	**230,986**	**231,645**	**234,854**	**236,459**	**251,912**	**241,835**
2 U.S. government securities[1]	208,364	206,708	214,298	205,769	206,390	207,326	209,909	211,026	223,407	214,861
3 Bought outright	208,258	206,187	211,468	205,283	205,870	207,326	209,909	211,026	214,425	211,713
4 Held under repurchase agreements	106	521	2,830	486	520	0	0	0	8,982	3,148
5 Federal agency obligations	7,690	7,764	8,399	7,717	7,747	7,624	7,623	7,623	10,013	8,558
6 Bought outright	7,660	7,623	7,623	7,623	7,623	7,624	7,623	7,623	7,623	7,623
7 Held under repurchase agreements	30	141	776	94	124	0	0	0	2,390	935
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	673	630	956	525	912	546	748	1,026	976	1,197
10 Float	979	702	774	874	519	541	845	770	822	503
11 Other Federal Reserve assets	15,757	15,802	16,164	16,085	15,417	15,609	15,730	16,014	16,694	16,717
12 Gold stock[2]	11,069	11,068	11,068	11,069	11,069	11,068	11,069	11,068	11,068	11,068
13 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
14 Treasury currency outstanding	17,878	17,930	17,981	17,930	17,944	17,957	17,967	17,977	17,987	17,997
ABSORBING RESERVE FUNDS										
15 Currency in circulation	216,361	216,805	217,718	217,318	216,530	216,545	218,296	218,742	217,459	216,549
16 Treasury cash holdings[2]	486	471	459	473	471	465	458	458	460	459
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	5,140	3,409	10,585	3,174	3,116	3,496	3,698	4,207	21,647	14,355
18 Foreign	258	237	248	260	252	218	276	255	198	263
19 Service-related balances and adjustments	2,200	1,937	1,930	1,923	1,960	1,973	1,909	1,908	1,965	1,999
20 Other	352	331	390	359	352	377	337	371	376	484
21 Other Federal Reserve liabilities and capital	6,664	6,667	7,213	6,746	6,704	6,772	7,145	7,053	7,668	7,094
22 Reserve balances with Federal Reserve Banks[3]	35,966	35,765	36,115	34,733	35,629	35,843	36,789	37,527	36,214	34,716

Factors	End-of-month figures			Wednesday figures						
	1987			1987						
	July	Aug.	Sept.	Aug. 19	Aug. 26	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**234,310**	**231,689**	**238,823**	**230,358**	**237,247**	**231,060**	**238,833**	**241,092**	**261,278**	**238,823**
24 U.S. government securities[1]	208,170	207,238	211,941	206,288	209,448	206,643	211,660	215,220	231,599	211,941
25 Bought outright	204,871	207,238	211,941	206,288	205,809	206,643	211,660	215,220	214,370	211,941
26 Held under repurchase agreements	3,299	0	0	0	3,639	0	0	0	17,229	0
27 Federal agency obligations	8,553	7,623	7,623	7,623	8,493	7,623	7,623	7,623	11,073	7,623
28 Bought outright	7,623	7,623	7,623	7,623	7,624	7,623	7,623	7,623	7,624	7,623
29 Held under repurchase agreements	930	0	0	0	869	0	0	0	3,449	0
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	634	566	1,941	502	2,973	506	1,449	672	935	1,941
32 Float	507	510	248	715	714	535	2,256	877	522	248
33 Other Federal Reserve assets	16,446	15,752	17,070	15,230	15,619	15,753	15,845	16,700	17,149	17,070
34 Gold stock[2]	11,069	11,068	11,075	11,069	11,068	11,068	11,068	11,068	11,068	11,075
35 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
36 Treasury currency outstanding	17,900	17,956	18,006	17,942	17,956	17,966	17,976	17,986	17,996	18,006
ABSORBING RESERVE FUNDS										
37 Currency in circulation	215,898	216,471	216,776	217,145	216,415	217,283	219,067	218,365	217,010	216,776
38 Treasury cash holdings[2]	470	463	460	473	468	461	458	460	459	460
Deposits, other than reserve balances, with Federal Reserve Banks										
39 Treasury	5,365	3,763	9,120	3,112	3,955	5,530	2,418	9,479	25,657	9,120
40 Foreign	262	295	456	188	217	213	317	282	218	456
41 Service-related balances and adjustments	1,747	1,709	1,706	1,697	1,698	1,709	1,708	1,718	1,719	1,706
42 Other	281	284	419	312	486	349	308	503	324	419
43 Other Federal Reserve liabilities and capital	6,520	6,964	6,663	6,525	6,658	6,721	6,828	7,180	7,996	6,663
44 Reserve balances with Federal Reserve Banks[3]	37,754	35,782	37,321	34,936	41,392	32,846	41,791	37,177	41,976	37,321

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

Millions of dollars

Reserve classification	Monthly averages[8]									
	1984	1985	1986	1987						
	Dec.	Dec.	Dec.	Feb.	Mar.	Apr.	May	June	July	Aug.
1 Reserve balances with Reserve Banks[1]	21,738	27,620	37,360	33,625	35,318	37,807	36,466	36,309	36,110	35,616
2 Total vault cash[2]	22,313	22,953	24,071	25,889	23,759	23,353	23,693	24,380	24,631	24,649
3 Vault[3]	18,958	20,522	22,199	23,435	21,743	21,587	21,873	22,475	22,728	22,745
4 Surplus[4]	3,355	2,431	1,872	2,454	2,016	1,767	1,820	1,905	1,903	1,904
5 Total reserves[5]	40,696	48,142	59,560	57,060	57,061	59,393	58,339	58,784	58,838	58,361
6 Required reserves	39,843	47,085	58,191	55,849	56,146	58,566	57,260	57,594	58,078	57,329
7 Excess reserve balances at Reserve Banks[6]	853	1,058	1,369	1,211	916	827	1,079	1,190	761	1,032
8 Total borrowings at Reserve Banks	3,186	1,318	827	556	527	993	1,035	776	672	647
9 Seasonal borrowings at Reserve Banks	113	56	38	71	91	120	196	259	283	279
10 Extended credit at Reserve Banks[7]	2,604	499	303	283	264	270	288	273	194	132
	Biweekly averages of daily figures for weeks ending									
	1987									
	June 3	June 17	July 1	July 15	July 29	Aug. 12[p]	Aug. 26	Sept. 9	Sept. 23	Oct. 7[p]
11 Reserve balances with Reserve Banks[1]	36,018	37,145	35,475	37,083	35,221	35,850	35,173	36,294[r]	36,866	36,826
12 Total vault cash[2]	24,094	23,668	25,215	24,238	25,029	24,306	25,074	24,288	25,146	25,026
13 Vault[3]	22,158	21,972	23,092	22,470	23,002	22,439	23,115	22,446[r]	23,475	23,313
14 Surplus[4]	1,936	1,696	2,123	1,769	2,027	1,867	1,959	1,842[r]	1,672	1,713
15 Total reserves[5]	58,176	59,117	58,567	59,553	58,223	58,289	58,288	58,740[r]	60,340	60,139
16 Required reserves	57,042	58,313	56,947	59,081	57,240	57,488	57,116	57,546[r]	59,825	59,306
17 Excess reserve balances at Reserve Banks[6]	1,134	804	1,620	472	983	801	1,173	1,194	515	833
18 Total borrowings at Reserve Banks	1,094	635	856	696	652	564	719	647	1,001	1,195
19 Seasonal borrowings at Reserve Banks	226	230	298	271	294	289	286	241	226	230
20 Extended credit at Reserve Banks[7]	297	254	289	261	133	120	128	173	531	469

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

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

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

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

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

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

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

8. Before February 1984, data are prorated monthly averages of weekly averages; beginning February 1984, data are prorated monthly averages of biweekly averages.

NOTE. These data also appear in the Board's H.3 (502) release. For address, see inside front cover.

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

Averages of daily figures, in millions of dollars

Maturity and source	1987 week ending Monday								
	May 18	May 25	June 1	June 8	June 16	June 22	June 29	July 6	July 13
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	74,185	70,799	71,703	74,810	72,633	68,755	66,856	73,997	74,109
2 For all other maturities	9,341	9,586	9,567	9,362	9,325	8,719	8,430	11,099	8,691
From other depository institutions, foreign banks and foreign official institutions, and United States government agencies									
3 For one day or under continuing contract	34,183	34,329	34,356	35,114	34,380	31,698	33,067	26,568	33,873
4 For all other maturities	9,731	9,654	9,008	8,503	8,508	8,378	8,502	11,895	8,167
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	11,404	11,482	10,800	10,497	10,459	9,664	9,958	8,076	10,541
6 For all other maturities	15,298	15,980	14,975	14,421	14,413	13,794	12,793	12,327	11,214
All other customers									
7 For one day or under continuing contract	24,329	24,777	25,068	24,985	25,470	24,139	25,518	22,802	25,558
8 For all other maturities	8,678	8,561	8,741	8,561	8,289	8,882	9,029	11,445	8,261
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	29,112	26,927	29,051	28,335	25,945	26,899	27,562	35,566	33,560
10 To all other specified customers[2]	13,004	13,353	13,481	13,857	14,117	14,685	12,666	13,086	13,700

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

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 10/28/87	Effective Date	Previous Rate	On 10/28/87	Effective Date	Previous Rate	On 10/28/87	Effective Date	Previous Rate	Effective Date
Boston	6	9/9/87	5½	6	9/9/87	5½	8.50	10/22/87	8.15	10/8/87
New York		9/4/87			9/4/87			10/22/87		10/8/87
Philadelphia		9/4/87			9/4/87			10/22/87		10/8/87
Cleveland		9/4/87			9/4/87			10/22/87		10/8/87
Richmond		9/5/87			9/5/87			10/22/87		10/8/87
Atlanta		9/4/87			9/4/87			10/22/87		10/8/87
Chicago		9/4/87			9/4/87			10/22/87		10/8/87
St. Louis		9/9/87			9/9/87			10/22/87		10/8/87
Minneapolis		9/8/87			9/8/87			10/22/87		10/8/87
Kansas City		9/4/87			9/4/87			10/22/87		10/8/87
Dallas		9/11/87			9/11/87			10/22/87		10/8/87
San Francisco	6	9/9/87	5½	6	9/9/87	5½	8.50	10/22/87	8.15	10/8/87

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.
In effect Dec. 31, 1977	6	6
1978—Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7
July 3	7–7¼	7¼
10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979—July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980—Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1980—July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
1981—May 5	13–14	14
8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982—July 20	11½–12	11½
23	11½	11½
Aug. 2	11–11½	11
3	11	11
16	10½	10½
27	10–10½	10
30	10	10
Oct. 12	9½–10	9½
13	9½	9½
Nov. 22	9–9½	9
26	9	9
Dec. 14	8½–9	9
15	8½–9	8½
17	8½	8½

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1984—Apr. 9	8½–9	9
13	9	9
Nov. 21	8½–9	8½
26	8½	8½
Dec. 24	8	8
1985—May 20	7½–8	7½
24	7½	7½
1986—Mar. 7	7–7½	7
10	7	7
Apr. 21	6½–7	6½
July 11	6	6
Aug. 12	5½–6	5½
22	5½	5½
1987—Sept. 4	5½–6	6
11	6	6
In effect October 28, 1987	6	6

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 re-established on Feb. 18, 1986 and again on Jan. 28, 1987; the rate may be either the same as that for adjustment credit or a fixed rate ½ percent higher.

2. Extended credit is available to depository institutions, where 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 re-established 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 4 weeks in a calendar quarter. A 3 percent surcharge was in effect from Mar. 17, 1980 through May 7, 1980. There was no surcharge until Nov. 17, 1980, when a 2 percent surcharge was adopted; the surcharge was subsequently raised to 3 percent on Dec. 5, 1980, and to 4 percent on May 5, 1981. The surcharge was reduced to 3 percent effective Sept. 22, 1981, and to 2 percent effective Oct. 12, 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–$36.7 million	3	12/30/86
More than $36.7 million	12	12/30/86
Nonpersonal time deposits[5]		
By original maturity		
Less than 1½ years	3	10/6/86
1½ years or more	0	10/6/83
Eurocurrency liabilities		
All types	3	11/13/80

1. Reserve requirements in effect on Dec. 31, 1986. 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. 30, 1986, the exemption was raised from $2.6 million to $2.9 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. 30, 1986, the amount was increased from $31.7 million to $36.7 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	1984	1985	1986	1987						
					Feb.	Mar.	Apr.	May	June	July	Aug.
	U.S. TREASURY SECURITIES										
	Outright transactions (*excluding matched transactions*)										
	Treasury bills										
1	Gross purchases	20,036	22,214	22,602	191	1,062	4,226	1,697	575	575	499
2	Gross sales	8,557	4,118	2,502	3,581	0	653	0	22	912	0
3	Exchange	0	0	0	0	0	0	0	0	0	0
4	Redemptions	7,700	3,500	1,000	800	0	0	0	0	4,572	0
	Others within 1 year										
5	Gross purchases	1,126	1,349	190	0	0	1,232	0	535	0	0
6	Gross sales	0	0	0	0	0	0	0	0	0	0
7	Maturity shift	16,354	19,763	18,673	1,855	1,762	1,375	4,063	1,715	1,437	2,723
8	Exchange	−20,840	−17,717	−20,179	−4,954	−1,799	−522	−1,336	−1,812	−613	−1,787
9	Redemptions	0	0	0	0	0	0	0	0	0	0
	1 to 5 years										
10	Gross purchases	1,638	2,185	893	0	0	3,642	0	1,394	0	5
11	Gross sales	0	0	0	252	0	0	0	0	200	0
12	Maturity shift	−13,709	−17,459	−17,058	−1,650	−1,762	−1,373	−1,804	−1,715	−1,397	−2,122
13	Exchange	16,039	13,853	16,984	4,354	1,799	522	1,111	1,812	613	1,612
	5 to 10 years										
14	Gross purchases	536	458	236	0	0	914	0	312	0	0
15	Gross sales	300	100	0	0	0	0	0	0	0	0
16	Maturity shift	−2,371	−1,857	−1,620	−204	0	−3	−2,259	0	−40	−601
17	Exchange	2,750	2,184	2,050	400	0	0	150	0	0	100
	Over 10 years										
18	Gross purchases	441	293	158	0	0	669	0	251	0	0
19	Gross sales	0	0	0	0	0	0	0	0	0	0
20	Maturity shift	−275	−447	0	0	0	0	0	0	0	0
21	Exchange	2,052	1,679	1,150	200	0	0	75	0	0	75
	All maturities										
22	Gross purchases	23,776	26,499	24,078	191	1,062	10,683	1,697	3,066	575	504
23	Gross sales	8,857	4,218	2,502	3,833	0	653	0	22	1,112	0
24	Redemptions	7,700	3,500	1,000	800	0	0	0	0	4,572	0
	Matched transactions										
25	Gross sales	808,986	866,175	927,997	82,086	72,306	83,822	91,642	87,228	80,304	60,731
26	Gross purchases	810,432	865,968	927,247	81,387	73,476	82,494	92,137	87,128	80,037	62,594
	Repurchase agreements[2]										
27	Gross purchases	127,933	134,253	170,431	0	5,657	37,653	59,340	24,167	3,298	9,013
28	Gross sales	127,690	132,351	160,268	3,168	5,657	23,881	73,111	22,108	2,058	12,311
29	Net change in U.S. government securities	8,908	20,477	29,989	−8,307	2,231	22,474	−11,580	5,002	−4,136	−931
	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	256	162	398	0	0	37	*	0	59	0
	Repurchase agreements[2]										
33	Gross purchases	11,509	22,183	31,142	0	897	9,265	16,071	3,907	929	2,369
34	Gross sales	11,328	20,877	30,522	857	897	5,908	19,428	2,910	996	3,298
35	Net change in federal agency obligations	−76	1,144	222	−857	0	3,320	−3,357	997	−126	−929
	BANKERS ACCEPTANCES										
36	Repurchase agreements, net	−418	0	0	0	0	0	0	0	0	0
37	**Total net change in System Open Market Account**	**8,414**	**21,621**	**30,211**	**−9,165**	**2,231**	**25,794**	**−14,936**	**5,999**	**−4,262**	**−1,861**

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 1987 Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30	End of month 1987 July	Aug.	Sept.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,068	11,068	11,068	11,068	11,075	11,069	11,068	11,075
2 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
3 Coin	437	421	427	441	449	647	446	449
Loans								
4 To depository institutions	506	1,449	672	935	1,941	634	566	1,941
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	7,623	7,623	7,623	7,624	7,623	7,623	7,623	7,623
8 Held under repurchase agreements	0	0	0	3,449	0	930	0	0
U.S. Treasury securities								
Bought outright								
9 Bills	104,293	109,309	108,765	107,914	105,785	102,526	104,888	105,785
10 Notes	75,252	75,252	78,844	78,845	78,544	75,322	75,252	78,544
11 Bonds	27,098	27,099	27,611	27,611	27,612	27,023	27,098	27,612
12 Total bought outright[2]	206,643	211,660	215,220	214,370	211,941	204,871	207,238	211,941
13 Held under repurchase agreements	0	0	0	17,229	0	3,299	0	0
14 Total U.S. Treasury securities	206,643	211,660	215,220	231,599	211,941	208,170	207,238	211,941
15 Total loans and securities	**214,772**	**220,732**	**223,515**	**243,607**	**221,505**	**217,357**	**215,427**	**221,505**
16 Items in process of collection	6,852	10,157	8,462	6,311	6,287	5,575	5,025	7,532
17 Bank premises	685	688	687	687	688	687	686	688
Other assets								
18 Denominated in foreign currencies[3]	8,241	8,122	8,130	8,134	8,038	7,666	8,244	8,038
19 All other[4]	6,827	7,035	7,755	8,328	8,344	8,096	6,822	8,344
20 Total assets	**253,900**	**263,241**	**265,062**	**283,594**	**261,404**	**256,115**	**252,736**	**262,649**
LIABILITIES								
21 Federal Reserve notes	200,215	201,970	201,266	199,915	199,680	199,115	199,424	199,680
Deposits								
22 To depository institutions	34,555	43,499	38,895	43,695	39,027	39,501	37,491	39,027
23 U.S. Treasury—General account	5,530	2,418	9,479	25,657	9,120	5,365	3,763	9,120
24 Foreign—Official accounts	213	317	282	218	456	262	295	456
25 Other	349	308	503	324	419	281	284	419
26 Total deposits	**40,647**	**46,542**	**49,159**	**69,894**	**49,022**	**45,409**	**41,833**	**49,022**
27 Deferred credit items	6,317	7,901	7,466	5,789	6,039	5,071	4,515	7,284
28 Other liabilities and accrued dividends[5]	2,247	2,532	2,859	3,661	2,386	2,341	2,280	2,386
29 Total liabilities	**249,426**	**258,945**	**260,750**	**279,259**	**257,127**	**251,936**	**248,052**	**258,372**
CAPITAL ACCOUNTS								
30 Capital paid in	1,985	2,000	1,999	2,005	2,009	1,970	1,984	2,009
31 Surplus	1,874	1,874	1,874	1,873	1,873	1,872	1,874	1,873
32 Other capital accounts	615	422	439	457	395	337	826	395
33 Total liabilities and capital accounts	**253,900**	**263,241**	**265,062**	**283,594**	**261,404**	**256,115**	**252,736**	**262,649**
34 MEMO: Marketable U.S. Treasury securities held in custody for foreign and international account	183,299	183,882	184,423	181,872	182,078	176,181	183,931	182,078
	Federal Reserve note statement							
35 Federal Reserve notes outstanding issued to bank	250,683	251,048	251,778	252,482	252,932	247,656	250,354	252,932
36 LESS: Held by bank	50,468	49,078	50,512	52,567	53,252	48,541	50,930	53,252
37 Federal Reserve notes, net	200,215	201,970	201,266	199,915	199,680	199,115	199,424	199,680
Collateral held against notes net:								
38 Gold certificate account	11,068	11,068	11,068	11,068	11,075	11,069	11,068	11,075
39 Special drawing rights certificate account	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. Treasury and agency securities	184,129	185,884	185,180	183,829	183,587	183,028	183,338	183,587
42 Total collateral	**200,215**	**201,970**	**201,266**	**199,915**	**199,680**	**199,115**	**199,424**	**199,680**

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		
	1987					1987		
	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30	July 31	Aug. 31	Sept. 30
1 Loans—Total	506	1,449	672	935	1,941	634	566	1,941
2 Within 15 days	370	1,316	631	904	1,878	503	466	1,878
3 16 days to 90 days	136	133	41	31	61	131	100	61
4 91 days to 1 year	0	0	0	0	2	0	0	2
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	206,643	211,660	215,220	231,599	211,941	208,170	207,238	211,941
10 Within 15 days[1]	11,726	10,646	13,833	12,567	12,767	12,461	8,671	12,767
11 16 days to 80 days	50,794	52,428	48,771	66,362	49,795	49,845	53,685	49,795
12 91 days to 1 year	65,120	69,582	69,950	70,004	67,296	65,929	65,878	67,296
13 Over 1 year to 5 years	40,467	40,467	43,018	43,018	42,435	40,972	40,467	42,435
14 Over 5 years to 10 years	14,200	14,201	14,819	14,819	14,819	14,702	14,201	14,819
15 Over 10 years	24,336	24,336	24,829	24,829	24,829	24,261	24,336	24,829
16 Federal agency obligations—Total	7,623	7,623	7,623	11,073	7,623	8,553	7,623	7,623
17 Within 15 days[1]	70	70	288	288	359	1,093	315	359
18 16 days to 90 days	965	966	688	4,138	602	843	726	602
19 91 days to 1 year	1,375	1,374	1,444	1,444	1,446	1,307	1,353	1,446
20 Over 1 year to 5 years	3,647	3,647	3,602	3,602	3,615	3,741	3,663	3,615
21 Over 5 years to 10 years	1,286	1,286	1,321	1,321	1,321	1,289	1,286	1,321
22 Over 10 years	280	280	280	280	280	280	280	280

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE

Billions of dollars, averages of daily figures

Item	1983 Dec.	1984 Dec.[r]	1985 Dec.	1986 Dec.	1987 Feb.	Mar.	Apr.	May	June	July	Aug.[r]	Sept.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]												
1 **Total reserves[2]**	**36.11**	**39.91**	**46.06**	**56.17**	**56.87**	**56.85**	**57.95**	**58.35**	**57.71**	**57.60**	**57.88**	**57.83**
2 Nonborrowed reserves	35.33	36.72	44.74	55.34	56.32	56.32	56.96	57.32	56.93	56.93	57.23	56.89
3 Nonborrowed reserves plus extended credit[3]	35.33	39.33	45.24	55.64	56.60	56.59	57.23	57.60	57.20	57.12	57.36	57.30
4 Required reserves	35.55	39.06	45.00	54.80	55.66	55.94	57.13	57.27	56.52	56.84	56.84	57.03
5 Monetary base[4]	185.23	199.60	217.32	239.51	243.97	244.56	246.59	248.37	248.48	249.46	250.80	251.86
	Not seasonally adjusted											
6 **Total reserves[2]**	**36.81**	**40.94**	**47.24**	**57.64**	**56.09**	**56.07**	**58.37**	**57.30**	**57.63**	**57.74**	**57.39**	**57.50**
7 Nonborrowed reserves	36.04	37.75	45.92	56.81	55.53	55.54	57.38	56.26	56.85	57.07	56.74	56.56
8 Nonborrowed reserves plus extended credit[3]	36.04	40.35	46.42	57.11	55.81	55.80	57.65	56.55	57.12	57.27	56.88	56.97
9 Required reserves	36.25	40.08	46.18	56.27	54.88	55.15	57.54	56.22	56.43	56.98	56.36	56.70
10 Monetary base[4]	188.50	202.70	220.82	243.63	240.82	241.92	246.07	246.83	249.29	251.42	251.42	251.61
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
11 **Total reserves[2]**	**38.89**	**40.70**	**48.14**	**59.56**	**57.06**	**57.06**	**59.39**	**58.34**	**58.78**	**58.84**	**58.36**	**59.82**
12 Nonborrowed reserves	38.12	37.51	46.82	58.73	56.50	56.53	58.40	57.30	58.01	58.17	57.71	58.88
13 Nonborrowed reserves plus extended credit[3]	38.12	40.09	47.41	59.04	56.74	56.82	58.19	58.03	58.34	58.37	57.76	58.85
14 Required reserves	38.33	39.84	47.08	58.19	55.85	56.15	58.57	57.26	57.59	58.08	57.33	59.02
15 Monetary base[4]	192.26	204.18	223.53	247.71	244.22	244.98	249.24	249.94	252.54	254.67	254.36	255.69

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

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

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

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

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

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

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

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Billions of dollars, averages of daily figures

Item[1]	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1987 June[r]	1987 July[r]	1987 Aug.[r]	1987 Sept.
	Seasonally adjusted							
1 M1	526.9	557.5	627.0	730.5	746.6	747.6	750.9	751.1
2 M2	2,184.6	2,369.1	2,569.5	2,801.2	2,841.5	2,847.7	2,862.1	2,874.7
3 M3	2,692.8	2,985.4	3,205.2	3,492.3	3,576.5	3,583.5	3,605.5	3,622.6
4 L	3,154.6	3,528.1[r]	3,837.6[r]	4,139.9[r]	4,228.4	4,221.6	4,248.5	n.a.
5 Debt	5,195.5[r]	5,932.9[r]	6,746.9[r]	7,601.3[r]	7,917.0	7,954.2	8,003.4	n.a.
M1 components								
6 Currency[2]	148.3	158.5	170.6	183.5	191.1	192.1	193.2	194.5
7 Travelers checks[3]	4.9	5.2	5.9	6.4	6.8	6.8	6.9	7.0
8 Demand deposits[4]	242.3	248.3	272.2	308.3	297.4	296.2	296.4	294.0
9 Other checkable deposits[5]	131.4	145.5	178.3	232.2	251.2	252.5	254.5	255.5
Nontransactions components								
10 In M2[6]	1,657.7	1,811.5	1,942.5	2,070.8	2,095.0	2,100.1	2,111.1	2,123.6
11 In M3 only[7]	508.2	616.3	635.7	691.1	734.9	735.8	743.4	747.9
Savings deposits[8]								
12 Commercial Banks	133.2	122.2	124.6	154.5	175.5	176.6	178.0	178.0
13 Thrift institutions	173.0	166.6	179.0	211.8	239.7	240.2	242.0	241.5
Small denomination time deposits[9]								
14 Commercial Banks	350.9	386.6	383.9	364.7	360.1	363.4	365.3	367.2
15 Thrift institutions	432.9	498.6	500.3	488.7	490.0	495.3	500.5	505.3
Money market mutual funds								
16 General purpose and broker/dealer	138.2	167.5	176.5	207.6	209.6	209.8	212.8	216.5
17 Institution-only	43.2	62.7	65.1	84.1	81.3	83.4	83.4	80.7
Large denomination time deposits[10]								
18 Commercial Banks[11]	230.0	269.6	284.1	291.8	314.9	313.7	313.7	314.3
19 Thrift institutions	96.2	147.3	152.1	155.3	150.2	151.3	153.0	155.2
Debt components								
20 Federal debt	1,170.8[r]	1,365.3	1,584.3[r]	1,803.9	1,885.6	1,888.6	1,902.5	n.a.
21 Nonfederal debt	4,024.6[r]	4,567.6[r]	5,162.6[r]	5,797.4	6,031.4	6,065.6	6,100.9	n.a.
	Not seasonally adjusted							
22 M1	538.3	570.3	641.0	746.5	749.1	751.5	749.3	749.3
23 M2	2,191.6	2,378.3	2,580.5	2,814.7	2,842.7	2,854.8	2,860.1	2,867.5
24 M3	2,702.4	2,997.2	3,218.4	3,507.5	3,574.3	3,583.2	3,601.0	3,617.4
25 L	3,163.1	3,538.8[r]	3,849.4[r]	4,153.4	4,227.6	4,221.8	4,245.1	n.a.
26 Debt	5,189.7[r]	5,927.1[r]	6,740.7[r]	7,594.9	7,890.5	7,930.8	7,982.1	n.a.
M1 components								
27 Currency[2]	150.6	160.8	173.1	186.2	191.9	193.8	194.1	194.3
28 Travelers checks[3]	4.6	4.9	5.5	6.0	7.1	7.7	7.9	7.6
29 Demand deposits[4]	251.0	257.2	282.0	319.5	298.8	298.6	294.8	293.3
30 Other checkable deposits[5]	132.2	147.4	180.4	235.0	251.3	251.4	252.5	254.2
Nontransactions components								
31 M2[6]	1,653.3	1,808.0	1,939.5	2,068.2	2,093.6	2,103.3	2,110.8	2,118.2
32 M3 only[7]	510.8	618.9	637.9	692.8	731.6	728.5	740.9	749.9
Money market deposit accounts								
33 Commercial Banks	230.4	267.4	332.5	379.0	367.6	365.2	364.0	362.5
34 Thrift institutions	148.5	150.0	180.7	192.4	185.9	182.8	179.5	176.6
Savings deposits[8]								
35 Commercial Banks	132.2	121.4	123.9	153.8	176.6	178.4	178.2	177.9
36 Thrift institutions	172.4	166.2	178.8	211.8	240.9	241.9	240.1	239.4
Small denomination time deposits[9]								
37 Commercial Banks	351.1	386.7	383.8	364.4	359.7	363.9	366.7	368.9
38 Thrift institutions	433.5	499.6	501.5	489.8	487.2	494.9	499.7	504.5
Money market mutual funds								
39 General purpose and broker/dealer	138.2	167.5	176.5	207.6	209.6	209.8	212.8	216.5
40 Institution-only	43.2	62.7	65.1	84.1	81.3	83.4	83.4	80.7
Large denomination time deposits[10]								
41 Commercial Banks[11]	231.6	271.2	285.6	293.2	311.8	310.4	313.0	315.6
42 Thrift institutions	96.3	147.3	151.9	154.9	149.8	150.7	153.2	155.6
Debt components								
43 Federal debt	1,170.2	1,364.7	1,583.7	1,803.3	1,869.1	1,872.4	1,887.4	n.a.
44 Nonfederal debt	4,019.5[r]	4,562.4[r]	5,156.9[r]	5,791.6	6,021.4	6,058.4	6,094.7	n.a.

For notes see following page.

NOTES TO TABLE 1.21

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

2. Currency outside the U.S. Treasury, Federal Reserve Banks, and, vaults of commercial banks. Excludes the estimated amount of vault cash held by thrift institutions to service their OCD liabilities.
3. Outstanding amount of U.S. dollar-denominated travelers checks of nonbank issuers. Travelers checks issued by depository institutions are included in demand deposits.
4. Demand deposits at commercial banks and foreign-related institutions other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float. Excludes the estimated amount of demand deposits held at commercial banks by thrift institutions to service their OCD liabilities.
5. Consists of NOW and ATS balances at all depository institutions, credit union share draft balances, and demand deposits at thrift institutions. Other checkable deposits seasonally adjusted equals the difference between the seasonally adjusted sum of demand deposits plus OCD and seasonally adjusted demand deposits. Included are all ceiling free "Super NOWs," authorized by the Depository Institutions Deregulation committee to be offered beginning Jan. 5, 1983.
6. Sum of overnight RPs and overnight Eurodollars, money market fund balances (general purpose and broker/dealer), MMDAs, and savings and small time deposits, less the consolidation adjustment that represents the estimated amount of demand deposits and vault cash held by thrift institutions to service their time and savings deposits liabilities.
7. Sum of large time deposits, term RPs, and term Eurodollars of U.S. residents, money market fund balances (institution-only), less a consolidation adjustment that represents the estimated amount of overnight RPs and Eurodollars held by institution-only money market funds.
8. Savings deposits exclude MMDAs.
9. Smnall-denomination time deposits—including retail RPs—are those issued in amounts of less than $100,000. All individual retirement accounts (IRA) and Keogh accounts at commercial banks and thrifts are subtracted from small time deposits.
10. Large-denomination time deposits are those issued in amounts of $100,000 or more, excluding those booked at international banking facilities.
11. Large-denomination time deposits at commercial banks less those held by money market mutual funds, depository institutions, and foreign banks and official institutions.
NOTE: Latest monthly and weekly figures are available from the Board's H.6 (508) release. Historical data are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

1.22 BANK DEBITS AND DEPOSIT TURNOVER

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

Bank group, or type of customer	1984[1]	1985[1]	1986[1]	1987 Jan.	Feb.	Mar.	Apr.	May	June
DEBITS TO	Seasonally adjusted								
Demand deposits[2]									
1 All insured banks	128,440.8	154,556.0	189,534.1	210,574.2	211,169.4	217,019.7	224,603.0	222,774.5	212,202.0
2 Major New York City banks	57,392.7	70,445.1	91,212.9	99,357.1	98,712.3	104,224.5	107,159.2	106,599.1	100,320.9
3 Other banks	71,048.1	84,110.9	98,321.4	111,217.1	112,457.1	112,795.2	117,443.7	116,175.4	111,881.1
4 ATS-NOW accounts[3]	1,588.7	1,920.8	2,351.1	2,255.7	2,306.0	2,344.6	2,384.7	2,425.1	2,437.0
5 Savings deposits[4]	633.1	539.0	410.9	459.2	477.7	468.6	528.0	508.9	568.2
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	434.4	496.5	561.8	580.3	594.7	613.8	627.0	613.0	594.9
7 Major New York City banks	1,843.0	2,168.9	2,460.6	2,426.4	2,461.0	2,707.8	2,711.5	2,660.3	2,713.7
8 Other banks	268.6	301.8	327.4	345.5	357.0	358.0	368.5	359.3	349.9
9 ATS-NOW accounts[3]	15.8	16.7	16.8	13.4	13.5	13.6	13.6	13.9	14.0
10 Savings deposits[4]	5.0	4.5	3.1	2.9	2.9	2.8	3.1	2.9	3.3
DEBITS TO	Not seasonally adjusted								
Demand deposits[2]									
11 All insured banks	128,059.1	154,108.4	189,443.3	216,638.7	191,572.9	222,532.0	229,095.0	209,229.8	224,042.8
12 Major New York City banks	57,282.4	70,400.9	91,294.4	102,274.2	89,866.7	106,161.2	108,597.8	98,828.3	106,422.2
13 Other banks	70,776.9	83,707.8	98,149.0	114,364.5	101,706.2	116,370.8	120,497.3	110,401.5	117,620.6
14 ATS-NOW accounts[3]	1,579.5	1,903.4	2,338.4	2,679.2	2,173.2	2,422.7	2,735.8	2,420.5	2,617.4
15 MMDA[5]	848.8	1,179.0	1,599.3	1,913.3	1,600.7	1,754.4	2,071.1	1,786.2	1,901.2
16 Savings deposits[4]	632.9	538.7	404.3	499.0	434.6	476.2	570.8	492.4	571.5
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	433.5	497.4	564.0	579.9	550.0	641.0	635.1	582.7	630.0
18 Major New York City banks	1,838.6	2,191.1	2,494.3	2,345.5	2,273.2	2,742.6	2,755.6	2,496.3	2,816.8
19 Other banks	267.9	301.6	327.9	346.6	329.4	377.3	375.0	345.6	370.1
20 ATS-NOW accounts[3]	15.7	16.6	16.8	15.7	12.9	14.1	15.2	14.0	15.1
21 MMDA[5]	3.5	3.8	4.5	5.1	4.3	4.7	5.6	4.9	5.2
22 Savings deposits[4]	5.0	4.5	3.1	3.1	2.7	2.9	3.4	2.8	3.3

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

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

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

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1986			1987								
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Seasonally adjusted											
1 **Total loans and securities[2]**	**2,052.4**	**2,063.5**	**2,089.8**	**2,118.3**	**2,119.7**	**2,126.2**	**2,147.3**	**2,160.6**	**2,167.1**	**2,169.5**	**2,189.0r**	**2,206.7**
2 U.S. government securities	299.6	304.1	309.9	316.3	315.2	314.3	315.8	320.1	316.9	319.8	328.6r	331.8
3 Other securities	199.8	197.9	196.9	190.2	193.8	195.5	197.2	197.6	198.5	196.9	194.9r	194.5
4 Total loans and leases[2]	1,553.0	1,561.5	1,583.0	1,611.8	1,610.7	1,616.4	1,634.3	1,642.9	1,651.7	1,652.8	1,665.5	1,680.4
5 Commercial and industrial	520.0	525.7	541.4	554.1	553.8	551.7	553.9	555.9	558.0	555.5	555.6r	560.6
6 Bankers acceptances held[3]	6.7	6.4	6.4	6.8	6.8	6.2	6.5	6.8	6.8	6.7	7.5	7.6
7 Other commercial and industrial	513.3	519.2	535.0	547.2	546.9	545.5	547.4	549.0	551.2	548.9r	548.1	553.0
8 U.S. addressees[4]	504.6	510.7	525.7	537.8	537.9	536.9	539.0	540.9	542.8	540.6	540.0	544.9
9 Non-U.S. addressees[4]	8.8	8.5	9.3	9.4	9.0	8.6	8.4	8.1	8.4	8.3	8.1	8.1
10 Real estate	474.2	479.6	489.0	499.2	504.0	511.0	517.9	526.3	537.2	544.1	551.3r	556.2
11 Individual	311.2	312.6	314.2	314.9	315.2	315.7	316.6	316.7	314.5	314.6	316.9	318.9
12 Security	39.1	40.1	38.7	37.7	38.5	38.3	43.6	42.0	42.2	41.7	44.0	45.0
13 Nonbank financial institutions	35.5	34.9	35.2	35.7	34.7	35.0	35.4	35.4	33.9	31.9	30.9	30.9
14 Agricultural	32.4	32.2	31.8	31.4	30.8	30.0	29.8	29.9	29.9	30.0	30.2	30.2
15 State and political subdivisions	59.3	58.7	57.9	57.8	57.2	57.0r	56.0	55.2	54.4	53.2	52.6	52.4
16 Foreign banks	10.0	10.0	10.4	10.6	10.3	9.7	9.9	9.9	10.3	9.4	9.5	9.8
17 Foreign official institutions	6.0	5.9	5.8	5.9	6.1	6.7	6.7	5.8	5.3	5.2	5.1	5.1
18 Lease financing receivables	21.8	22.0	22.2	22.1	22.2	22.3	22.6	22.9	23.1	23.2	23.3	23.8
19 All other loans	43.4	39.9	36.4	42.4	38.0	38.9	41.9	43.1	42.8	44.0	46.1	47.6
	Not seasonally adjusted											
20 **Total loans and securities[2]**	**2,044.0**	**2,064.2**	**2,105.2**	**2,123.7**	**2,121.6**	**2,127.8**	**2,148.4**	**2,157.9**	**2,166.8**	**2,164.5**	**2,180.5**	**2,204.3**
21 U.S. government securities	296.1	303.2	308.3	314.6	318.9	317.2	317.7	319.7	317.4	321.0	327.5r	330.5
22 Other securities	200.1	198.3	198.1	193.7	194.1	194.4	195.2	196.8	197.1	194.8	195.3	195.5
23 Total loans and leases[2]	1,547.8	1,562.6	1,598.7	1,615.4	1,608.6	1,616.2	1,635.4	1,641.4	1,652.4	1,648.7	1,657.7	1,678.3
24 Commercial and industrial	517.8	525.2	544.3	552.4	551.7	554.5	556.5	557.5	559.1	554.6	552.7	559.3
25 Bankers acceptances held[3]	6.6	6.6	6.7	6.7	6.7	6.2	6.4	6.7	6.9	6.8	7.4	7.7
26 Other commercial and industrial	511.2	518.5	537.6	545.8	545.0	548.3	550.0	550.8	552.3	547.8	545.3	551.6
27 U.S. addressees[4]	502.1	509.5	528.8	537.1	536.3	539.9	541.6	542.5	543.7	539.0	536.8	543.3
28 Non-U.S. addressees[4]	9.1	9.1	8.8	8.7	8.7	8.4	8.4	8.3	8.6	8.8	8.5	8.4
29 Real estate	475.1	480.7	489.9	499.3	503.1	509.8	516.7	525.4	536.8	544.3	551.5	557.3
30 Individual	312.3	313.7	317.8	317.9	314.7	313.3	314.4	314.8	313.2	313.5	316.7	319.8
31 Security	37.8	40.4	41.0	39.4	37.5	38.6	45.1	42.0	43.0	40.9	41.5	43.4
32 Nonbank financial institutions	35.6	35.4	36.3	35.7	33.8	33.8	34.8	34.9	33.9	31.9	31.1	31.6
33 Agricultural	33.1	32.3	31.5	30.7	29.9	29.1	29.1	29.7	30.3	30.7	31.0	31.1
34 State and political subdivisions	59.3	58.7	57.9	57.8	57.2	57.0r	56.0	55.2	54.4	53.2	52.6	52.4
35 Foreign banks	10.0	10.1	10.9	10.7	10.5	9.7	9.5	9.6	10.0	9.4	9.3	10.0
36 Foreign official institutions	6.0	5.9	5.8	5.9	6.1	6.7	6.7	5.8	5.3	5.2	5.1	5.1
37 Lease financing receivables	21.5	21.8	22.2	22.4	22.4	22.5	22.7	22.9	23.2	23.1	23.2r	23.6
38 All other loans	39.1	38.5	41.2	43.1	41.5	41.2	43.9	43.6	43.2	42.0	42.9	44.7

1. These data also appear in the Board's G.7 (407) release.
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	1986			1987								
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
Total nondeposit funds												
1 Seasonally adjusted[2]	141.4	145.3[r]	146.5[r]	155.3	159.6	164.1	161.0[r]	169.7[r]	165.9	158.5	164.1	174.3
2 Not seasonally adjusted	140.4	146.9	146.6[r]	154.8	162.3	166.5	161.1[r]	170.5[r]	163.2[r]	155.3	164.2	173.7
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	168.7	167.2	165.6	171.0[r]	171.6[r]	170.4[r]	171.2	169.6	167.7	166.1	165.4	163.4
4 Not seasonally adjusted	167.7	168.8	165.7	170.5[r]	174.3[r]	172.7	171.4[r]	170.4	165.0	162.9	165.5	162.8
5 Net balances due to foreign-related institutions, not seasonally adjusted	−27.3	−21.9[r]	−19.0	−15.7[r]	−12.0[r]	−6.3[r]	−10.3	.1[r]	−1.8[r]	−7.6	−1.3	10.9
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[4]	−31.9	−28.7	−30.6	−26.1	−23.8[r]	−21.1	−23.0	−15.5[r]	−15.5[r]	−22.2	−17.7	−11.8
7 Gross due from balances	73.5	70.8	73.3	71.5	68.3	66.0	70.5	68.5[r]	67.1	66.4	64.5	64.3
8 Gross due to balances	41.6	42.1	42.7	45.4	44.5	44.9	47.5	53.0[r]	51.5	44.2	46.8	52.5
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[5]	4.6	6.9	11.5[r]	10.4[r]	11.8	14.8[r]	12.7	15.6[r]	13.7	14.6	16.4	22.7
10 Gross due from balances	68.2	68.8[r]	70.9[r]	75.1[r]	73.0[r]	71.1	72.6	75.4	77.1	77.1	77.4	77.1
11 Gross due to balances	72.9	75.6	82.5	85.5	84.7	86.0	85.3	91.0[r]	90.8	91.7	93.8	99.8
Security RP borrowings												
12 Seasonally adjusted[6]	97.9	98.1	98.5	101.1	97.7	95.1	98.6	99.2	101.5	102.1	103.7	106.0
13 Not seasonally adjusted	97.0	99.7	98.6	100.6	100.4	97.4	98.7	100.0	98.7	98.9	103.8	105.3
U.S. Treasury demand balances[7]												
14 Seasonally adjusted	17.1	23.2	21.2	21.3	23.2	17.7	20.7	26.1	27.9	24.7	29.1	23.3
15 Not seasonally adjusted	15.3	15.3	19.2	27.5	28.6	17.1	21.6	30.8	25.5	26.6	21.6	25.5
Time deposits, $100,000 or more[8]												
16 Seasonally adjusted	342.5	343.2	345.6	350.1	351.1	354.1	359.8	366.2	372.9	371.8	370.8	370.6
17 Not seasonally adjusted	343.7	343.9	347.0	351.3	353.2	356.4	357.2	364.8	369.8	368.5	370.2	371.9

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks. New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans.
4. Averages of daily figures for member and nonmember banks.
5. Averages of daily data.
6. Based on daily average data reported by 122 large banks.
7. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.
8. Averages of Wednesday figures.

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

Billions of dollars

Account	1986		1987								
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
1 Loans and securities	2,227.3	2,314.3	2,284.8	2,279.4	2,279.2	2,306.2	2,318.9	2,313.4	2,324.3	2,342.2	2,368.7
2 Investment securities	475.4	479.6	482.2	484.7	486.2	492.5	495.4	493.2	497.7	501.7	502.5
3 U.S. government securities	287.3	292.6	296.1	298.8	299.5	305.1	307.0	303.4	308.2	312.7	312.8
4 Other	188.0	187.0	186.1	185.9	186.7	187.5	188.4	189.8	189.4	189.0	189.7
5 Trading account assets	28.1	27.8	26.4	29.0	25.2	23.3	21.4	20.2	20.4	20.0	19.5
6 Total loans	1,723.8	1,807.0	1,776.3	1,765.6	1,767.8	1,790.3	1,802.1	1,800.0	1,806.2	1,820.5	1,846.7
7 Interbank loans	154.7	168.9	160.1	156.7	154.3	151.8	160.4	150.9	157.5	162.5	158.1
8 Loans excluding interbank	1,569.1	1,638.1	1,616.2	1,608.9	1,613.5	1,638.5	1,641.7	1,649.1	1,648.7	1,658.0	1,688.5
9 Commercial and industrial	524.9	568.2	551.1	551.5	555.3	555.5	558.2	558.0	551.8	551.6	564.8
10 Real estate	481.8	497.5	499.9	503.5	510.7	519.0	527.4	539.1	547.3	552.7	559.3
11 Individual	314.1	320.4	317.0	314.7	313.1	315.2	314.8	312.6	314.5	317.2	320.9
12 All other	248.2	252.0	248.3	239.2	234.4	248.9	241.3	239.5	235.2	236.6	243.5
13 Total cash assets	227.0	273.7	214.4	206.3	203.8	209.7	230.8	213.1	207.1	209.3	221.1
14 Reserves with Federal Reserve Banks	32.2	41.2	33.4	28.4	31.1	29.8	37.9	33.8	32.8	37.6	33.3
15 Cash in vault	22.2	25.7	23.7	23.5	22.9	24.0	25.1	24.2	24.4	24.6	24.4
16 Cash items in process of collection	86.5	111.3	74.5	71.4	68.1	74.5	81.3	74.4	68.6	65.6	81.3
17 Demand balances at U.S. depository institutions	38.3	43.3	34.0	33.0	32.7	33.9	37.2	31.1	31.6	31.4	32.6
18 Other cash assets	47.9	52.3	48.8	50.1	49.0	47.5	49.3	49.7	49.6	50.0	49.5
19 Other assets	202.2	224.8	201.3	201.1	202.1	204.0	208.7	203.8	189.0	190.7	200.0
20 Total assets/total liabilities and capital	**2,656.5**	**2,812.8**	**2,700.5**	**2,686.8**	**2,685.2**	**2,719.9**	**2,758.3**	**2,730.4**	**2,720.4**	**2,742.2**	**2,789.8**
21 Deposits	1,900.2	2,018.0	1,898.3	1,895.5	1,899.6	1,919.5	1,939.1	1,923.4	1,924.6	1,926.4	1,968.5
22 Transaction deposits	596.3	691.1	577.8	569.2	568.8	590.7	596.9	578.2	573.7	572.6	610.7
23 Savings deposits	522.9	535.0	532.3	535.9	539.7	535.1	538.6	535.0	536.0	535.2	532.7
24 Time deposits	781.1	791.9	788.2	790.3	791.2	793.6	803.6	810.1	814.9	818.6	825.0
25 Borrowings	397.4	414.5	432.7	425.6	414.9	422.7	435.6	428.3	424.0	435.1	424.0
26 Other liabilities	180.0	199.6	188.0	184.6	188.7	195.2	200.3	201.3	201.1	209.2	224.8
27 Residual (assets less liabilities)	178.9	180.6	181.5	181.2	181.9	182.5	183.3	177.4	170.7	171.4	172.6
MEMO											
28 U.S. government securities (including trading account)	304.8	308.4	314.5	320.1	316.7	318.9	320.6	315.8	322.6	326.3	326.7
29 Other securities (including trading account)	198.8	198.9	194.1	193.7	194.7	196.9	196.1	197.6	195.5	195.4	195.3
DOMESTICALLY CHARTERED COMMERCIAL BANKS[3]											
30 Loans and securities	2,094.7	2,154.4	2,136.7	2,130.3	2,121.7	2,146.9	2,156.2	2,151.9	2,157.7	2,174.9	2,191.2
31 Investment securities	457.1	459.3	461.5	463.3	463.6	470.0	471.5	469.8	473.8	478.1	478.1
32 U.S. Treasury securities	279.0	283.0	286.8	289.2	289.4	295.2	296.7	294.0	298.4	302.7	302.2
33 Other	178.2	176.3	174.8	174.1	174.2	174.8	174.8	175.9	175.4	175.3	175.9
34 Trading account assets	28.1	27.8	26.4	29.0	25.2	23.3	21.4	20.2	20.4	20.0	19.5
35 Total loans	1,609.5	1,667.3	1,648.8	1,638.0	1,632.9	1,653.6	1,663.3	1,661.8	1,663.5	1,676.9	1,693.6
36 Interbank loans	133.0	137.9	134.3	130.5	124.1	124.2	128.6	121.5	122.9	129.5	124.6
37 Loans excluding interbank	1,476.4	1,529.5	1,514.5	1,507.5	1,508.8	1,529.3	1,534.7	1,540.4	1,540.6	1,547.4	1,569.0
38 Commercial and industrial	455.7	488.2	475.5	474.1	474.6	473.5	475.3	471.7	466.0	464.7	470.8
39 Real estate	475.1	490.3	493.2	497.0	504.1	512.0	520.3	532.1	539.9	544.9	551.3
40 Individual	313.8	320.1	316.7	314.4	312.7	314.9	314.5	312.3	314.2	316.8	320.6
41 All other	231.8	230.9	229.2	221.9	217.4	229.0	224.7	224.3	220.6	221.0	226.3
42 Total cash assets	210.0	253.5	196.6	188.9	186.5	192.5	213.2	195.3	189.1	190.1	201.4
43 Reserves with Federal Reserve Banks	29.8	39.7	31.2	27.1	29.7	27.2	35.9	32.1	31.4	36.2	31.0
44 Cash in vault	22.2	25.7	23.6	23.5	22.8	24.0	25.0	24.1	24.4	24.6	24.4
45 Cash items in process of collection	86.1	110.9	74.0	71.0	67.7	74.0	80.9	73.9	68.1	65.1	80.7
46 Demand balances at U.S. depository institutions	36.3	40.8	32.2	31.1	31.1	31.9	35.1	29.3	29.8	29.8	30.6
47 Other cash assets	35.6	36.4	35.6	36.4	35.2	35.4	36.2	35.9	35.4	34.4	34.7
48 Other assets	141.6	165.0	141.5	144.0	143.4	144.4	143.1	134.4	121.8	121.5	135.8
49 Total assets/liabilities and capital	**2,446.3**	**2,572.8**	**2,474.8**	**2,463.2**	**2,451.5**	**2,483.8**	**2,512.5**	**2,481.5**	**2,468.7**	**2,486.5**	**2,528.4**
50 Deposits	1,844.8	1,957.0	1,840.8	1,838.2	1,840.7	1,857.1	1,876.5	1,861.5	1,863.9	1,864.7	1,906.3
51 Transaction deposits	588.2	682.2	569.4	561.3	560.5	582.2	588.4	569.7	565.6	564.3	602.0
52 Savings deposits	520.8	533.0	530.3	533.9	537.7	533.1	536.6	533.0	533.9	533.0	530.6
53 Time deposits	735.8	741.8	741.1	743.0	742.5	741.8	751.4	758.8	764.4	767.3	773.7
54 Borrowings	314.1	322.9	341.7	336.1	319.1	328.2	337.1	328.6	321.1	335.8	326.5
55 Other liabilities	111.7	115.5	114.0	110.8	113.0	119.1	118.8	117.1	116.1	117.6	126.1
56 Residual (assets less liabilities)	175.8	177.5	178.3	178.1	178.8	179.4	180.2	174.3	167.6	168.3	169.5

1. Data have been revised because of benchmarking to new Call Reports and new seasonal factors beginning July 1985. Back data are available from the Banking Section, Board of Governors of the Federal Reserve System, Washington, D.C., 20551.

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

Millions of dollars, Wednesday figures

Account	1987								
	Aug. 5r	Aug. 12	Aug. 19	Aug. 26r	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30
1 Cash and balances due from depository institutions	99,858	95,253r	98,185r	98,661	97,724	110,654	106,592	104,100	104,111
2 Total loans, leases and securities, net	**998,155**	**1,000,088r**	**998,940r**	**1,001,475**	**1,003,452**	**1,006,201**	**1,009,105**	**1,011,648**	**1,014,816**
3 U.S. Treasury and government agency	118,689	116,954	118,413	115,146	116,957	119,263	117,428	117,536	115,805
4 Trading acount	18,513	16,111	17,200	13,155	13,257	14,088	13,307	14,236	13,881
5 Investment account, by maturity	100,176	100,842	101,212	101,991	103,699	105,175	104,121	103,300	101,924
6 One year or less	16,490	16,704	16,744	16,869	17,087	17,085	17,048	16,932	17,007
7 Over one through five years	44,874	45,352	45,606	45,339	47,009	47,967	47,811	47,338	45,594
8 Over five years	38,812	38,787	38,863	39,783	39,603	40,122	39,263	39,030	39,323
9 Other securities	67,163	67,389r	67,621r	67,538	67,790	67,249	67,129	67,121	68,080
10 Trading account	2,960	3,083	3,209	3,220	3,050	2,720	2,960	3,083	2,932
11 Investment account	64,203	64,306r	64,412r	64,318	64,740	64,529	64,169	64,038	65,147
12 States and political subdivisions, by maturity	49,790	49,846	49,765	49,696	49,550	49,422	49,087	48,976	48,824
13 One year or less	5,764	5,555	5,520	5,549	5,492	5,436	5,155	5,129	5,166
14 Over one year	44,026	44,290	44,245	44,147	44,058	43,986	43,932	43,846	43,659
15 Other bonds, corporate stocks, and securities	14,413	14,460r	14,647r	14,622	15,190	15,108	15,082	15,062	16,323
16 Other trading account assets	2,748	2,999	2,735	3,100	3,319	3,239	2,845	2,915	2,683
17 Federal funds sold[1]	62,858	66,323	64,290	68,352	64,961	64,174	66,039	68,856	65,237
18 To commercial banks	36,680	39,612	37,725	40,236	35,572	39,069	38,844	40,569	39,565
19 To nonbank brokers and dealers in securities	18,646	21,305	18,923	19,121	21,310	18,246	19,212	20,748	17,585
20 To others	7,532	5,406	7,643	8,995	8,079	6,858	7,983	7,539	8,086
21 Other loans and leases, gross	785,770	785,464r	784,966r	786,475	789,701	791,595	794,979	794,519	801,967
22 Other loans, gross	766,301	765,990r	765,479r	766,963	770,186	772,056	775,486	774,982	782,746
23 Commercial and industrial	269,817	269,781r	269,304r	268,965	269,617	269,562	271,206	272,081	275,165
24 Bankers acceptances and commercial paper	2,370	2,350	2,226	2,166	2,360	2,373	2,346	2,180	2,196
25 All other	267,447	267,431r	267,077r	266,799	267,257	267,189	268,859	269,900	272,969
26 U.S. addressees	264,356	264,380r	263,981r	263,688	264,151	264,121	265,772	266,889	270,031
27 Non-U.S. addressees	3,091	3,050	3,096	3,111	3,105	3,067	3,088	3,012	2,938
28 Real estate loans	232,111	232,826r	233,915r	234,060	234,225	234,774	236,214	236,552	237,229
29 To individuals for personal expenditures	141,658	141,824r	142,209r	142,722	143,007	143,083	143,291	143,554	143,376
30 To depository and financial institutions	50,538	49,857r	49,296r	49,697	49,537	51,052	50,204	48,238	48,706
31 Commercial banks in the United States	22,386	22,238r	22,051r	21,883	21,841	22,485	21,143	21,016	20,324
32 *Banks in foreign countries*	4,905	4,446	4,141	5,241	5,019	5,510	5,606	4,586	4,763
33 Nonbank depository and other financial institutions	23,248	23,172	23,104	22,573	22,676	23,057	23,455	22,636	23,619
34 For purchasing and carrying securities	13,710	13,160	13,469	14,095	15,678	14,626	16,406	16,111	17,064
35 To finance agricultural production	5,623	5,650r	5,596r	5,643	5,604	5,634	5,620	5,625	5,717
36 To states and political subdivisions	31,697	31,690	31,666r	31,620	31,495	31,454	31,517	31,480	31,685
37 To foreign governments and official institutions	2,938	2,838	2,802	2,994	2,912	2,781	2,777	2,843	2,831
38 All other	18,208	18,364r	17,222r	17,166	18,111	19,088	18,250	18,497	20,973
39 Lease financing receivables	19,470	19,474r	19,487r	19,513	19,515	19,540	19,493	19,537	19,220
40 LESS: Unearned income	4,691	4,708r	4,725r	4,730	4,725	4,738	4,724	4,754	4,710
41 Loan and lease reserve	34,383	34,333r	34,361r	34,406	34,550	34,581	34,590	34,545	34,246
42 Other loans and leases, net	746,697	746,423r	745,880r	747,339	750,426	752,277	755,664	755,220	763,011
43 All other assets	121,285	118,812r	120,870r	120,219	118,980	119,757	116,572	115,748	127,040
44 Total assets	**1,219,298**	**1,214,153r**	**1,217,996r**	**1,220,355**	**1,220,156**	**1,236,612**	**1,232,269**	**1,231,496**	**1,245,967**
45 Demand deposits	224,588	216,760r	219,009	211,648	224,446	225,703	226,620	214,153	239,687
46 Individuals, partnerships, and corporations	172,568	171,587r	170,586	163,403	175,618	175,704	174,713	166,684	185,722
47 States and political subdivisions	5,567	4,616	5,095r	5,329	6,022	5,098	5,761	5,731	6,169
48 U.S. government	4,461	2,695	4,041r	2,475	1,530	2,478	4,771	2,873	3,098
49 Depository institutions in United States	24,590	22,867	23,003	23,403	24,072	26,238	24,027	20,715	26,537
50 Banks in foreign countries	6,511	5,443	5,844	6,611	6,536	6,833	7,162	6,103	6,871
51 Foreign governments and official institutions	1,377	1,061	978	1,322	1,189	984	935	1,026	1,000
52 Certified and officers' checks	9,512	8,490	9,462	9,104	9,479	8,367	9,250	11,021	10,290
53 Transaction balances other than demand deposits	61,794	60,818	60,770	60,382	62,351	62,916	62,428	59,809	60,321
54 Nontransaction balances	527,258	526,644r	526,371	525,448	525,948	525,084	524,854	524,514	526,449
55 Individuals, partnerships and corporations	490,648	490,144r	489,753r	488,667	489,147	488,297	488,185	487,583	488,738
56 States and political subdivisions	25,376	25,439r	25,507r	25,587	25,678	25,652	25,478	25,704	25,834
57 *U.S. government*	889	892	882	869	777	832	813	631	813
58 Depository institutions in the United States	9,548	9,372r	9,435r	9,514	9,536	9,496	9,587	9,780	10,279
59 Foreign governments, official institutions and banks	797	796	794	812	809	806	790	817	786
60 Liabilities for borrowed money	247,312	249,106r	251,079r	259,050	243,481	258,354	255,511	259,738	247,036
61 Borrowings from Federal Reserve Banks	0	785	0	2,426	0	787	161	330	1,148
62 Treasury tax-and-loan notes	9,131	10,545	15,279	16,448	9,252	8,634	23,448	22,009	22,118
63 All other liabilities for borrowed money[2]	238,180	237,776r	235,800r	240,176	234,229	248,932	231,902	237,398	223,770
64 Other liabilities and subordinated note and debentures	81,842	83,809r	84,093r	87,011	86,660	86,862	85,421	95,824	94,514
65 Total liabilities	**1,142,794**	**1,137,137r**	**1,141,322r**	**1,143,539**	**1,142,886**	**1,158,919**	**1,154,833**	**1,154,038**	**1,168,008**
66 Residual (total assets minus total liabilities)[3]	76,504	77,016r	76,674r	76,816	77,270	77,693	77,435	77,457	77,958
MEMO									
67 Total loans and leases (gross) and investments adjusted[4]	978,163	977,280r	978,250r	978,493	985,314	983,965	988,433	989,362	993,882
68 Total loans and leases (gross) adjusted[4]	789,563	789,937r	789,480r	792,708	797,249	794,214	801,031	801,790	807,315
69 Time deposits in amounts of $100,000 or more	164,738	164,273	164,340	164,230	163,860	162,844	163,353	164,672	165,005
70 Loans sold outright to affiliates—total[5]	1,660	1,652	1,702	1,662	1,739	1,692	1,661	1,720	1,731
71 Commercial and industrial	1,105	1,097	1,158	1,144	1,201	1,159	1,150	1,224	1,243
72 Other	556	555	545	518	537	533	511	495	488
73 Nontransaction savings deposits (including MMDAs)	229,602	229,467r	229,053	228,088	228,772	228,905	227,911	226,307	227,091

1. Includes securities purchased under agreements to resell.
2. Includes federal funds purchased and securities sold under agreements to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1.13.
3. This is not a measure of equity capital for use in capital-adequacy analysis or for other analytic uses.
4. Exclusive of loans and federal funds transactions with domestic commercial banks.
5. 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 LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY Assets and Liabilities

Millions of dollars, Wednesday figures except as noted

Account	1987								
	Aug. 5	Aug. 12	Aug. 19	Aug. 26	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30
1 Cash balances due from depository institutions	23,543	21,626	24,404	26,054	21,515	29,498	25,771	29,470	24,760
2 **Total loans, leases and securities, net**[1]	**208,496**	**211,188**	**211,169**	**216,115**	**215,139**	**215,157**	**215,393**	**219,799**	**218,558**
Securities									
3 U.S. Treasury and government agency[2]	0	0	0	0	0	0	0	0	0
4 Trading account[2]	0	0	0	0	0	0	0	0	0
5 Investment account, by maturity	13,985	14,131	14,214	13,753	13,871	14,465	14,206	13,991	14,003
6 One year or less	1,744	1,874	1,902	1,935	1,962	1,981	2,112	1,921	1,950
7 Over one through five years	5,356	5,387	5,542	4,988	5,128	5,125	4,718	4,683	4,666
8 Over five years	6,885	6,870	6,771	6,830	6,781	7,359	7,376	7,386	7,387
9 Other securities[2]	0	0	0	0	0	0	0	0	0
10 Trading account[2]	0	0	0	0	0	0	0	0	0
11 Investment account	16,319	16,516	16,571	16,537	16,644	16,548	16,532	16,477	16,491
12 States and political subdivisions, by maturity	13,541	13,662	13,688	13,674	13,707	13,661	13,646	13,607	13,528
13 One year or less	960	961	979	1,008	1,017	971	942	933	944
14 Over one year	12,580	12,701	12,709	12,666	12,689	12,690	12,703	12,674	12,584
15 Other bonds, corporate stocks and securities	2,778	2,853	2,882	2,862	2,938	2,886	2,886	2,870	2,963
16 Other trading account assets[2]	0	0	0	0	0	0	0	0	0
Loans and leases									
17 Federal funds sold[3]	26,954	30,039	29,994	32,910	30,411	28,349	27,471	32,844	29,068
18 To commercial banks	11,054	13,377	13,439	14,970	11,240	13,428	11,360	15,008	12,688
19 To nonbank brokers and dealers in securities	10,711	13,172	10,863	11,060	13,105	10,194	10,496	12,477	10,674
20 To others	5,189	3,490	5,692	6,880	6,065	4,727	5,616	5,360	5,706
21 Other loans and leases, gross	167,031	166,319	166,202	168,737	170,080	171,725	173,098	172,392	174,841
22 Other loans, gross	162,204	161,478	161,359	163,880	165,209	166,841	168,188	167,457	170,355
23 Commercial and industrial	56,538	56,553	56,408	56,415	57,121	57,390	58,221	58,705	59,400
24 Bankers acceptances and commercial paper	568	478	421	426	473	503	494	463	470
25 All other	55,970	56,075	55,987	55,990	56,648	56,887	57,727	58,242	58,930
26 U.S. addressees	55,487	55,646	55,497	55,508	56,144	56,433	57,241	57,808	58,509
27 Non-U.S. addressees	482	428	490	481	503	454	486	435	421
28 Real estate loans	44,076	44,045	44,248	44,226	44,176	44,330	44,668	44,794	44,675
29 To individuals for personal expenditures	21,244	21,371	21,487	21,553	21,696	21,749	21,832	21,939	21,901
30 To depository and financial institutions	19,700	19,240	18,882	20,202	19,808	21,371	20,685	19,740	20,179
31 Commercial banks in the United States	10,698	10,704	10,851	11,084	10,901	11,818	10,839	10,879	10,936
32 Banks in foreign countries	2,789	2,362	1,941	3,038	2,731	3,309	3,485	2,493	2,728
33 Nonbank depository and other financial institutions	6,214	6,173	6,090	6,081	6,176	6,244	6,361	6,367	6,515
34 For purchasing and carrying securities	6,012	5,577	5,857	6,481	7,494	6,610	7,993	7,432	7,897
35 To finance agricultural production	320	321	300	318	284	300	302	304	328
36 To states and political subdivisions	7,769	7,784	7,784	7,769	7,727	7,714	7,741	7,731	7,839
37 To foreign governments and official institutions	814	687	659	845	768	634	647	724	745
38 All other	5,730	5,900	5,733	6,071	6,134	6,742	6,098	6,087	7,390
39 Lease financing receivables	4,828	4,841	4,843	4,857	4,871	4,883	4,909	4,935	4,486
40 LESS: Unearned income	1,497	1,507	1,514	1,518	1,511	1,526	1,527	1,546	1,528
41 Loan and lease reserve	14,297	14,310	14,299	14,304	14,356	14,404	14,386	14,359	14,317
42 Other loans and leases, net	151,237	150,502	150,389	152,914	154,213	155,795	157,184	156,487	158,996
43 All other assets[4]	62,522	58,422	60,911	55,943	56,629	55,895	53,305	52,752	57,050
44 **Total assets**	**294,560**	**291,237**	**296,484**	**298,112**	**293,283**	**300,550**	**294,470**	**302,021**	**300,368**
Deposits									
45 Demand deposits	57,563	53,548	58,174	55,076	58,230	59,013	58,501	59,535	65,316
46 Individuals, partnerships, and corporations	39,190	37,424	40,814	36,296	40,388	40,667	40,374	40,715	44,704
47 States and political subdivisions	703	660	719	708	956	776	842	788	890
48 U.S. government	889	464	691	393	179	407	616	512	547
49 Depository institutions in the United States	5,748	5,883	5,891	6,505	6,192	7,169	5,683	5,275	7,911
50 Banks in foreign countries	5,318	4,320	4,716	5,550	5,420	5,647	6,027	4,984	5,660
51 Foreign governments and official institutions	1,222	921	842	1,175	1,035	828	783	882	864
52 Certified and officers' checks	4,493	3,875	4,501	4,448	4,060	3,518	4,177	6,378	4,740
53 Transaction balances other than demand deposits (ATS, NOW, Super NOW, telephone transfers)	8,117	7,976	8,011	7,956	8,146	8,196	8,183	7,909	8,012
54 Nontransaction balances	100,446	99,604	99,859	99,675	100,360	99,921	100,493	99,342	99,769
55 Individuals, partnerships and corporations	91,676	90,815	91,067	90,891	91,566	91,162	91,774	90,623	91,017
56 States and political subdivisions	6,824	6,868	6,800	6,746	6,696	6,695	6,660	6,664	6,686
57 U.S. government	55	56	57	60	47	59	48	49	53
58 Depository institutions in the United States	1,499	1,475	1,549	1,583	1,658	1,603	1,619	1,609	1,629
59 Foreign governments, official institutions and banks	392	390	386	395	392	401	392	398	383
60 Liabilities for borrowed money	74,631	74,885	75,135	77,091	67,833	75,446	68,936	71,111	64,145
61 Borrowings from Federal Reserve Banks	0	725	0	1,814	0	0	0	0	410
62 Treasury tax-and-loan notes	1,958	2,419	3,875	3,844	2,185	2,124	5,566	5,720	5,721
63 All other liabilities for borrowed money[5]	72,673	71,741	71,260	71,433	65,648	73,321	63,370	65,391	58,015
64 Other liabilities and subordinated note and debentures	31,801	32,977	33,180	36,315	36,371	35,544	36,085	41,810	40,514
65 **Total liabilities**	**272,558**	**268,989**	**274,360**	**276,112**	**270,940**	**278,119**	**272,198**	**279,707**	**277,757**
66 Residual (total assets minus total liabilities)[6]	22,002	22,248	22,124	22,000	22,344	22,430	22,271	22,315	22,612
MEMO									
67 Total loans and leases (gross) and investments adjusted[1,7]	202,538	202,924	202,692	205,884	208,865	205,840	209,108	209,817	210,778
68 Total loans and leases (gross) adjusted[7]	172,234	172,277	171,907	175,594	178,350	174,828	178,370	179,349	180,284
69 Time deposits in amounts of $100,000 or more	37,387	36,856	37,081	36,931	37,178	36,767	37,312	36,701	36,891

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

NOTE. These data also appear in the Board's H.4.2 (504) release. For address, see inside front cover.

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

Millions of dollars, Wednesday figures

Account	1987								
	Aug. 5	Aug. 12	Aug. 19	Aug. 26	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30
1 Cash and due from depository institutions	10,301	10,746	10,569	11,252	9,187	10,762	10,253	10,248	11,359
2 Total loans and securities	92,238	93,722	93,771	95,251	93,941	96,792	98,290	99,592	99,784
3 U.S. Treasury and govt. agency securities	6,946	6,860	6,977	6,853	7,425	7,204	7,391	7,970	7,306
4 Other securities	8,218	8,211	8,216	8,069	7,913	7,915	7,914	7,860	8,060
5 Federal funds sold[2]	5,935	7,499	6,936	9,186	7,472	8,891	8,078	9,224	7,188
6 To commercial banks in the United States	4,978	6,499	5,664	7,938	6,090	7,271	6,206	7,296	5,683
7 To others	957	1,000	1,272	1,248	1,382	1,620	1,872	1,927	1,505
8 Other loans, gross	71,139	71,152	71,640	71,143	71,131	72,782	74,907	74,539	77,231
9 Commercial and industrial	46,390	46,611	46,576	46,101	46,454	47,598	49,447	49,183	50,415
10 Bankers acceptances and commercial paper	3,751	3,783	3,935	3,856	3,834	3,986	4,116	3,951	4,019
11 All other	42,639	42,828	42,640	42,245	42,620	43,612	45,331	45,232	46,396
12 U.S. addressees	40,048	40,312	40,130	39,788	40,248	41,114	42,913	42,825	43,994
13 Non-U.S. addressees	2,590	2,515	2,510	2,458	2,371	2,498	2,418	2,407	2,401
14 To financial institutions	16,070	15,877	16,088	15,713	15,222	15,204	15,748	16,047	16,743
15 Commercial banks in the United States	12,526	12,245	12,407	12,102	11,340	11,280	11,850	11,986	12,509
16 Banks in foreign countries	923	996	983	951	986	1,042	1,079	1,138	1,354
17 Nonbank financial institutions	2,622	2,635	2,698	2,660	2,896	2,881	2,818	2,923	2,880
18 To foreign govts. and official institutions	265	370	371	362	355	424	356	342	385
19 For purchasing and carrying securities	2,022	1,910	2,275	2,265	2,379	2,805	2,765	2,184	2,875
20 All other	6,392	6,385	6,331	6,701	6,721	6,750	6,592	6,783	6,814
21 Other assets (claims on nonrelated parties)	27,351	27,735	27,806	27,866	27,887	27,771	27,718	28,140	28,477
22 Net due from related institutions	17,648	18,560	17,211	16,843	17,145	15,632	16,690	16,138	15,173
23 Total assets	147,538	150,763	149,357	151,212	148,160	150,958	152,950	154,120	154,794
24 Deposits or credit balances due to other than directly related institutions	42,637	43,005	42,609	43,110	43,044	43,744	43,601	44,098	43,425
25 Transaction accounts and credit balances[3]	3,286	3,376	3,322	3,414	3,360	3,658	3,394	3,536	3,628
26 Individuals, partnerships, and corporations	2,266	2,185	2,160	2,187	2,129	2,302	2,163	2,114	2,086
27 Other	1,020	1,191	1,162	1,227	1,231	1,356	1,230	1,422	1,542
28 Nontransaction accounts[4]	39,351	39,629	39,287	39,696	39,684	40,086	40,207	40,562	39,796
29 Individuals, partnerships, and corporations	32,019	32,198	31,948	32,230	32,244	32,569	32,788	33,323	32,501
30 Other	7,332	7,430	7,339	7,466	7,440	7,517	7,419	7,238	7,296
31 Borrowings from other than directly related institutions	58,072	58,297	56,383	57,000	53,897	53,023	56,222	54,777	54,877
32 Federal funds purchased[5]	27,235	27,999	26,739	27,201	25,347	24,419	26,872	25,092	24,856
33 From commercial banks in the United States	14,982	16,231	14,720	15,931	12,817	13,103	14,356	12,190	13,183
34 From others	12,253	11,767	12,019	11,271	12,530	11,315	12,516	12,902	11,673
35 Other liabilities for borrowed money	30,836	30,298	29,644	29,798	28,549	28,604	29,349	29,684	30,021
36 To commercial banks in the United States	25,462	24,361	23,848	23,984	22,368	22,452	22,283	22,975	23,675
37 To others	5,374	5,937	5,796	5,814	6,181	6,152	7,066	6,710	6,346
38 Other liablities to nonrelated parties	31,047	31,732	32,193	31,212	31,132	31,489	31,264	32,646	32,543
39 Net due to related institutions	15,782	17,729	18,172	19,890	20,088	22,702	21,863	22,599	23,948
40 Total liabilities	147,538	150,763	149,357	151,212	148,160	150,958	152,950	154,120	154,794
MEMO									
41 Total loans (gross) and securities adjusted[6]	74,734	74,978	75,699	75,211	76,511	78,241	80,234	80,310	81,592
42 Total loans (gross) ajdusted[6]	59,570	59,906	60,505	60,289	61,172	63,121	64,929	64,481	66,227

1. Effective Jan. 1, 1986, the reporting panel includes 65 U.S. branches and agencies of foreign banks that include 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.
2. Includes securities purchased under agreements to resell.
3. Includes credit balances, demand deposits, and other checkable deposits.
4. Includes savings deposits, money market deposit accounts, and time deposits.
5. Includes securities sold under agreements to repurchase.
6. 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									
	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec.[3,4]	1986 Mar.	1986 June	1986 Sept.	1986 Dec.	1987 Mar.	1987 June
1 **All holders—Individuals, partnerships, and corporations**	**291.8**	**293.5**	**302.7**	**321.0**	**307.4**	**322.4**	**333.6**	**363.6**	**335.9**	**340.2**
2 Financial business	35.4	32.8	31.7	32.3	31.8	32.3	35.9	41.4	35.9	36.6
3 Nonfinancial business	150.5	161.1	166.3	178.5	166.6	180.0	185.9	202.0	183.0	187.2
4 Consumer	85.9	78.5	81.5	85.5	84.0	86.4	86.3	91.1	88.9	90.1
5 Foreign	3.0	3.3	3.6	3.5	3.4	3.0	3.3	3.3	2.9	3.2
6 Other	17.0	17.8	19.7	21.2	21.6	20.7	22.2	25.8	25.2	23.1
	Weekly reporting banks									
	1982 Dec.	1983 Dec.	1984 Dec.[2]	1985 Dec.[3,4]	1986 Mar.	1986 June	1986 Sept.	1986 Dec.	1987 Mar.	1987 June
7 ***All holders—Individuals, partnerships, and corporations***	**144.2**	**146.2**	**157.1**	**168.6**	**159.7**	**168.5**	**174.7**	**195.1**	**178.1**	**179.3**
8 Financial business	26.7	24.2	25.3	25.9	25.5	25.7	28.9	32.5	28.7	29.3
9 Nonfinancial business	74.3	79.8	87.1	94.5	86.8	93.1	94.8	106.4	94.4	94.8
10 Consumer	31.9	29.7	30.5	33.2	32.6	34.9	35.0	37.5	36.8	37.5
11 Foreign	2.9	3.1	3.4	3.1	3.3	2.9	3.2	3.3	2.8	3.1
12 Other	8.4	9.3	10.9	12.0	11.5	11.9	12.8	15.4	15.5	14.6

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.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec.	1986 Dec.	1987 Mar.	1987 Apr.	1987 May	1987 June	1987 July	1987 Aug.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**166,436**	**187,658**	**237,586**	**300,899**	**331,016**	**338,797**	**346,769**	**354,249**	**348,741**	**348,247**	**352,737**
Financial companies[3]											
Dealer-placed paper[4]											
2 Total	34,605	44,455	56,485	78,443	100,207	102,889	103,957	105,397	108,691	107,709	110,714
3 Bank-related (not seasonally adjusted)	2,516	2,441	2,035	1,602	2,265	2,116	2,307	2,429	2,430	2,311	2,404
Directly placed paper[5]											
4 Total	84,393	97,042	110,543	135,504	152,385	159,333	163,421	169,225	161,921	162,185	163,620
5 Bank-related (not seasonally adjusted)	32,034	35,566	42,105	44,778	40,860	46,634	48,604	48,401	47,862	46,354	45,487
6 Nonfinancial companies[6]	47,437	46,161	70,558	86,952	78,424	76,575	79,391	79,627	78,129	78,353	78,403
	Bankers dollar acceptances (not seasonally adjusted)[7]										
7 **Total**	**79,543**	**78,309**	**78,364**	**68,413**	**64,974**	**66,125**	**66,660**	**67,765**	**69,622**	**68,495**	**68,419**
Holder											
8 Accepting banks	10,910	9,355	9,811	11,197	13,423	12,294	11,118	11,201	11,234	10,664	10,847
9 Own bills	9,471	8,125	8,621	9,471	11,707	10,516	9,721	9,569	9,661	9,630	9,882
10 Bills bought	1,439	1,230	1,191	1,726	1,716	1,730	1,396	1,631	1,573	1,035	965
Federal Reserve Banks											
11 Own account	1,480	418	0	0	0	0	0	0	0	0	0
12 Foreign correspondents	949	729	671	937	1,317	1,453	1,519	1,547	1,717	1,463	1,397
13 Others	66,204	67,807	67,881	56,279	50,234	52,255	54,024	55,017	56,671	56,367	56,175
Basis											
14 Imports into United States	17,683	15,649	17,845	15,147	14,670	14,711	15,095	15,361	16,179	17,431	17,079
15 Exports from United States	16,328	16,880	16,305	13,204	12,960	13,083	13,826	14,028	14,161	14,659	14,902
16 All other	45,531	45,781	44,214	40,062	37,344	38,159	37,800	38,376	39,281	36,405	36,438

1. Effective Dec. 1, 1982, there was a break in the commercial paper series. The key changes in the content of the data involved additions to the reporting panel, the exclusion of broker or dealer placed borrowings under any master note agreements from the reported data, and the reclassification of a large portion of bank-related paper from dealer-placed to directly placed.

2. Correction of a previous misclassification of paper by a reporter has created a break in the series beginning December 1983. The correction adds some paper to nonfinancial and to dealer-placed financial paper.

3. 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.

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

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

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

7. Beginning October 1984, the number of respondents in the bankers acceptance survey were reduced from 340 to 160 institutions—those with $50 million or more in total acceptances. The new reporting group accounts for over 95 percent of total acceptances activity.

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1985—Jan. 15	10.50	1986—July 11	8.00	1985—Jan.	10.61	1986—May	8.50
May 20	10.00	Aug. 20	7.50	Feb.	10.50	June	8.50
June 18	9.50			Mar.	10.50	July	8.16
		1987—Apr. 1	7.75	Apr.	10.50	Aug.	7.90
1986—Mar. 7	9.00	May 1	8.00	May	10.31	Sept.	7.50
Apr. 21	8.50	15	8.25	June	9.78	Oct.	7.50
				July	9.50	Nov.	7.50
				Aug.	9.50	Dec.	7.50
				Sept.	9.50		
				Oct.	9.50	1987—Jan.	7.50
				Nov.	9.50	Feb.	7.50
				Dec.	9.50	Mar.	7.50
						Apr.	7.75
				1986—Jan.	9.50	May	8.14
				Feb.	9.50	June	8.25
				Mar.	9.10	July	8.25
				Apr.	8.83	Aug.	8.25

NOTE. These data also appear in the Board's H.15 (519) release. For address, see inside front cover.

1.35 INTEREST RATES Money and Capital Markets

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

	Instrument	1984	1985	1986	1987				1987, week ending				
					June	July	Aug.	Sept.	Aug. 28	Sept. 4	Sept. 11	Sept. 18	Sept. 25
	MONEY MARKET RATES												
1	Federal funds[1,2]	10.22	8.10	6.80	6.73	6.58	6.73	7.22	6.76	6.85	6.95	7.21	7.26
2	Discount widow borrowing[1,2,3]	8.80	7.69	6.33	5.50	5.50	5.50	5.95	5.50	5.50	5.93	6.00	6.00
	Commercial paper[4,5]												
3	1-month	10.05	7.94	6.62	6.86	6.57	6.62	7.26	6.64	6.87	7.29	7.35	7.34
4	3-month	10.10	7.95	6.49	6.92	6.65	6.71	7.37	6.72	6.96	7.40	7.45	7.44
5	6-month	10.16	8.01	6.39	7.00	6.72	6.81	7.55	6.83	7.12	7.61	7.63	7.62
	Finance paper, directly placed[4,5]												
6	1-month	9.97	7.91	6.58	6.80	6.53	6.56	7.20	6.56	6.75	7.23	7.25	7.32
7	3-month	9.73	7.77	6.38	6.77	6.48	6.49	7.08	6.55	6.68	7.08	7.10	7.27
8	6-month	9.65	7.75	6.31	6.50	6.35	6.34	6.90	6.36	6.43	6.85	6.99	7.09
	Bankers acceptances[5,6]												
9	3-month	10.14	7.92	6.39	6.83	6.59	6.64	7.31	6.69	6.97	7.31	7.35	7.37
10	6-month	10.19	7.96	6.29	6.91	6.65	6.75	7.48	6.83	7.09	7.51	7.53	7.53
	Certificates of deposit, secondary market[7]												
11	1-month	10.17	7.97	6.61	6.84	6.60	6.63	7.25	6.65	6.86	7.25	7.33	7.35
12	3-month	10.37	8.05	6.52	6.94	6.70	6.75	7.37	6.77	7.00	7.38	7.41	7.43
13	6-month	10.68	8.25	6.51	7.15	6.87	7.02	7.74	7.05	7.31	7.78	7.81	7.79
14	Eurodollar deposits, 3-month[8]	10.73	8.28	6.71	7.11	6.87	6.91	7.51	6.91	7.11	7.40	7.44	7.54
	U.S. Treasury bills[5]												
	Secondary market[9]												
15	3-month	9.52	7.48	5.98	5.67	5.69	6.04	6.40	6.24	6.21	6.39	6.36	6.48
16	6-month	9.76	7.65	6.03	5.99	5.76	6.15	6.64	6.25	6.36	6.53	6.65	6.79
17	1-year	9.92	7.81	6.08	6.35	6.24	6.54	7.11	6.65	6.89	7.16	7.10	7.14
	Auction average[10]												
18	3-month	9.57	7.49	5.97	5.69	5.78	6.00	6.32	6.12	6.19	6.45	6.32	n.a.
19	6-month	9.80	7.66	6.02	5.99	5.86	6.14	6.57	6.16	6.34	6.72	6.64	n.a.
20	1-year	9.91	n.a.	n.a.	6.54	6.22	6.52	6.74	n.a.	n.a.	6.74	n.a.	n.a.
	CAPITAL MARKET RATES												
	U.S. Treasury notes and bonds[11]												
	Constant maturities[12]												
21	1-year	10.89	8.43	6.46	6.80	6.68	7.03	7.67	7.16	7.41	7.72	7.65	7.70
22	2-year	11.65	9.27	6.87	7.57	7.44	7.75	8.34	7.89	8.11	8.39	8.31	8.37
23	3-year	11.89	9.64	7.06	7.82	7.74	8.03	8.67	8.13	8.41	8.70	8.64	8.71
24	5-year	12.24	10.13	7.31	8.02	8.01	8.32	8.94	8.41	8.69	8.96	8.94	8.97
25	7-year	12.40	10.51	7.55	8.27	8.27	8.59	9.26	8.67	9.00	9.29	9.27	9.29
26	10-year	12.44	10.62	7.68	8.40	8.45	8.76	9.42	8.85	9.18	9.43	9.43	9.45
27	20-year	12.48	10.97	7.85	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28	30-year	12.39	10.79	7.80	8.57	8.64	8.97	9.59	9.04	9.36	9.60	9.61	9.61
	Composite[13]												
29	Over 10 years (long-term)	11.99	10.75	8.14	8.63	8.70	8.97	9.58	9.04	9.35	9.60	9.61	9.60
	State and local notes and bonds												
	Moody's series[14]												
30	Aaa	9.61	8.60	6.95	7.48	7.18	7.24	7.66	7.20	7.45	7.75	7.70	7.75
31	Baa	10.38	9.58	7.76	8.68	8.37	8.31	8.67	8.30	8.60	8.90	8.85	8.35
32	*Bond Buyer* series[15]	10.10	9.11	7.32	7.79	7.72	7.81	8.26	7.80	8.05	8.38	8.32	8.30
	Corporate bonds												
	Seasoned issues[16]												
33	All industries	13.49	12.05	9.71	9.87	9.92	10.24	10.64	10.14	10.32	10.58	10.75	10.74
34	Aaa	12.71	11.37	9.02	9.32	9.42	9.67	10.18	9.70	9.87	10.15	10.28	10.25
35	Aa	13.31	11.82	9.47	9.65	9.64	9.86	10.35	9.86	10.05	10.31	10.44	10.42
36	A	13.74	12.28	9.95	9.98	10.00	10.20	10.72	10.19	10.35	10.64	10.85	10.85
37	Baa	14.19	12.72	10.39	10.52	10.61	10.80	11.31	10.82	11.00	11.23	11.40	11.42
38	A-rated, recently-offered utility bonds[17]	13.81	12.06	9.61	10.05	10.17	10.37	10.84	10.44	10.60	10.86	10.93	11.00
	MEMO: Dividend/price ratio[18]												
39	Preferred stocks	11.59	10.49	8.76	8.31	8.25	8.32	8.64	8.38	8.55	8.62	8.67	8.67
40	Common stocks	4.64	4.25	3.48	2.92	2.83	2.69	2.78	2.64	2.75	2.82	2.81	2.77

1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.
2. Weekly figures are averages for statement week ending Wednesday.
3. Rate for the Federal Reserve Bank of New York.
4. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.
5. Yields are quoted on a bank-discount basis, rather than 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	1984	1985	1986	1987 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	92.46	108.09	136.00	151.17	160.23	166.43	163.88	163.00	169.58	174.28	184.18	178.39
2 Industrial	108.01	123.79	155.85	175.60	189.17	198.95	199.03	198.78	206.61	214.12	226.49	219.52
3 Transportation	85.63	104.11	119.87	126.61	135.49	138.55	137.91	141.30	150.39	157.49	164.02	158.58
4 Utility	46.44	56.75	71.36	78.54	78.19	77.15	72.74	71.64	74.25	74.18	78.20	76.13
5 Finance	89.28	114.21	147.19	153.32	158.41	162.41	150.52	145.97	152.73	152.27	160.94	154.08
6 Standard & Poor's Corporation (1941–43 = 10)[1]	160.50	186.84	236.34	264.51	280.93	292.47	289.32	289.12	301.36	310.09	329.36	318.66
7 American Stock Exchange[2] (Aug. 31, 1973 = 50)	207.96	229.10	264.38	289.02	315.60	332.55	330.65	328.77	334.49	348.68	361.52	353.72
Volume of trading (thousands of shares)												
8 New York Stock Exchange	91,084	109,191	141,385	192,419	183,478	180,251	187,135	170,898	163,380	180,356	193,477	177,287
9 American Stock Exchange	6,107	8,355	11,846	14,755	14,962	15,678	14,420	11,655	12,813	12,857	13,604	12,381
	Customer financing (end-of-period balances, in millions of dollars)											
10 **Margin credit at broker-dealers**[3]	**22,470**	**28,390**	**36,840**	**34,960**	**35,740**	**38,080**	**39,820**	**38,890**	**38,420**	**40,250**	**41,640**	**44,170**
Free credit balances at brokers[4]												
11 Margin-account[5]	1,755	2,715	4,880	5,060	4,470	4,730	4,660	4,355	3,680	4,095	4,240	4,270
12 Cash-account	10,215	12,840	19,000	17,395	17,325	17,370	17,285	16,985	15,405	15,930	16,195	15,895

Margin requirements (percent of market value and effective date)[6]	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	1984	1985	1986 Sept.	1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.	1987 Feb.	1987 Mar.	1987 Apr.	1987 May	1987 June r	1987 July
	Savings and loan associations												
1 **Assets**	**903,488**	**948,781**	**957,229**	**961,894**	**964,096**	**963,316**	**935,516**	**936,877r**	**939,745r**	**944,204r**	**352,638r**	**948,993**	**949,336**
2 Mortgage-backed securities	......	97,303	117,617	121,606	122,682	123,257	129,340	128,856r	127,284r	134,750	141,038r	140,590	140,646
3 Cash and investment securities[1]	124,801	126,712	138,619	138,213	141,510	142,700	132,733	135,884r	138,721r	136,369r	138,293r	137,769	138,452
4 Other	223,396	238,833	261,415	250,781	250,297	251,769	261,869	263,782	266,508	274,781	283,696	285,578	287,773
5 **Liabilities and net worth**	**903,488**	**948,781**	**957,229**	**961,894**	**964,096**	**963,316**	**935,516**	**936,877r**	**939,745r**	**944,204r**	**352,638r**	**948,993**	**949,336**
6 Savings capital	725,045	750,071	743,518	742,747	740,066	741,081	721,759	722,276r	722,601r	716,830r	718,662	715,659	761,391
7 Borrowed money	125,666	138,798	155,748	152,567	156,920	159,742	153,373	152,173r	158,175r	165,881r	171,277r	175,073	174,153
8 FHLBB	64,207	73,888	80,364	75,295	75,626	80,194	75,552	75,671r	76,469r	77,857r	78,583	79,184	78,884
9 Other	61,459	64,910	75,384	77,272	81,294	79,548	77,821	76,502r	81,706r	88,024r	92,694r	95,889	95,269
10 Other	17,944	19,045	15,461	23,255	24,078	20,071	19,773	21,823r	18,924r	20,781r	22,541r	19,510	20,656
11 Net worth[2]	34,833	41,064	42,503	43,326	43,034	42,423	40,606	40,601r	40,044r	40,703r	40,151r	38,747	38,130
	FSLIC-insured federal savings banks												
12 **Assets**	**98,559**	**131,868**	**196,225**	**202,106**	**204,918**	**210,562**	**235,428**	**235,763r**	**241,419**	**246,277**	**253,007r**	**264,077**	**268,930**
13 Mortgages	57,429	72,355	108,627	110,826	112,117	113,638	136,770	136,489	138,864r	140,861	144,588	150,427	152,888
14 Mortgage-backed securities	9,949	15,676	26,431	27,516	28,324	29,766	33,570	34,634	36,104	37,511	39,381r	41,054	42,725
15 Other	10,971	11,723	18,509	18,697	19,266	19,034	15,769	16,060r	16,608r	17,032	17,200r	17,940	17,665
16 **Liabilities and net worth**	**98,559**	**131,868**	**196,225**	**202,106**	**204,918**	**210,562**	**235,428**	**235,763r**	**241,419**	**246,277**	**253,007r**	**264,077**	**268,930**
17 Savings capital	79,572	103,462	149,074	152,834	154,447	157,872	176,741	178,676r	178,676r	180,637r	182,802r	189,998	193,890
18 Borrowed money	12,798	19,323	32,319	33,430	33,937	37,329	40,614	39,777	43,915	46,125	49,896	53,214	53,700
19 FHLBB	7,515	10,510	16,853	17,382	17,863	19,897	20,730	20,226	21,104	21,718	22,788	24,486	24,981
20 Other	5,283	8,813	15,466	16,048	16,074	17,432	19,884	19,551	22,811	24,407	27,108	28,728	28,719
21 Other	1,903	2,732	4,666	5,330	5,652	4,263	5,304	5,480	5,265r	5,547r	6,044r	5,983	6,143
22 Net worth	4,286	6,351	10,165	10,511	10,883	11,098	12,774	13,151	13,564	13,978r	14,272	14,887	15,202
	Savings banks												
23 **Assets**	**203,898**	**216,776**	**228,854**	**230,919**	**232,577**	**236,866**	**235,603**	**238,074**	**240,739**	**243,454**	**245,906**	**244,760**	**246,833**
Loans													
24 Mortgage	102,895	110,448	114,188	116,648	117,612	118,323	119,199	119,737	121,178	122,769	124,936	128,217	129,624
25 Other	24,954	30,876	37,298	36,130	36,149	35,167	36,122	37,207	38,012	37,136	37,313	35,200	35,591
Securities													
26 U.S. government	14,643	13,111	12,357	12,585	13,037	14,209	13,332	13,525	13,631	13,743	13,650	13,549	13,498
27 Mortgage-backed securities	19,215	19,481	23,216	23,437	24,051	25,836	26,220	26,893	27,463	28,700	28,739	27,785	28,252
28 State and local government	2,077	2,323	2,407	2,347	2,290	2,185	2,180	2,168	2,041	2,063	2,053	2,059	2,050
29 Corporate and other	23,747	21,199	20,902	21,156	20,749	20,459	19,795	19,770	19,598	19,768	19,956	18,803	18,821
30 Cash	4,954	6,225	4,811	5,195	5,052	6,894	5,239	5,143	5,703	5,308	5,176	4,939	4,806
31 Other assets	11,413	13,113	13,675	13,421	13,637	13,793	13,516	13,631	13,713	13,967	14,083	14,208	14,191
32 **Liabilities**	**203,898**	**216,776**	**228,854**	**230,919**	**232,577**	**236,866**	**235,603**	**238,074**	**240,739**	**243,454**	**245,906**	**244,760**	**246,833**
33 Deposits	180,616	185,972	190,210	190,334	190,858	192,194	191,441	192,559	193,693	193,347	194,742	193,274	194,549
34 Regular[3]	177,418	181,921	185,002	185,254	185,958	186,345	186,385	187,597	188,432	187,791	189,048	187,669	188,783
35 Ordinary savings	33,739	33,018	35,227	36,165	36,739	37,717	38,467	39,370	40,558	41,326	41,967	42,178	41,928
36 Time	104,732	103,311	102,191	101,125	101,240	100,809	100,604	100,922	100,896	100,308	100,607	100,604	102,603
37 Other	3,198	4,051	5,208	5,080	4,900	5,849	5,056	4,962	5,261	5,556	5,694	5,605	5,766
38 Other liabilities	12,504	17,414	21,947	23,319	24,254	25,274	24,710	25,663	27,003	29,105	30,436	30,515	31,655
39 General reserve accounts	10,510	12,823	16,319	16,896	17,146	18,105	18,236	18,486	18,830	19,423	19,603	19,549	19,718

1.37—Continued

Account	1984	1985	1986				1987						
			Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June[r]	July
	Credit unions[4]												
40 **Total assets/liabilities and capital**	**93,036**	**118,010**	**140,496**	**143,662**	**145,653**	**147,726**	**149,383**	**149,751**	**153,253**	**154,549**	**156,086**	**160,644**	
41 Federal	63,205	77,861	91,981	93,257	94,638	95,483	96,801	96,753	98,799	99,751	100,153	104,150	
42 State	29,831	40,149	48,515	50,405	51,015	52,243	52,586	52,998	54,454	54,798	55,933	56,494	
43 Loans outstanding	62,561	73,513	81,820	83,388	84,635	86,137	85,984	85,651	86,101	87,089	87,765	90,912	n.a.
44 Federal	42,337	47,933	53,042	53,434	53,877	55,304	55,313	54,912	55,118	55,740	55,952	28,432	
45 State	20,224	25,580	28,778	29,954	30,758	30,833	30,671	30,739	30,983	31,349	31,813	32,480	
46 Savings	84,348	105,963	128,125	130,483	131,778	134,327	135,907	136,441	138,810	140,014	141,635	148,283	
47 Federal	57,539	70,926	84,607	86,158	87,009	87,954	89,717	89,485	91,042	92,012	97,189	96,137	
48 State	26,809	35,037	43,518	44,325	44,769	46,373	46,130	46,956	47,768	48,002	49,248	52,146	
	Life insurance companies												
49 **Assets**	**722,979**	**825,901**	**892,304**	**860,682**	**910,691**	**937,551**[r]	**948,665**[r]	**961,937**[r]	**978,455**[r]	**978,455**	**985,942**	**995,576**	
Securities													
50 Government	63,899	75,230	81,636	82,047	84,858	84,640[r]	84,923[r]	88,003[r]	90,337[r]	89,711	89,554	87,279	
51 United States[5]	42,204	51,700	56,698	57,511	59,802	59,033[r]	59,596[r]	62,724[r]	65,661[r]	64,621	64,201	61,405	
52 State and local	8,713	9,708	10,606	10,212	10,712	11,659[r]	11,245[r]	11,315[r]	10,860[r]	11,068	11,208	11,485	
53 Foreign[6]	12,982	13,822	14,332	14,324	14,344	13,948[r]	14,082[r]	13,964[r]	13,816[r]	14,022	14,145	14,389	
54 Business	359,333	423,712	462,540	467,433	473,860	492,807[r]	504,582[r]	514,328[r]	519,766[r]	522,097	528,789	537,507	n.a.
55 Bonds	295,998	346,216	378,267	381,381	386,293	401,943[r]	408,788[r]	415,004[r]	417,933[r]	420,474	425,788	432,095	
56 Stocks	63,335	77,496	84,273	86,052	87,567	90,864[r]	95,794[r]	99,324[r]	101,833[r]	101,623	103,001	105,412	
57 Mortgages	156,699	171,797	185,268	186,976	189,460	193,842[r]	194,213[r]	194,935[r]	195,743[r]	197,315	198,760	200,382	
58 Real estate	25,767	28,822	31,725	31,918	32,184	31,615[r]	31,718[r]	32,003[r]	31,834[r]	32,011	32,149	32,357	
59 Policy loans	54,505	54,369	54,273	54,199	54,152	54,055[r]	53,832[r]	53,806[r]	53,652[r]	53,572	53,468	53,378	
60 Other assets	63,776	71,971	76,862	77,798	76,177	80,592[r]	79,397[r]	78,842[r]	82,105[r]	83,749	83,222	84,390	

1. Holdings of stock of the Federal Home Loan Banks are in "other assets."
2. Includes net undistributed income accrued by most associations.
3. Excludes checking, club, and school accounts.
4. Data include all federally insured credit unions, both federal and state chartered, serving natural persons.
5. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
6. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE: *Savings and loan associations:* Estimates by the FHLBB for all associations in the United States based on annual benchmarks for non-FSLIC-insured associations and the experience of FSLIC-insured associations.

FSLIC-insured federal savings banks: Estimates by the FHLBB for federal savings banks insured by the FSLIC and based on monthly reports of federally insured institutions.

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 1984	Fiscal year 1985	Fiscal year 1986	Calendar year 1987 Apr.	May	June	July	Aug.	Sept.
U.S. budget[1]									
1 Receipts, total	666,457	734,057	769,091	122,897	47,691	82,945	64,223	60,213	92,410
2 On-budget	500,382	547,886	568,862	99,083	30,205	64,222	47,880	43,511	73,755
3 Off-budget	166,075	186,171	200,228	23,814	17,486	18,723	16,343	16,703	18,656
4 Outlays, total	851,781	946,316	989,815	84,240	83,435	83,366	86,491	81,940	77,140
5 On-budget	685,968	769,509	806,318	69,215	66,389	66,221	70,806	65,071	60,497
6 Off-budget	165,813	176,807	183,498	15,025	17,046	17,145	15,685	16,869	16,643
7 Surplus, or deficit (−), total	−185,324	−212,260	−220,725	38,657	−35,744	−420	−22,268	−21,727	15,270
8 On-budget	−185,586	−221,623	−237,455	29,867	−36,184	−1,998	−22,926	−21,561	13,257
9 Off-budget	262	9,363	16,371	8,790	440	1,578	658	−166	2,013
Source of financing (total)									
10 Borrowing from the public	170,817	197,269	236,187r	9,075	13,005	9,655	−3,103	33,060	−8,060
11 Operating cash (decrease, or increase (−))	6,631	13,367	−14,324	−46,775	22,638	−6,966	20,655	−3,219	−13,800
12 Other[2]	7,875	1,630	−723r	−543	−1,478	−2,801	4,716	−8,115	6,590
Memo									
13 Treasury operating balance (level, end of period)	30,426	17,060	31,384	55,744	33,106	40,072	19,417	22,635	36,436
14 Federal Reserve Banks	8,514	4,174	7,514	29,688	6,383	13,774	5,365	3,764	9,120
15 Tax and loan accounts	21,913	12,886	23,870	26,056	26,723	26,298	14,052	18,872	27,316

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.

Reflecting the change in Monthly Treasury Statement classification, Table 2, monthly data as well as fiscal year data now include monetary assets other than operating cash with "other", sources of financing, (line 12).

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

Millions of dollars

Source or type	Fiscal year 1985	Fiscal year 1986	Calendar year						
			1985	1986		1987	1987		
			H2	H1	H2	H1	July	Aug.	Sept.
RECEIPTS									
1 **All sources**	**734,057**	**769,091**	**364,790**	**394,345**	**387,524**	**447,282**	**64,223**	**60,213**	**92,410**
2 Individual income taxes, net	334,560[r]	348,959	169,987	169,444	183,156	205,157	31,889	26,884	39,797
3 Withheld	298,941	314,803[r]	155,725	153,919	164,071	156,760	31,596	25,008	24,569
4 Presidential Election Campaign Fund	35	36	6	31	4	30	2	1	0
5 Nonwithheld	101,328	105,994	22,295	78,981	27,733	112,421	2,452	3,108	17,127
6 Refunds	65,743	71,873	8,038	63,488	8,652	64,052	2,160	1,233	1,899
Corporation income taxes									
7 Gross receipts	77,413	80,442	36,528	41,946	42,108	52,396	3,812	2,549	21,636
8 Refunds	16,082	17,298	7,751	9,557	8,230	10,881	1,454	983	1,129
9 Social insurance taxes and contributions, net	265,163	283,901	128,017	156,714	134,006	163,519	23,346	25,712	25,403
10 Employment taxes and contributions[1]	234,646	255,062	116,276	139,706	122,246	146,696	20,890	21,447	23,788
11 Self-employment taxes and contributions[2]	10,468	11,840	985	10,581	1,338	12,020	155	0	1,590
12 Unemployment insurance	25,758	24,098	9,281	14,674	9,328	14,514	2,038	3,912	1,246
13 Other net receipts[3]	4,759	4,742	2,458	2,333	2,429	2,310	417	354	368
14 Excise taxes	35,992	32,919	18,470	15,944	15,947	15,845	2,908	2,698	2,808
15 Customs deposits	12,079	13,327[r]	6,354	6,369	7,282	7,129	1,420	1,370	1,278
16 Estate and gift taxes	6,422	6,958	3,323	3,487	3,649	3,818	671	587	587
17 Miscellaneous receipts[4]	18,510[r]	19,884[r]	9,861	10,002	9,605	10,299	1,631	1,396	2,032
OUTLAYS									
18 **All types**	**946,316**	**989,815**	**487,188**	**486,037**	**506,739**	**503,338**	**86,491**	**81,940**	**77,140**
19 National defense	252,748	273,369	134,675	135,367	138,544	142,846	24,126	24,387	22,132
20 International affairs	16,176	14,471	8,367	5,384	8,876	4,420	1,145	146	1,712
21 General science, space, and technology	8,627	9,017	4,727	12,519	4,594	4,324	836	823	860
22 Energy	5,685	4,792	3,305	2,484	2,735	2,335	256	341	-197
23 Natural resources and environment	13,357	13,508	7,553	6,245	7,141	6,179	1,392	1,075	1,157
24 Agriculture	25,565	31,169	15,412	14,482	16,160	11,824	1,462	1,336	1,383
25 Commerce and housing credit	4,229	4,258	644	860	3,647	4,889	232	355	-547
26 Transportation	25,838	28,058	15,360	12,658	14,745	12,113	2,289	2,405	2,505
27 Community and regional development	7,680	7,510	3,901	3,169	3,494	3,108	603	464	-602
28 Education, training, employment, social services	29,342	29,662	14,481	14,712	15,268	14,182	1,854	2,757	2,178
29 Health	33,542	35,936	17,237	17,872	19,814	20,318	3,466	3,419	3,332
30 Social security and medicare	254,446	268,921	129,037	135,214	138,296	142,864	26,431[r]	25,261[r]	25,671
31 Income security	128,200	120,686	59,457	60,786	59,628	62,248	11,460	8,788	9,880
32 Veterans benefits and services	26,352	26,614	14,527	12,193	14,497	12,264	3,368	1,121	2,168
33 Administration of justice	6,277	6,555	3,212	3,352	3,360	3,626	754	634	766
34 General government	5,228	6,796	3,634	3,566	2,786	3,238	209	598	379
35 General-purpose fiscal assistance	6,353	6,430	3,391	2,179	2,767	455	167	62	428
36 Net interest[5]	129,436	135,284	67,448	68,054	66,770	70,110	11,711	13,064	10,284
37 Undistributed offsetting receipts[6]	32,759	-33,244	-17,953	-17,193	-17,426	-18,005	-2,831	-2,764	-4,106

1. Old-age, disability, and hospital insurance, and railroad retirement accounts.
2. Old-age, disability, and hospital insurance.
3. Federal employee retirement contributions and civil service retirement and disability fund.
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. Net interest function includes interest received by trust funds.
6. 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 1988*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1985			1986				1987	
	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**1,779.0**	**1,827.5**	**1,950.3**	**1,991.1**	**2,063.6**	**2,129.5**	**2,218.9**	**2,250.7**	**2,313.1**
2 Public debt securities	1,774.6	1,823.1	1,945.9	1,986.8	2,059.3	2,125.3	2,214.8	2,246.7	2,309.3
3 Held by public	1,460.5	1,506.6	1,597.1	1,634.3	1,684.9	1,742.4	1,811.7	1,839.3	1,871.1
4 Held by agencies	314.2	316.5	348.9	352.6	374.4	382.9	403.1	407.5	438.1
5 Agency securities	4.4	4.4	4.4	4.3	4.3	4.2	4.0	4.0	3.8
6 Held by public	3.3	3.3	3.3	3.2	3.2	3.2	3.0	2.9	2.7
7 Held by agencies	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
8 **Debt subject to statutory limit**	**1,775.3**	**1,823.8**	**1,932.4**	**1,973.3**	**2,060.0**	**2,111.0**	**2,200.5**	**2,232.4**	**2,295.0**
9 Public debt securities	1,774.0	1,822.5	1,931.1	1,972.0	2,058.7	2,109.7	2,199.3	2,231.1	2,293.7
10 Other debt[1]	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
11 MEMO: Statutory debt limit	1,823.8	1,823.8	2,078.7	2,078.7	2,078.7	2,111.0	2,300.0	2,300.0	2,320.0

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	1983	1984	1985	1986	1986		1987	
					Q3	Q4	Q1	Q2
1 **Total gross public debt**	**1,410.7**	**1,663.0**	**1,945.9**	**2,214.8**	**2,125.3**	**2,214.8**	**2,246.7**	**2,309.3**
By type								
2 Interest-bearing debt	1,400.9	1,660.6	1,943.4	2,212.0	2,122.7	2,212.0	2,244.0	2,306.7
3 Marketable	1,050.9	1,247.4	1,437.7	1,619.0	1,564.3	1,619.0	1,635.7	1,659.0
4 Bills	343.8	374.4	399.9	426.7	410.7	426.7	406.2	391.0
5 Notes	573.4	705.1	812.5	927.5	896.9	927.5	955.3	984.4
6 Bonds	133.7	167.9	211.1	249.8	241.7	249.8	259.3	268.6
7 Nonmarketable[1]	350.0	413.2	505.7	593.1	558.4	593.1	608.3	647.7
8 State and local government series	36.7	44.4	87.5	110.5	102.4	110.5	118.5	125.4
9 Foreign issues[2]	10.4	9.1	7.5	4.7	4.1	4.7	4.9	5.1
10 Government	10.4	9.1	7.5	4.7	4.1	4.7	4.9	5.1
11 Public	.0	.0	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	70.7	73.1	78.1	90.6	85.6	90.6	93.0	95.2
13 Government account series[3]	231.9	286.2	332.2	386.9	365.9	386.9	391.4	421.6
14 Non-interest-bearing debt	9.8	2.3	2.5	2.8	2.6	2.8	2.7	2.6
By holder[4]								
15 U.S. government agencies and trust funds	236.3	289.6	348.9	403.1	382.9	403.1	407.5	438.1
16 Federal Reserve Banks	151.9	160.9	181.3	211.3	190.8	211.3	n.a.	212.3
17 Private investors	1,022.6	1,212.5	1,417.2	1,602.0	1,553.3	1,602.0	1,641.4	1,657.7
18 Commercial banks	188.8	183.4	192.2	232.1	212.5	232.1	232.0	237.1
19 Money market funds	22.8	25.9	25.1	28.6	24.9	28.6	18.8	20.6
20 Insurance companies	56.7	76.4	95.8	106.9	100.9	106.9	n.a.	n.a.
21 Other companies	39.7	50.1	59.0	68.8	65.7	68.8	72.1	n.a.
22 State and local Treasurys	155.1	179.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Individuals								
23 Savings bonds	71.5	74.5	79.8	92.3	87.1	92.3	94.7	96.8
24 Other securities	61.9	69.3	75.0	65.6	68.7	65.6	63.3	63.4
25 Foreign and international[5]	166.3	192.9	212.5	251.5	253.2	251.5	260.4	269.9
26 Other miscellaneous investors[6]	259.8	360.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration; depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
3. Held almost entirely by U.S. 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 Transaction[1]

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

	Item	1984	1985	1986	1987			1987					
					July	Aug.^r	Sept.	Aug. 26	Sept. 2	Sept. 9	Sept. 16	Sept. 23	Sept. 30
	Immediate delivery[2]												
1	**U.S. Treasury securities**	**52,778**	**75,331**	**95,447**	**91,110**	**104,957**	**108,241**	**92,329**	**120,550**	**118,098**	**108,781**	**88,193**	**109,476**
	By maturity												
2	Bills	26,035	32,900	34,249	32,548	35,761	35,704	31,229	40,056	41,122	34,052	25,521	38,150
3	Other within 1 year	1,305	1,811	2,115	3,575	2,937	2,993	2,552	2,895	2,421	3,032	2,809	3,660
4	1–5 years	11,733	18,361	24,667	22,149	28,363	27,401	29,010	33,812	29,528	25,995	20,643	31,037
5	5–10 years	7,606	12,703	20,455	19,422	20,398	25,980	15,845	27,751	27,818	28,286	23,663	22,717
6	Over 10 years	6,099	9,556	13,961	13,415	17,497	16,163	13,693	16,036	17,209	17,415	15,559	13,912
	By type of customer												
7	U.S. government securities dealers	2,919	3,336	3,646	2,406	3,074	2,478	2,952	3,114	2,182	2,810	1,905	3,233
8	U.S. government securities brokers	25,580	36,222	49,368	48,825	57,428	63,834	51,097	70,452	71,083	65,496	53,427	62,911
9	All others[3]	24,278	35,773	42,218	39,070	43,778	41,276	38,280	46,983	44,831	40,474	32,861	43,332
10	Federal agency securities	7,846	11,640	16,746	17,938	16,079	15,802	16,863	15,773	13,713	20,428	15,466	13,091
11	Certificates of deposit	4,947	4,016	4,355	3,938	3,475	3,233	3,357	3,549	3,710	3,048	2,833	3,163
12	Bankers acceptances	3,243	3,242	3,272	3,143	2,765	2,812	2,328	3,067	2,918	2,939	2,426	2,773
13	Commercial paper	10,018	12,717	16,660	17,882	15,606	16,143	14,313	16,698	15,042	16,598	15,711	16,725
	Futures contracts[4]												
14	Treasury bills	6,947	5,561	3,311	2,091	2,786	2,738	2,868	3,930	3,626	2,458	1,889	2,926
15	Treasury coupons	4,533	6,085	7,175	6,821	8,967	12,158	8,389	12,701	13,472	13,054	11,680	9,838
16	Federal agency securities	264	252	16	6	10	1	0	36	*	2	0	*
	Forward transactions[5]												
17	U.S. Treasury securities	1,364	1,283	1,876	819	1,697	814	2,422	1,046	925	388	641	1,337
18	Federal agency securities	2,843	3,857	7,830	9,854	8,447	8,281	8,614	6,157	8,358	10,868	8,437	6,123

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	1984	1985	1986	1987 July	1987 Aug.[r]	1987 Sept.	1987 Sept. 2	1987 Sept. 9	1987 Sept. 16	1987 Sept. 23	1987 Sept. 30
						Positions					
Net immediate[2]											
1 **U.S. Treasury securities**	**5,429**	**7,391**	**13,055**	**−8,871**	**−10,685**	**−23,315**	**−16,142**	**−22,340**	**−21,888**	**−23,516**	**−28,413**
2 Bills	5,500	10,075	12,723	5,041	5,586	2,407	1,311	1,066	4,223	4,318	−423
3 Other within 1 year	63	1,050	3,699	1,259	461	−760	−565	−702	−504	−979	−825
4 1–5 years	2,159	5,154	9,297	−2,328	−6,009	−10,128	−8,577	−9,211	−10,446	−10,413	−10,825
5 5–10 years	−1,119	6,202	−9,504	−7,000	−5,719	−8,088	−4,339	−7,577	−8,248	−8,818	−9,040
6 Over 10 years	−1,174	−2,686	−3,161	−5,843	−5,004	−6,745	−3,972	−5,918	−6,912	−7,624	−7,300
7 Federal agency securities	15,294	22,860	33,066	33,180	33,311	33,682	30,877	32,594	35,084	34,668	33,326
8 Certificates of deposit	7,369	9,192	10,533	7,414	7,862	7,968	7,831	8,072	7,986	7,986	7,859
9 Bankers acceptances	3,874	4,586	5,535	3,151	3,444	3,016	3,097	3,170	3,115	2,727	2,799
10 Commercial paper	3,788	5,570	8,087	6,462	5,800	6,389	6,673	6,854	7,031	5,779	5,821
Futures positions											
11 Treasury bills	−4,525	−7,322	−18,062	916	−2,013	−203	756	−363	54	−1,147	222
12 Treasury coupons	1.794	4,465	3,489	6,194	6,286	8,525	8,186	9,910	8,969	8,287	7,091
13 Federal agency securities	233	−722	−153	−96	−95	−96	−96	−96	−96	−96	−96
Forward positions											
14 U.S. Treasury securities	−1,643	−911	−2,304	−1,759	−1,873	−173	−2,007	−628	181	41	304
15 Federal agency securities	−9,205	−9,420	−11,909	−20,187	−22,436	−21,778	−20,585	−21,501	−22,635	−22,271	−21,092
						Financing[3]					
Reverse repurchase agreements[4]											
16 Overnight and continuing	44,078	68,035	98,954	124,938	128,059	n.a.	132,940	136,435	138,427	142,866	n.a.
17 Term	68,357	80,509	108,693	150,323	160,684	n.a.	165,511	157,466	171,083	175,666	n.a.
Repurchase agreements[5]											
18 Overnight and continuing	75,717	101,410	141,735	168,870	174,219	n.a.	181,265	182,178	185,369	183,644	n.a.
19 Term	57,047	70,076	102,640	120,198	127,429	n.a.	124,585	118,147	127,491	137,504	n.a.

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 Mar.	1987 Apr.	1987 May	1987 June	1987 July	1987 Aug.
1 **Federal and federally sponsored agencies**	**271,220**	**293,905**	**307,361**	**305,033**[r]	**306,909**	**308,547**	**310,854**[r]	**313,859**	
2 Federal agencies	35,145	36,390	36,958	36,660	36,531	36,587	36,968	36,963	
3 Defense Department[1]	142	71	33	24	23	21	20	18	
4 Export-Import Bank[2,3]	15,882	15,678	14,211	13,813	13,813	13,813	13,416	13,416	
5 Federal Housing Administration[4]	133	115	138	158	165	168	169	175	n.a.
6 Government National Mortgage Association participation certificates[5]	2,165	2,165	2,165	2,165	1,965	1,965	1,965	1,965	
7 Postal Service[6]	1,337	1,940	3,104	3,104	3,104	3,104	3,718	3,718	
8 Tennessee Valley Authority	15,435	16,347	17,222	17,311	17,376	17,431	17,595	17,586	
9 United States Railway Association[6]	51	74	85	85	85	85	85	85	
10 Federally sponsored agencies[7]	237,012	257,515	270,553	266,948	270,378	271,960	273,886[r]	276,896	
11 Federal Home Loan Banks	65,085	74,447	88,752	92,087	94,606	95,931	99,680	100,976	102,422
12 Federal Home Loan Mortgage Corporation	10,270	11,926	13,589	13,074	14,850	14,637	12,097[r]	12,309	14,150
13 Federal National Mortgage Association	83,720	93,896	93,563	91,618	89,741	90,514	91,039	91,637	91,568
14 Farm Credit Banks	72,192	68,851	62,478	57,613	57,251	56,648	56,648	55,715	55,408
15 Student Loan Marketing Association[8]	5,745	8,395	12,171	12,556	13,930	14,230	14,422[r]	16,259	15,547
MEMO									
16 **Federal Financing Bank debt**[9]	**145,217**	**153,373**	**157,510**	**157,012**	**157,177**	**157,331**	**157,506**	**157,302**	n.a.
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	15,852	15,670	14,205	13,807	13,807	13,807	13,410	13,410	
18 Postal Service[6]	1,087	1,690	2,854	2,854	2,854	2,854	3,468	3,468	
19 Student Loan Marketing Association	5,000	5,000	4,970	4,970	4,970	4,970	4,970	4,970	
20 Tennessee Valley Authority	13,710	14,622	15,797	15,931	15,996	16,051	16,215	16,206	n.a.
21 United States Railway Association[6]	51	74	85	85	85	85	85	85	
Other Lending[10]									
22 Farmers Home Administration	58,971	64,234	65,374	65,224	65,254	65,304	65,199	65,049	
23 Rural Electrification Administration	20,693	20,654	21,680	21,473	21,487	21,525	21,539	21,529	
24 Other	29,853	31,429	32,545	32,668	32,724	32,735	32,620	32,585	

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

1.45 NEW SECURITY ISSUES Tax-Exempt State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1984	1985	1986	1987							
				Feb.	Mar.	Apr.	May	June	July	Aug.r	Sept.
1 **All issues, new and refunding**[1]	**106,641**	**214,189**	**147,011**	**8,969**	**14,591**	**6,708**	**6,037**	**10,718**	**6,967**	**6,500**	**5,122**
Type of issue											
2 General obligation	26,485	52,622	46,346	3,643	3,853	3,363	2,872	3,329	2,238	1,975	1,614
3 Revenue	80,156	161,567	100,664	5,325	10,738	3,345	3,165	7,389	4,729	4,525	3,509
Type of issuer											
4 State	9,129	13,004	14,474	1,364	1,217	419	1,002r	1,138	834	398	530
5 Special district and statutory authority[2]	63,550	134,363	89,997	5,825	10,004	4,665	3,019	6,453	3,951	4,508	3,450
6 Municipalities, counties, townships	33,962	78,754	42,541	1,781	3,370	1,624	2,017	3,127	2,182	1,594	1,142
7 **Issues for new capital, total**	**94,050**	**156,050**	**83,490**	**2,774**	**4,480**	**3,117r**	**3,848**	**7,552**	**4,478**	**5,084**	**4,138**
Use of proceeds											
8 Education	7,553	16,658	16,948	448	659	774	789	1,554	773	869	646
9 Transportation	7,552	12,070	11,666	145	111	98	194	705	647	226	310
10 Utilities and conservation	17,844	26,852	35,383	482	444	571	561	1,410	835	462	581
11 Social welfare	29,928	63,181	17,332	527	991	468	454	1,082	465	903	590
12 Industrial aid	15,415	12,892	5,594	89	368	33	161	401	457	1,591	216
13 Other purposes	15,758	24,398	47,433	1,084	1,907	1,295	1,689	2,399	1,301	1,033	1,795

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

SOURCES. Securities Data Company beginning 1986. Public Securities Association for earlier data. This new data source began with the November BULLETIN.

1.46 NEW SECURITY ISSUES U.S. Corporations

Millions of dollars

Type of issue or issuer, or use	1984	1985	1986	1987							
				Jan.	Feb.	Mar.	Apr.	May	June	Julyr	Aug.
1 **All issues**[1]	**155,145r**	**239,015r**	**423,726**	**24,168**	**27,048**	**37,953**	**23,735**	**19,969**	**28,445**	**27,417**	**21,350**
2 **Bonds**[2]	**132,517r**	**203,500r**	**355,293**	**21,253**	**23,281**	**28,143**	**19,518**	**13,431**	**22,093**	**22,077**	**17,350**
Type of offering											
3 Public, domestic	73,579	119,559	231,936	20,250	20,274	23,388	17,634	11,394	20,564	19,051	14,625
4 Private placement, domestic[3]	36,324	46,195	80,761	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5 Sold abroad	22,613	37,781	42,596	1,003	3,007	4,755	1,884	2,037	1,530	3,026	2,725
Industry group											
6 Manufacturing	32,804r	63,973r	91,548	4,638	4,253	7,180	2,734	5,035	4,104	5,532	3,337
7 Commercial and miscellaneous	14,792r	17,066r	40,124	1,253	1,884	4,261	1,683	754	2,061	1,005	1,281
8 Transportation	4,784r	6,020r	9,971	0	176	521	168	21	0	343	296
9 Public utility	10,996r	13,649r	31,426	1,491	2,715	794	1,370	572	2,091	1,644	1,533
10 Communication	3,400r	10,832r	16,659	65	410	710	175	138	205	119	856
11 Real estate and financial	65,740r	91,958r	165,564	13,806	13,844	14,678	13,389	6,912	13,632	13,217	10,049
12 **Stocks**[3]	**22,628**	**35,515**	**68,433**	**2,915**	**3,767**	**9,810**	**4,217**	**6,538**	**6,352**	**5,340**	**4,000**
Type											
13 Preferred	4,118	6,505	11,514	429	905	2,257	526	1,170	1,202	1,157	911
14 Common	18,510	29,010	50,316	2,486	2,862	7,553	3,691	5,368	5,150	4,183	3,089
15 Private placement[3]	....	....	6,603	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
16 Manufacturing	4,054	5,700	15,027	365	814	2,016	653	1,066	1,438	1,046	443
17 Commercial and miscellaneous	6,277	9,149	10,617	148	437	2,366	2,203	1,516	1,353	879	844
18 Transportation	589	1,544	2,427	0	191	299	230	3	492	379	0
19 Public utility	1,624	1,966	4,020	237	509	907	297	374	329	472	85
20 Communication	419	978	1,825	16	9	57	18	200	199	294	302
21 Real estate and financial	9,665	16,178	34,517	2,149	1,807	4,165	816	3,379	2,541	2,270	2,326

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.

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

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1985	1986	1987 Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	**222,670**	**411,483**	**50,116**	**36,307**	**40,378**	**42,857**	**28,295**	**28,637**	**27,970**	**26,455**
2 Redemptions of own shares[3]	132,440	239,394	26,565	21,576	24,730	37,448	23,453	23,693	22,807	22,562
3 Net sales	90,230	172,089	23,551	14,731	15,648	5,409	4,842	4,944	5,763	3,893
4 Assets[4]	**251,695**	**424,156**	**464,415**	**490,643**	**506,752**	**502,487**	**500,634**	**516,866**	**531,022**	**529,166**
5 Cash position[5]	20,607	30,716	34,098	35,279	37,090	43,009	39,158	41,467	41,587	40,731
6 Other	231,088	393,440	430,317	455,364	469,662	459,478	461,476	475,099	489,435	498,435

1. Excluding money market funds.
2. Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
3. Excludes share redemption resulting from conversions from one fund to another in the same group.
4. Market value at end of period, less current liabilities.
5. Also includes all U.S. government securities and other short-term debt securities.

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

1.48 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1984	1985	1986	1985 Q3	1985 Q4	1986 Q1	1986 Q2	1986 Q3	1986 Q4	1987 Q1	1987 Q2
1 Corporate profits with inventory valuation and capital consumption adjustment	266.9	277.6	284.4	292.8	277.8	288.0	282.3	286.4	281.1	294.0	296.8
2 Profits before tax	239.9	224.8	231.9	230.2	233.5	218.9	224.4	236.3	247.9	257.0	268.7
3 Profits tax liability	93.9	96.7	105.0	100.5	99.1	98.1	102.1	106.1	113.9	128.0	134.2
4 Profits after tax	146.1	128.1	126.8	129.7	134.4	120.9	122.3	130.2	134.0	129.0	134.5
5 Dividends	79.0	81.3	86.8	81.2	81.7	84.3	86.6	87.7	88.6	90.3	92.4
6 Undistributed profits	67.0	46.8	40.0	48.5	52.7	36.6	35.7	42.5	45.4	38.7	42.1
7 Inventory valuation	-5.8	-.8	6.5	6.5	-9.8	17.8	11.3	6.0	-8.9	-11.3	-20.0
8 Capital consumption adjustment	32.8	53.5	46.0	56.0	54.2	51.3	46.7	44.0	42.1	48.2	48.0

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

1.49 NONFINANCIAL CORPORATIONS Assets and Liabilities[1]

Billions of dollars, except for ratio

Account	1980	1981	1982	1983	1984	1985				1986
						Q1	Q2	Q3	Q4	Q1
1 **Current assets**	**1,328.3**	**1,419.6**	**1,437.1**	**1,565.9**	**1,703.0**	**1,722.7**	**1,734.6**	**1,763.0**	**1,784.6**	**1,795.7**
2 Cash	127.0	135.6	147.8	171.8	173.6	167.5	167.1	176.3	189.2	195.3
3 U.S. government securities	18.7	17.7	23.0	31.0	36.2	35.7	35.4	32.6	33.0	31.0
4 Notes and accounts receivable	507.5	532.5	517.4	583.0	633.1	650.3	654.1	661.0	671.5	663.4
5 Inventories	543.0	584.0	579.0	603.4	656.9	665.7	666.7	675.0	666.0	679.6
6 Other	132.1	149.7	169.8	186.7	203.2	203.5	211.2	218.0	224.9	226.3
7 **Current liabilities**	**890.6**	**971.3**	**986.0**	**1,059.6**	**1,163.6**	**1,174.1**	**1,182.9**	**1,211.9**	**1,233.6**	**1,222.3**
8 Notes and accounts payable	514.4	547.1	550.7	595.7	647.8	636.9	651.7	670.4	682.7	668.4
9 Other	376.2	424.1	435.3	463.9	515.8	537.1	531.2	541.5	550.9	553.9
10 **Net working capital**	**437.8**	**448.3**	**451.1**	**516.3**	**539.5**	**548.6**	**551.7**	**551.1**	**551.0**	**573.4**
11 MEMO: Current ratio[2]	1.492	1.462	1.459	1.487	1.464	1.467	1.466	1.455	1.447	1.469

1. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37. Data are not currently available after 1986:1.

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

SOURCE. Federal Trade Commission and Bureau of the Census.

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry	1985	1986	1987[1]	1986				1987			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3[1]	Q4[1]
1 **Total nonfarm business**	**387.13**	**379.47**	**389.07**	**380.04**	**376.21**	**375.50**	**386.09**	**374.23**	**377.65**	**398.04**	**406.37**
Manufacturing											
2 Durable goods industries	73.27	69.14	71.23	68.71	68.56	69.42	69.87	70.47	68.76	73.24	72.44
3 Nondurable goods industries	80.21	73.56	75.17	76.39	73.62	70.01	74.20	70.18	72.03	77.23	81.22
Nonmanufacturing											
4 Mining	15.88	11.22	10.75	13.13	11.29	10.14	10.31	10.31	11.02	11.06	10.60
Transportation											
5 Railroad	7.08	6.66	6.29	6.50	6.70	7.02	6.41	5.55	5.77	6.79	7.05
6 Air	4.79	6.26	6.70	6.53	5.87	5.78	6.84	7.46	5.72	6.62	7.02
7 Other	6.15	5.89	6.52	5.47	5.83	6.01	6.25	5.97	6.19	7.05	6.88
Public utilities											
8 Electric	36.11	33.91	31.96	34.25	33.77	33.81	33.78	30.85	31.13	32.93	32.95
9 Gas and other	12.71	12.47	12.56	12.92	12.66	12.00	12.34	12.75	12.35	12.66	12.49
10 Commercial and other[2]	150.93	160.38	167.89	156.14	157.91	161.31	166.08	160.70	164.69	170.46	175.70

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

1. Anticipated by business.

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

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1982	1983	1984	1985	1986				1987	
					Q1	Q2	Q3	Q4	Q1	Q2
ASSETS										
Accounts receivable, gross										
1 Consumer	75.3	83.3	89.9	113.4	117.2	125.1	137.1	136.5	133.9	136.9
2 Business	100.4	113.4	137.8	158.3	165.9	167.7	161.0	174.8	182.8	189.0
3 Real estate	18.7	20.5	23.8	28.9	29.9	30.8	32.1	33.7	35.1	36.3
4 Total	194.3	217.3	251.5	300.6	312.9	323.6	330.2	345.0	351.8	362.1
Less:										
5 Reserves for unearned income	29.9	30.3	33.8	39.2	40.0	40.7	42.4	41.4	40.4	41.2
6 Reserves for losses	3.3	3.7	4.2	4.9	5.0	5.1	5.4	5.8	5.9	6.2
7 Accounts receivable, net	161.1	183.2	213.5	256.5	268.0	277.8	282.4	297.8	305.5	314.8
8 All other	30.4	34.4	35.7	45.3	48.8	48.8	59.9	57.9	59.0	57.0
9 **Total assets**	**191.5**	**217.6**	**249.2**	**301.9**	**316.8**	**326.6**	**342.3**	**355.6**	**364.5**	**371.8**
LIABILITIES										
10 Bank loans	16.5	18.3	20.0	20.6	19.0	19.2	20.2	22.2	17.3	17.2
11 Commercial paper	51.4	60.5	73.1	99.2	104.3	108.4	112.8	117.8	119.1	118.7
Debt										
12 Other short-term	11.9	11.1	12.9	12.5	13.4	15.4	16.0	17.2	21.6	24.2
13 Long-term	63.7	67.7	77.2	93.1	101.0	105.2	109.8	115.6	118.4	120.4
14 All other liabilities	21.6	31.2	34.5	40.9	42.3	40.1	44.1	43.4	46.3	48.1
15 Capital, surplus, and undivided profits	26.4	28.9	31.5	35.7	36.7	38.4	39.4	39.4	41.8	43.1
16 **Total liabilities and capital**	**191.5**	**217.6**	**249.2**	**301.9**	**316.8**	**326.6**	**342.3**	**355.6**	**364.5**	**371.8**

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

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Aug. 31, 1987[1]	Changes in accounts receivable			Extensions			Repayments		
		1987			1987			1987		
		June	July	Aug.	June	July	Aug.	June	July	Aug.
1 **Total**	**188,083**	**1,714**	**3,403**	**1,400**	**30,390**	**29,883**	**29,862**	**28,677**	**26,480**	**28,282**
Retail financing of installment sales										
2 Automotive (commercial vehicles)	31,561	691	879	1,206	1,259	1,318	1,351	568	438	145
3 Business, industrial, and farm equipment	23,768	623	502	65	1,699	1,865	1,644	1,076	1,363	1,579
Wholesale financing										
4 Automotive	24,356	298	-173	-1,572	11,701	10,704	11,335	11,404	10,877	12,907
5 Equipment	5,466	115	94	73	591	624	601	476	530	528
6 All other	8,452	-256	127	152	3,246	3,186	3,251	3,502	3,059	3,100
Leasing										
7 Automotive	21,270	3	410	560	1,171	1,357	1,086	1,168	947	526
8 Equipment	40,222	-14	332	280	1,019	1,128	1,403	1,033	796	1,123
9 Loans on commercial accounts receivable and factored commercial accounts receivable	17,748	-117	853	331	8,150	8,344	7,712	8,268	7,490	7,382
10 All other business credit	15,240	371	379	306	1,554	1,358	1,298	1,183	979	992

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

1. Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1984	1985	1986	1987						
				Mar.	Apr.	May	June	July	Aug.	Sept.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	96.8	104.1	118.1	130.2	136.9	132.9	131.8	134.6	141.2	140.2
2 Amount of loan (thousands of dollars)	73.7	77.4	86.2	95.0	100.9	99.0	97.5	99.4	102.6	100.8
3 Loan/price ratio (percent)	78.7	77.1	75.2	74.3	75.2	76.1	75.9	75.4	75.0	74.6
4 Maturity (years)	27.8	26.9	26.6	27.1	27.1	28.0	28.0	27.9	27.8	27.3
5 Fees and charges (percent of loan amount)[2]	2.64	2.53	2.48	2.20	2.23	2.26	2.40	2.42	2.19	2.08
6 Contract rate (percent per annum)	11.87	11.12	9.82	8.77	8.84	8.99	9.05	9.01	9.01	9.03
Yield (percent per year)										
7 FHLBB series[3]	12.37	11.58	10.25	9.14	9.21	9.37	9.45	9.41	9.38	9.37
8 HUD series[4]	13.80	12.28	10.07	9.19	10.11	10.44	10.29	10.22	10.37	n.a.
SECONDARY MARKETS										
Yield (percent per year)										
9 FHA mortgages (HUD series)[5]	13.81	12.24	9.91	8.94	10.02	10.61	10.33	10.38	10.55	n.a.
10 GNMA securities[6]	13.13	11.61	9.30	8.18	8.85	9.40	9.50	9.59	9.77	10.40
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	83,339	94,574	98,048	95,140	94,404	94,064	94,064	94,154	94,600	94,884
12 FHA/VA-insured	35,148	34,244	29,683	21,843	21,765	21,999	21,892	21,730	21,555	21,620
13 Conventional	48,191	60,331	68,365	73,297	72,639	72,065	72,173	72,424	73,045	73,264
Mortgage transactions (during period)										
14 Purchases	16,721	21,510	30,826	1,435	2,118	1,718	1,690	1,569	1,613	1,743
Mortgage commitments[7]										
15 Contracted (during period)	21,007	20,155	32,987	2,805	3,208	1,726	1,745	2,373	2,276	1,842
16 Outstanding (end of period)	6,384	3,402	3,386	3,539	4,421	4,410	4,448	5,071	5,690	5,627
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
17 Total	9,283	12,399	13,517	12,940	12,492	12,442	12,598	12,834		
18 FHA/VA	910	841	746	717	708	688	382	684		
19 Conventional	8,373	11,559	12,771	12,223	11,784	11,754	11,903	12,150		
Mortgage transactions (during period)										
20 Purchases	21,886	44,012	103,474	9,394	9,777	7,995	7,864	7,252	n.a.	n.a.
21 Sales	18,506	38,905	100,236	9,143	9,848	7,767	7,447	6,831		
Mortgage commitments[9]										
22 Contracted (during period)	32,603	48,989	110,855	9,669	8,408	7,182	7,330	5,611		

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	1984	1985	1986	1986 Q2	1986 Q3	1986 Q4	1987 Q1	1987 Q2
1 **All holders**	**2,035,238**	**2,269,173**	**2,565,867**	**2,386,022**	**2,471,574**	**2,565,867**	**2,658,942**	**2,744,930**
2 1- to 4-family	1,318,545	1,467,409	1,666,357	1,544,392	1,607,799	1,666,357	1,709,863	1,770,953
3 Multifamily	185,604	214,045	246,879	229,405	237,661	246,879	259,309	266,913
4 Commercial	419,444	482,029	555,825	511,038	526,535	555,825	596,507	615,264
5 Farm	111,645	105,690	96,806	101,187	99,579	96,806	93,263	91,800
6 Selected financial institutions	1,269,702	1,390,394	1,506,422	1,435,437	1,464,213	1,506,422	1,557,014	1,600,779
7 Commercial banks[2]	379,498	429,196	502,534	456,163	474,658	502,534	517,271	542,575
8 1- to 4-family	196,163	213,434	235,814	221,640	228,593	235,814	241,512	251,701
9 Multifamily	20,264	23,373	31,173	26,799	28,623	31,173	31,745	33,585
10 Commercial	152,894	181,032	222,799	195,484	204,996	222,799	230,771	243,399
11 Farm	10,177	11,357	12,748	12,240	12,446	12,748	13,243	13,890
12 Savings institutions[3]	709,718	760,499	777,312	768,435	772,175	777,312	809,967	823,217
13 1- to 4-family	528,791	554,301	558,412	556,039	557,938	558,412	557,065	567,262
14 Multifamily	75,567	89,739	97,059	92,563	94,227	97,059	103,698	105,649
15 Commercial	104,896	115,771	121,236	119,195	119,406	121,236	148,688	149,804
16 Farm	464	688	605	638	604	605	516	502
17 Life insurance companies	156,699	171,797	192,975	180,041	185,269	192,975	194,689	198,089
18 1- to 4-family	14,120	12,381	12,763	12,608	12,927	12,763	12,832	12,832
19 Multifamily	18,938	19,894	20,847	20,181	20,709	20,847	20,820	20,820
20 Commercial	111,175	127,670	148,367	135,924	140,213	148,367	150,592	154,192
21 Farm	12,466	11,852	10,998	11,328	11,420	10,998	10,445	10,245
22 Finance companies[4]	23,787	28,902	33,601	30,798	32,111	33,601	35,087	36,898
23 Federal and related agencies	158,993	166,928	203,800	161,398	159,505	203,800	199,509	196,498
24 Government National Mortgage Association	2,301	1,473	889	876	887	889	687	665
25 1- to 4-family	585	539	47	49	48	47	46	45
26 Multifamily	1,716	934	842	827	839	842	641	620
27 Farmers Home Administration[5]	1,276	733	48,421	570	457	48,421	48,203	48,085
28 1- to 4-family	213	183	21,625	146	132	21,625	21,390	21,157
29 Multifamily	119	113	7,608	66	57	7,608	7,710	7,808
30 Commercial	497	159	8,446	111	115	8,446	8,463	8,553
31 Farm	447	278	10,742	247	153	10,742	10,640	10,567
32 Federal Housing and Veterans Administration	4,816	4,920	5,047	5,094	4,966	5,047	5,177	5,254
33 1- to 4-family	2,048	2,254	2,386	2,449	2,331	2,386	2,447	2,504
34 Multifamily	2,768	2,666	2,661	2,645	2,635	2,661	2,730	2,750
35 Federal National Mortgage Association	87,940	98,282	97,895	97,295	97,717	97,895	95,140	94,064
36 1- to 4-family	82,175	91,966	90,718	90,460	90,508	90,718	88,106	87,013
37 Multifamily	5,765	6,316	7,177	6,835	7,209	7,177	7,034	7,051
38 Federal Land Banks	52,261	47,498	39,984	43,369	42,119	39,984	37,362	35,833
39 1- to 4-family	3,074	2,798	2,353	2,552	2,478	2,353	2,198	2,108
40 Farm	49,187	44,700	37,631	40,817	39,641	37,631	35,164	33,725
41 Federal Home Loan Mortgage Corporation	10,399	14,022	11,564	14,194	13,359	11,564	12,940	12,597
42 1- to 4-family	9,654	11,881	10,010	11,890	11,127	10,010	11,774	11,172
43 Multifamily	745	2,141	1,554	2,304	2,232	1,554	1,166	1,425
44 Mortgage pools or trusts[6]	332,057	415,042	529,763	475,615	522,721	529,763	571,705	612,408
45 Government National Mortgage Association	179,981	212,145	260,869	229,204	241,230	260,869	277,386	290,512
46 1- to 4-family	175,589	207,198	255,132	223,838	235,664	255,132	271,065	283,892
47 Multifamily	4,392	4,947	5,737	5,366	5,566	5,737	6,321	6,620
48 Federal Home Loan Mortgage Corporation	70,822	100,387	171,372	125,903	146,871	171,372	186,295	200,284
49 1- to 4-family	70,253	99,515	166,667	123,676	143,734	166,667	180,602	194,238
50 Multifamily	569	872	4,705	2,227	3,137	4,705	5,693	6,046
51 Federal National Mortgage Association	36,215	54,987	97,174	72,377	86,359	97,174	107,673	121,270
52 1- to 4-family	35,965	54,036	95,791	71,153	85,171	95,791	106,068	119,540
53 Multifamily	250	951	1,383	1,224	1,188	1,383	1,605	1,730
54 Farmers Home Administration[5]	45,039	47,523	348	48,131	48,261	348	351	342
55 1- to 4-family	21,813	22,186	142	21,987	21,782	142	154	149
56 Multifamily	5,841	6,675	n.a.	7,170	7,353	n.a.	n.a.	n.a.
57 Commercial	7,559	8,190	132	8,347	8,409	132	127	126
58 Farm	9,826	10,472	74	10,627	10,717	74	70	67
59 Individuals and others[7]	274,486	296,809	325,882	313,572	325,135	325,882	330,714	335,245
60 1- to 4-family	154,315	165,835	180,896	175,107	183,255	180,896	179,517	180,442
61 Multifamily	48,670	55,424	66,133	61,198	63,886	66,133	70,146	72,809
62 Commercial	42,423	49,207	54,845	51,977	53,396	54,845	57,866	59,190
63 Farm	29,078	26,343	24,008	25,290	24,598	24,008	23,185	22,804

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.
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.
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[1,4] Total Outstanding, and Net Change, seasonally adjusted

Millions of dollars

Holder, and type of credit	1985	1986	1986	1987							
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.
	Amounts outstanding (end of period)										
1 **Total**	**522,805**	**577,784**	**577,784**	**578,578**	**579,591**	**579,913**	**583,595**	**583,276**	**587,821**	**591,175**	**595,832**
By major holder											
2 Commercial banks	242,084	261,604	261,604	261,694	262,105	261,933	263,433	263,463	264,396	265,085	265,818
3 Finance companies[2]	113,070	136,494	136,494	135,802	136,009	136,050	137,091	136,398	138,038	138,745	140,689
4 Credit unions	72,119	77,857	77,857	78,284	78,492	78,569	79,255	79,476	80,585	81,492	82,233
5 Retailers[3]	38,864	40,586	40,586	40,617	40,644	40,469	40,467	40,318	40,287	40,364	40,391
6 Savings institutions	52,433	58,037	58,037	58,906	59,031	59,488	59,826	60,045	60,983	61,910	63,059
7 Gasoline companies	4,235	3,205	3,205	3,276	3,311	3,405	3,522	3,576	3,532	3,580	3,643
By major type of credit											
8 Automobile	208,057	245,055	245,055	245,472	246,064	246,290	247,663	247,578	250,130	250,980	253,887
9 Commercial banks	93,003	100,709	100,709	101,389	101,688	101,528	101,781	102,189	102,810	102,829	103,387
10 Credit unions	35,635	39,029	39,029	39,243	39,347	39,386	39,730	39,841	40,396	40,851	41,222
11 Finance companies	70,091	93,274	93,274	92,617	92,780	93,032	93,738	93,089	94,270	94,455	96,193
12 Savings institutions	9,328	12,043	12,043	12,223	12,249	12,344	12,414	12,459	12,654	12,846	13,085
13 Revolving	122,021	134,938	134,938	134,916	135,663	135,166	136,706	136,869	137,401	138,741	139,769
14 Commercial banks	75,866	85,652	85,652	85,395	86,053	85,567	86,929	87,133	87,590	88,685	89,476
15 Retailers	34,695	36,240	36,240	36,277	36,308	36,141	36,139	36,009	35,971	36,021	36,022
16 Gasoline companies	4,235	3,205	3,205	3,276	3,311	3,405	3,522	3,576	3,532	3,580	3,643
17 Savings institutions	5,705	7,713	7,713	7,829	7,845	7,906	7,951	7,980	8,105	8,228	8,381
18 Credit unions	1,520	2,128	2,128	2,139	2,145	2,147	2,166	2,172	2,202	2,227	2,247
19 Mobile home	25,488	25,710	25,710	25,852	25,789	25,614	25,626	25,542	25,685	25,860	25,692
20 Commercial banks	9,538	8,812	8,812	8,787	8,739	8,725	8,698	8,615	8,609	8,626	8,518
21 Finance companies	9,391	9,028	9,028	9,077	9,045	8,823	8,816	8,785	8,807	8,839	8,623
22 Savings institutions	6,559	7,870	7,870	7,988	8,005	8,067	8,112	8,142	8,269	8,395	8,551
23 Other	167,239	172,081	172,081	172,338	172,076	172,844	173,600	173,287	174,605	175,594	176,485
24 Commercial banks	63,677	66,431	66,431	66,122	65,625	66,113	66,026	65,527	65,387	64,945	64,436
25 Finance companies	33,588	34,192	34,192	34,108	34,183	34,196	34,537	34,524	34,962	35,452	35,874
26 Credit unions	34,964	36,700	36,700	36,901	36,999	37,036	37,359	37,463	37,986	38,413	38,763
27 Retailers	4,169	4,346	4,346	4,340	4,336	4,327	4,328	4,310	4,315	4,343	4,369
28 Savings institutions	30,841	30,412	30,412	30,867	30,932	31,172	31,349	31,463	31,955	32,441	33,043
	Net change (during period)										
29 **Total**	**76,622**	**54,979**	**128**	**794**	**1,013**	**322**	**3,682**	**-319**	**4,545**	**3,354**	**4,657**
By major holder											
30 Commercial banks	32,926	19,520	-1,345	90	411	-172	1,500	30	933	689	733
31 Finance companies[2]	23,566	23,424	180	-692	207	41	1,041	-693	1,640	707	1,944
32 Credit unions	6,493	5,738	349	427	208	77	686	221	1,109	907	741
33 Retailers[3]	1,660	1,722	90	31	27	-175	-2	-149	-31	77	27
34 Savings institutions	12,103	5,604	869	869	125	457	338	219	938	927	1,149
35 Gasoline companies	-126	-1,030	-16	71	35	94	117	54	-44	48	63
By major type of credit											
36 Automobile	35,705	36,998	2,050	417	592	226	1,373	-85	2,552	850	2,907
37 Commercial banks	9,103	7,706	488	680	299	-160	253	408	621	19	558
38 Credit unions	5,330	3,394	175	214	104	39	344	111	555	455	371
39 Finance companies	17,840	23,183	1,086	-657	163	252	706	-649	1,181	185	1,738
40 Savings institutions	3,432	2,715	301	180	26	95	70	45	195	192	239
41 Revolving	22,401	12,917	547	-22	747	-497	1,540	163	532	1,340	1,028
42 Commercial banks	17,721	9,786	226	-257	658	-486	1,362	204	457	1,095	791
43 Retailers	1,488	1,545	103	37	31	-167	-2	-130	-38	50	1
44 Gasoline companies	-126	-1,030	-16	71	35	94	117	54	-44	48	63
45 Savings institutions	2,771	2,008	184	116	16	61	45	29	125	123	153
46 Credit unions	547	608	50	11	6	2	19	6	30	25	20
47 Mobile home	778	222	-21	142	-63	-175	12	-84	143	175	-168
48 Commercial banks	-85	-726	-139	-25	-48	-14	-27	-83	-6	17	-108
49 Finance companies	-405	-363	-63	49	-32	-222	-7	-31	22	32	-216
50 Savings institutions	1,268	1,311	181	118	17	62	45	30	127	126	156
51 Other	17,738	4,842	-2,448	257	-262	768	756	-313	1,318	989	891
52 Commercial banks	6,187	2,754	-1,920	-309	-497	488	-87	-499	-140	-442	-509
53 Finance companies	6,131	604	-843	-84	75	13	341	-13	438	490	422
54 Credit unions	616	1,736	124	201	98	37	323	104	523	427	350
55 Retailers	172	177	-13	-6	-4	-9	1	-18	5	28	26
56 Savings institutions	4,632	-429	204	455	65	240	177	114	492	486	602

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.
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.
4. All data have been revised.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1984	1985	1986	1987 Feb.	Mar.	Apr.	May	June	July	Aug.
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	13.71	12.91	11.33	10.35	n.a.	n.a.	10.23	n.a.	n.a.	10.37
2 24-month personal	16.47	15.94	14.82	14.10	n.a.	n.a.	14.00	n.a.	n.a.	14.22
3 120-month mobile home[2]	15.58	14.96	13.99	13.42	n.a.	n.a.	13.23	n.a.	n.a.	13.24
4 Credit card	18.77	18.69	18.26	18.10	n.a.	n.a.	17.92	n.a.	n.a.	17.85
Auto finance companies										
5 New car	14.62	11.98	9.44	10.78	10.59	10.81	10.69	10.64	10.52	9.63
6 Used car	17.85	17.59	15.95	14.56	14.40	14.49	14.45	14.47	14.53	14.53
OTHER TERMS[3]										
Maturity (months)										
7 New car	48.3	51.5	50.0	53.6	53.7	54.3	53.5	53.6	53.4	52.1
8 Used car	39.7	41.4	42.6	44.7	44.9	45.0	45.2	45.4	45.5	45.4
Loan-to-value ratio										
9 New car	88	91	91	94	94	94	93	93	93	93
10 Used car	92	94	97	99	99	98	98	98	98	98
Amount financed (dollars)										
11 New car	9,333	9,915	10,665	10,602	10,641	10,946	11,176	11,214	11,267	11,374
12 Used car	5,691	6,089	6,555	7,075	7,145	7,234	7,373	7,479	7,527	7,763

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

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

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1982	1983[r]	1984[r]	1985[r]	1986[r]	1984[r]		1985[r]		1986[r]		1987
						H1	H2	H1	H2	H1	H2	H1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**388.9**	**550.2**	**753.9**	**854.8**	**833.4**	**717.3**	**790.4**	**722.7**	**986.8**	**676.9**	**989.9**	**568.3**
By sector and instrument												
2 U.S. government	161.3	186.6	198.8	223.6	214.3	190.4	207.2	204.8	242.5	207.2	221.5	151.4
3 Treasury securities	162.1	186.7	199.0	223.7	214.7	190.7	207.3	204.9	242.5	207.4	222.0	151.7
4 Agency issues and mortgages	-.9	-.1	-.2	-.1	-.3	-.2	-.1	-.1	-.1	-.1	-.5	-.4
5 Private domestic nonfinancial sectors	227.6[r]	363.6	555.1	631.1	619.0	526.9	583.3	518.0	744.3	469.6	768.4	417.0
6 Debt capital instruments	148.3	253.4	313.6	447.8	445.0	284.7	342.5	350.4	545.2	363.4	546.7	407.1
7 Tax-exempt obligations	44.2	53.7	50.4	136.4	35.4	33.8	67.0	67.0	205.8	-16.9	87.7	20.0
8 Corporate bonds	18.7	16.0	46.1	73.8	121.7	22.5	69.8	62.2	85.3	135.3	108.1	89.0
9 Mortgages	85.4	183.6	217.1	237.7	298.0	228.5	205.7	221.2	254.2	245.0	350.9	298.1
10 Home mortgages	50.5	117.5	129.7	151.9	199.4	139.5	119.9	139.2	164.7	163.8	234.9	217.5
11 Multifamily residential	5.4	14.2	25.1	29.2	33.0	27.8	22.4	25.0	33.4	31.2	34.8	27.7
12 Commercial	25.2	49.3	63.2	62.5	73.9	62.6	63.8	59.5	65.5	58.9	88.9	62.5
13 Farm	4.2	2.6	-.9	-6.0	-8.3	-1.4	-.4	-2.5	-9.5	-8.9	-7.7	-9.6
14 Other debt instruments	79.3[r]	110.2	241.5	183.3	164.0	242.2	240.8	167.5	199.1	106.2	221.8	9.9
15 Consumer credit	19.3[r]	56.6	90.4	94.6	65.8	94.7	86.2	95.3	93.9	71.0	60.6	15.7
16 Bank loans n.e.c.	50.4[r]	23.2	67.1	38.6	66.5	71.2	63.0	21.0	56.2	12.2	120.8	-40.2
17 Open market paper	-6.1	-.8	21.7	14.6	-9.3	26.6	16.8	14.4	14.8	-13.1	-5.5	4.5
18 Other	15.8[r]	31.3	62.2	35.5	41.0	49.7	74.7	36.8	34.2	36.2	45.9	29.9
19 By borrowing sector	227.6[r]	363.6	555.1	631.1	619.0	526.9	583.3	518.0	744.3	469.6	768.4	417.0
20 State and local governments	21.5	34.0	27.4	91.8	46.4	16.2	38.6	56.3	127.2	3.1	89.7	28.6
21 Households	90.0[r]	188.2	234.6	293.4	279.9	235.0	234.2	259.8	327.1	232.8	326.9	224.0
22 Farm	6.8	4.1	-.1	-13.9	-15.1	-.5	.4	-7.0	-20.8	-16.8	-13.3	-19.5
23 Nonfarm noncorporate	40.2	77.0	97.0	93.1	115.9	101.8	92.2	85.7	100.5	96.2	135.5	92.8
24 Corporate	69.0[r]	60.3	196.0	166.7	192.0	174.3	217.8	123.2	210.3	154.3	229.7	91.2
25 Foreign net borrowing in United States	16.0	17.3	8.3	1.2	9.0	36.1	-19.4	-5.8	8.2	21.5	-3.5	-12.6
26 Bonds	6.6[r]	3.1	3.8	3.8	2.6	1.3	6.3	5.5	2.1	6.2	-1.1	-1.1
27 Bank loans n.e.c.	-5.5	3.6	-6.6	-2.8	-1.0	-1.3	-11.9	-5.8	.1	1.5	-3.5	-3.5
28 Open market paper	1.9	6.5	6.2	6.2	11.5	16.6	-4.3	2.8	9.6	19.1	3.9	-5.3
29 U.S. government loans	13.0	4.1	5.0	-6.0	-4.0	19.5	-9.6	-8.2	-3.7	-5.3	-2.7	-2.8
30 **Total domestic plus foreign**	**404.8[r]**	**567.5**	**762.2**	**856.0**	**842.4**	**753.4**	**771.0**	**716.9**	**995.0**	**698.3**	**986.4**	**555.7**
	Financial sectors											
31 **Total net borrowing by financial sectors**	**90.3[r]**	**99.3**	**151.9**	**199.0**	**291.1**	**153.0**	**150.7**	**175.1**	**222.8**	**238.8**	**343.4**	**317.5**
By instrument												
32 U.S. government related	64.9	67.8	74.9	101.5	174.3	72.5	77.3	96.8	106.3	133.8	214.8	180.2
33 Sponsored credit agency securities	14.9	1.4	30.4	20.6	13.2	29.4	31.5	26.6	14.6	6.4	20.0	7.8
34 Mortgage pool securities	49.5	66.4	44.4	79.9	161.4	43.1	45.8	70.3	89.5	126.6	196.3	171.8
35 Loans from U.S. government	.4	.....	.....	1.1	-.4	.....	.....	.....	2.2	.8	-1.5	.5
36 Private financial sectors	25.4[r]	31.5	77.0	97.4	116.8	80.5	73.5	78.3	116.5	105.0	128.6	137.4
37 Corporate bonds	12.7[r]	17.4	36.2	48.6	68.7	30.8	41.5	48.9	48.3	70.9	66.5	92.5
38 Mortgages	.1	*	.4	.1	.1	.4	.4	*	.1	.6	-.5	.2
39 Bank loans n.e.c.	1.9	-.1	.7	2.6	4.0	.6	.7	2.3	2.9	4.0	4.0	-7.4
40 Open market paper	9.9	21.3	24.1	32.0	24.2	32.1	16.0	14.6	49.4	15.1	33.4	38.3
41 Loans from Federal Home Loan Banks	.8	-7.0	15.7	14.2	19.8	16.5	14.9	12.5	15.9	14.4	25.2	13.6
By sector												
42 Sponsored credit agencies	15.3	1.4	30.4	21.7	12.9	29.4	31.5	26.6	16.8	7.2	18.5	8.3
43 Mortgage pools	49.5	66.4	44.4	79.9	161.4	43.1	45.8	70.3	89.5	126.6	196.3	171.8
44 Private financial sectors	25.4[r]	31.5	77.0	97.4	116.8	80.5	73.5	78.3	116.5	105.0	128.6	137.4
45 Commercial banks	11.7	5.0	7.3	-4.9	-3.6	19.8	-5.3	-4.7	-5.0	-2.7	-4.6	4.4
46 Bank affiliates	6.8	12.1	15.6	14.5	4.6	20.4	10.8	10.2	18.9	-1.7	10.9	21.6
47 Savings and loan associations	2.5	-2.1	22.7	22.3	29.3	22.0	23.3	14.2	30.4	25.5	33.1	30.7
48 Finance companies	4.5	12.9	18.9	53.9	50.2	8.2	29.6	49.7	58.1	53.1	47.2	27.2
49 REITs	-.2[r]	-.1	.1	-.7	-.3	.2	.1	-.6	-.8	.6	-1.3	-.2
50 CMO Issuers	.2[r]	3.7	12.4	12.2	36.7	9.8	15.0	9.5	14.9	30.2	43.3	53.7
	All sectors											
51 **Total net borrowing**	**495.1[r]**	**666.8**	**914.1**	**1,054.9**	**1,133.5**	**906.4**	**921.8**	**892.1**	**1,217.8**	**937.1**	**1,329.8**	**873.2**
52 U.S. government securities	225.9	254.4	273.8	324.2	389.0	263.1	284.5	301.7	346.6	340.2	437.8	331.0
53 State and local obligations	44.2	53.7	50.4	136.4	35.4	33.8	67.0	67.0	205.8	-16.9	87.7	20.0
54 Corporate and foreign bonds	38.0[r]	36.5	86.1	126.1	192.9	54.6	117.6	116.6	135.7	212.4	173.5	180.5
55 Mortgages	85.4	183.6	217.4	237.7	298.0	228.8	206.0	221.2	254.2	245.6	350.4	298.3
56 Consumer credit	19.3[r]	56.6	90.4	94.6	65.8	94.7	86.2	95.3	93.9	71.0	60.6	15.7
57 Bank loans n.e.c.	46.7[r]	26.7	61.1	38.3	69.5	70.4	51.8	17.5	59.2	17.7	121.3	-51.0
58 Open market paper	5.7	26.9	52.0	52.8	26.4	75.4	28.6	31.8	73.7	21.0	31.7	37.5
59 Other loans	30.0[r]	28.4	82.9	44.8	56.5	85.7	80.0	41.1	48.6	46.1	66.9	41.1
	External corporate equity funds raised in United States											
60 **Total new share issues**	**25.8[r]**	**61.8**	**-36.4**	**19.9**	**91.6**	**-47.9**	**-24.9**	**3.0**	**36.7**	**100.8**	**82.3**	**61.8**
61 Mutual funds	8.8[r]	27.2	29.3	85.7	163.3	26.5	32.2	64.2	107.1	155.5	171.1	123.3
62 All other	17.0[r]	34.6	-65.7	-65.8	-71.7	-74.4	-57.1	-61.2	-70.4	-54.7	-88.7	-61.5
63 Nonfinancial corporations	11.4	28.3	-74.5	-81.5	-80.8	-79.5	-69.4	-75.5	-87.5	-68.7	-92.7	-70.0
64 Financial corporations	4.2[r]	2.6	7.8	12.0	8.3	6.8	8.8	11.2	12.8	7.5	9.1	6.7
65 Foreign shares purchased in United States	1.4[r]	3.7	.9	3.7	.7	-1.6	3.5	3.1	4.3	6.6	-5.1	1.9

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1982	1983r	1984r	1985r	1986r	1984r H1	1984r H2	1985r H1	1985r H2	1986r H1	1986r H2	1987 H1
1 Total funds advanced in credit markets to domestic nonfinancial sectors	**388.9r**	**550.2**	**753.9**	**854.8**	**833.4**	**717.3**	**790.4**	**722.7**	**986.8**	**676.9**	**989.9**	**568.3**
By public agencies and foreign												
2 Total net advances	114.9r	114.0	157.6	202.3	317.3	132.7	182.5	195.8	208.7	264.1	370.6	241.3
3 U.S. government securities	22.3r	26.3	39.3	47.1	84.8	27.6	51.0	50.3	43.9	74.0	95.6	46.3
4 Residential mortgages	61.0	76.1	56.5	94.6	158.5	55.5	57.4	88.6	100.7	123.8	193.2	164.9
5 FHLB advances to savings and loans	.8	-7.0	15.7	14.2	19.8	16.5	14.9	12.5	15.9	14.4	25.2	13.6
6 Other loans and securities	30.8	18.6	46.2	46.3	54.2	33.2	59.2	44.4	48.2	52.0	56.5	16.5
Total advanced, by sector												
7 U.S. government	15.9	9.7	17.1	16.8	9.5	7.5	26.6	25.1	8.4	10.8	8.2	-4.1
8 Sponsored credit agencies	65.5	69.8	74.3	101.5	175.5	73.3	75.2	96.4	106.7	128.2	222.8	167.7
9 Monetary authorities	9.8	10.9	8.4	21.6	30.2	12.0	4.8	27.5	15.8	13.2	47.2	10.8
10 Foreign	23.7r	23.7	57.9	62.3	102.1	39.8	75.9	46.8	77.8	111.9	92.3	66.9
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	64.9	67.8	74.9	101.5	174.3	72.5	77.3	96.8	106.3	133.8	214.8	180.2
12 Foreign	16.0	17.3	8.3	1.2	9.0	36.1	-19.4	-5.8	8.2	21.5	-3.5	-12.6
Private domestic funds advanced												
13 Total net advances	354.8r	521.3	679.5	755.2	699.3	693.2	665.7	618.0	892.5	568.0	830.6	494.6
14 U.S. government securities	203.6r	228.1	234.5	277.0	304.2	235.5	233.5	251.3	302.7	266.3	342.2	284.7
15 State and local obligations	44.2	53.7	50.4	136.4	35.4	33.8	67.0	67.0	205.8	-16.9	87.7	20.0
16 Corporate and foreign bonds	14.7r	14.5	35.1	40.8	84.3	17.3	53.0	39.7	42.0	100.8	67.8	61.6
17 Residential mortgages	-5.3	55.0	98.2	86.4	73.8	111.7	84.8	75.5	97.4	71.3	76.4	80.3
18 Other mortgages and loans	98.3r	162.4	276.9	228.8	221.4	311.5	242.3	197.0	260.6	161.0	281.8	61.6
19 LESS: Federal Home Loan Bank advances	.8	-7.0	15.7	14.2	19.8	16.5	14.9	12.5	15.9	14.4	25.2	13.6
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	274.2r	395.8	559.8	579.5	726.1	587.5	532.1	483.8	675.2	638.9	813.2	485.1
21 Commercial banking	110.2	144.3	168.9	186.3	194.7	192.2	145.5	143.3	229.4	117.2	272.3	49.9
22 Savings institutions	22.9r	135.6	150.2	83.0	105.8	167.0	133.5	54.5	111.4	94.5	117.2	85.7
23 Insurance and pension funds	96.6r	100.1	121.8	156.0	175.9	148.3	95.3	139.4	172.5	170.6	181.2	213.3
24 Other finance	44.5r	15.8	118.9	154.2	249.6	80.0	157.8	146.5	161.9	256.7	242.4	136.2
25 Sources of funds	274.2r	395.8	559.8	579.5	726.1	587.5	532.1	483.8	675.2	638.9	813.2	485.1
26 Private domestic deposits and RPs	196.2r	215.4	316.9	213.2	272.8	280.2	353.5	191.4	235.0	252.2	293.4	15.1
27 Credit market borrowing	25.4r	31.5	77.0	97.4	116.8	80.5	73.5	78.3	116.5	105.0	128.6	137.4
28 Other sources	52.6r	148.9	165.9	268.9	336.4	226.8	105.1	214.1	323.6	281.7	391.1	332.6
29 Foreign funds	-31.4	16.3	5.4	17.7	12.4	10.9	-.1	21.3	14.2	12.3	12.5	41.8
30 Treasury balances	6.1	-5.3	4.0	10.3	1.7	2.8	10.8	13.9	6.6	-4.2	7.6	-4.4
31 Insurance and pension reserves	106.0r	109.7	118.6	141.0	152.5	162.5	74.6	118.6	163.4	138.6	166.4	234.4
32 Other, net	-28.1r	28.2	37.9	99.9	169.8	56.1	19.7	60.3	139.4	134.9	204.6	60.8
Private domestic nonfinancial investors												
33 Direct lending in credit markets	106.0r	157.0	196.7	273.2	90.1	186.2	207.1	212.5	333.9	34.1	146.1	146.9
34 U.S. government securities	68.5r	99.3	123.6	145.3	43.4	162.8	84.3	156.2	134.5	37.4	49.4	69.9
35 State and local obligations	25.0	40.3	30.4	47.6	-.8	10.4	50.4	14.8	80.4	-68.7	67.2	21.7
36 Corporate and foreign bonds	*	-11.6	5.2	11.8	34.4	-26.4	36.9	15.4	8.2	68.1	.8	39.0
37 Open market paper	-5.7r	12.0	9.3	43.9	-4.8	15.6	3.0	3.5	84.2	-16.3	6.7	7.7
38 Other	18.2r	17.0	28.1	24.6	17.9	23.8	32.5	22.6	26.6	13.6	22.1	8.5
39 Deposits and currency	205.5r	232.8	320.4	223.5	293.2	286.8	354.0	198.3	248.7	262.0	324.4	10.2
40 Currency	9.7	14.3	8.6	12.4	14.4	13.7	3.6	15.9	8.8	10.7	18.2	10.0
41 Checkable deposits	18.0r	28.6	27.9	41.4	97.7	26.0	29.8	14.6	68.2	79.9	115.5	-28.5
42 Small time and savings accounts	136.0r	215.7	150.1	139.1	122.5	129.0	171.2	161.5	116.7	115.4	129.5	33.9
43 Money market fund shares	33.5r	-39.0	49.0	8.9	43.8	24.5	73.4	10.6	7.1	46.9	40.6	4.6
44 Large time deposits	2.4r	-8.4	84.9	7.2	-9.3	92.0	77.9	-7.6	21.9	*	-18.7	1.5
45 Security RPs	11.1	18.5	5.0	16.6	18.3	8.7	1.2	12.2	21.1	10.0	26.5	12.7
46 Deposits in foreign countries	-.4	3.1	-5.1	-2.1	5.9	7.1	-3.1	-9.0	4.9	-.9	12.8	-14.9
47 Total of credit market instruments, deposits and currency	**311.5r**	**389.9**	**517.1**	**496.7**	**383.3**	**473.0**	**561.1**	**410.7**	**582.6**	**296.0**	**470.5**	**157.1**
48 Public holdings as percent of total	28.4r	20.1	20.7	23.6	37.7	17.6	23.7	27.3	21.0	37.8	37.6	43.4
49 Private financial intermediation (in percent)	77.3r	75.9	82.4	76.7	103.8	84.7	79.9	78.3	75.6	112.5	97.9	98.1
50 Total foreign funds	-7.7r	40.0	63.3	80.1	114.5	50.7	75.8	68.1	92.0	124.2	104.9	108.7
MEMO: Corporate equities not included above												
51 Total net issues	**25.8r**	**61.8**	**-36.4**	**19.9**	**91.6**	**-47.9**	**-24.9**	**3.0**	**36.7**	**100.8**	**82.3**	**61.8**
52 Mutual fund shares	8.8r	27.2	29.3	85.7	163.5	26.5	32.2	64.2	107.1	155.5	171.1	123.3
53 Other equities	17.0r	34.6	-65.7	-65.8	-71.7	-74.4	-57.1	61.2	-70.4	-54.7	-88.7	-61.5
54 Acquisitions by financial institutions	25.9r	51.1	19.7	42.8	48.2	-.2	39.7	58.8	26.8	56.6	39.7	65.5
55 Other net purchases	-.1r	10.7	-56.1	-22.9	43.4	-47.7	64.6	-55.8	10.0	44.2	42.6	-3.6

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 forfeign affiliates and dedposits 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.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures[1]

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

Measure	1984	1985	1986	1987								
				Jan.	Feb.	Mar.	Apr.	May	June	July^{r}	Aug.^{r}	Sept.
1 **Industrial production**	**121.4**	**123.8**	**125.1**	**126.2^{r}**	**127.1^{r}**	**127.4^{r}**	**127.4**	**128.2^{r}**	**129.1^{r}**	**130.6**	**131.0**	**131.2**
Market groupings												
2 Products, total	126.7	130.8	133.2	134.5^{r}	136.0^{r}	136.4^{r}	135.8^{r}	136.9^{r}	137.8^{r}	139.6	139.9	140.2
3 Final, total	127.3	131.1	132.3	133.3^{r}	134.8^{r}	135.1^{r}	134.5	135.5^{r}	136.2^{r}	138.1	138.4	138.8
4 Consumer goods	118.0	120.2	124.5	125.5^{r}	126.4^{r}	126.7^{r}	125.5^{r}	127.3^{r}	127.2^{r}	129.2	129.3	128.9
5 Equipment	139.6	145.4	142.7	143.5^{r}	146.0^{r}	146.2^{r}	146.4^{r}	146.3^{r}	148.1^{r}	150.0	150.5	151.8
6 Intermediate	124.7	130.0	136.4	138.8^{r}	139.9^{r}	140.9^{r}	140.3^{r}	141.8^{r}	143.3^{r}	144.6	144.9	145.2
7 Materials	114.2	114.2	113.9	114.9^{r}	114.9^{r}	115.2	115.9^{r}	116.3	117.2	118.3	118.9	119.0
Industry groupings												
8 Manufacturing	123.4	126.4	129.1	130.7^{r}	131.6^{r}	132.4^{r}	132.4	133.2^{r}	134.0^{r}	135.5	136.0	136.1
Capacity utilization (percent)[2]												
9 Manufacturing	80.5	80.1	79.8	79.6^{r}	80.0^{r}	80.3	80.2	80.4^{r}	80.8^{r}	81.5	81.6	81.5
10 Industrial materials industries	82.0	80.2	78.5	78.7^{r}	78.7	78.7	79.1^{r}	79.3^{r}	79.8	80.4	80.8	80.8
11 Construction contracts (1982 = 100)[3]	135.0	148.0	155.0	155.0	151.0	165.0	162.0	149.0	161.0	163.0	171.0	157.0
12 Nonagricultural employment, total[4]	114.6	118.3	120.8	122.4	122.7	122.9	123.2	123.3	123.5	123.8	124.0	124.2
13 Goods-producing, total	101.6	102.4	102.4	101.5	101.6	101.7	101.7	101.7	101.7	102.1	102.2	102.3
14 Manufacturing, total	98.4	97.8	96.5	96.3	96.4	96.5	96.6	96.6	96.6	97.0	97.2	97.4
15 Manufacturing, production-worker	94.1	92.9	91.2	91.1	91.4	91.4	91.5	91.6	91.6	92.1	92.2	92.6
16 Service-producing	120.0	125.0	128.9	131.1	131.5	131.8	132.2	132.4	132.6	132.9	133.1	133.3
17 Personal income, total	193.4	207.0	219.9	225.9	228.4	229.1	230.3	230.7	231.1	232.5	233.8	235.4
18 Wages and salary disbursements	185.0	198.7	210.2	216.3	218.0	218.6	219.5	220.7	221.2	222.3	224.3	225.6
19 Manufacturing	164.6	172.8	176.4	178.5	179.1	179.2	178.9	179.9	180.0	180.1	181.9	183.5
20 Disposable personal income[5]	193.5	206.0	219.1	224.3	227.5	228.1	222.5	229.6	228.9	230.3	231.4	232.9
21 Retail sales[6]	179.0	190.6	199.9	196.8	206.3	206.8	207.4	207.3	209.6	210.9	214.6	213.7
Prices[7]												
22 Consumer (1967 = 100)	311.1	322.2	328.4	333.1	334.4	335.9	337.7	338.7	340.1	340.8	342.7	344.4
23 Producer finished goods (1967 = 100)	291.1	293.7	289.6	291.8	292.3	292.6^{r}	294.9	295.8^{r}	296.8	297.8	297.2	296.7

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	1984	1985	1986	1987							
				Feb.	Mar.	Apr.	May	June	July[r]	Aug.	Sept.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**178,602**	**180,440**	**182,822**	**184,259**	**184,436**	**184,597**	**184,777**	**184,941**	**185,127**	**185,264**	**185,428**
2 Labor force (including Armed Forces)[1]	115,763	117,695	120,078	121,610	121,479	121,588	122,237	121,755	122,194	122,564	122,128
3 Civilian labor force	113,544	115,461	117,834	119,349	119,222	119,335	119,993	119,517	119,952	120,302	119,861
Employment											
4 Nonagricultural industries[2]	101,685	103,971	106,434	108,146	108,084	108,545	109,112	109,079	109,508	109,989	109,602
5 Agriculture	3,321	3,179	3,163	3,236	3,284	3,290	3,335	3,178	3,219	3,092	3,170
Unemployment											
6 Number	8,539	8,312	8,237	7,967	7,854	7,500	7,546	7,260	7,224	7,221	7,089
7 Rate (percent of civilian labor force)	7.5	7.2	7.0	6.7	6.6	6.3	6.3	6.1	6.0	6.0	5.9
8 Not in labor force	62,839	62,745	62,744	62,649	62,957	63,009	62,540	63,186	62,933	62,700	63,300
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**94,496**	**97,519**	**99,610**	**101,150**	**101,329**	**101,598**	**101,708**	**101,818**	**102,126**	**102,278**[r]	**102,410**
10 Manufacturing	19,378	19,260	18,994	18,986	18,995	19,011	19,018	19,015	19,104	19,126[r]	19,182
11 Mining	966	927	783	719	722	729	735	738	744	752[r]	756
12 Contract construction	4,383	4,673	4,904	5,038	5,032	5,019	4,999	5,008	5,002	5,007	4,974
13 Transportation and public utilities	5,159	5,238	5,244	5,315	5,333	5,348	5,344	5,350	5,363	5,377[r]	5,385
14 Trade	22,100	23,073	23,580	23,897	23,902	23,969	23,980	24,007	24,071	24,059[r]	24,130
15 Finance	5,689	5,955	6,297	6,501	6,526	6,558	6,576	6,586	6,608	6,628[r]	6,626
16 Service	20,797	22,000	23,099	23,759	23,842	23,926	24,025	24,083	24,214	24,277[r]	24,311
17 Government	16,023	16,394	16,710	16,935	16,977	17,038	17,031	17,031	17,020	17,052[r]	17,046

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1986[r]	1987[r]			1986[r]	1987[r]			1986[r]	1987[r]		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)			
1 **Total industry**	**125.9**	**126.9**	**128.2**	**130.9**	**158.7**	**159.5**	**160.4**	**161.3**	**79.4**	**79.5**	**79.9**	**81.2**
2 Mining	96.9	98.8	99.0	100.0	130.8	130.4	129.7	129.0	74.1	75.8	76.3	77.5
3 Utilities	109.1	108.1	108.3	110.1	137.3	137.7	138.3	138.8	79.4	78.5	78.3	79.3
4 **Manufacturing**	**130.4**	**131.6**	**133.2**	**135.9**	**163.4**	**164.5**	**165.6**	**166.7**	**79.8**	**80.0**	**80.5**	**81.5**
5 Primary processing	113.4	114.3	116.1	119.1	137.5	138.2	139.0	139.8	82.5	82.7	83.5	85.2
6 Advanced processing	140.6	142.0	143.5	146.1	179.1	180.3	181.6	182.9	78.5	78.7	79.0	79.9
7 **Materials**	**114.3**	**115.0**	**116.5**	**118.7**	**145.8**	**146.1**	**146.7**	**147.2**	**78.5**	**78.7**	**79.4**	**80.7**
8 Durable goods	120.7	121.4	122.9	125.8	162.2	162.3	163.1	163.9	74.7	74.8	75.4	76.8
9 Metal materials	75.4	74.7	77.0	83.1	113.4	110.6	110.0	109.4	67.7	67.5	70.0	76.0
10 Nondurable goods	120.3	121.2	124.0	126.8	140.4	142.9	143.8	144.7	84.7	84.8	86.2	87.7
11 Textile, paper, and chemical	120.9	122.3	125.1	128.7	139.6	142.4	143.4	144.4	85.4	85.9	87.2	89.2
12 Paper	137.0	136.4	137.7	......	139.7	142.8	143.9	......	96.7	95.5	95.7	......
13 Chemical	120.3	122.9	125.3	......	145.0	148.8	149.8	......	81.4	82.6	83.6	......
14 Energy materials	97.8	98.3	98.7	99.2	121.6	120.3	120.2	120.1	81.2	81.7	82.1	82.7

Series	Previous cycle[1]		Latest cycle[2]		1986	1987[r]								
	High	Low	High	Low	Sept.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.6**	**72.1**	**86.9**	**69.5**	**78.8**	**79.2**	**79.7**	**79.7**	**79.6**	**79.9**	**80.3**	**81.1**	**81.2**	**81.2**
16 Mining	92.8	87.8	95.2	76.9	73.1	76.1	75.8	75.5	75.9	76.5	76.6	76.8	77.4	78.2
17 Utilities	95.6	82.9	88.5	78.0	77.5	78.5	78.8	78.2	76.8	79.2	79.0	80.0	79.0	78.8
18 **Manufacturing**	**87.7**	**69.9**	**86.5**	**68.0**	**79.4**	**79.6**	**80.0**	**80.3**	**80.2**	**80.4**	**80.8**	**81.5**	**81.6**	**81.5**
19 Primary processing	91.9	68.3	89.1	65.1	81.5	82.7	82.4	83.1	83.5	83.2	84.0	85.2	85.2	85.2
20 Advanced processing	86.0	71.1	85.1	69.5	78.4	78.2	79.0	79.1	78.7	79.2	79.2	79.8	80.0	79.8
21 **Materials**	**92.0**	**70.5**	**89.1**	**68.5**	**77.7**	**78.7**	**78.7**	**78.7**	**79.1**	**79.3**	**79.8**	**80.4**	**80.8**	**80.8**
22 Durable goods	91.8	64.4	89.8	60.9	73.7	74.4	74.7	75.2	75.0	75.1	75.9	76.5	77.0	76.8
23 Metal materials	99.2	67.1	93.6	45.7	65.1	66.2	67.8	68.7	68.8	69.7	71.5	73.9	76.6	77.4
24 Nondurable goods	91.1	66.7	88.1	70.7	84.0	85.1	84.6	84.8	86.5	86.2	86.1	87.7	87.4	87.8
25 Textile, paper, and chemical	92.8	64.8	89.4	68.8	85.0	86.4	85.4	85.8	87.5	87.1	87.1	89.2	88.9	89.4
26 Paper	98.4	70.6	97.3	79.9	94.7	96.4	95.6	94.6	95.1	95.7	96.3	99.6	99.9	......
27 Chemical	92.5	64.4	87.9	63.5	81.2	83.4	82.3	82.2	83.9	83.9	83.1	84.2	84.5	......
28 Energy materials	94.6	86.9	94.0	82.3	80.6	82.5	81.9	80.8	81.3	82.1	82.8	82.3	82.8	82.8

1. Monthly high 1973; monthly low 1975.
2. Monthly highs 1978 through 1980; monthly lows 1982.

NOTE. These data also appear in the Board's G.3 (402) release. For address, see inside front cover.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value ▲

Monthly data are seasonally adjusted

Groups	1977 proportion	1986 avg.	1986 Sept.	1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.	1987 Feb.	1987 Mar.	1987 Apr.	1987 May	1987 June[r]	1987 July	1987 Aug.[p]	1987 Sept.[e]
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**125.0**	**124.9**	**125.3**	**126.0**	**126.7**	**126.5**	**127.2**	**127.3**	**127.4**	**128.4**	**129.1**	**130.6**	**131.0**	**131.2**
2 Products	57.72	133.2	133.3	134.0	134.5	135.0	134.9	136.1	136.2	137.2	137.2	137.8	139.6	139.9	140.2
3 Final products	44.77	132.3	132.2	132.7	133.1	133.7	133.6	135.0	135.0	134.5	135.8	136.2	138.1	138.4	138.8
4 Consumer goods	25.52	124.5	124.2	124.7	125.6	127.2	126.8	127.5	127.5	126.6	128.2	127.2	129.2	129.3	128.9
5 Equipment	19.25	142.7	142.8	143.3	143.1	142.2	142.8	144.9	145.0	144.9	145.8	148.1	150.0	150.5	151.8
6 Intermediate products	12.94	136.4	137.0	138.7	139.2	139.7	139.1	139.7	140.4	139.9	142.1	143.3	144.6	144.9	145.2
7 Materials	42.28	113.9	113.5	113.3	114.3	115.2	115.2	115.1	115.2	116.2	116.3	117.2	118.3	118.9	119.0
Consumer goods															
8 Durable consumer goods	6.89	116.2	117.4	116.3	118.4	121.5	120.0	122.4	121.2	118.1	120.2	117.4	120.7	121.5	120.1
9 Automotive products	2.98	115.1	117.0	112.7	114.6	117.7	117.6	123.5	121.2	115.7	118.0	114.9	117.7	117.2	114.3
10 Autos and trucks	1.79	112.9	116.8	107.7	107.6	115.6	117.9	125.2	121.6	111.5	113.1	107.9	112.3	112.4	107.2
11 Autos, consumer	1.16	97.3	96.2	91.9	92.3	99.5	94.3	105.3	100.9	91.8	91.0	87.4	86.4	76.8	79.1
12 Trucks, consumer	.63	141.8	155.1	137.1	136.0	145.6	161.9	162.1	159.9	148.1	154.2	146.0	160.4	....	....
13 Auto parts and allied goods	1.19	118.4	117.3	120.1	125.2	120.8	117.1	121.0	120.5	121.9	125.3	125.4	125.7	124.4	125.0
14 Home goods	3.91	117.1	117.7	119.0	121.2	124.4	121.9	121.6	121.2	119.9	121.8	119.3	123.0	124.9	124.5
15 Appliances, A/C and TV	1.24	139.5	141.2	142.6	148.1	153.2	146.9	145.2	142.9	137.7	142.2	133.4	141.7	147.5	145.1
16 Appliances and TV	1.19	141.6	143.5	144.3	150.0	155.1	148.9	146.7	143.8	139.2	142.3	133.4	142.6	146.0	....
17 Carpeting and furniture	.96	125.8	126.2	128.8	131.1	132.0	129.1	130.8	131.3	133.5	133.3	132.3	134.8	135.2	....
18 Miscellaneous home goods	1.71	96.0	96.0	96.5	96.3	99.4	99.8	99.3	99.8	99.4	100.7	101.8	102.9	102.7	....
19 Nondurable consumer goods	18.63	127.5	126.7	127.8	128.3	129.4	129.2	129.4	129.8	129.8	131.1	130.9	132.3	132.2	132.2
20 Consumer staples	15.29	97.0	133.6	134.4	135.0	136.0	135.9	135.9	136.5	136.4	137.7	137.6	139.1	139.2	139.2
21 Consumer foods and tobacco	7.80	134.1	131.0	131.6	132.6	133.9	132.9	134.0	134.8	134.4	135.6	136.0	137.1	137.7	....
22 Nonfood staples	7.49	131.9	136.3	137.2	137.4	138.2	139.0	137.9	138.2	138.5	139.9	139.2	141.2	140.7	141.1
23 Consumer chemical products	2.75	136.5	161.1	161.7	161.0	163.1	165.9	164.7	165.7	164.7	165.9	164.4	166.8	167.1	....
24 Consumer paper products	1.88	161.2	145.7	150.3	151.5	150.1	149.4	147.8	147.5	148.9	152.9	153.1	154.2	154.3	....
25 Consumer energy	2.86	147.4	106.3	105.2	105.5	106.4	106.3	105.7	105.8	106.5	106.4	105.9	108.0	106.4	....
26 Consumer fuel	1.44	105.7	92.0	90.8	91.7	92.2	95.0	92.5	94.1	94.5	92.1	91.9	92.7	92.4	....
27 Residential utilities	1.42	92.8	120.9	119.8	119.6	120.8	117.8	119.2	117.7	118.7	121.0	120.2	123.6	....	....
Equipment															
28 Business and defense equipment	18.01	147.1	148.0	148.4	148.1	147.0	147.7	150.1	150.1	150.0	150.8	153.2	154.7	154.9	155.8
29 Business equipment	14.34	138.6	139.3	139.1	138.6	137.1	138.1	140.8	140.8	140.8	141.7	144.2	146.0	145.8	146.6
30 Construction, mining, and farm	2.08	59.8	58.1	58.0	56.6	58.2	57.2	56.8	58.1	58.6	61.2	63.0	65.0	66.5	66.9
31 Manufacturing	3.27	112.0	113.0	112.7	109.6	108.8	110.1	111.5	110.9	111.1	111.5	117.2	120.3	121.6	122.4
32 Power	1.27	81.6	80.3	80.5	79.5	80.2	79.6	81.2	81.7	82.4	84.0	84.0	82.3	82.7	82.3
33 Commercial	5.22	214.6	215.1	215.4	217.3	213.7	215.9	218.4	219.7	220.9	222.0	226.7	229.0	227.8	229.2
34 Transit	2.49	109.2	113.3	111.8	110.7	108.9	109.5	117.4	114.0	110.4	110.1	105.4	106.1	104.5	104.9
35 Defense and space equipment	3.67	180.3	182.0	184.6	184.9	185.8	185.2	186.5	186.6	186.1	186.5	188.6	188.7	190.2	191.5
Intermediate products															
36 Construction supplies	5.95	124.7	125.9	126.3	126.8	127.9	128.3	128.4	128.5	127.3	128.3	131.5	132.7	132.4	132.6
37 Business supplies	6.99	146.4	146.4	149.3	149.7	149.8	148.3	149.4	150.5	150.5	153.8	153.4	154.7	155.5	....
38 General business supplies	5.67	150.6	151.2	154.1	153.7	154.3	153.3	154.1	155.2	155.5	158.2	158.5	160.3	161.5	....
39 Commercial energy products	1.31	128.3	125.8	128.8	132.4	130.3	126.8	128.8	130.3	129.0	135.0	131.1	130.7	129.7	....
Materials															
40 Durable goods materials	20.50	119.7	118.9	119.2	120.4	120.7	120.5	121.5	121.8	122.2	121.6	124.0	125.1	126.3	126.2
41 Durable consumer parts	4.92	98.5	95.3	97.0	98.0	98.8	99.0	100.0	98.9	96.2	95.2	99.2	98.7	100.3	98.9
42 Equipment parts	5.94	153.9	154.8	153.5	154.5	154.2	154.0	155.6	155.8	157.1	156.0	158.3	159.4	159.6	159.7
43 Durable materials n.e.c.	9.64	109.4	108.8	109.4	110.7	111.2	110.8	111.5	112.6	114.1	113.9	115.5	117.5	119.0	119.4
44 Basic metal materials	4.64	80.0	78.4	78.8	82.1	80.3	79.2	80.3	80.8	81.8	81.9	83.6	86.6	89.4	....
45 Nondurable goods materials	10.09	118.3	120.6	120.3	120.2	123.2	123.2	122.5	122.8	125.4	125.3	124.1	126.7	126.5	127.3
46 Textile, paper, and chemical materials	7.53	118.9	121.8	121.3	121.0	124.7	125.0	123.6	124.0	126.9	126.5	125.1	128.5	128.4	129.4
47 Textile materials	1.52	110.6	116.0	114.3	115.6	116.1	116.5	115.8	118.5	125.0	....	111.9	117.9	113.9	....
48 Pulp and paper materials	1.55	132.1	133.7	133.5	134.2	140.2	137.9	136.7	134.7	137.4	137.4	139.0	144.1	145.0	....
49 Chemical materials	4.46	117.1	119.7	119.5	118.5	122.3	123.4	121.8	122.1	125.0	125.0	124.9	126.7	127.5	....
50 Miscellaneous nondurable materials	2.57	116.5	117.1	117.5	117.6	118.5	118.0	119.0	119.2	121.1	122.0	120.9	121.4	....	....
51 Energy materials	11.69	99.9	98.0	96.9	98.7	98.8	98.9	97.6	97.0	97.5	99.3	99.4	98.9	99.4	99.4
52 Primary energy	7.57	105.5	103.8	102.7	104.8	105.1	104.1	102.6	101.5	102.3	103.6	104.0	102.6	103.5	....
53 Converted fuel materials	4.12	89.6	87.4	86.2	87.6	87.3	89.4	88.5	88.9	88.7	91.4	91.0	92.2	92.0	....

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Groups	SIC code	1977 proportion	1986 avg.	1986 Sept.	1986 Oct.	1986 Nov.	1986 Dec.	1987 Jan.	1987 Feb.	1987 Mar.	1987 Apr.	1987 May	1987 June[r]	1987 July	1987 Aug.[p]	1987 Sept.[e]
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	.....	15.79	103.4	99.7	100.9	102.0	101.6	102.6	102.4	101.9	101.4	103.1	103.0	103.7	103.6	104.1
2 Mining	.....	9.83	99.6	95.8	96.2	97.5	97.1	99.4	98.8	98.3	98.6	99.2	99.2	99.3	99.9	100.7
3 Utilities	.....	5.96	109.6	106.2	108.6	109.6	109.0	108.0	108.5	107.9	106.0	109.6	109.4	110.9	109.7	109.6
4 Manufacturing	.....	84.21	129.1	129.2	129.7	130.1	131.3	130.7	131.6	132.4	132.4	133.2	134.0	135.5	136.0	136.1
5 Nondurable	.....	35.11	130.9	130.3	131.2	131.7	133.4	132.7	132.9	133.7	134.6	135.7	136.9	138.4	138.6	138.7
6 Durable	.....	49.10	127.9	128.4	128.6	129.0	129.7	129.3	130.8	131.5	130.9	131.4	132.0	133.4	134.2	134.3
Mining																
7 Metal	10	.50	......	73.8	70.9	71.1	76.2	74.1	73.6	71.2	65.7	71.7	70.7	72.4	......	......
8 Coal	11.12	1.60	124.2	124.1	123.6	129.8	125.4	136.4	131.7	122.3	121.9	127.2	128.8	127.9	130.5	131.7
9 Oil and gas extraction	13	7.07	94.7	88.5	89.2	89.6	89.8	91.2	90.9	92.4	93.1	92.1	91.8	91.8	92.0	92.8
10 Stone and earth minerals	14	.66	113.9	121.1	123.9	123.2	122.5	116.1	122.1	123.8	125.4	127.6	128.5	130.2	131.2	......
Nondurable manufactures																
11 Foods	20	7.96	133.6	134.4	133.7	135.3	136.7	134.6	136.4	137.3	136.0	137.4	137.7	138.6	139.8	......
12 Tobacco products	21	.62	96.6	93.0	98.2	96.4	93.4	89.9	99.9	101.1	99.6	106.6	107.0	106.5	......	......
13 Textile mill products	22	2.29	113.2	110.6	110.2	112.2	113.4	109.2	110.8	112.6	116.6	115.7	117.2	119.5	116.3	......
14 Apparel products	23	2.79	103.6	102.6	103.9	103.8	104.9	106.1	106.5	105.4	105.3	106.4	107.7	109.6	......	......
15 Paper and products	26	3.15	136.4	136.5	138.8	139.6	141.1	139.7	139.9	139.9	140.5	141.3	142.6	145.2	146.2	......
16 Printing and publishing	27	4.54	163.4	161.7	164.4	164.8	166.4	166.3	164.4	167.6	169.2	171.4	174.1	175.0	174.6	175.0
17 Chemicals and products	28	8.05	133.0	132.2	133.3	132.3	135.7	136.4	135.7	135.3	137.3	138.1	139.3	141.2	142.3	......
18 Petroleum products	29	2.40	92.1	93.0	92.4	92.5	93.5	95.6	91.6	92.1	94.0	92.6	92.3	92.9	92.3	92.6
19 Rubber and plastic products	30	2.80	153.3	152.4	154.2	155.2	157.1	155.3	156.2	158.6	160.5	162.2	165.4	167.7	167.6	......
20 Leather and products	31	.53	61.3	59.0	59.4	61.0	60.2	58.9	59.8	59.4	60.2	61.4	60.8	59.2	61.1	......
Durable manufactures																
21 Lumber and products	24	2.30	123.4	123.8	124.6	130.3	133.5	128.5	129.6	128.9	127.8	130.3	131.1	132.6	131.0	......
22 Furniture and fixtures	25	1.27	146.7	143.5	145.4	145.6	148.8	143.5	145.0	149.9	148.2	150.5	153.9	156.2	157.0	......
23 Clay, glass, stone products	32	2.72	120.2	118.0	117.3	118.7	119.4	121.9	118.8	119.8	120.6	117.2	117.9	119.0	117.7	......
24 Primary metals	33	5.33	75.8	72.8	73.1	75.5	73.4	72.8	75.1	77.0	76.1	77.0	78.8	81.4	84.7	86.1
25 Iron and steel	331.2	3.49	63.4	60.2	61.0	63.5	61.3	59.5	62.3	65.4	65.0	65.7	68.3	70.9	......	......
26 Fabricated metal products	34	6.46	107.4	107.8	108.9	108.3	109.6	108.4	108.3	110.5	109.9	108.5	111.1	111.2	111.0	111.3
27 Nonelectrical machinery	35	9.54	141.9	144.9	145.0	144.5	144.8	143.4	145.5	148.5	150.4	149.7	151.8	154.4	154.9	155.6
28 Electrical machinery	36	7.15	166.5	166.5	167.3	167.9	170.4	170.4	171.0	168.5	168.4	171.1	170.5	172.7	174.4	174.4
29 Transportation equipment	37	9.13	125.8	128.9	127.6	126.9	126.8	129.0	132.7	132.2	127.8	129.4	126.5	127.6	128.0	126.7
30 Motor vehicles and parts	371	5.25	110.9	113.0	110.3	109.1	109.7	112.0	117.7	116.5	109.8	112.0	107.4	109.4	109.1	106.3
31 Aerospace and miscellaneous transportation equipment	372–6.9	3.87	146.1	150.4	151.2	151.1	150.1	151.9	153.0	153.4	152.3	153.1	152.4	152.4	153.7	154.4
32 Instruments	38	2.66	141.3	138.7	139.1	139.3	140.2	139.5	142.0	140.3	142.8	142.1	144.5	144.1	146.1	147.0
33 Miscellaneous manufactures	39	1.46	99.3	99.3	100.0	100.9	103.8	101.6	101.6	103.9	101.4	101.9	101.2	100.7	100.9	......
Utilities																
34 Electric	.....	4.17	122.2	121.0	124.0	124.4	122.6	121.6	122.3	123.6	122.3	128.8	128.8	131.0	129.0	......
				Gross value (billions of 1982 dollars, annual rates)												
MAJOR MARKET																
35 Products, total	.....	**517.5**	**1,702.2**	**1,675.9**	**1,687.3**	**1,686.7**	**1,700.7**	**1,701.6**	**1,718.7**	**1,725.2**	**1,710.0**	**1,723.0**	**1,720.4**	**1,733.3**	**1,739.2**	**1,742.7**
36 Final	.....	405.7	1,314.5	1,291.8	1,296.9	1,296.6	1,307.3	1,310.9	1,329.2	1,330.3	1,316.5	1,324.7	1,320.1	1,330.5	1,334.7	1,338.7
37 Consumer goods	.....	272.7	853.8	839.2	843.5	846.5	857.1	860.0	865.3	868.1	857.1	862.8	855.1	865.8	865.4	863.4
38 Equipment	.....	133.0	458.2	452.6	453.4	450.0	450.2	450.9	463.9	462.2	459.4	461.9	465.0	464.7	469.3	475.3
39 Intermediate	.....	111.9	387.6	384.1	390.3	390.2	393.4	390.7	389.5	394.9	393.6	398.4	400.3	402.9	404.5	404.0

▲ 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.

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

2.14 HOUSING AND CONSTRUCTION

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

Item	1984	1985	1986	1986 Nov.	1986 Dec.	1987 Jan.	1987 Feb.	1987 Mar.	1987 Apr.	1987 May	1987 June[r]	1987 July[r]	1987 Aug.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,682	1,733	1,750	1,667	1,862	1,652	1,676	1,719	1,598	1,493	1,517	1,487	1,502
2 1-family	922	957	1,071	1,028	1,184	1,085	1,204	1,150	1,058	1,009	1,039	993	1,023
3 2-or-more-family	759	777	679	639	678	567	472	569	540	484	478	494	479
4 Started	1,749	1,742	1,805	1,637	1,813	1,816	1,838	1,730	1,643	1,606	1,586	1,598	1,598
5 1-family	1,084	1,072	1,179	1,129	1,233	1,253	1,303	1,211	1,208	1,130	1,088	1,143	1,111
6 2-or-more-family	665	669	626	508	580	563	535	519	435	476	498	455	487
7 Under construction, end of period[1]	1,051	1,063	1,074	1,125	1,104	1,089	1,096	1,085	1,070	1,061	1,059	1,054	1,054
8 1-family	556	539	583	619	610	609	621	618	623	621	620	625	630
9 2-or-more-family	494	524	490	506	494	480	476	467	446	441	439	429	424
10 Completed	1,652	1,703	1,756	1,774	1,894	1,956	1,726	1,689	1,830	1,621	1,601	1,694	1,663
11 1-family	1,025	1,072	1,120	1,158	1,184	1,217	1,107	1,141	1,148	1,158	1,101	1,113	1,052
12 2-or-more-family	627	631	637	616	710	739	619	548	682	463	500	581	611
13 Mobile homes shipped	296	284	244	237	251	242	231	228	227	222	231	245	233
Merchant builder activity in 1-family units													
14 Number sold	639	688	748	691	768	712	740	720	733	649[r]	641	675	692
15 Number for sale, end of period[1]	358	350	361	353	357	358	358	358	359	355[r]	359	358	360
Price (thousands of dollars)[2]													
Median													
16 Units sold	80.0	84.3	92.2	94.0	95.0	98.5	95.2	98.4	96.5	104.9[r]	109.0	104.0	106.5
Average													
17 Units sold	97.5	101.0	112.2	113.6	118.9	122.1	121.3	119.5	118.1	126.6[r]	135.8	128.7	129.6
EXISTING UNITS (1-family)													
18 Number sold	2,868	3,217	3,566	3,850	4,060	3,480	3,690	3,680	3,560	3,770	3,500	3,430	3,410
Price of units sold (thousands of dollars)[2]													
19 Median	72.3	75.4	80.3	80.4	80.8	82.1	85.0	85.6	85.0	85.2	85.2	86.2	85.1
20 Average	85.9	90.6	98.3	99.1	100.6	100.1	104.3	104.9	105.0	106.3	106.0	107.6	105.3
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**328,643**	**355,995**	**388,815**	**390,646**	**380,175**	**384,716**	**401,644**	**388,303**	**396,222[r]**	**396,680[r]**	**393,925**	**393,431**	**399,585**
22 Private	270,978	291,665	316,589	320,417	306,826	310,170	326,453	312,203	320,483[r]	321,414[r]	320,990	319,622	325,065
23 Residential	153,849	158,475	187,147	194,463	181,682	187,813	203,115	190,812	199,523	195,871	200,864	197,947	200,642
24 Nonresidential, total	117,129	133,190	129,442	125,954	125,144	122,357	123,338	121,391	120,960[r]	125,543[r]	120,126	121,675	124,423
Buildings													
25 Industrial	13,746	15,769	13,747	13,404	13,207	12,094	12,112	11,354	11,492[r]	13,376[r]	12,205	11,810	12,582
26 Commercial	39,357	51,315	48,592	54,193	54,809	50,881	53,071	52,285	50,924[r]	53,224[r]	49,731	49,367	51,297
27 Other	12,547	12,619	13,216	13,787	14,231	14,755	14,776	15,143	14,950[r]	14,926[r]	14,644	15,087	14,769
28 Public utilities and other	51,479	53,487	53,887	44,570	42,897	44,627	43,379	42,609	43,594[r]	44,017[r]	43,546	45,411	45,775
29 Public	57,662	64,326	72,225	70,229	73,348	74,546	75,191	76,100	75,739[r]	75,266[r]	72,935	73,809	74,520
30 Military	2,839	3,283	3,919	4,007	4,313	4,100	2,806	3,893	3,403[r]	4,397[r]	4,352	4,316	3,934
31 Highway	18,772	21,756	23,360	19,958	21,935	23,508	23,260	23,575	22,673[r]	22,607[r]	21,704	22,361	21,547
32 Conservation and development	4,654	4,746	4,668	4,647	4,954	5,155	4,883	4,792	5,551[r]	4,839[r]	5,498	5,298	6,421
33 Other	31,397	34,541	40,278	41,617	42,146	41,783	44,242	43,840	44,112[r]	43,423[r]	41,381	41,834	42,618

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods because of changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE. Census Bureau estimates for all series except (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 Sept. 1987 (1967 = 100)[1]
	1986	1987	1986	1987			1987					
	Sept.	Sept.	Dec.	Mar.	June	Sept.	May	June	July	Aug.	Sept.	
CONSUMER PRICES[2]												
1 **All items**	**1.8**	**4.3**	**2.5**	**6.2**	**4.6**	**3.6**	**.3**	**.4**	**.2**	**.5**	**.2**	**344.4**
2 Food	4.3	3.6	4.1	2.5	6.5	1.4	.5	.7	-.2	.0	.5	334.9
3 Energy items	-16.6	7.4	-9.9	26.1	7.9	5.0	.2	1.5	.1	1.7	-.5	387.4
4 All items less food and energy	4.1	4.2	3.7	5.2	4.0	3.7	.3	.2	.3	.4	.2	343.9
5 Commodities	1.7	3.4	1.4	5.1	3.8	3.0	.3	.0	.3	.1	.3	273.6
6 Services	5.6	4.7	5.1	5.3	3.8	4.2	.3	.2	.4	.5	.1	420.2
PRODUCER PRICES												
7 Finished goods	-.9	3.3	1.8	4.3	4.7	1.9	.2[r]	.4[r]	.2	.0	.3	296.7
8 Consumer foods	6.5	1.1	1.0	-6.7	14.3	-3.0	1.4	.5	-.6	-1.3	1.1	286.0
9 Consumer energy	-34.3	10.6	-12.5	59.8	10.9	-3.0	-1.1[r]	2.8[r]	1.5	1.5	-3.7	521.8
10 Other consumer goods	2.8	3.4	4.4	4.2	-.3	5.1	-.3	.1	.3	.3	.6	265.5
11 Capital equipment	2.6	2.3	3.4	.4	1.4	4.2	.1	.0	.1	.2	.7	311.0
12 Intermediate materials[3]	-4.0	4.2	-1.2	7.8	5.2	5.1	.5[r]	.5[r]	.8	.5	.0	324.6
13 Excluding energy	-.1	3.5	1.2	3.3	4.5	5.1	.4	.5	.5	.3	.5	315.3
Crude materials												
14 Foods	8.4	2.3	-2.7	-10.3	34.0	-5.6	4.7[r]	-1.6[r]	-2.0	.1	.5	238.8
15 Energy	-28.2	15.3	-.5	50.0	15.8	2.1	.6[r]	2.5[r]	2.8	.5	-2.7	615.4
16 Other	-3.1	21.8	8.5	15.9	33.7	35.3	2.5	4.2	2.9	1.0	3.8	291.2

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	1984	1985	1986	1986		1987		
				Q3	Q4	Q1	Q2	Q3
GROSS NATIONAL PRODUCT								
1 **Total**	**3,772.2**	**4,010.3**	**4,235.0**	**4,265.9**	**4,288.1**	**4,377.7**	**4,445.1**	**4,512.0**
By source								
2 Personal consumption expenditures	2,430.5	2,629.4	2,799.8	2,837.1	2,858.6	2,893.8	2,943.7	3,003.7
3 Durable goods	335.5	368.7	402.4	427.6	419.8	396.1	409.0	432.6
4 Nondurable goods	867.3	913.1	939.4	940.0	946.3	969.9	982.1	988.1
5 Services	1,227.6	1,347.5	1,458.0	1,469.5	1,492.4	1,527.7	1,552.6	1,583.0
6 Gross private domestic investment	664.8	641.6	671.0	660.8	660.2	699.9	702.6	696.5
7 Fixed investment	597.1	631.6	655.2	657.3	666.6	648.2	662.3	681.1
8 Nonresidential	416.0	442.6	436.9	433.5	439.7	422.8	434.6	452.8
9 Structures	141.1	152.5	137.4	131.1	132.9	128.7	129.7	133.5
10 Producers' durable equipment	274.9	290.1	299.5	302.4	306.7	294.1	304.9	319.3
11 Residential structures	181.1	189.0	218.3	223.8	226.9	225.4	227.7	228.3
12 Change in business inventories	67.7	10.0	15.7	3.5	−6.4	51.6	40.3	15.5
13 Nonfarm	60.5	13.6	16.8	−.9	5.1	48.7	27.3	7.7
14 Net exports of goods and services	−58.9	−79.2	−105.5	−110.5	−116.9	−112.2	−118.4	−121.7
15 Exports	383.5	369.9	376.2	376.6	383.3	397.3	416.5	433.4
16 Imports	442.4	449.2	481.7	487.1	500.2	509.5	534.8	555.1
17 Government purchases of goods and services	735.9	818.6	869.7	878.5	886.3	896.2	917.1	933.5
18 Federal	310.5	353.9	366.2	371.2	368.6	366.9	379.6	384.6
19 State and local	425.3	464.7	503.5	507.3	517.7	529.3	537.6	548.9
By major type of product								
20 Final sales, total	3,704.5	4,000.3	4,219.3	4,262.4	4,294.6	4,326.0	4,404.8	4,496.5
21 Goods	1,581.3	1,637.9	1,693.8	1,703.6	1,698.9	1,738.7	1,763.5	1,788.5
22 Durable	681.5	704.3	726.8	735.8	737.3	747.0	756.7	776.8
23 Nondurable	899.9	933.6	967.0	967.8	961.6	991.7	1,006.8	1,011.7
24 Services	1,813.9	1,969.2	2,116.2	2,136.6	2,160.0	2,212.0	2,252.2	2,289.3
25 Structures	376.9	403.1	425.0	425.7	429.3	426.9	429.4	434.1
26 Change in business inventories	67.7	10.0	15.7	3.5	−6.4	51.6	40.3	15.5
27 Durable goods	40.2	7.3	4.8	−12.1	−4.5	35.2	22.1	−1.6
28 Nondurable goods	27.5	2.7	10.9	15.6	−1.9	16.5	18.2	17.1
29 MEMO								
Total GNP in 1982 dollars	**3,501.4**	**3,607.5**	**3,713.3**	**3,718.0**	**3,731.5**	**3,772.2**	**3,795.3**	**3,831.2**
NATIONAL INCOME								
30 **Total**	**3,028.6**	**3,229.9**	**3,422.0**	**3,438.7**	**3,471.0**	**3,548.3**	**3,593.3**	n.a.
31 Compensation of employees	2,213.9	2,370.8	2,504.9	2,515.1	2,552.0	2,589.9	2,623.4	2,664.3
32 Wages and salaries	1,838.8	1,974.7	2,089.1	2,097.9	2,128.5	2,163.3	2,191.4	2,227.2
33 Government and government enterprises	346.1	372.3	394.8	397.7	403.8	412.2	418.1	424.2
34 Other	1,492.5	1,602.6	1,694.3	1,700.2	1,724.7	1,751.1	1,773.3	1,803.0
35 Supplement to wages and salaries	375.1	396.1	415.8	417.2	423.5	426.6	432.0	437.1
36 Employer contributions for social insurance	192.2	203.8	214.7	214.9	219.1	220.0	222.5	226.0
37 Other labor income	182.9	192.3	201.1	202.3	204.4	206.7	209.5	211.1
38 Proprietors' income[1]	234.5	257.3	289.8	292.5	297.8	320.9	323.1	322.1
39 Business and professional[1]	204.0	227.6	252.6	256.2	261.2	269.7	275.8	283.0
40 Farm[1]	30.5	29.7	37.2	36.3	36.6	51.3	47.3	39.1
41 Rental income of persons[2]	8.5	9.0	16.7	17.2	18.4	20.0	18.9	18.5
42 Corporate profits[1]	266.9	277.6	284.4	286.4	281.1	294.0	296.8	n.a.
43 Profits before tax[3]	240.0	224.8	231.9	236.3	247.9	257.0	268.7	n.a.
44 Inventory valuation adjustment	−5.8	−.7	6.5	6.0	−8.9	−11.3	−20.0	−13.5
45 Capital consumption adjustment	32.7	53.5	46.0	44.0	42.1	48.2	48.0	48.6
46 Net interest	304.8	315.3	326.1	327.5	321.7	323.6	331.1	339.5

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	1984	1985	1986	1986		1987		
				Q3	Q4	Q1	Q2	Q3
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**3,108.7**	**3,327.0**	**3,534.3**	**3,553.6**	**3,593.6**	**3,662.0**	**3,708.6**	**3,759.7**
2 Wage and salary disbursements	1,838.6	1,974.9	2,089.1	2,097.9	2,128.5	2,163.3	2,191.4	2,227.0
3 Commodity-producing industries	577.6	609.2	623.3	622.8	628.4	632.9	635.0	641.5
4 Manufacturing	439.1	460.9	470.5	470.0	474.5	477.2	479.0	484.9
5 Distributive industries	442.8	473.0	497.1	498.6	504.7	511.5	518.9	526.9
6 Service industries	472.1	520.4	573.9	578.8	591.6	606.7	619.3	634.4
7 Government and government enterprises	346.1	372.3	394.8	397.7	403.8	412.2	418.1	424.2
8 Other labor income	182.9	192.3	201.1	202.3	204.4	206.7	209.5	211.1
9 Proprietors' income[1]	234.5	257.3	289.8	292.5	297.8	320.9	323.1	322.1
10 Business and professional[1]	204.0	227.6	252.6	256.2	261.2	269.7	275.8	283.0
11 Farm[1]	30.5	29.7	37.2	36.3	36.6	51.3	47.3	39.1
12 Rental income of persons[2]	8.5	9.0	16.7	17.2	18.4	20.0	18.9	18.5
13 Dividends	75.5	76.3	81.2	82.1	82.9	84.5	86.3	88.7
14 Personal interest income	444.7	476.5	497.6	498.1	496.8	499.8	506.3	517.6
15 Transfer payments	456.6	489.7	518.3	523.6	526.6	533.7	541.5	545.4
16 Old-age survivors, disability, and health insurance benefits	235.7	253.4	269.2	272.4	273.5	278.0	282.3	284.4
17 LESS: Personal contributions for social insurance	132.7	148.9	159.6	160.1	161.8	166.7	168.4	170.8
18 EQUALS: Personal income	3,108.7	3,327.0	3,534.3	3,553.6	3,593.6	3,662.0	3,708.6	3,759.7
19 LESS: Personal tax and nontax payments	440.2	485.9	512.2	515.3	532.0	536.1	578.0	566.2
20 EQUALS: Disposable personal income	2,668.6	2,841.1	3,022.1	3,038.2	3,061.6	3,125.9	3,130.6	3,193.5
21 LESS: Personal outlays	2,504.5	2,714.1	2,891.5	2,929.4	2,952.6	2,987.5	3,037.4	3,098.9
22 EQUALS: Personal saving	164.1	127.1	130.6	108.9	109.0	138.4	93.2	94.6
MEMO								
Per capita (1982 dollars)								
23 Gross national product	14,770.6	15,073.7	15,368.3	15,369.9	15,387.6	15,523.4	15,586.4	15,695.2
24 Personal consumption expenditures	9,488.6	9,830.2	10,141.9	10,241.8	10,228.8	10,188.9	10,215.6	10,311.3
25 Disposable personal income	10,419.0	10,622.0	10,947.0	10,968.0	10,956.0	11,008.0	10,865.0	10,963.0
26 Saving rate (percent)	6.1	4.5	4.3	3.6	3.6	4.4	3.0	3.0
GROSS SAVING								
27 **Gross saving**	**568.5**	**531.3**	**532.0**	**516.2**	**515.3**	**554.3**	**551.3**	n.a.
28 Gross private saving	673.5	664.2	679.8	660.4	653.4	683.8	639.9	n.a.
29 Personal saving	164.1	127.1	130.6	108.9	109.0	138.4	93.2	94.6
30 Undistributed corporate profits[1]	94.0	99.6	92.6	92.6	78.5	75.6	70.1	n.a.
31 Corporate inventory valuation adjustment	−5.8	−.7	6.5	6.0	−8.9	−11.3	−20.0	−13.5
Capital consumption allowances								
32 Corporate	254.5	269.1	282.8	284.3	289.3	291.8	294.5	296.9
33 Noncorporate	160.9	168.5	173.8	174.6	176.6	178.0	182.1	183.6
34 Government surplus, or deficit (−), national income and product accounts	−105.0	−132.9	−147.8	−144.1	−138.1	−129.5	−88.6	n.a.
35 Federal	−169.6	−196.0	−204.7	−203.7	−188.7	−170.5	−139.2	n.a.
36 State and local	64.6	63.1	56.8	59.6	50.6	41.0	50.6	n.a.
37 **Gross investment**	**573.9**	**525.7**	**527.1**	**510.1**	**503.7**	**552.1**	**548.1**	**534.6**
38 Gross private domestic	664.8	641.6	671.0	660.8	660.2	699.9	702.6	696.5
39 Net foreign	−90.9	−115.9	−143.9	−150.7	−156.5	−147.7	−154.5	−162.0
40 **Statistical discripancy**	**5.4**	**−5.6**	**−4.9**	**−6.1**	**−11.6**	**−2.2**	**−3.1**	**−3.1**

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	1984	1985	1986	1986 Q2	1986 Q3	1986 Q4	1987 Q1	1987 Q2[p]
1 Balance on current account	−107,013	−116,394	−141,352	−33,755	−36,583	−37,977	−36,784	−41,097
2 Not seasonally adjusted	....	....	....	−34,634	−40,230	−36,398	−33,435	−41,956
3 Merchandise trade balance[2]	−112,522	−122,148	−144,339	−33,651	−37,115	−38,595	−38,757	−39,525
4 Merchandise exports	219,900	215,935	224,361	56,928	56,534	57,021	56,992	59,975
5 Merchandise imports	−332,422	−338,083	−368,700	−90,579	−93,649	−95,616	−95,749	−99,500
6 Military transactions, net	−1,942	−3,338	−3,662	−1,054	−815	−495	−37	111
7 Investment income, net[3]	18,490	25,398	20,844	4,587	5,339	4,492	5,500	1,608
8 Other service transactions, net	1,138	−1,005	1,463	530	342	759	−387	−387
9 Remittances, pensions, and other transfers	−3,637	−4,079	−3,885	−918	−875	−1,151	−1,017	−913
10 U.S. government grants (excluding military)	−8,541	−11,222	−11,772	−3,249	−3,459	−2,987	−2,086	−1,991
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−5,476	−2,831	−1,920	−242	−1,454	15	225	−182
12 Change in U.S. official reserve assets (increase, −)	−3,130	−3,858	312	16	280	132	1,956	3,419
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−979	−897	−246	−104	163	31	76	−171
15 Reserve position in International Monetary Fund	−995	908	1,500	366	508	283	606	335
16 Foreign currencies	−1,156	−3,869	−942	−246	−391	−120	1,274	3,255
17 Change in U.S. private assets abroad (increase, −)[3]	−13,685	−24,711	−94,374	−25,303	−23,304	−32,351	13,352	−24,747
18 Bank-reported claims	−11,127	−1,323	−59,039	−14,734	−18,878	−31,800	25,686	−20,195
19 Nonbank-reported claims	5,019	1,361	−3,986	−1,894	685	170	−1,163	....
20 U.S. purchase of foreign securities, net	−4,756	−7,481	−3,302	−1,149	620	3,113	−1,345	93
21 U.S. direct investments abroad, net[3]	−2,821	−17,268	−28,047	−7,526	−5,731	−3,834	−9,826	−4,645
22 Change in foreign official assets in the United States (increase, +)	2,987	−1,140	34,698	15,568	15,551	1,003	13,953	9,389
23 U.S. Treasury securities	4,690	−838	34,515	14,538	12,167	4,572	12,145	11,082
24 Other U.S. government obligations	13	−301	−1,214	−644	−276	−117	−62	256
25 Other U.S. government liabilities[4]	586	823	1,723	925	999	−607	−1,381	−1,501
26 Other U.S. liabilities reported by U.S. banks	555	645	554	1,280	2,963	−2,435	3,611	−135
27 Other foreign official assets[5]	−2,857	−1,469	−880	−531	−302	−410	−360	−313
28 Change in foreign private assets in the United States (increase, +)[3]	99,481	131,012	178,689	33,475	54,040	57,428	12,802	35,661
29 U.S. bank-reported liabilities	33,849	41,045	77,350	3,899	30,360	34,604	−13,614	15,150
30 U.S. nonbank-reported liabilities	4,704	−450	−2,791	−1,553	−80	1,035	1,761	....
31 Foreign private purchases of U.S. Treasury securities, net	23,001	20,433	8,275	3,705	609	−3,074	−1,570	−2,562
32 Foreign purchases of other U.S. securities, net	12,568	50,962	70,802	22,888	17,074	12,269	18,499	15,858
33 Foreign direct investments in the United States, net[3]	25,359	19,022	25,053	4,536	6,077	12,594	7,726	7,215
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	26,837	17,920	23,947	10,241	−8,530	11,750	−5,504	17,557
36 Owing to seasonal adjustments	....	....	....	−2,044	−4,153	3,904	2,652	−1,987
37 Statistical discrepancy in recorded data before seasonal adjustment	26,837	17,920	23,947	12,285	−4,377	7,846	−8,156	19,544
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−3,130	−3,858	312	16	280	132	1,956	3,419
39 Foreign official assets in the United States (increase, +) excluding line 25	2,401	−1,963	32,975	14,643	14,552	1,610	15,334	10,890
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	−4,504	−6,709	−8,508	−2,166	−3,023	−5,195	−2,901	−2,626
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	153	46	101	11	19	53	8	26

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. Includes reinvested earnings.
4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE. Data are from Bureau of Economic Analysis, *Survey of Current Business* (Department of Commerce).

3.11 U.S. FOREIGN TRADE[1]

Millions of dollars; monthly data are not seasonally adjusted.

Item	1984	1985	1986	1987						
				Feb.	Mar.	Apr.	May	June	July	Aug.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments, f.a.s. value	223,976	218,815	226,808	19,360	21,776	20,496	20,784	21,126	21,008	20,222
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses, c.i.f. value	346,364	352,463	382,964	33,725	34,694	33,459	34,822	36,838	37,483	35,905
3 **Trade balance**	**−122,389**	**−133,648**	**−156,156**	**−14,365**	**−12,918**	**−12,963**	**−14,039**	**−15,711**	**−16,475**	**−15,683**

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. 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	1984	1985	1986	1987						
				Mar.	Apr.	May	June	July	Aug.	Sept.^{p}
1 **Total**	**34,934**	**43,186**	**48,517**	**48,824**	**46,591**	**45,913**	**45,140**	**44,318**	**45,944**	**45,070**
2 Gold stock, including Exchange Stabilization Fund[1]	11,096	11,090	11,064	11,081	11,076	11,070	11,069	11,069	11,068	11,075
3 Special drawing rights[2,3]	5,641	7,293	8,395	8,740	8,879	8,904	8,856	8,813	9,174	9,078
4 Reserve position in International Monetary Fund[2]	11,541	11,947	11,730	11,711	11,745	11,517	11,313	10,964	11,116	10,918
5 Foreign currencies[4]	6,656	12,856	17,328	17,292	14,891	14,422	13,902	13,472	14,586	13,999

1. Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.13. Gold stock is valued at $42.22 per fine troy ounce.
2. Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.
3. Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus transactions in SDRs.
4. Valued at current market exchange rates.

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1984	1985	1986	1987						
				Mar.	Apr.	May	June	July	Aug.	Sept.^{p}
1 Deposits	267	480	287	268	342	319	318	261	294	456
Assets held in custody										
2 U.S. Treasury securities[1]	118,000	121,004	155,835	167,423	172,929	175,849	176,657	171,269	179,484	179,097
3 Earmarked gold[2]	14,242	14,245	14,048	14,036	14,031	14,031	14,034	14,010	14,022	14,015

1. Marketable U.S. Treasury bills, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.
2. Earmarked gold is valued at $42.22 per fine troy ounce.

NOTE. Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data[1]

Millions of dollars, end of period

Asset account	1984	1985	1986	1987					
				Feb.	Mar.	Apr.	May	June	July	Aug.^p
						All foreign countries				
1 **Total, all currencies**	**453,656**	**458,012**	**456,628**	**457,819**	**457,002^r**	**485,165^r**	**487,435^r**	**475,038^r**	**470,234**	**473,403**
2 Claims on United States	113,393	119,706	114,563^r	114,334^r	112,094	128,633^r	126,915^r	123,312^r	123,589	124,666
3 Parent bank	78,109	87,201	83,492	82,588	81,677	94,444^r	92,217^r	89,395	89,816	89,981
4 Other banks in United States	13,664	13,057	13,685	13,158	13,044	15,277	16,990	15,933^r	14,192	14,589
5 Nonbanks	21,620	19,448	17,386^r	18,588^r	17,373	18,912^r	17,708	17,984	19,581	20,096
6 Claims on foreigners	320,162	315,676	312,955^r	310,803^r	310,819	321,134^r	328,087	319,865^r	314,020	314,704
7 Other branches of parent bank	95,184	91,399	96,281	89,656	89,200	93,669	101,309	101,232	96,582	97,988
8 Banks	100,397	102,960	105,237	109,748	109,580	114,869^r	113,971	107,480^r	110,069	108,048
9 Public borrowers	23,343	23,478	23,706^r	22,534^r	22,666	22,892^r	23,295	22,684	21,412	21,537
10 Nonbank foreigners	101,238	97,839	87,731	88,865	89,373	89,704	89,512	88,469^r	85,957	87,131
11 Other assets	20,101	22,630	29,110	32,682	34,089^r	35,398	32,433	31,861	32,625	34,033
12 **Total payable in U.S. dollars**	**350,636**	**336,520**	**317,487**	**311,669**	**306,119^r**	**329,279^r**	**336,252^r**	**329,347^r**	**322,143**	**322,064**
13 Claims on United States	111,426	116,638	110,620^r	109,895^r	107,245	122,843^r	121,458	118,323^r	118,465	118,871
14 Parent bank	77,229	85,971	82,082	81,029	79,817	92,490^r	90,182	87,559	87,802	87,867
15 Other banks in United States	13,500	12,454	12,830	12,102	11,907	13,468	15,354	14,621^r	12,683	12,700
16 Nonbanks	20,697	18,213	15,708^r	16,764^r	15,521	16,885^r	15,922	16,143	17,980	18,304
17 Claims on foreigners	228,600	210,129	195,063^r	189,321^r	185,541	192,150^r	201,258^r	198,402^r	190,532	189,728
18 Other branches of parent bank	78,746	72,727	72,197	64,550	63,983	66,916	75,014	75,771	72,515	73,327
19 Banks	76,940	71,868	66,421	68,320	65,997	69,116^r	69,395	67,227^r	65,618	64,066
20 Public borrowers	17,626	17,260	16,708^r	16,436^r	16,347	16,639^r	16,812	16,271	15,062	15,115
21 Nonbank foreigners	55,288	48,274	39,737	40,015	39,214	39,479	40,037^r	39,133^r	37,337	37,220
22 Other assets	10,610	9,753	11,804	12,453	13,333^r	14,286^r	13,536^r	12,622	13,146	13,465
						United Kingdom				
23 **Total, all currencies**	**144,385**	**148,599**	**140,917**	**146,188**	**145,486**	**149,998**	**154,371**	**146,678**	**149,760**	**148,039**
24 Claims on United States	27,675	33,157	24,599	28,851	28,503	31,001	34,427	30,859	32,694	31,377
25 Parent bank	21,862	26,970	19,085	23,326	23,303	25,315	28,935	25,944	27,288	25,627
26 Other banks in United States	1,429	1,106	1,612	1,258	1,288	1,564	1,507	1,194	1,537	1,585
27 Nonbanks	4,384	5,081	3,902	4,267	3,912	4,122	3,985	3,721	3,869	4,165
28 Claims on foreigners	111,828	110,217	109,508	110,274	109,297	111,113	112,997	107,789	108,732	108,293
29 Other branches of parent bank	37,953	31,576	33,422	29,575	28,782	29,936	33,412	32,641	31,241	30,794
30 Banks	37,443	39,250	39,468	43,189	42,537	42,961	41,241	37,538^r	41,219	40,082
31 Public borrowers	5,334	5,644	4,990	4,983	4,897	4,964	5,234	4,684	4,617	4,761
32 Nonbank foreigners	31,098	33,747	31,628	32,527	33,081	33,252	33,110	32,926^r	31,655	32,656
33 Other assets	4,882	5,225	6,810	7,063	7,686	7,884	6,947	8,030	8,334	8,369
34 **Total payable in U.S. dollars**	**112,809**	**108,626**	**95,028**	**97,568**	**95,007**	**99,398**	**104,622**	**97,672**	**99,170**	**96,510**
35 Claims on United States	26,868	32,092	23,193	27,290	26,665	29,066	32,542	29,252	31,076	29,519
36 Parent bank	21,495	26,568	18,526	22,749	22,662	24,689	28,228	25,286	26,661	24,853
37 Other banks in United States	1,363	1,005	1,475	1,061	980	1,192	1,157	950	1,294	1,309
38 Nonbanks	4,010	4,519	3,192	3,480	3,023	3,185	3,157	3,016	3,121	3,357
39 Claims on foreigners	82,945	73,475	68,138	66,872	64,466	66,257	68,469	64,676	64,024	63,265
40 Other branches of parent bank	33,607	26,011	26,361	22,578	21,785	22,339	25,921	25,409	23,827	23,155
41 Banks	26,805	26,139	23,251	25,685	24,225	24,962	23,263	21,355^r	22,975	22,646
42 Public borrowers	4,030	3,999	3,677	3,716	3,660	3,712	3,785	3,470	3,400	3,473
43 Nonbank foreigners	18,503	17,326	14,849	14,893	14,796	15,244	15,500	14,442^r	13,822	13,991
44 Other assets	2,996	3,059	3,697	3,406	3,876	4,075	3,611	3,744	4,070	3,726
						Bahamas and Caymans				
45 **Total, all currencies**	**146,811**	**142,055**	**142,592**	**133,229**	**134,189**	**146,776**	**141,668**	**142,018^r**	**140,355**	**139,849**
46 Claims on United States	77,296	74,864	78,048^r	68,757^r	67,586^r	78,813^r	73,351	72,453^r	72,674	72,465
47 Parent bank	49,449	50,553	54,575	44,759	44,502	52,778^r	46,486	45,910	46,279	45,720
48 Other banks in United States	11,544	11,204	11,156	10,924	10,855	12,649	14,494	13,636^r	11,713	11,981
49 Nonbanks	16,303	13,107	12,317^r	13,074^r	12,229^r	13,386^r	12,371	12,907	14,682	14,764
50 Claims on foreigners	65,598	63,882	60,005^r	59,152^r	60,766^r	62,205^r	63,021	65,217^r	62,969	62,293
51 Other branches of parent bank	17,661	19,042	17,296	15,481	16,529	16,562	15,775	18,873	17,493	18,228
52 Banks	30,246	28,192	27,476	28,139	28,568	30,225^r	31,352	30,927^r	30,317	29,120
53 Public borrowers	6,089	6,458	7,051^r	7,090^r	7,038^r	7,247^r	7,304	7,025	7,046	6,873
54 Nonbank foreigners	11,602	10,190	8,182	8,442	8,631	8,171	8,590	8,392	8,113	8,072
55 Other assets	3,917	3,309	4,539	5,320	5,837	5,758	5,296	4,348	4,712	5,091
56 **Total payable in U.S. dollars**	**141,562**	**136,794**	**136,813**	**126,605**	**127,160**	**138,784**	**133,320^r**	**135,171^r**	**131,479**	**130,848**

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	1984	1985	1986	1987 Feb.	Mar.	Apr.	May	June	July	Aug.p
						All foreign countries				
57 **Total, all currencies**	**453,656**	**458,012**	**456,628**	**457,819**	**457,002r**	**485,165r**	**487,435r**	**475,038r**	**470,234**	**473,403**
58 Negotiable CDs	37,725	34,607	31,629	36,074	34,873	33,155	34,360	31,776	32,993	33,648
59 To United States	147,583	155,538	151,632	140,341	141,713r	152,697r	149,807r	149,948r	143,265	140,918
60 Parent bank	78,739	83,914	82,561	73,095	71,112r	75,079r	74,550r	78,343r	71,506	73,616
61 Other banks in United States	18,409	16,894	15,646	13,602	13,695	16,913	16,898	16,560	14,982	15,305
62 Nonbanks	50,435	54,730	53,425	53,644	56,906	60,705	58,359r	55,045r	56,777	51,997
63 To foreigners	247,907	245,939	253,775	261,649	260,635r	278,022	284,307r	274,076r	274,419	278,900
64 Other branches of parent bank	93,909	89,529	95,146	88,524	88,276r	94,590	101,774r	100,826r	95,376	97,908
65 Banks	78,203	76,814	77,809	86,037	84,543r	92,704	90,333r	81,542r	87,734	87,449
66 Official institutions	20,281	19,520	17,835	19,818	20,591	21,293	23,058	21,966r	21,528	21,016
67 Nonbank foreigners	55,514	60,076	62,985	67,270	67,225	69,435	69,142r	69,742r	69,781	72,527
68 Other liabilities	20,441	21,928	19,592	19,755	19,781r	21,291	18,961	19,238r	19,557	19,937
69 **Total payable in U.S. dollars**	**367,145**	**353,712**	**336,406**	**326,319**	**321,705r**	**340,406r**	**347,148r**	**340,833r**	**334,061**	**333,536**
70 Negotiable CDs	35,227	31,063	28,466	32,407	31,148	29,505	30,763	27,929	28,781	29,634
71 To United States	143,571	150,162	143,650	131,912	132,765	141,463r	140,988r	141,500r	134,562	131,912
72 Parent bank	76,254	80,888	78,472	68,540	65,981	68,401r	70,065r	74,200r	66,837	68,836
73 Other banks in United States	17,935	16,264	14,609	12,505	12,593	15,455	15,732	15,348	13,872	14,102
74 Nonbanks	49,382	53,010	50,569	50,867	54,191	57,607	55,191r	51,952r	53,853	48,974
75 To foreigners	178,260	163,583	156,806	154,416	149,949	161,216	167,761r	163,520r	162,778	163,740
76 Other branches of parent bank	77,770	71,078	71,181	63,640	62,172	67,278	74,769	74,202r	70,911	72,620
77 Banks	45,123	37,365	33,850	36,816	35,116	39,111	36,226	32,125r	35,250	35,104
78 Official institutions	15,773	14,359	12,371	13,189	13,392	14,318	16,068	15,687	15,806	15,527
79 Nonbank foreigners	39,594	40,781	39,404	40,771	39,269	40,509	40,698r	41,506r	40,811	40,489
80 Other liabilities	10,087	8,904	7,484	7,584	7,843r	8,222	7,636	7,884	7,940	8,250
						United Kingdom				
81 **Total all currencies**	**144,385**	**148,599**	**140,917**	**146,188**	**145,486**	**149,998**	**154,371**	**146,678**	**149,760**	**148,039**
82 Negotiable CDs	34,413	31,260	27,781	32,233	30,968	29,311	30,226	27,511	28,590	29,363
83 To United States	25,250	29,422	24,657	22,501	21,457r	23,936	26,204r	24,512	24,347	22,197
84 Parent bank	14,651	19,330	14,469	12,735	12,356r	13,170	15,145	14,745	14,010	13,234
85 Other banks in United States	3,125	2,974	2,649	2,154	1,816	2,205	2,273	2,109	2,021	1,875
86 Nonabnks	7,474	7,118	7,539	7,612	7,285	8,561	8,786r	7,658	8,316	7,088
87 To foreigners	77,424	78,525	79,498	82,418	83,699r	87,381	89,760r	86,041	87,942	87,750
88 Other branches of parent bank	21,631	23,389	25,036	21,230	21,780r	22,421	26,367	25,350	23,572	23,379
89 Banks	30,436	28,581	30,877	35,434	35,538r	37,562	35,282	32,334	35,647	34,414
90 Official institutions	10,154	9,676	6,836	7,832	7,827	8,871	10,004	9,450	9,241	9,670
91 Nonbank foreigners	15,203	16,879	16,749	17,922	18,554	18,527	18,107r	18,907	19,482	20,287
92 Other liabilities	7,298	9,392	8,981	9,036	9,362	9,370	8,181	8,614	8,881	8,729
93 **Total payable in U.S. dollars**	**117,497**	**112,697**	**99,707**	**101,971**	**98,967**	**101,793**	**106,093**	**100,031**	**101,593**	**99,459**
94 Negotiable CDs	33,070	29,337	26,169	30,175	28,868	27,189	28,345	25,695	26,397	27,264
95 To United States	24,105	27,756	22,075	19,894	18,940	21,144	23,474r	21,850	21,689	19,573
96 Parent bank	14,339	18,956	14,021	12,157	11,606	12,352	14,528	14,252	13,399	12,608
97 Other banks in United States	2,980	2,826	2,325	1,926	1,602	2,021	2,027	1,899	1,776	1,694
98 Nonbanks	6,786	5,974	5,729	5,811	5,732	6,771	6,919r	5,699	6,514	5,271
99 To foreigners	56,923	51,980	48,138	48,610	47,531	49,708	51,116r	49,089	50,294	49,484
100 Other branches of parent bank	18,294	18,493	17,951	14,691	14,471	14,367	18,430	17,654	16,171	15,565
101 Banks	18,356	14,344	15,203	18,207	18,027	19,498	15,555	13,864	16,330	15,767
102 Official institutions	8,871	7,661	4,934	5,176	4,924	5,786	7,214	6,985	7,203	7,872
103 Nonbank foreigners	11,402	11,482	10,050	10,536	10,109	10,057	9,917r	10,586	10,590	10,280
104 Other liabilities	3,399	3,624	3,325	3,292	3,628	3,752	3,158	3,397	3,213	3,138
						Bahamas and Caymans				
105 **Total, all currencies**	**146,811**	**142,055**	**142,592**	**133,229**	**134,189**	**146,776**	**141,668**	**142,018r**	**140,355**	**139,849**
106 Negotiable CDs	615	610	847	855	813	883	1,092	1,067	1,119	975
107 To United States	102,955	103,813	105,248	95,516	98,912	107,367	101,532	102,855r	99,071	97,095
108 Parent bank	47,162	44,811	48,648	40,409	39,851	43,315	40,052	43,479r	39,805	40,985
109 Other banks in United States	13,938	12,778	11,715	10,151	10,568	13,345	13,175	13,143	11,966	12,292
110 Nonbanks	41,855	46,224	44,885	44,956	48,493	50,707	48,305	46,233r	47,300	43,818
111 To foreigners	40,320	35,053	34,400	34,758	32,501	36,491	36,835	36,004r	38,000	39,449
112 Other branches of parent bank	16,782	14,075	12,631	12,972	11,673	13,891	13,359	14,023	14,803	16,465
113 Banks	12,405	10,669	8,617	8,070	8,140	9,452	9,895	7,943r	9,395	9,514
114 Official institutions	2,054	1,776	2,719	3,013	2,836	2,937	3,072	3,185	3,263	2,935
115 Nonbank foreigners	9,079	8,533	10,433	10,703	9,852	10,211	10,509	10,853r	10,539	10,535
116 Other liabilities	2,921	2,579	2,097	2,100	1,963	2,035	2,209	2,092	2,165	2,330
117 **Total payable in U.S. dollars**	**143,582**	**138,322**	**138,774**	**129,183**	**129,400**	**140,796**	**136,679**	**137,611r**	**135,219**	**134,217**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1985	1986r	1987r						
			Feb.	Mar.	Apr.	May	June	July	Aug.p
1 **Total**[1]	**178,380**	**211,782**	**215,468**	**226,840**	**236,137**	**236,439**	**238,418**	**232,048**	**237,482**
By type									
2 Liabilities reported by banks in the United States[2]	26,734	27,868	29,582	31,207	33,034	31,896	31,754	31,246	29,446
3 U.S. Treasury bills and certificates[3]	53,252	75,650	75,434	79,629	84,640	81,553	80,663	73,435	78,210
U.S. Treasury bonds and notes									
4 Marketable	77,154	91,368	93,678	99,530	102,019	106,465	110,184	112,435	115,047
5 Nonmarketable[4]	3,550	1,300	1,300	1,300	1,300	1,300	700	500	300
6 U.S. securities other than U.S. Treasury securities[5]	17,690	15,596	15,474	15,174	15,144	15,225	15,117	14,432	14,479
By area									
7 Western Europe[1]	74,447	88,623	91,141	99,822	106,171	108,677	111,405	107,548	106,736
8 Canada	1,315	2,004	3,761	5,110	3,922	3,482	3,502	3,559	4,189
9 Latin America and Caribbean	11,148	8,372	7,424	8,246	9,295	7,923	7,519	7,920	8,710
10 Asia	86,448	105,868	108,722	108,450	109,842	109,464	108,654	105,495	109,463
11 Africa	1,824	1,503	1,164	1,192	1,284	1,628	1,405	1,590	1,837
12 Other countries[6]	3,199	5,412	3,255	4,020	5,621	5,265	5,933	5,937	6,547

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	1983	1984	1985	1986r		1987r	
				Sept.	Dec.	Mar.	June
1 Banks' own liabilities	5,219	8,586	15,368	29,528	29,556	36,905	35,962
2 Banks' own claims	7,231	11,984	16,294	24,134	25,920	32,613	32,789
3 Deposits	2,731	4,998	8,437	13,241	13,923	14,077	10,839
4 Other claims	4,501	6,986	7,857	10,893	11,997	18,536	21,951
5 Claims of banks' domestic customers[1]	1,059	569	580	1,589	2,507	2,012	889

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
Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1984	1985	1986r	1987r						
				Feb.	Mar.	Apr.	May	June	July	Aug.p
1 **All foreigners**	**407,306**	**435,726**	**539,238**	**523,839**	**531,086**	**553,980**	**557,735**	**541,039**	**537,027**	**547,936**
2 Banks' own liabilities	306,898	341,070	406,075	389,380	395,976	413,735	417,889	401,903	403,725	410,414
3 Demand deposits	19,571	21,107	23,788	22,449	22,282	22,350	23,223	23,219	20,600	22,139
4 Time deposits[1]	110,413	117,278	131,691	125,115	125,109	131,794	132,973	133,186	134,620	137,878
5 Other[2]	26,268	29,305	41,462	42,104	44,424	47,986	47,718	41,512	43,197	40,198
6 Own foreign offices[3]	150,646	173,381	209,134	199,711	204,162	211,605	213,975	203,986	205,308	210,199
7 Banks' custody liabilities[4]	100,408	94,656	133,163	134,459	135,110	140,245	139,846	139,135	133,302	137,523
8 U.S. Treasury bills and certificates[5]	76,368	69,133	90,392	90,800	93,153	97,928	95,959	93,688	88,193	92,705
9 Other negotiable and readily transferable instruments[6]	18,747	17,964	15,417	13,744	14,695	14,590	15,790	16,371	15,632	15,259
10 Other	5,293	7,558	27,354	29,916	27,262	27,727	28,098	29,076	29,477	29,559
11 **Nonmonetary international and regional organizations**[7]	**4,454**	**5,821**	**5,272**	**5,274**	**5,281**	**8,230**	**5,199**	**3,979**	**5,662**	**4,892**
12 Banks' own liabilities	2,014	2,621	3,423	2,948	3,901	6,636	3,535	2,489	2,083	2,058
13 Demand deposits	254	85	199	157	246	334	106	72	78	46
14 Time deposits[1]	1,267	2,067	2,066	1,488	1,227	3,094	944	967	584	806
15 Other[2]	493	469	1,158	1,303	2,428	3,207	2,486	1,451	1,420	1,206
16 Banks' custody liabilities[4]	2,440	3,200	1,849	2,326	1,379	1,594	1,664	1,490	3,579	2,834
17 U.S. Treasury bills and certificates	916	1,736	259	1,213	154	428	440	266	2,339	1,635
18 Other negotiable and readily transferable instruments[6]	1,524	1,464	1,590	1,112	1,225	1,152	1,224	1,224	1,240	1,193
19 Other	0	0	0	1	0	14	0	0	0	6
20 **Official institutions**[8]	**86,065**	**79,985**	**103,518**	**105,016**	**110,836**	**117,675**	**113,449**	**112,416**	**104,682**	**107,655**
21 Banks' own liabilities	19,039	20,835	25,376	27,010	28,060	30,060	29,034	28,364	28,076	26,150
22 Demand deposits	1,823	2,077	2,267	1,513	1,923	1,829	2,089	1,745	1,713	1,907
23 Time deposits[1]	9,374	10,949	11,009	11,012	10,806	12,277	11,277	13,042	13,480	13,778
24 Other[2]	7,842	7,809	12,100	14,485	15,331	15,954	15,668	13,577	12,884	10,466
25 Banks' custody liabilities[4]	67,026	59,150	78,142	78,005	82,776	87,614	84,415	84,052	76,605	81,505
26 U.S. Treasury bills and certificates[5]	59,976	53,252	75,650	75,434	79,629	84,640	81,553	80,663	73,435	78,210
27 Other negotiable and readily transferable instruments[6]	6,966	5,824	2,347	2,431	3,015	2,819	2,715	3,141	2,950	3,151
28 Other	84	75	145	140	132	154	147	248	220	144
29 **Banks**[9]	**248,893**	**275,589**	**350,637**	**335,630**	**338,946**	**350,635**	**359,093**	**346,818**	**349,572**	**355,917**
30 Banks' own liabilities	225,368	252,723	310,400	293,475	299,990	311,654	319,495	305,679	307,738	314,756
31 *Unaffiliated foreign banks*	74,722	79,341	101,266	93,764	95,828	100,049	105,520	101,693	102,429	104,557
32 Demand deposits	10,556	10,271	10,303	10,103	9,503	9,782	10,808	10,298	8,589	9,911
33 Time deposits[1]	47,095	49,510	64,516	59,758	62,138	64,296	67,725	67,097	67,218	68,975
34 Other[2]	17,071	19,561	26,447	23,903	24,187	25,970	26,986	24,299	26,623	25,671
35 Own foreign offices[3]	150,646	173,381	209,134	199,711	204,162	211,605	213,975	203,986	205,308	210,199
36 Banks' custody liabilities[4]	23,525	22,866	40,237	42,155	38,956	38,981	39,598	41,139	41,834	41,161
37 U.S. Treasury bills and certificates	11,448	9,832	9,984	10,501	9,759	9,545	9,774	9,066	9,142	9,100
38 Other negotiable and readily transferable instruments[6]	7,236	6,040	5,165	4,107	4,171	4,090	4,213	5,611	5,850	5,320
39 Other	4,841	6,994	25,089	27,547	25,026	25,346	25,611	26,462	26,841	26,742
40 **Other foreigners**	**67,894**	**74,331**	**79,810**	**77,920**	**76,023**	**77,441**	**79,994**	**77,825**	**77,112**	**79,472**
41 Banks' own liabilities	60,477	64,892	66,876	65,947	64,025	65,385	65,825	65,371	65,828	67,450
42 Demand deposits	6,938	8,673	11,019	10,676	10,609	10,404	10,220	11,104	10,220	10,275
43 Time deposits	52,678	54,752	54,099	52,858	50,938	52,126	53,027	52,081	53,338	54,320
44 Other[2]	861	1,467	1,757	2,413	2,479	2,854	2,578	2,185	2,270	2,855
45 Banks' custody liabilities[4]	7,417	9,439	12,935	11,973	11,998	12,056	14,169	12,454	11,284	12,022
46 U.S. Treasury bills and certificates	4,029	4,314	4,500	3,652	3,610	3,315	4,192	3,694	3,276	3,761
47 Other negotiable and readily transferable instruments[6]	3,021	4,636	6,315	6,093	6,285	6,529	7,638	6,395	5,592	5,594
48 Other	367	489	2,120	2,227	2,103	2,212	2,340	2,366	2,415	2,667
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,476	9,845	7,496	7,860	7,854	8,134	8,694	7,356	6,313	6,458

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2. Includes borrowing under repurchase agreements.
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8. Foreign central banks and foreign central governments, and the Bank for International Settlements.
9. Excludes central banks, which are included in "Official institutions."

3.17 Continued

Area and country	1984	1985	1986[r]	1987[r]						
				Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **Total**	**407,306**	**435,726**	**539,238**	**523,839**	**531,086**	**553,980**	**557,735**	**541,039**	**537,027**	**547,936**
2 **Foreign countries**	**402,852**	**429,905**	**533,965**	**518,565**	**525,806**	**545,750**	**552,536**	**537,059**	**531,365**	**543,044**
3 Europe	153,145	164,114	180,491	181,201	186,086	192,008	207,149	204,713	198,901	203,196
4 Austria	615	693	1,181	929	799	1,058	921	974	795	1,151
5 Belgium-Luxembourg	4,114	5,243	6,729	7,594	7,232	7,906	9,335	9,558	9,140	9,645
6 Denmark	438	513	482	520	623	425	459	425	486	572
7 Finland	418	496	580	762	947	942	909	616	467	544
8 France	12,701	15,541	22,862	22,677	23,853	27,457	27,870	27,955	25,478	26,969
9 Germany	3,358	4,835	5,752	6,061	7,477	6,779	10,619	8,024	7,090	7,666
10 Greece	699	666	700	750	642	603	643	691	667	636
11 Italy	10,762	9,667	10,875	8,489	10,094	11,338	11,726	11,943	10,020	7,667
12 Netherlands	4,731	4,212	5,600	5,355	4,970	5,880	5,442	5,367	5,101	5,425
13 Norway	1,548	948	735	554	490	567	571	502	582	593
14 Portugal	597	652	699	710	686	660	607	704	586	686
15 Spain	2,082	2,114	2,407	2,343	2,237	2,244	2,194	2,322	2,105	2,252
16 Sweden	1,676	1,422	884	1,063	1,065	1,251	1,496	1,296	1,235	1,411
17 Switzerland	31,740	29,020	30,533	27,574	27,545	26,533	26,869	27,852	24,807	28,347
18 Turkey	584	429	454	359	412	833	378	455	365	514
19 United Kingdom	68,671	76,728	85,284	90,022	91,903	91,742	102,261	99,682	102,098	102,079
20 Yugoslavia	602	673	630	565	564	526	429	433	459	491
21 Other Western Europe[1]	7,192	9,635	3,322	4,319	3,902	4,572	3,849	5,208	6,222	5,873
22 U.S.S.R	79	105	80	23	30	32	37	36	550	45
23 Other Eastern Europe[2]	537	523	702	532	616	659	532	671	647	628
24 Canada	16,059	17,427	26,345	25,231	26,595	25,306	24,522	21,914	21,222	22,556
25 Latin America and Caribbean	153,381	167,856	209,184	191,934	196,521	207,228	204,694	195,058	199,450	200,289
26 Argentina	4,394	6,032	4,757	4,672	4,730	4,412	4,786	4,795	5,123	5,246
27 Bahamas	56,897	57,657	73,619	63,330	62,978	72,102	69,428	66,325	62,416	62,313
28 Bermuda	2,370	2,765	2,922	2,507	2,294	2,181	2,594	2,172	2,400	2,285
29 Brazil	5,275	5,373	4,325	3,800	3,702	3,619	3,960	3,673	3,781	3,972
30 British West Indies	36,773	42,674	70,919	65,326	70,438	69,426	70,354	65,297	72,183	71,617
31 Chile	2,001	2,049	2,054	2,048	2,061	2,255	2,034	1,972	2,035	2,560
32 Colombia	2,514	3,104	4,285	4,272	4,275	4,353	4,289	4,363	4,431	4,449
33 Cuba	10	11	7	7	6	6	6	8	8	7
34 Ecuador	1,092	1,239	1,236	1,121	1,015	1,045	1,093	1,121	1,090	1,101
35 Guatemala	896	1,071	1,123	1,082	1,083	1,165	1,167	1,123	1,110	1,086
36 Jamaica	183	122	136	145	230	149	189	158	146	171
37 Mexico	12,303	14,060	13,745	13,473	13,256	15,104	13,955	13,857	14,578	14,547
38 Netherlands Antilles	4,220	4,875	4,916	5,656	5,650	5,797	5,171	5,183	5,291	5,338
39 Panama	6,951	7,514	6,886	6,504	6,695	7,111	7,341	7,131	6,988	7,323
40 Peru	1,266	1,167	1,163	1,131	1,063	1,086	1,095	1,137	1,145	1,200
41 Uruguay	1,394	1,552	1,537	1,592	1,642	1,533	1,507	1,504	1,536	1,607
42 Venezuela	10,545	11,922	10,439	10,367	10,368	10,592	10,292	10,164	10,085	10,285
43 Other Latin America and Caribbean	4,297	4,668	5,114	4,902	5,035	5,289	5,432	5,078	5,105	5,181
44 Asia	71,187	72,280	108,806	113,462	109,138	112,296	107,774	106,737	102,722	106,878
China										
45 Mainland	1,153	1,607	1,476	1,650	1,947	1,889	1,842	1,737	1,744	2,023
46 Taiwan	4,990	7,786	18,902	21,127	20,107	19,461	17,333	16,346	16,436	15,377
47 Hong Kong	6,581	8,067	9,390	9,352	9,184	9,367	9,365	9,122	8,595	8,994
48 India	507	712	674	686	512	527	569	714	572	902
49 Indonesia	1,033	1,466	1,547	1,591	1,415	1,460	1,243	1,774	1,404	1,498
50 Israel	1,268	1,601	1,892	1,895	1,670	1,305	1,084	1,229	928	1,036
51 Japan	21,640	23,077	47,410	50,899	49,166	53,381	50,434	49,494	46,508	49,945
52 Korea	1,730	1,665	1,141	1,017	1,119	1,178	1,343	1,397	1,410	1,388
53 Philippines	1,383	1,140	1,866	1,779	1,740	1,427	1,312	1,222	1,148	1,208
54 Thailand	1,257	1,358	1,119	1,238	1,248	1,118	1,180	1,144	1,094	1,186
55 Middle-East oil-exporting countries[3]	16,804	14,523	12,352	12,110	11,572	11,363	10,860	11,448	11,667	12,596
56 Other Asia	12,841	9,276	11,036	10,117	9,459	9,821	11,209	11,111	11,216	10,724
57 Africa	3,396	4,883	4,021	3,500	3,486	3,732	4,003	3,759	4,018	4,197
58 Egypt	647	1,363	706	791	775	871	1,052	1,011	1,113	1,162
59 Morocco	118	163	92	77	99	101	86	106	75	74
60 South Africa	328	388	270	201	184	288	198	188	229	227
61 Zaire	153	163	74	42	40	39	74	58	64	69
62 Oil-exporting countries[4]	1,189	1,494	1,519	1,156	1,106	1,212	1,267	1,111	1,275	1,331
63 Other Africa	961	1,312	1,360	1,233	1,281	1,221	1,326	1,286	1,262	1,335
64 Other countries	5,684	3,347	5,118	3,237	3,980	5,181	4,394	4,878	5,052	5,928
65 Australia	5,300	2,779	4,196	2,470	3,023	4,293	3,589	4,113	4,333	4,998
66 All other	384	568	922	767	957	888	805	765	719	929
67 Nonmonetary international and regional organizations	4,454	5,821	5,272	5,274	5,281	8,230	5,199	3,979	5,662	4,892
68 International	3,747	4,806	4,086	4,360	4,294	6,966	3,717	2,577	4,203	3,379
69 Latin American regional	587	894	1,033	762	783	845	994	1,047	1,075	1,070
70 Other regional[5]	120	121	154	152	204	420	488	356	384	443

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

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

Millions of dollars, end of period

Area and country	1984	1985	1986[r]	1987						
				Feb.[r]	Mar.[r]	Apr.	May	June[r]	July	Aug.[p]
1 **Total**	**400,162**	**401,608**	**444,265**	**417,126**	**417,290**	**439,509[r]**	**438,135[r]**	**432,208**	**422,971**	**426,557**
2 **Foreign countries**	**399,363**	**400,577**	**441,244**	**416,724**	**415,349**	**434,240[r]**	**437,304[r]**	**430,076**	**421,445**	**424,984**
3 Europe	99,014	106,413	107,446	102,189	99,409	108,052[r]	116,501[r]	114,132	108,227	104,894
4 Austria	433	598	728	545	656	746[r]	669[r]	758	698	936
5 Belgium-Luxembourg	4,794	5,772	7,498	8,903	8,081	8,542[r]	9,920[r]	9,792	10,218	9,526
6 Denmark	648	706	688	593	623	546[r]	541[r]	716	614	878
7 Finland	898	823	947	1,040	993	1,116[r]	1,036[r]	1,035	1,037	1,031
8 France	9,157	9,124	11,356	9,938	9,864	10,817[r]	12,075[r]	12,036	11,668	12,530
9 Germany	1,306	1,267	1,820	1,734	1,648	1,379[r]	1,508	1,548	2,008	1,324
10 Greece	817	991	648	634	535	460	457	456	433	375
11 Italy	9,119	8,848	9,038	7,332	6,987	7,536	8,329[r]	8,404	6,770	6,413
12 Netherlands	1,356	1,258	3,299	2,045	2,326	3,030[r]	2,946[r]	5,744	4,434	3,067
13 Norway	675	706	654	766	667	683	776	774	830	803
14 Portugal	1,243	1,058	739	685	742	615	641	659	645	667
15 Spain	2,884	1,908	1,492	1,673	1,807	1,977	2,107	1,848	1,822	1,938
16 Sweden	2,230	2,219	1,945	2,419	2,461	2,414[r]	2,614[r]	2,330	2,287	2,473
17 Switzerland	2,123	3,171	3,049	2,413	2,338	2,905	3,593	2,611	2,459	2,666
18 Turkey	1,130	1,200	1,543	1,438	1,579	1,559	1,623	1,785	1,761	1,794
19 United Kingdom	56,185	62,566	58,337	56,444	54,105	59,876[r]	64,001	59,748	56,739	54,687
20 Yugoslavia	1,886	1,964	1,836	1,769	1,840	1,763	1,803	1,755	1,762	1,740
21 Other Western Europe[1]	596	998	540	455	759	648[r]	493[r]	559	647	548
22 U.S.S.R.	142	130	345	401	367	375	357	582	420	521
23 Other Eastern Europe[2]	1,389	1,107	944	963	1,029	1,065[r]	1,012	993	975	975
24 Canada	16,109	16,482	20,958	19,124	19,807	20,177[r]	19,294[r]	18,450	18,584	18,440
25 Latin America and Caribbean	207,862	202,674	208,832	196,260	199,245	209,524[r]	204,272[r]	201,887	200,578	202,352
26 Argentina	11,050	11,462	12,104	12,226	12,181	12,129	12,335	12,256	12,157	12,223
27 Bahamas	58,009	58,258	59,342	52,805	53,474	62,634[r]	58,314[r]	56,463	52,905	54,935
28 Bermuda	592	499	418	376	532	740	592	300	387	359
29 Brazil	26,315	25,283	25,703	25,832	26,059	26,006[r]	25,690[r]	25,493	25,981	26,581
30 British West Indies	38,205	38,881	46,306	41,074	43,226	43,592[r]	44,355[r]	43,782	44,687	43,199
31 Chile	6,839	6,603	6,562	6,611	6,425	6,412	6,321[r]	6,328	6,490	6,547
32 Colombia	3,499	3,249	2,826	2,750	2,698	2,686	2,650	2,649	2,743	2,784
33 Cuba	0	0	0	1	6	9	9	0	0	0
34 Ecuador	2,420	2,390	2,449	2,419	2,338	2,381	2,372	2,354	2,396	2,384
35 Guatemala[3]	158	194	140	145	135	120	115	109	107	105
36 Jamaica[3]	252	224	198	199	192	189	184	182	268	417
37 Mexico	34,885	31,799	30,660	30,016	29,846	30,125[r]	30,055[r]	30,293	31,072	31,575
38 Netherlands Antilles	1,350	1,340	1,039	917	965	1,175[r]	1,045[r]	1,344	1,091	992
39 Panama	7,707	6,645	5,436	5,206	5,460	5,771	4,730	4,977	4,631	4,555
40 Peru	2,384	1,947	1,661	1,633	1,600	1,601	1,599	1,565	1,567	1,539
41 Uruguay	1,088	960	940	932	959	957	962	950	949	966
42 Venezuela	11,017	10,871	11,112	11,207	11,304	11,086[r]	11,044[r]	10,956	11,281	11,340
43 Other Latin America and Caribbean	2,091	2,067	1,938	1,910	1,844	1,910	1,900	1,884	1,868	1,839
44 Asia	66,316	66,212	96,070	91,593	89,133	88,738[r]	89,534[r]	87,903	86,752	91,794
China										
45 Mainland	710	639	787	873	1,373	1,360	1,175	993	929	919
46 Taiwan	1,849	1,535	2,678	2,893	2,914	3,278	3,592	3,301	2,487	2,772
47 Hong Kong	7,293	6,797	8,307	9,242	8,261	7,779[r]	7,727	7,658	7,416	6,509
48 India	425	450	321	324	486	314	379	429	416	565
49 Indonesia	724	698	723	685	662	627	657	677	639	577
50 Israel	2,088	1,991	1,635	1,519	1,543	1,509	1,459	1,450	1,412	1,450
51 Japan	29,066	31,249	59,620	55,396	53,579	54,300[r]	55,167[r]	55,097	54,962	61,544
52 Korea	9,285	9,226	7,182	6,184	6,031	5,352	6,076	5,314	4,952	4,582
53 Philippines	2,555	2,224	2,217	2,127	2,282	2,121	2,064	2,109	2,210	2,147
54 Thailand	1,125	845	578	557	490	461	540	552	565	530
55 Middle East oil-exporting countries[4]	5,044	4,298	4,122	4,868	5,152	4,496[r]	3,697	3,808	3,913	4,329
56 Other Asia	6,152	6,260	7,901	6,925	6,361	7,142[r]	7,001[r]	6,514	6,850	5,871
57 Africa	6,615	5,407	4,650	4,688	4,871	4,800[r]	4,876	4,707	4,703	4,737
58 Egypt	728	721	567	593	618	574	585	599	571	584
59 Morocco	583	575	598	585	584	565	566	563	568	603
60 South Africa	2,795	1,942	1,550	1,548	1,558	1,578	1,598	1,506	1,479	1,497
61 Zaire	18	20	28	42	42	41	43	39	38	35
62 Oil-exporting countries[5]	842	630	694	748	861	801	840	818	866	862
63 Other	1,649	1,520	1,213	1,173	1,209	1,241[r]	1,246	1,184	1,182	1,156
64 Other countries	3,447	3,390	3,289	2,869	2,884	2,949	2,828	2,996	2,601	2,766
65 Australia	2,769	2,413	1,944	1,893	1,992	2,065	1,897	1,980	1,693	1,686
66 *All other*	678	978	1,345	976	892	884	931	1,016	908	1,080
67 Nonmonetary international and regional organizations[6]	800	1,030	3,021	402	1,941	5,268[r]	830	2,132	1,527	1,573

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

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

Millions of dollars, end of period

Type of claim	1984	1985	1986[r]	1987[r]						
				Feb.	Mar.	Apr.	May	June	July	Aug.[p]
1 **Total**	**433,078**	**430,489**	**478,187**	**417,126**	**448,730**	**439,509**	**438,135**	**465,267**	**422,971**	**426,557**
2 Banks' own claims on foreigners	400,162	401,608	444,265	417,126	417,290	439,509	438,135	432,208	422,971	426,557
3 Foreign public borrowers	62,237	60,507	64,112	62,032	64,029	66,942	62,788	63,512	64,242	64,219
4 Own foreign offices[1]	156,216	174,261	211,615	190,527	191,620	207,042	203,682	199,273	190,395	197,559
5 Unaffiliated foreign banks	124,932	116,654	122,715	120,219	117,503	120,926	127,155	125,148	123,377	121,781
6 Deposits	49,226	48,372	57,484	55,560	54,121	57,450	61,659	60,447	59,271	56,838
7 Other	75,706	68,282	65,232	64,659	63,382	63,476	65,495	64,701	64,107	64,943
8 All other foreigners	56,777	50,185	45,823	44,348	44,138	44,599	44,511	44,275	44,957	42,998
9 Claims of banks' domestic customers[2]	32,916	28,881	33,922	....	31,439	....	....	33,059	....	....
10 Deposits	3,380	3,335	4,413	....	3,400	....	....	3,474	....	....
11 Negotiable and readily transferable instruments[3]	23,805	19,332	24,044	....	20,551	....	....	21,384	....	....
12 Outstanding collections and other claims	5,732	6,214	5,465	....	7,488	....	....	8,202	....	....
13 MEMO: Customer liability on acceptances	37,103	28,487	25,631	....	25,449	....	....	23,493	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	40,714	38,102	42,129	48,441	43,575	45,521	44,860	38,039	40,224	n.a.

1. *U.S. banks:* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. *Agencies, branches, and majority-owned subsidiaries of foreign banks:* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank.
2. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.
3. Principally negotiable time certificates of deposit and bankers acceptances.
4. Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U.S. dollars issued by banks abroad. For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p. 550.

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only.

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

Millions of dollars, end of period

Maturity; by borrower and area	1983	1984	1985	1986[r]		1987[r]	
				Sept.	Dec.	Mar.	June
1 **Total**	**243,715**	**243,952**	**227,903**	**225,119**	**231,433**	**226,760**	**235,021**
By borrower							
2 Maturity of 1 year or less[1]	176,158	167,858	160,824	155,610	159,790	155,239	165,735
3 Foreign public borrowers	24,039	23,912	26,302	22,528	24,723	23,496	23,208
4 All other foreigners	152,120	143,947	134,522	133,083	135,068	131,743	142,527
5 Maturity over 1 year[1]	67,557	76,094	67,078	69,509	71,643	71,521	69,286
6 Foreign public borrowers	32,521	38,695	34,512	38,350	39,898	40,718	39,642
7 All other foreigners	35,036	37,399	32,567	31,159	31,745	30,803	29,644
By area							
Maturity of 1 year or less[1]							
8 Europe	56,117	58,498	56,585	59,664	61,346	58,001	68,022
9 Canada	6,211	6,028	6,401	6,204	5,845	5,559	5,543
10 Latin America and Caribbean	73,660	62,791	63,328	58,363	56,174	54,321	55,200
11 Asia	34,403	33,504	27,966	26,444	29,291	30,969	30,635
12 Africa	4,199	4,442	3,753	3,090	2,882	3,148	2,978
13 All other[2]	1,569	2,593	2,791	1,845	4,252	3,240	3,355
Maturity of over 1 year[1]							
14 Europe	13,576	9,605	7,634	7,237	6,851	6,764	6,505
15 Canada	1,857	1,882	1,805	1,930	1,930	1,873	1,631
16 Latin America and Caribbean	43,888	56,144	50,674	54,149	56,415	56,540	55,502
17 Asia	4,850	5,323	4,502	3,978	4,120	4,151	3,488
18 Africa	2,286	2,033	1,538	1,479	1,539	1,630	1,522
19 All other[2]	1,101	1,107	926	736	787	564	638

1. Remaining time to maturity.
2. 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	1984	1985	1985			1986				1987	
			June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
1 **Total**	**405.7**	**391.9**	**396.8**	**394.9**	**391.9**	**393.7[r]**	**390.3[r]**	**389.8[r]**	**390.0**	**398.8[r]**	**388.1**
2 G-10 countries and Switzerland	148.1	148.5	146.7	152.0	148.5	156.9[r]	160.1[r]	158.9[r]	157.6[r]	164.5[r]	158.5
3 Belgium-Luxembourg	8.7	9.3	8.9	9.5	9.3	8.4[r]	9.0	8.5	8.4	9.1	8.5
4 France	14.1	12.3	13.5	14.8	12.3	13.8	15.1	14.7	13.8	13.4	12.6
5 Germany	9.0	10.5	9.6	9.8	10.5	11.3	11.5	12.5	11.7	12.2	11.0
6 Italy	10.1	9.8	8.6	8.4	9.8	8.5	9.3	8.1	9.0	8.6	7.5
7 Netherlands	3.9	3.7	3.7	3.4	3.7	3.5	3.4	3.9	4.6	4.4	7.3
8 Sweden	3.2	2.8	2.9	3.1	2.8	2.9	2.9	2.7	2.4	3.0	2.4
9 Switzerland	3.9	4.4	4.0	4.1	4.4	5.4	5.6	4.8	5.5	5.8	5.7
10 United Kingdom	60.3	64.6	65.7	67.1	64.6	68.8[r]	69.2[r]	70.3[r]	71.9[r]	74.3[r]	72.4
11 Canada	7.9	7.0	8.1	7.6	7.0	6.4[r]	6.9	6.1	5.4	5.2	4.6
12 Japan	27.1	24.2	21.7	24.3	24.2	28.0	27.2	27.4[r]	25.0[r]	28.5[r]	26.4
13 Other developed countries	33.6	30.4	32.3	32.0	30.4	31.6	30.7[r]	29.5[r]	26.1[r]	26.0	25.7
14 Austria	1.6	1.6	1.6	1.7	1.6	1.6	1.7	1.7	1.7	1.9	1.9
15 Denmark	2.2	2.4	1.9	2.1	2.4	2.5	2.4	2.3	1.7	1.7[r]	1.6
16 Finland	1.9	1.6	1.8	1.8	1.6	1.9	1.6	1.7	1.4	1.4	1.5
17 Greece	2.9	2.6	2.9	2.8	2.6	2.5	2.6	2.3	2.3	2.1	2.0
18 Norway	3.0	2.9	2.9	3.4	2.9	2.7	3.0	2.7	2.4	2.2	2.2
19 Portugal	1.4	1.3	1.3	1.4	1.3	1.1	1.1[r]	1.0	.8	.9	.8
20 Spain	6.5	5.8	5.9	6.1	5.8	6.5[r]	6.4	6.7	5.8	6.3[r]	6.0
21 Turkey	1.9	1.9	2.0	2.1	1.9	2.3	2.5	2.1	2.0	1.9	2.1
22 Other Western Europe	1.7	2.0	1.8	1.7	2.0	2.4	2.1	1.6	1.4	1.4[r]	1.5
23 South Africa	4.5	3.2	3.9	3.3	3.2	3.2	3.1	3.1	3.1[r]	3.1	3.1
24 Australia	6.0	5.0	6.2	5.6	5.0	4.9	4.2	4.1	3.5	3.2	3.1
25 OPEC countries[3]	24.9	21.6	22.8	22.7	21.6	20.7	20.6	20.0	19.6	20.4	19.2
26 Ecuador	2.2	2.1	2.2	2.2	2.1	2.2	2.1	2.2	2.2	2.1	2.1
27 Venezuela	9.3	8.9	9.3	9.0	8.9	8.7	8.8	8.7	8.6	8.7	8.7
28 Indonesia	3.3	3.0	3.1	3.1	3.0	3.3	3.0	2.8	2.5	2.4	2.2
29 Middle East countries	7.9	5.5	6.1	6.2	5.5	4.7	5.0	4.6	4.5	5.5	4.5
30 African countries	2.3	2.0	2.2	2.3	2.0	1.8	1.7	1.7	1.7	1.7[r]	1.7
31 Non-OPEC developing countries	111.8	105.1	110.0	107.8	105.1	103.9[r]	102.0[r]	100.0[r]	99.7[r]	100.1	100.2
Latin America											
32 Argentina	8.7	8.9	8.6	8.9	8.9	8.9	9.2	9.3	9.5	9.6[r]	9.5
33 Brazil	26.3	25.6	26.6	25.5	25.6	25.8[r]	25.5[r]	25.4[r]	25.3	25.6	24.5
34 Chile	7.0	7.0	6.9	6.6	7.0	7.0	7.1	7.2	7.1	7.3	7.2
35 Colombia	2.9	2.7	2.7	2.6	2.7	2.3	2.2	2.0	2.1	2.0	2.0
36 Mexico	25.7	24.2	25.3	24.4	24.2	24.1	24.0[r]	24.0[r]	23.9	23.9	25.3
37 Peru	2.2	1.8	2.1	1.9	1.8	1.7	1.6	1.5	1.5[r]	1.4	1.4
38 Other Latin America	3.9	3.4	3.7	3.5	3.4	3.3	3.3	3.3	3.1	3.0	3.0
Asia											
China											
39 Mainland	.7	.5	.3	1.1	.5	.6	.6	.6	.4	.9	.6
40 Taiwan	5.1	4.5	5.5	5.1	4.5	4.3	3.7	4.3	4.9	5.5	6.6
41 India	.9	1.2	.9	1.1	1.2	1.2	1.3	1.3	1.2	1.7	1.7
42 Israel	1.8	1.6	2.3	1.5	1.6	1.3	1.6	1.4	1.5	1.4	1.3
43 Korea (South)	10.6	9.4	10.0	10.4	9.4	9.5	8.7	7.3	6.7	6.3[r]	5.6
44 Malaysia	2.7	2.4	2.8	2.7	2.4	2.2	2.0	2.1	2.1	1.9	1.7
45 Philippines	6.0	5.7	6.0	6.0	5.7	5.6	5.7	5.4	5.4	5.4	5.4
46 Thailand	1.8	1.4	1.6	1.7	1.4	1.3	1.1	1.0	.9	.9	.8
47 Other Asia	1.1	1.0	.9	.9	1.0	.9	.8	.7	.7	.6	.8
Africa											
48 Egypt	1.2	1.0	1.0	1.0	1.0	.9	.9	.7	.7	.6	.6
49 Morocco	.8	.9	.8	.9	.9	.9	.9	.9	.9	.9	.9
50 Zaire	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
51 Other Africa[4]	2.1	1.9	2.0	2.0	1.9	1.9	1.7	1.6	1.6	1.4	1.3
52 Eastern Europe	4.4	4.2	4.3	4.6	4.2	4.0	4.0	3.4	3.2	3.1	3.4
53 U.S.S.R.	.1	.1	.3	.2	.1	.3	.3	.1	.1	.1	.3
54 Yugoslavia	2.3	2.2	2.2	2.4	2.2	2.0	2.0	1.9	1.7	1.6	1.7
55 Other	2.0	1.8	1.8	1.9	1.8	1.7	1.7	1.4	1.4	1.3	1.4
56 Offshore banking centers	65.6	65.4	63.9	58.8	65.4	60.1	56.2[r]	60.9[r]	64.0[r]	65.6[r]	62.8
57 Bahamas	21.5	21.4	21.1	16.6	21.4	21.4[r]	17.1[r]	19.9[r]	22.3[r]	23.6[r]	19.6
58 Bermuda	.9	.7	.9	.8	.7	.7	.5	.4	.7	.8	.6
59 Cayman Islands and other British West Indies	11.8	13.4	12.1	12.3	13.4	11.4[r]	13.0	13.2	14.5	13.6[r]	15.0
60 Netherlands Antilles	3.4	2.3	3.2	2.3	2.3	2.3	2.3	1.9	1.8	1.7	1.3
61 Panama[5]	6.7	6.0	5.4	6.1	6.0	4.4	4.2	5.1	4.1	5.4[r]	5.3
62 Lebanon	.1	.1	.1	.0	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.4	11.5	11.4	11.4	11.5	11.5	9.5	10.5	11.2	11.5	12.5
64 Singapore	9.8	9.9	9.7	9.4	9.9	8.5[r]	9.3	9.7	9.4[r]	8.8	8.4
65 Others[6]	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[7]	17.3	16.9	16.9	17.3	16.9	16.4[r]	16.8[r]	17.2	19.8[r]	19.1[r]	18.4

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	1983	1984	1985	1986			1987	
					June	Sept.	Dec.[r]	Mar.	June[p]
1	**Total**	**25,346**	**29,357**	**27,685**	**25,126[r]**	**26,117[r]**	**25,478**	**27,020**	**27,947**
2	Payable in dollars	22,233	26,389	24,296	21,440[r]	22,278[r]	21,759	21,611	23,408
3	Payable in foreign currencies	3,113	2,968	3,389	3,686	3,839[r]	3,719	5,408	4,538
	By type								
4	Financial liabilities	10,572	14,509	13,460	11,808[r]	13,219[r]	12,140	12,997	13,551
5	Payable in dollars	8,700	12,553	11,257	9,717[r]	10,947[r]	9,782	10,397	10,322
6	Payable in foreign currencies	1,872	1,955	2,203	2,091	2,272[r]	2,358	2,600	3,229
7	Commercial liabilities	14,774	14,849	14,225	13,318[r]	12,899	13,338	14,023	14,396
8	Trade payables	7,765	7,005	6,685	5,670[r]	5,723	6,357	6,813	6,866
9	Advance receipts and other liabilities	7,009	7,843	7,540	7,648	7,175	6,981	7,210	7,530
10	Payable in dollars	13,533	13,836	13,039	11,723[r]	11,331	11,977	11,215	13,087
11	Payable in foreign currencies	1,241	1,013	1,186	1,595	1,567	1,361	2,808	1,310
	By area or country								
	Financial liabilities								
12	Europe	5,742	6,728	7,560	7,126[r]	8,625[r]	7,917	8,258	8,775
13	Belgium-Luxembourg	302	471	329	390	424	245	205	231
14	France	843	995	857	686	501	644	742	812
15	Germany	502	489	434	280	319	270	368	305
16	Netherlands	621	590	745	635	708	704	693	669
17	Switzerland	486	569	620	505	537[r]	615	678	686
18	United Kingdom	2,839	3,297	4,254	4,333[r]	5,705[r]	5,148	5,312	5,810
19	Canada	764	863	839	367	362	399	431	907
20	Latin America and Caribbean	2,596	5,086	3,184	2,463	2,283	1,964	2,369	1,747
21	Bahamas	751	1,926	1,123	854[r]	842[r]	614	669	398
22	Bermuda	13	13	4	14	4	4	0	0
23	Brazil	32	35	29	27	28	32	26	22
24	British West Indies	1,041	2,103	1,843	1,426[r]	1,291[r]	1,163	1,545	1,223
25	Mexico	213	367	15	30	18	22	30	29
26	Venezuela	124	137	3	3	5	3	3	5
27	Asia	1,424	1,777	1,815	1,735	1,881	1,792	1,869	2,054
28	Japan	991	1,209	1,198	1,264	1,446	1,377	1,459	1,666
29	Middle East oil-exporting countries[2]	170	155	82	43	3	8	7	7
30	Africa	19	14	12	12	4	1	3	1
31	Oil-exporting countries[3]	0	0	0	0	2	1	1	0
32	All other[4]	27	41	50	104	63[r]	67	67	66
	Commercial liabilities								
33	Europe	3,245	4,001	4,074	3,817	4,367	4,457	4,383	4,950
34	Belgium-Luxembourg	62	48	62	58	75	100	85	111
35	France	437	438	453	358	370	340	278	419
36	Germany	427	622	607	561	637	722	589	590
37	Netherlands	268	245	364	586	613	493	372	339
38	Switzerland	241	257	379	284	361	385	484	555
39	United Kingdom	732	1,095	976	864	1,138[r]	1,301	1,287	1,366
40	Canada	1,841	1,975	1,449	1,367	1,312	1,389	1,350	1,250
41	Latin America and Caribbean	1,473	1,871	1,088	1,242	846	873	1,075	1,027
42	Bahamas	1	7	12	10	37	32	28	13
43	Bermuda	67	114	77	294	172	129	296	246
44	Brazil	44	124	58	45	43	59	81	87
45	British West Indies	6	32	44	35	45	48	88	64
46	Mexico	585	586	430	235	197	211	182	154
47	Venezuela	432	636	212	488	207	215	223	202
48	Asia	6,741	5,285	6,046	5,273[r]	4,807	5,020	5,681	5,563
49	Japan	1,247	1,256	1,799	2,100	2,136	2,047	2,437	2,242
50	Middle East oil-exporting countries[2,5]	4,178	2,372	2,829	1,985[r]	1,492	1,668	1,931	1,842
51	Africa	553	588	587	567	585	622	520	523
52	Oil-exporting countries[3]	167	233	238	215	176	196	170	166
53	All other[4]	921	1,128	982	1,053	982	977	1,014	1,083

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	1983	1984	1985	1986			1987	
					June	Sept.	Dec.[r]	Mar.	June[p]
1	**Total**	**34,911**	**29,901**	**28,760**	**33,851[r]**	**34,007[r]**	**33,292**	**33,778**	**31,421**
2	Payable in dollars	31,815	27,304	26,457	31,669[r]	31,302[r]	30,771	30,716	28,325
3	Payable in foreign currencies	3,096	2,597	2,302	2,182	2,706[r]	2,521	3,062	3,097
	By type								
4	Financial claims	23,780	19,254	18,774	24,709[r]	24,795[r]	23,461	24,192	21,567
5	Deposits	18,496	14,621	15,526	21,401[r]	18,986[r]	18,018	18,142	15,398
6	Payable in dollars	17,993	14,202	14,911	20,846[r]	18,422[r]	17,461	17,315	14,214
7	Payable in foreign currencies	503	420	615	555	565[r]	556	827	1,183
8	Other financial claims	5,284	4,633	3,248	3,308	5,808[r]	5,444	6,050	6,169
9	Payable in dollars	3,328	3,190	2,213	2,287	4,435[r]	4,089	4,700	4,894
10	Payable in foreign currencies	1,956	1,442	1,035	1,021	1,374[r]	1,354	1,350	1,275
11	Commercial claims	11,131	10,646	9,986	9,142	9,213	9,831	9,586	9,855
12	Trade receivables	9,721	9,177	8,696	7,802	8,030	8,680	8,579	8,855
13	Advance payments and other claims	1,410	1,470	1,290	1,341	1,183	1,151	1,007	1,000
14	Payable in dollars	10,494	9,912	9,333	8,537	8,445	9,220	8,701	9,216
15	Payable in foreign currencies	637	735	652	606	767	611	886	639
	By area or country								
	Financial claims								
16	Europe	6,488	5,762	6,812	10,144[r]	10,501[r]	8,759	9,342	9,831
17	Belgium-Luxembourg	37	15	10	11	67	41	15	6
18	France	150	126	184	257	418	138	172	154
19	Germany	163	224	223	148	129	111	163	92
20	Netherlands	71	66	61	17	44	86	69	75
21	Switzerland	38	66	74	167[r]	138	182	74	95
22	United Kingdom	5,817	4,864	6,007	9,328	9,478[r]	7,957	8,496	9,192
23	Canada	5,989	3,988	3,260	4,422[r]	3,970[r]	4,063	3,873	3,331
24	Latin America and Caribbean	10,234	8,216	7,846	9,258	9,438[r]	9,208	9,548	7,469
25	Bahamas	4,771	3,306	2,698	3,315	2,807[r]	2,624	3,945	2,572
26	Bermuda	102	6	6	17	19	6	3	6
27	Brazil	53	100	78	75	105	73	71	103
28	British West Indies	4,206	4,043	4,571	5,402	6,060[r]	6,078	5,128	4,296
29	Mexico	293	215	180	176	173	174	164	167
30	Venezuela	134	125	48	42	40	24	23	22
31	Asia	764	961	731	776	715[r]	1,323	1,205	862
32	Japan	297	353	475	499	365[r]	1,001	941	479
33	Middle East oil-exporting countries[2]	4	13	4	2	2	11	11	10
34	Africa	147	210	103	89	84	85	84	58
35	Oil-exporting countries[3]	55	85	29	25	18	28	19	9
36	All other[4]	159	117	21	20	86[r]	22	140	16
	Commercial claims								
37	Europe	3,670	3,801	3,533	3,304	3,385	3,665	3,612	3,727
38	Belgium-Luxembourg	135	165	175	131	126	133	143	135
39	France	459	440	426	391	415	395	411	431
40	Germany	349	374	346	418	405[r]	441	444	525
41	Netherlands	334	335	284	230	184	200	163	173
42	Switzerland	317	271	284	228	233	215	193	187
43	United Kingdom	809	1,063	898	674	853	926	1,012	985
44	Canada	829	1,021	1,023	965	950	919	909	960
45	Latin America and Caribbean	2,695	2,052	1,753	1,611	1,687	1,880	1,797	2,017
46	Bahamas	8	8	13	24	29	28	11	14
47	Bermuda	190	115	93	148	132	158	130	127
48	Brazil	493	214	206	193	207	236	211	198
49	British West Indies	7	7	6	29	23	48	22	14
50	Mexico	884	583	510	323	316	391	415	592
51	Venezuela	272	206	157	181	192	224	157	183
52	Asia	3,063	3,073	2,982	2,574	2,487	2,653	2,604	2,515
53	Japan	1,114	1,191	1,016	845	792	862	914	934
54	Middle East oil-exporting countries[2]	737	668	638	622	600	509	467	391
55	Africa	588	470	437	450	469	494	431	377
56	Oil-exporting countries[3]	139	134	130	170	168	135	141	122
57	All other[4]	286	229	257	237	234	220	233	258

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	1985	1986	1987 Jan.–Aug.	1987 Feb.	Mar.	Apr.	May	June	July	Aug.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	81,995	148,101r	168,874	20,702r	23,064r	20,735r	19,632r	18,682	23,645	24,774
2 Foreign sales	77,054	129,382	148,400	17,598r	18,001r	17,390r	15,956r	17,054	21,883	24,554
3 **Net purchases, or sales (−)**	**4,941**	**18,719r**	**20,475**	**3,104r**	**5,063**	**3,345r**	**3,676r**	**1,628**	**1,763**	**220**
4 **Foreign countries**	**4,857**	**18,927r**	**20,519**	**3,204**	**5,026**	**3,282r**	**3,711r**	**1,673**	**1,749**	**117**
5 Europe	2,057	9,559	8,700	1,786	1,841	1,060r	1,474r	669	717	81
6 France	−438	459	1,801	446	656	332	123	107	66	−69
7 Germany	730	341	−109	16	19	−101	118	−155	−96	28
8 Netherlands	−123	936	989	91	69	124	120	232	153	135
9 Switzerland	−75	1,560	424	100	177	306	351	−206	−80	−325
10 United Kingdom	1,665	4,826	4,739	996	783	211r	670r	671	635	125
11 Canada	356	817r	623	−118	343	252	48	−238	255	−21
12 Latin America and Caribbean	1,718	3,030r	2,275	331	372	36	363r	290	387	188
13 Middle East[1]	238	976	−1,529	−175	−230	21	−90	−26	−913	−252
14 Other Asia	296	3,876	9,824	1,153	2,638	1,790	1,686	1,009	1,290	168
15 Africa	24	297	91	15	1	59	45	−30	−14	16
16 Other countries	168	373	536	212	61	65	185	−1	27	−63
17 **Nonmonetary international and regional organizations**	**84**	**−208**	**−45**	**−100**	**37**	**62**	**−36**	**−45**	**14**	**102**
BONDS[2]										
18 Foreign purchases	86,587	123,149r	75,345	8,304r	12,127r	9,857r	8,963	10,364	9,407	7,015
19 Foreign sales	42,455	72,499	55,162	5,886r	8,274r	6,559	6,823	8,305	6,507	5,628
20 **Net purchases, or sales (−)**	**44,132**	**50,650r**	**20,183**	**2,418r**	**3,853r**	**3,297r**	**2,140**	**2,060**	**2,900**	**1,388**
21 **Foreign countries**	**44,227**	**49,803r**	**20,212**	**2,179**	**4,000r**	**3,107r**	**2,270**	**1,968**	**2,891**	**1,582**
22 Europe	40,047	39,323r	17,095	1,402	3,607r	2,833r	1,682	2,204	2,348	1,647
23 France	210	389	224	17	81	−22	7	43	65	26
24 Germany	2,001	−251	154	145	198	−121	−29	80	116	−22
25 Netherlands	222	387	133	−29	69	47	38	37	−65	44
26 Switzerland	3,987	4,529	1,598	78	558	50	182	105	247	312
27 United Kingdom	32,762	33,902r	14,914	1,178	2,941r	2,809r	1,544	1,795	1,914	1,343
28 Canada	190	548	763	364	190	161	23	49	87	−8
29 Latin America and Caribbean	498	1,468	990	98	65	123	254	−4	305	46
30 Middle East[1]	−2,648	−2,961	−394	−139	−12	62	59	−128	−166	−14
31 Other Asia	6,091	11,270	1,772	469	169	−73	252	−169	300	−93
32 Africa	11	16	5	1	3	1	7	8	1	−17
33 Other countries	38	139	−18	−16	−22	0	−6	8	15	20
34 **Nonmonetary international and regional organizations**	**−95**	**847**	**−30**	**239r**	**−147r**	**190r**	**−130**	**92**	**9**	**−194**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−3,941	−1,912	−2,730	−561	−785r	−1,174r	636	−257	−11	−375
36 Foreign purchases	20,861	48,787	60,267	7,175	7,015	7,124r	8,016	8,778	8,583	8,672
37 Foreign sales	24,803	50,699	62,997	7,736	7,799r	8,297r	7,379r	9,035	8,593	9,047
38 Bonds, net purchases, or sales (−)	−3,999	−3,356r	−652	−75	−632r	−581r	−1,117r	2,281r	−583	−264
39 Foreign purchases	81,216	166,786r	137,378	15,822	16,650	19,020r	20,049	25,799r	16,308	12,304
40 Foreign sales	85,214	170,142	138,030	15,897r	17,281r	19,601r	21,166r	23,518r	16,890	12,569
41 **Net purchases, or sales (−), of stocks and bonds**	**−7,940**	**−5,268r**	**−3,382**	**−636r**	**−1,416r**	**−1,755r**	**−481r**	**2,024r**	**−593**	**−639**
42 **Foreign countries**	**−9,003**	**−6,352r**	**−4,387**	**−716r**	**−1,683r**	**−1,889r**	**−499r**	**1,980r**	**−320**	**−1,233**
43 Europe	−9,887	−17,893	−8,408	−1,224r	−748r	−2,704r	−1,990	−31	−568	−918
44 Canada	−1,686	−875	−3,175	−566	−226r	−3	−418	−489	−592	−485
45 Latin America and Caribbean	1,797	3,484r	666	104	−416	259	204	106r	−62	81
46 Asia	659	10,858	7,528	925	290r	637r	1,692r	2,513r	1,079	224
47 Africa	75	52	47	0	−1	8	20	6	5	5
48 Other countries	38	−1,977	−1,044	45	−583r	−86r	−8	−124	−182	−140
49 **Nonmonetary international and regional organizations**	**1,063**	**1,084**	**1,005**	**80**	**267**	**135**	**18**	**44**	**−274**	**594**

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	1985	1986r	1987 Jan.–Aug.	1987 Feb.	Mar.	Apr.	May	June	July	Aug.p
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total**[2]	**29,208**	**20,117**	**17,761**	**143r**	**7,040r**	**−2,985r**	**−281r**	**12,279r**	**878**	**1,144**
2 Foreign countries[2]	28,768	21,220	23,992	1,846	4,149r	−1,405	3,731	8,646r	3,680	2,786
3 Europe[2]	4,303	17,056	18,187	1,751	5,837r	375	1,695	3,640	4,519	−1,007
4 Belgium–Luxembourg	476	349	684	211	−35	−35	4	58	54	366
5 Germany[2]	1,917	7,670	10,192	1,118	2,141	1,106	1,417	1,534	1,516	780
6 Netherlands	269	1,283	−145	41	−212	−22	352	111	204	−254
7 Sweden	976	132	151	440	334	32	−166	−183	76	−153
8 Switzerland[2]	773	329	3,453	473	1,641	652	413	585	512	−688
9 United Kingdom	−1,810	4,681	1,229	−15	328	−1,089	−524	617	1,115	−431
10 Other Western Europe	1,701	2,613	2,650	−518	1,640r	−230	198	913	1,042	−631
11 Eastern Europe	0	0	−27	0	0	−40	1	5	0	4
12 Canada	−188	881	3,322	−416	709	703	37	413	654	378
13 Latin America and Caribbean	4,315	926	−2,337	−290	−62	−30	−381	780r	−673	−675
14 Venezuela	248	−95	122	18	102	14	11	−17	−4	30
15 Other Latin America and Caribbean	2,336	1,129	−1,254	373	−156	−176	−302	−514r	15	−49
16 Netherlands Antilles	1,731	−108	−1,205	−682	−8	133	−90	1,311	−684	−656
17 Asia	19,919	1,345	4,342	1,231	−2,379r	−2,880	2,136	3,531	−671	4,318
18 Japan	17,909	−22	1,572	1,767	−2,457	−2,561	−541	4,199	−597	1,839
19 Africa	112	−54	−41	−34	12	−15	11	−18	20	−24
20 All other	308	1,067	519	−396	32	442	233	300	−168	−205
21 Nonmonetary international and regional organizations	442	−1,102	−6,233	−1,703r	2,890r	−1,580r	−4,013r	3,633	−2,802	−1,642
22 International	−436	−1,430	−5,469	−1,704r	2,841r	−1,342r	−3,147r	3,515	−2,875	−1,687
23 Latin American regional	18	157	13	0	11	0	0	3	0	0
Memo										
24 Foreign countries[2]	28,768	21,220	23,992	1,846	4,149r	−1,405	3,731	8,646r	3,680	2,786
25 Official institutions	8,135	14,214	23,679	834	5,852r	2,489	4,447	3,719	2,251	2,612
26 Other foreign[2]	20,631	7,010	312	1,012	−1,702r	−3,894	−715	4,927r	1,428	174
Oil-exporting countries										
27 Middle East[3]	−1,547	−1,529	−1,439	−962	225r	−120	636	−857	112	268
28 Africa[4]	7	5	19	1	17	0	0	1	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 annum

Country	Rate on Sept. 30, 1987		Country	Rate on Sept. 30, 1987		Country	Rate on Sept. 30, 1987	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Austria	3.5	Jan. 1987	France[1]	7.5	July 1987	Norway	8.0	June 1983
Belgium	7.25	July 1987	Germany, Fed. Rep. of	3.0	Jan. 1987	Switzerland	3.5	Jan. 1987
Brazil	49.0	Mar. 1981	Italy	12.0	Aug. 1987	United Kingdom[2]	....	....
Canada	9.57	Sept. 1987	Japan	2.5	Feb. 1987	Venezuela	8.0	Oct. 1985
Denmark	7.0	Oct. 1983	Netherlands	4.5	Mar. 1986			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.
2. Minimum lending rate suspended as of Aug. 20, 1981.
NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1984	1985	1986	1987 Mar.	Apr.	May	June	July	Aug.	Sept.
1 Eurodollars	10.75	8.27	6.70	6.37	6.73	7.25	7.11	6.87	6.91	7.51
2 United Kingdom	9.91	12.16	10.87	9.90	9.72	8.79	8.85	9.17	9.95	10.12
3 Canada	11.29	9.64	9.18	7.14	7.62	8.22	8.40	8.61	9.11	9.32
4 Germany	5.96	5.40	4.58	3.97	3.85	3.73	3.67	3.83	3.93	3.98
5 Switzerland	4.35	4.92	4.19	3.93	3.65	3.63	3.77	3.60	3.55	3.51
6 Netherlands	6.08	6.29	5.56	5.38	5.31	5.11	5.15	5.21	5.27	5.31
7 France	11.66	9.91	7.68	7.85	7.87	8.09	8.18	7.83	7.88	7.85
8 Italy	17.08	14.86	12.60	10.65	10.03	10.15	10.67	10.92	11.96	12.36
9 Belgium	11.41	9.60	8.04	7.49	7.21	7.13	6.78	6.54	6.55	6.56
10 Japan	6.32	6.47	4.96	4.00	3.92	3.77	3.71	3.74	3.71	3.77

NOTE. Rates are for 3-month interbank loans except for Canada, finance company paper; Belgium, 3-month Treasury bills; and Japan, Gensaki rate.

3.28 FOREIGN EXCHANGE RATES

Currency units per dollar

Country/currency	1984	1985	1986	1987 Apr.	1987 May	1987 June	1987 July	1987 Aug.	1987 Sept.
1 Australia/dollar[1]	87.937	70.026	67.093	71.19	71.42	71.79	70.79	70.72	72.68
2 Austria/schilling	20.005	20.676	15.260	12.739	12.574	12.793	12.996	13.041	12.765
3 Belgium/franc	57.749	59.336	44.662	35.562	37.091	37.712	38.329	38.528	37.657
4 Canada/dollar	1.2953	1.3658	1.3896	1.3183	1.3411	1.338	1.3262	1.3256	1.3154
5 China, P.R./yuan	2.3308	2.9434	3.4615	3.7314	3.7314	3.7314	3.7314	3.7314	3.7314
6 Denmark/krone	10.354	10.598	8.0954	6.8388	6.7333	6.8555	7.0179	7.1279	6.9893
7 Finland/markka	6.0007	6.1971	5.0721	4.4227	4.3604	4.4281	4.4882	4.5017	4.3954
8 France/franc	8.7355	8.9799	6.9256	6.0332	5.9748	6.0739	6.1530	6.1934	6.0555
9 *Germany/deutsche mark*	2.8454	2.9419	2.1704	1.8125	1.7881	1.8189	1.8482	1.8553	1.8134
10 Greece/drachma	112.73	138.40	139.93	133.502	133.35	136.06	139.313	140.63	138.40
11 Hong Kong/dollar	7.8188	7.7911	7.8037	7.8023	7.8049	7.8080	7.8090	7.8091	7.8035
12 India/rupee	11.348	12.332	12.597	12.8224	12.666	12.837	13.01	13.085	12.993
13 Ireland/pound[1]	108.64	106.62	134.14	147.49	149.59	147.25	144.99	144.18	147.54
14 Italy/lira	1756.10	1908.90	1491.16	1292.96	1290.80	1316.50	1337.96	1344.18	1310.86
15 Japan/yen	237.45	238.47	168.35	143.00	140.48	144.55	150.29	147.33	143.29
16 Malaysia/ringgit	2.3448	2.4806	2.5830	2.4861	2.4759	2.5078	2.5414	2.5361	2.5189
17 Netherlands/guilder	3.2083	3.3184	2.4484	2.0447	2.0154	2.0490	2.0814	2.0903	2.0413
18 New Zealand/dollar[1]	57.837	49.752	52.456	57.751	57.639	58.686	59.644	58.923	63.352
19 Norway/krone	8.1596	8.5933	7.3984	6.7781	6.6632	6.7147	6.7632	6.7911	6.6505
20 Portugal/escudo	147.70	172.07	149.80	140.339	139.18	142.12	144.51	145.57	142.94
21 Singapore/dollar	2.1325	2.2008	2.1782	2.1350	2.1202	2.1176	2.1183	2.1082	2.0924
22 South Africa/rand[1]	69.534	45.57	43.952	49.55	49.87	49.41	48.52	48.16	48.86
23 South Korea/won	807.91	861.89	884.61	845.00	832.53	818.39	811.81	811.87	810.07
24 Spain/peseta	160.78	169.98	140.04	126.975	125.28	126.33	126.97	125.57	121.34
25 Sri Lanka/rupee	25.428	27.187	27.933	28.902	28.988	29.171	29.405	29.643	29.902
26 Sweden/krona	8.2706	8.6031	7.1272	6.3210	6.2606	6.3482	6.4466	6.4898	6.3844
27 Switzerland/franc	2.3500	2.4551	1.7979	1.4968	1.4705	1.5085	1.5365	1.5364	1.5029
28 Taiwan/dollar	39.633	39.889	37.837	33.863	32.354	31.226	31.114	30.290	30.151
29 Thailand/baht	23.582	27.193	26.314	25.695	25.629	25.779	26.041	25.926	25.765
30 United Kingdom/point[1]	133.66	129.74	146.77	162.99	166.66	162.88	160.90	159.96	164.46
MEMO									
31 United States/dollar[2]	138.19	143.01	112.22	97.09	96.05	97.78	99.36	99.43	97.23

1. Value in U.S. cents.
2. 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).
3. Currency reform.

NOTE. 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.

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected
e	Estimated
p	Preliminary
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)
*	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)
0	Calculated to be zero
n.a.	Not available
n.e.c.	Not elsewhere classified
IPCs	Individuals, partnerships, and corporations
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.

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Survey of Consumer Finances, 1983. 9/84.
Bank Lending to Developing Countries. 10/84.
Survey of Consumer Finances, 1983: A Second Report. 12/84.
Union Settlements and Aggregate Wage Behavior in the 1980s. 12/84.
The Thrift Industry in Transition. 3/85.
A Revision of the Index of Industrial Production. 7/85.
Financial Innovation and Deregulation in Foreign Industrial Countries. 10/85.
Recent Developments in the Bankers Acceptance Market. 1/86.
The Use of Cash and Transaction Accounts by American Families. 2/86.
Financial Characteristics of High-Income Families. 3/86.
Prices, Profit Margins, and Exchange Rates. 6/86.
Agricultural Banks under Stress. 7/86.
Foreign Lending by Banks: A Guide to International and U.S. Statistics. 10/86.
Recent Developments in Corporate Finance. 11/86.
U.S. International Transactions in 1986. 5/87.
Measuring the Foreign-Exchange Value of the Dollar. 6/87.
Changes in Consumer Installment Debt: Evidence from the 1983 and 1986 Surveys of Consumer Finances. 10/87.

Anticipated Schedule of Release Dates for Periodic Releases—Board of Governors of the Federal Reserve System[1] *(Payment must accompany requests)*

Weekly Releases	*Annual rate*	*Approximate release days*	*Date or period to which data refer*
☐ Aggregate Reserves of Depository Institutions and the Monetary Base. H.3 (502) [1.20]	$12.00	Thursday	Week ended previous Wednesday
☐ Actions of the Board: Applications and Reports Received. H.2 (501)	$21.00	Friday	Week ended previous Saturday
☐ Assets and Liabilities of Insured Domestically Chartered and Foreign Related Banking Institutions. H.8 (510) [1.25]	$12.00	Monday	Wednesday, 3 weeks earlier
☐ Changes in State Member Banks. K.3 (615)	$12.00	Tuesday	Week ended previous Saturday
☐ Factors Affecting Reserves of Depository Institutions and Condition Statement of Federal Reserve Banks. H.4.1 (503) [1.11]	$12.00	Thursday	Week ended previous Wednesday
☐ Foreign Exchange Rates. H.10 (512) [3.28]	$12.00	Monday	Week ended previous Friday
☐ Money Stock, Liquid Assets, and Debt Measures. H.6 (508) [1.21]	$21.00	Thursday	Week ended Monday of previous week
☐ Selected Borrowings in Immediately Available Funds of Large Member Banks. H.5 (507) [1.13]	$12.00	Wednesday	Week ended Thursday of previous week
☐ Selected Interest Rates. H.15 (519) [1.35]	$12.00	Monday	Week ended previous Saturday
☐ Weekly Consolidated Condition Report of Large Commercial Banks, and Domestic Subsidiaries. H.4.2 (504) [1.26, 1.28, 1.29, 1.30]	$12.00	Friday	Wednesday, 1 week earlier

Monthly Releases			
☐ Capacity Utilization: Manufacturing, Mining, Utilities and Industrial Materials. G.3 (402) [2.12]	$ 3.00	Midmonth	Previous month
☐ Changes in Status of Banks and Branches. G.4.5 (404)	$ 9.00	1st of month	Previous month
☐ Consumer Installment Credit. G.19 (421) [1.55, 1.56]	$ 3.00	5th working day of month	2nd month previous
☐ Debits and Deposit Turnover at Commercial Banks. G.6 (406) [1.22]	$ 3.00	12th of month	Previous month
☐ Finance Companies. G.20 (422) [1.51, 1.52]	$ 3.00	5th working day of month	2nd month previous
☐ Foreign Exchange Rates. G.5 (405) [3.28]	$ 3.00	1st of month	Previous month
☐ Industrial Production. G.12.3 (414) [2.13]	$ 7.00	Midmonth	Previous month
☐ Loans and Securities at all Commercial Banks. G.7 (407) [1.23]	$ 3.00	3rd week of month	Previous month
☐ Major Nondeposit Funds of Commercial Banks. G.10 (411) [1.24]	$ 3.00	3rd week of month	Previous month
☐ Monthly Report of Assets and Liabilities of International Banking Facilities. G.14 (416)	$ 3.00	20th of month	Wednesday, 2 weeks earlier
☐ Research Library— Recent Acquisitions. G.15 (417)	Free of charge	1st of month	Previous month

1. Release dates are those anticipated or usually met. However, please note that for some releases there is normally a certain variability because of reporting or processing procedures. Moreover, for all series unusual circumstances may, from time to time, result in a release date being later than anticipated.

The respective Bulletin tables that report the data are designated in brackets.

Monthly Releases—Continued	*Annual rate*	*Approximate release days*	*Date or period to which data refer*
☐ Selected Interest Rates. G.13 (415) [1.35]	$ 3.00	3rd working day of month	Previous month

Quarterly Releases

☐ Agricultural Finance Databook. E.15 (125)	$4.00	End of March, June, September, and December	January, April, July, and October
☐ Country Exposure Lending Survey. E.16 (126)	$4.00	January, April, July, and October	Previous 3 months
☐ Domestic Offices, Commercial Bank Assets and Liabilities Consolidated Report of Condition. E.3.4 (113) [1.26, 1.28]	$3.00	March, June, September, and December	Previous 6 months
☐ Flow of Funds: Seasonally Adjusted and Unadjusted. Z.1 (780) [1.58, 1.59]	$7.00	23rd of February, May, August, and November	Previous quarter
☐ Flow of Funds Summary Statistics Z.7. (788) [1.57, 1.58]	$2.00	15th of February, May, August, and November	Previous quarter
☐ Geographical Distribution of Assets and Liabilities of Major Foreign Branches of U.S. Banks. E.11 (121)	$2.00	15th of March, June, September, and December	Previous quarter
☐ Survey of Terms of Bank Lending. E.2 (111) [1.34]	$2.00	Midmonth of March, June, September, and December	February, May, August, and November
☐ List of OTC Margin Stocks. E.7 (117)	$4.00	January, April, July, and October	February, May, August, and November

Semiannual Releases

☐ Balance Sheets of the U.S. Economy. C.9 (108)	$2.00	October and April	Previous year

Annual Releases

☐ Aggregate Summaries of Annual Surveys of Securities Credit Extension. C.2 (101)	$ .50	February	End of previous June

Index to Statistical Tables

References are to pages A3–A68 although the prefix "A" is omitted in this index

Index to Volume 73

GUIDE TO PAGE REFERENCES IN MONTHLY ISSUES

Issue	Text	"A" pages Total	"A" pages Index to tables	Issue	Text	"A" pages Total	"A" pages Index to tables
January . . .	1–78	1–82	83–84	July	523–632	1–88	89–90
February . .	79–178	1–82	83–84	August	633–685	1–80	81–82
March	179–238	1–80	81–82	September . .	687–760	1–82	83–84
April	239–320	1–76	77–78	October	761–838	1–82	83–84
May	321–410	1–86	87–88	November . .	839–892	1–82	83–84
June	411–522	1–90	91–92	December . .	893–950	1–94	79–80

The "A" pages consist of statistical tables and reference information.

Statistical tables are indexed separately (see p. A79 of this issue).

Federal Reserve Banks, Branches, and Offices

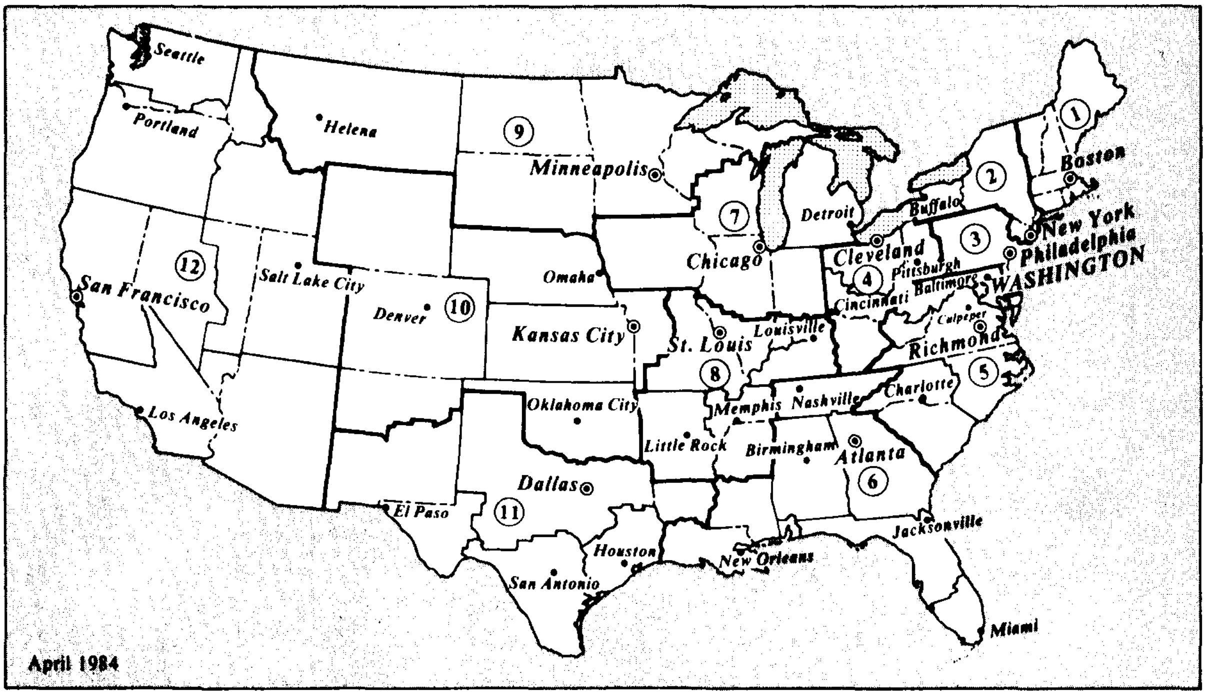
FEDERAL RESERVE BANK, branch, or *facility* Zip	Chairman / Deputy Chairman	President / First Vice President	Vice President in charge of branch
BOSTON*.....02106	Joseph A. Baute George N. Hatsopoulos	Frank E. Morris Robert W. Eisenmenger	
NEW YORK*.....10045	John R. Opel Virginia A. Dwyer	E. Gerald Corrigan Thomas M. Timlen	
Buffalo.....14240	Mary Ann Lambertsen		John T. Keane
PHILADELPHIA.....19105	Nevius M. Curtis George E. Bartol III	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	Leroy T. Canoles, Jr. Robert A. Georgine	Robert P. Black Jimmie R. Monhollon	
Baltimore.....21203	Gloria L. Johnson		Robert D. McTeer, Jr.[1]
Charlotte.....28230	Wallace J. Jorgenson		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	
Birmingham.....35283	A. G. Trammell		Delmar Harrison[1]
Jacksonville.....32231	Andrew A. Robinson		Fred R. Herr[1]
Miami.....33152	Robert D. Apelgren		James D. Hawkins[1]
Nashville.....37203	C. Warren Neel		Patrick K. Barron[1]
New Orleans.....70161	Caroline K. Theus		Donald E. Nelson
			Henry H. Bourgaux
CHICAGO*.....60690	Robert J. Day Marcus Alexis	Silas Keehn Daniel M. Doyle	
Detroit.....48231	Robert E. Brewer		Roby L. Sloan[1]
ST. LOUIS.....63166	W.L. Hadley Griffin Robert L. Virgil, Jr.	Thomas C. Melzer James R. Bowen	
Little Rock.....72203	James R. Rodgers		John F. Breen
Louisville.....40232	Raymond M. Burse		James E. Conrad
Memphis.....38101	Katherine H. Smythe		Paul I. Black, Jr.
MINNEAPOLIS.....55480	John B. Davis, Jr. Michael W. Wright	Gary H. Stern Thomas E. Gainor	
Helena.....59601	Warren H. Ross		Robert F. McNellis
KANSAS CITY.....64198	Irvine O. Hockaday, Jr. Robert G. Lueder	Roger Guffey Henry R. Czerwinski	
Denver.....80217	James E. Nielson		Enis Alldredge, Jr.
Oklahoma City.....73125	Patience S. Latting		William G. Evans
Omaha.....68102	Kenneth L. Morrison		Robert D. Hamilton
DALLAS.....75222	Bobby R. Inman Hugh G. Robinson	Robert H. Boykin William H.Wallace	Tony J. Salvaggio[1]
El Paso.....79999	Mary Carmen Saucedo		Sammie C. Clay
Houston.....77252	Walter M. Mischer, Jr.		Robert Smith, III[1]
San Antonio.....78295	Robert F. McDermott		Thomas H. Robertson
SAN FRANCISCO.....94120	Fred W. Andrew Robert F. Erburu	Robert T. Parry Carl E. Powell	
Los Angeles.....90051	Richard C. Seaver		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	John W. Ellis		Gerald R. Kelly[1]

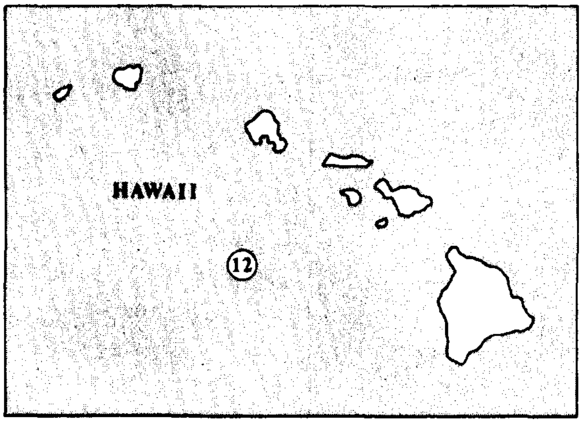
*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306; Indianapolis, Indiana 46204; and Milwaukee, Wisconsin 53202.

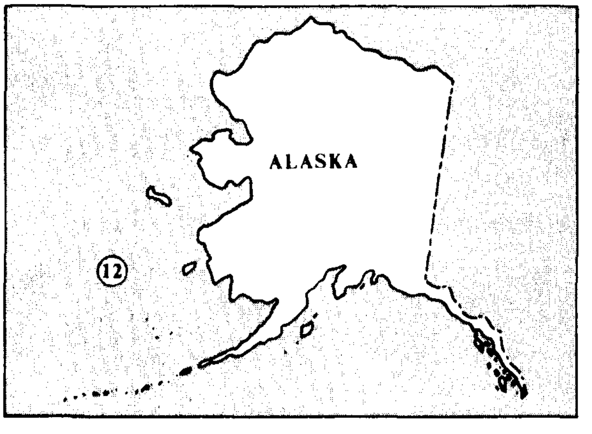
1. Senior Vice President.
2. Executive Vice President.

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