VOLUME 72 □ NUMBER 1 □ JANUARY 1986

FEDERAL RESERVE BULLETIN

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, WASHINGTON, D.C.

Table of Contents

Recent Developments in the Bankers Acceptance Market

Frederick H. Jensen and Patrick M. Parkinson of the Board's Division of Research and Statistics prepared this article. Chinhui Juhn provided research assistance.

The market for dollar-denominated bankers acceptances grew rapidly throughout the 1970s and into the early 1980s. The expanding dollar value of U.S. and world trade, and sharp increases in the price of oil and other commodities whose shipment frequently is financed with acceptances, stimulated the growth of the market through this period. In addition, the surge in market interest rates during the late 1970s greatly increased the value of the exemption of certain types of acceptances from reserve requirements. As a result, the proportions of U.S. and world trade that were financed with dollar acceptances rose substantially. By the early 1980s, however, many major accepting banks were unable to accommodate further increases in demand for acceptance credit because they had reached statutory limits on the amount of acceptances they could create. As a result, regional banks and U.S. agencies and branches of foreign banks were able to expand their presence in this market, but not enough to keep the growth of the market from slowing or fees charged by accepting banks from rising significantly.

This restriction on supply spawned proposals for remedial legislation, and in October 1982, the Congress passed the Bank Export Services Act, which effectively doubled the statutory limits on acceptances. As anticipated, immediately following passage of this legislation the volume of acceptance financing swelled and fees declined substantially, as the major accepting banks attempted to regain their market share. In early 1983, however, the acceptance market began to contract in a trend that continued, on balance, through September 1985. Over this latter period, total dollar acceptances declined about $11 billion, or 15 percent.

Many analysts have pointed to the stagnation of international trade and sharp declines in commodity prices as the primary reasons for the shrinkage of the market for bankers acceptances. Although these factors undoubtedly have played a role, the substitution of alternative sources of credit appears to have been more important. The shrinkage of the bankers acceptance market is symptomatic of the declining role of U.S. banks as direct providers of short-term credit to foreign banks and multinational nonfinancial corporations. More and more, such borrowers have obtained funding directly from domestic and foreign nonbank investors in the U.S. commercial paper market and in the Eurodollar markets. In addition, sharp declines in market interest rates since mid-1982 have reduced the cost of reserve requirements, thereby allowing bank loans to be priced more competitively with acceptance credit.

The Instrument and Its Market

A bankers acceptance is a time draft drawn on a bank, usually to finance the shipment or temporary storage of goods. By "accepting" the draft, the bank makes an unconditional promise to pay the holder of the draft a stated amount at a specified date. Thus the bank effectively substitutes its own credit for that of a borrower and in the process creates a negotiable instrument that may be freely traded.

Creating an Acceptance

In a typical transaction, a buyer of goods will seek credit to finance the purchase until the goods can be resold. If the seller knows the buyer and does not need cash, the seller may be willing to extend open trade credit. But this is infrequently the case with the financing of international trade, so the buyer often turns to its bank, which is better acquainted with the buyer's business and is a specialist in evaluating and diversifying credit risk. The buyer could borrow the funds directly from the bank, although for reasons outlined below, acceptance financing is frequently less costly.

When a bank agrees to provide acceptance credit to a buyer, it often notifies the seller (perhaps through the seller's bank) that a letter of credit has been issued authorizing the seller to draw a time draft on the bank for the amount of the transaction. The letter of credit also specifies any conditions that must be met before the draft will be accepted. These terms may require that documents be attached to the draft that verify shipment of the goods and that provide the bank assurance that the underlying transaction meets certain regulatory requirements. When the draft is presented to the bank with the proper documents, it is stamped "accepted" on its face, information about the nature of the underlying transaction is inscribed, and the draft is endorsed by an appropriate bank officer.

By accepting the draft, the bank has acquired an unconditional obligation to pay at maturity a specified amount, either to the seller or, more frequently, to the holder of the instrument. The drawer of the draft, in this case the seller, remains secondarily liable to the holder in the event of default by the bank. The bank's customer—here, the buyer—has an obligation to pay the bank the same amount at or just before the maturity date. The seller may choose to hold the draft until maturity, but typically chooses to receive immediate payment by selling the acceptance at a discount, usually to the accepting bank itself. If the accepting bank purchases (discounts) the acceptance, it may elect to hold it in its own portfolio. In this event, it is recorded as a loan to the borrower, the buyer of the goods in this example, and must be funded like any other loan. More commonly, however, the bank will elect to replenish its funds by selling (rediscounting) the acceptance into the secondary market, either directly or through a dealer. If the acceptance is not held in portfolio, the bank records its obligation as an "acceptance liability outstanding" and the corresponding asset, a claim on the borrower, as a "customer's liability on acceptance outstanding."

Other types of transactions also are common. The acceptance may not involve a letter of credit: such "clean" acceptances are typically authorized by prior arrangement between the buyer's bank and the seller's bank. Moreover, the draft may be drawn on the seller's bank or some other bank, particularly if the buyer's bank is small and its acceptances are not traded widely. In this case, the buyer's bank may arrange for another bank—perhaps a larger correspondent—to accept the draft and agree to indemnify the accepting bank against any losses that it might suffer in the event of a default. Alternatively, the smaller bank could accept the draft but arrange for a better-known bank to endorse it. By so doing, the buyer's bank retains the credit risk but can offer the buyer access to acceptance financing at a lower cost than if it issued an acceptance on its own.

In other cases, the buyer may wish to pay the seller immediately upon shipment. Under these circumstances, the bank can extend short-term credit to the buyer to finance the purchase, then accept and discount a time draft drawn on it by the buyer and apply the proceeds to pay off the short-term credit used to finance the purchase. The buyer retains an obligation to repay the bank at or before the maturity of the acceptance.

Some acceptances do not arise from the shipment or storage of goods. For example, a firm may draw a draft on its bank for acceptance in order to borrow funds for working capital purposes. Such acceptances are termed "finance bills."

In all cases, the accepting bank charges a fee, or "commission," for accepting the draft that varies depending on the maturity of the draft as well as the creditworthiness of the borrower. Commissions are quoted in terms of basis points, calculated on an annual basis. The bank also may receive a fee if a letter of credit is involved and may hope to realize a difference in the price, comparable to a bid–asked spread, if it purchases the acceptance for subsequent resale. Of course, if it holds the acceptance in its loan portfolio to maturity, the bank also earns a return equal to the original discount. The costs of the financing typically are borne by the borrower, in the example above, the buyer. Even when, through negotiation, the seller agrees to bear some of the costs, these likely will be reflected in the sales price of the goods.

Types of Acceptances

Virtually all acceptances traded in the United States are denominated in dollars, and only a very small amount of dollar-denominated acceptances are traded elsewhere. Thus the U.S. market for acceptances has been almost synonymous with the market for dollar-denominated acceptances. The U.S. market is principally one for "eligible" acceptances—that is, those that are of the type that are eligible for sale at a discount at Federal Reserve Banks. As a matter of practice, the Federal Reserve has discontinued discounting assets and instead provides funds to depositories through collateralized advances. Consequently, the only practical significance of the eligibility criteria is that eligible acceptances are not subject to reserve requirements: under Federal Reserve regulations, acceptances that are of the type specified in section 13(7) of the Federal Reserve Act not only are eligible for discount, as specified in section 13(6), but also are exempt from reserve requirements. According to these regulations, eligible acceptances must grow out of the import or export of goods, the temporary storage of readily marketable staples, or the domestic shipment of goods. In addition, eligible acceptances must have an original maturity—or "tenor"—of six months or less.

The reserve status of ineligible acceptances is an important factor that affects their issuance. For example, until 1973, all acceptance liabilities, ineligible as well as eligible, were exempt from reserve requirements. During periods of tight credit, when below-market Regulation Q ceilings on rates payable on certificates of deposits (CDs) restricted their issuance, banks created a substantial volume of finance bills in order to provide funds to their corporate customers. Even after the removal of interest rate ceilings on large CDs in mid-1970, banks continued to issue sizable amounts of finance bills in order to take advantage of the exemption from reserve requirements. Concerned that such issuance enabled banks to avoid reserve requirements on CDs or other sources of funds, in mid-1973 the Federal Reserve imposed reserve requirements on ineligible acceptances, and their issuance declined precipitously. Today, few ineligible acceptances trade in the secondary market.

There are three main types of eligible acceptances. The first, acceptances that finance the domestic shipment and storage of goods, historically has accounted for only a small amount of total acceptances in the marketplace. The popularity of open trade credit in the United States, where buyers and sellers are more likely to be accustomed to doing business with each other, is probably an important reason. The higher cost of documentation relative to other types of acceptances may be another factor: domestic-storage acceptances must be secured with a warehouse receipt, and until 1982, title documents had to be attached to acceptances used to finance domestic shipments. The second type of acceptance finances U.S. imports and exports of goods. Before the 1960s, this was by far the dominant category, but now it accounts for less than half of total acceptance financing. The third, and now the largest, category is "third country" acceptances, which arise from the shipment of goods between foreign countries.

Third-country acceptances became increasingly popular in the 1970s as foreign borrowers found the U.S. acceptance market a highly attractive source of short-term financing. The majority of third-country acceptances are of the type known as "refinance bills." These bills typically originate with drafts drawn on a foreign bank by one or more of its customers. Because the foreign bank may not be well known to U.S. investors and its own acceptances would require a larger discount, it often will hold the acceptances drawn on it in its loan portfolio and refinance these acceptances by drawing a draft on a U.S. bank for acceptance. The U.S. bank accepts the draft and advances funds to the foreign bank to finance the extension of credit by the foreign bank to its own customers. Because the foreign bank is the borrower in this transaction, the market for refinance bills is an interbank market.

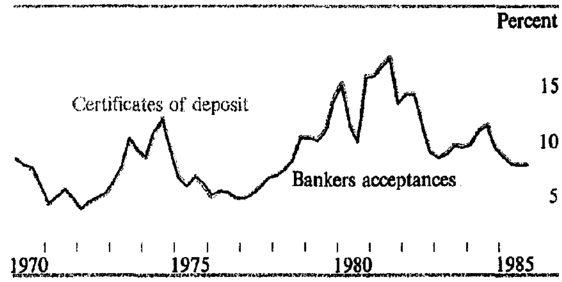
The Market for Acceptances

The amount of dollar-denominated acceptances outstanding depends on a variety of factors. An obvious one is the dollar value of transactions suitable for financing with eligible acceptances. Currently, more than 20 percent of U.S. imports and exports and more than 10 percent of third-country shipments are funded in the U.S. acceptance market. Equally important are the cost and availability of alternative sources of credit in the United States and elsewhere.

From the point of view of the bank, acceptance financing is the functional equivalent of funding a loan with a deposit liability, such as a CD. In either case, the bank has an unconditional obligation to pay the holder of the instrument at maturity as well as a claim on the borrower. Because acceptances are not subject to an assessment for deposit insurance and eligible acceptances are exempt from reserve requirements, acceptance liabilities are a less costly source of funds than deposits. Moreover, because the acceptance commission is a front-end fee and is not refundable, or is refundable only with a penalty, the customer may be less likely to prepay an acceptance borrowing than certain other types of bank credit, particularly revolving loans with pricing tied to the prime rate. And because the maturities of the acceptance liability and the corresponding asset are automatically matched, acceptances carry none of the risk inherent in funding loans with deposits with different maturities or repricing schedules.

For an investor, a bankers acceptance is a close substitute for other bank liabilities such as CDs. Consequently, bankers acceptances trade at rates very close to those on CDs (see chart 1); in recent years, yields on bankers acceptances have consistently been within 10 basis points of those on CDs. Although bankers acceptances are not federally insured, many investors view them as one of the most secure money market instruments because their historical default rate is very low. Also, some investors may feel that the likelihood of repayment is increased by the secondary obligation of the drawer to pay the holder at maturity if the accepting bank does not (though as a rule, investors do not know the identity of the drawer). The principal investors

1. Yields on bankers acceptances and certificates of deposit



Data are quarterly averages of rates on three-month instruments; investment yield basis.

are institutions: money market mutual funds, trust departments, state and local governments, insurance companies and other corporations, pension funds, foreign central banks, and commercial banks. Smaller-denomination acceptances may be placed directly with individuals by the accepting bank.

The market for acceptances also offers advantages to many borrowers. With the bank as its intermediary, a borrower with eligible transactions gains access to the nation's money markets. And, because the cost to the bank of financing eligible acceptances is lower than that of a direct loan funded with a deposit subject to reserve requirements, the bank may be able to offer the financing at a lower "all in" rate (one including the discount plus fees and commissions) than that on a direct loan.

Like the market for CDs, the acceptance market is an over-the-counter market. The market is highly liquid and is supported by around 30 dealers and a dozen brokers. Dealers quote bid and asked prices for round lots of $5 million. If the transaction to be financed is larger, several drafts of $5 million each will be drawn. For smaller transactions, a number of drafts of similar maturities drawn on the same bank will be packaged to trade as a round lot. Typical maturities are one, three, and six months, with the average reportedly around three months.

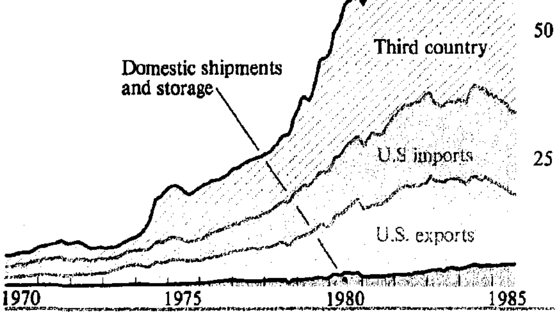
GROWTH OF THE MARKET

During the 1970s, the U.S. acceptance market expanded rapidly. From 1973 to 1979, total eligible acceptances increased more than fivefold, from $7 billion to $43 billion, while, by comparison, total loans at U.S. banking offices roughly doubled. Several factors seem to have been at work. The oil price hikes of 1973–74 and 1978–80 boosted the dollar value of oil imports and world trade and had a particularly pronounced impact on the demand for financing of third-country acceptances (see chart 2).

However, the importance of the growth of trade as an influence on the growth of the acceptance market is often overstated. The proportions of U.S. and third-country trade financed in the U.S. acceptance market are relatively small and are far from constant (see chart 3). Inasmuch as acceptances are free from reserve requirements and the opportunity cost of those requirements varies proportionately with interest rates, the cost advantage of acceptances over other forms of bank credit widens as interest rates rise. Hence the general uptrend in interest rates during the 1970s contributed importantly to the rapid expansion in acceptance financing.

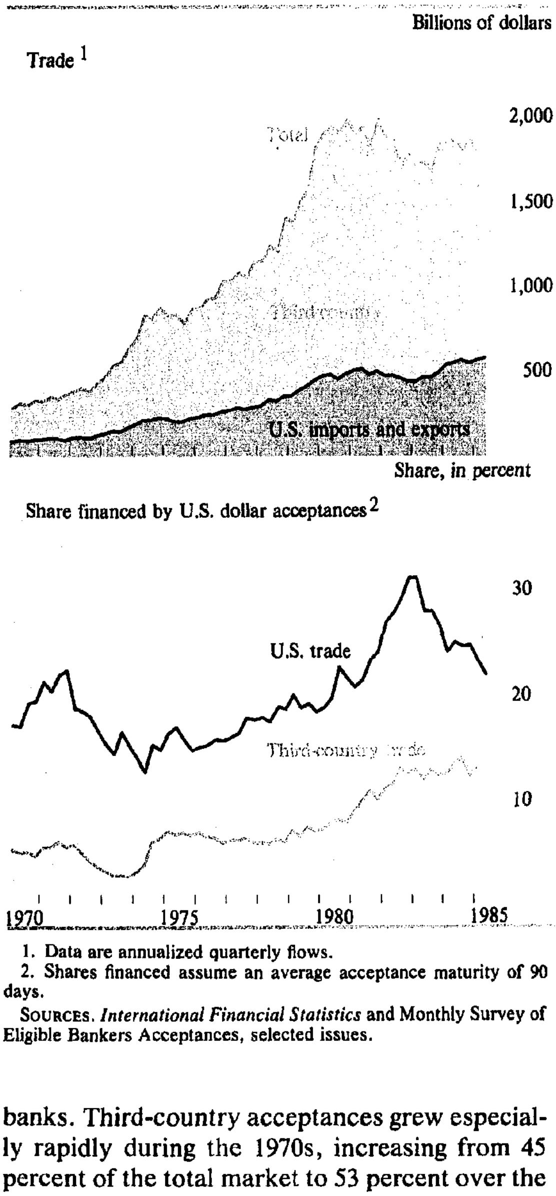
The increasing use of refinance bills also facilitated the financing of a greater share of third-country trade in the U.S. acceptance market. The largest borrowers in this market reportedly were Japanese, Korean, and Latin American

2. Total U.S. dollar acceptances, by type of acceptance



SOURCE. Monthly Survey of Eligible Bankers Acceptances.

3. Total world trade, U.S. and third country, and proportions financed by U.S. dollar acceptances



1. Data are annualized quarterly flows.
2. Shares financed assume an average acceptance maturity of 90 days.

SOURCES. *International Financial Statistics* and Monthly Survey of Eligible Bankers Acceptances, selected issues.

banks. Third-country acceptances grew especially rapidly during the 1970s, increasing from 45 percent of the total market to 53 percent over the decade.

Development of Supply Constraints

In addition to setting eligibility criteria, section 13(7) of the Federal Reserve Act limits the amount of eligible acceptances that an individual bank can create. Before 1982, these limits applied only to member banks and were set at 50 percent of the bank's paid-up capital and surplus, or 100 percent with permission of the Federal Reserve Board. Although most banks had long since been granted the higher limit, the rapid growth of acceptances brought many accepting banks near their ceilings.

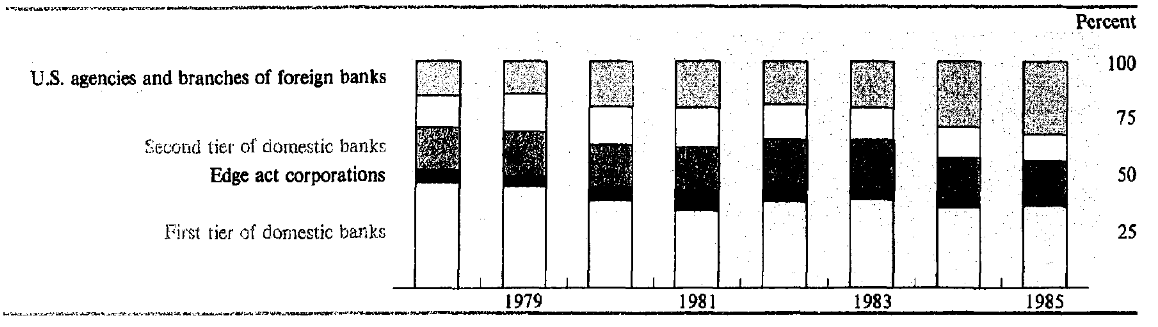
Throughout the 1970s, the market for acceptances was dominated by the largest U.S. banks. For one thing, these banks have had the most extensive international operations among U.S. institutions and naturally tend to attract a large share of international trade financing. In addition, these banks generally can market their acceptances at lower yields than smaller banks can. The discount at which an individual bank's acceptance will trade depends on the size and recognition of the bank by investors as well as on its overall creditworthiness. Dealers quote a range of acceptance rates and normally trade the liabilities of the top-tier banks, generally the largest nine or ten U.S. money center banks, "on the run"—that is, interchangeably—quoting rates for them at the lower end of the range. Quotes on the second tier, comprising twenty or so of the largest regional banks and some of the largest foreign banks, tend to be toward the top of the range. Rates offered on acceptances of smaller U.S. banks and on most foreign banks tend to be above—in some cases well above—this range.

During the 1970s, the top-tier domestic banks held around 45 percent of the total dollar acceptance market and the second tier of domestic banks had another 17 to 18 percent. With the rapid growth of this market, acceptance liabilities of these groups expanded apace. By 1980, however, almost all of the top-tier banks and many of the larger regional banks were at or near the statutory limits on their creation of eligible acceptances.

Because bank capital was growing relatively slowly, these ceilings effectively constrained the supply of eligible acceptance financing available at the larger banks. Acceptance commissions reportedly increased to around 100 to 150 basis points at the larger banks, and growth in the volume of their acceptances slowed markedly. The rise in commissions at the largest banks enabled the smaller regional banks and U.S. agencies and branches of foreign banks to price their acceptances more competitively. Moreover, the U.S. agencies and branches were not subject to capital limits, and most of the smaller regional banks were well below their ceilings. This combination enabled the smaller domestic issuers and the U.S. agencies and branches to increase significantly their share of the total acceptance market, principally at the expense of the largest banks; by the end of 1981, the share of the market held by the top-tier banks had declined to less than 35 percent (see chart 4).

To some extent, the top-tier banks were able to channel their acceptance activity to their Edge act corporation subsidiaries. These subsidiaries, which are restricted by charter to a banking business that is international in character, are subject to less stringent restrictions on their volume of acceptance liabilities. Edge corporations may create eligible acceptances up to 200 percent of paid-up capital and surplus, and even

4. Percentage of total acceptance liabilities outstanding issued by various institutions



First-tier domestic banks are the nine largest U.S.-chartered banks. Second-tier domestic banks are the next twenty largest U.S.-chartered banks.

SOURCE. Quarterly Reports of Condition (Call Reports). December data are used for 1978–84 and June data for 1985.

in excess of this limit so long as the acceptances are secured by another bank. In effect, an Edge corporation can issue acceptances without limit by acquiring an indemnification agreement from a bank that protects it against loss in the event of borrower default. By contrast, the regulations in effect at the time did not allow member banks to use such "risk participations" to issue eligible acceptances in excess of their limit.

By channeling some of their acceptance activity through their Edge subsidiaries, the largest member banks were able to retain a portion of their market share: the market share of top-tier banks plus their Edge subsidiaries declined 9 percentage points from 1978 to 1981, while the share of the top-tier banks shrank 12 percentage points. The retention of market share was not without cost, however, because the participating banks receive a share of the acceptance commission in exchange for the indemnification agreement.

Legislative Relief

As many of the largest member banks approached the limits on eligible acceptances, they began to seek legislative relief. These efforts reached fruition with the passage by the Congress of the Bank Export Services Act (BESA), effective October 8, 1982. Section 207 of the act raised the limits on the aggregate amount of eligible acceptances that may be issued by an individual member bank to 150 percent of capital (200 percent with Board permission). The act included three other important provisions. First, it applied these same limits to U.S. agencies and branches of any foreign bank whose parent bank has more than $1 billion in worldwide consolidated bank assets or is controlled by a foreign company that has such assets. Second, it clarified the treatment of participations in acceptances by providing that in cases in which a member bank or a branch or agency covered by the BESA limits sells a participation to another covered bank, the portion sold will be applied to the purchaser's limit, not the seller's. Third, it eased the eligibility requirements for acceptances financing domestic shipments of goods by eliminating the need to attach documents conveying or securing title at the time of origination.

The Federal Reserve Board, to which the Congress delegated the authority to define the terms used in section 207, subsequently clarified the application of the limits to U.S. agencies and branches of foreign banks and to participations in three ways. First, with regard to foreign bank capital, the Board decided that for purposes of calculating limits on eligible acceptances, the foreign parent should be defined as the bank entity that owns the agency or branch most directly, capital should be measured in accordance with accounting standards in the parent bank's home country, and conversion to the dollar equivalent should be made at least quarterly.

Second, with regard to participations in which a noncovered bank (for example, a nonmember bank or an Edge act corporation) is a party, the Board concluded that the Congress had intended to place a limit on the total amount of eligible acceptances that may be created by all covered banks. Accordingly, the Board ruled that an eligible acceptance issued by a covered bank and sold through a participation agreement to a noncovered bank will still be applied to the covered bank's limit, and the same treatment will apply to an eligible acceptance issued by a noncovered bank and purchased by a covered bank through a participation agreement.

Finally, the Board established two minimum requirements that a participation must satisfy for purposes of the BESA limits: (1) the selling and the purchasing banks must enter into a written agreement under which the latter acquires the former's claim against the borrower in the amount of the participation that is enforceable if the borrower fails to perform under the acceptance; and (2) the agreement must provide that the selling bank obtains a claim against the purchasing bank in the amount of the participation that is enforceable if the borrower fails to perform. The Board did not require the purchasing bank to be obligated to pay the holder of the acceptance at the time it is presented for payment, although such a provision would be acceptable. Thus the Board defined a participation to include both "traditional" participations, under which both the obligation to pay the holder and the claim on the borrower are transferred from the seller to the purchaser, and "risk" participations, in which the selling bank retains the obligation to pay the holder but is indemnified by the participant bank against a share of the default risk of the borrower. This definition also repealed a requirement that the names or interests of the purchasing banks appear on the acceptance, which the Board had set forth in an interpretation issued in 1979.

Developments since the BESA

Immediately following passage of the BESA, growth in bankers acceptances accelerated: total acceptances increased $3 billion in the fourth quarter of 1982, an annual rate of growth of about 17 percent. Acceptance commissions also reportedly dropped considerably, especially for prime customers.

In the first quarter of 1983, however, the acceptance market began to contract. Over the first two quarters of that year, acceptances outstanding declined about $7 billion, or 18 percent at an annual rate. The market rebounded in the second half of 1983 and surged in the summer of 1984, achieving a new peak of $82 billion in June 1984. Since that time the market has contracted steadily, falling nearly 20 percent from the peak, to $66 billion in September 1985. The sharpest declines have been registered in third-country and U.S. export acceptances; only domestic-shipment acceptances have increased. Informal reports by bankers indicate that commissions have narrowed a bit further, to around 50 basis points on average.

Forces Underlying the Contraction

In part, the contraction of the bankers acceptance market since early 1983 has resulted from a reversal of the trends that had spurred the market's rapid growth in earlier years: the dollar value of eligible global international trade has been virtually flat, on balance, since the beginning of the decade; and market interest rates have declined sharply from the historic peaks reached early in the decade, thereby reducing the value of the exemption of eligible acceptances from reserve requirements. But the shrinkage of the acceptance market also reflects fundamental changes in the market for short-term credit for major nonfinancial corporations and foreign banks. Changes in investors' perceptions of risk have allowed such borrowers to meet an increasing share of their short-term financing requirements in the U.S. commercial paper market and the Eurodollar markets. To a degree, banks have responded to stiffer competition from these markets by pricing business loans and acceptances more competitively. However, some large domestic banks appear increasingly reluctant to accept the narrow commissions now available in the acceptance market, in part because of pressures to improve capital–asset ratios. Over the past year, the willingness of domestic banks to extend acceptance credit appears to have depended importantly on whether the asset can be removed from the balance sheet of the parent holding company, and thus from the computation of its capital–asset ratio, through sale of a risk participation.

The Dollar Value of Eligible Transactions

After rising at an annual rate of about 20 percent in the 1970s, the dollar value of global international trade actually declined in 1981–82 and, on balance, was about unchanged in the first four years of this decade (see the top panel of chart 3). This turnaround resulted largely from declines in the dollar prices of internationally traded goods owing to both the rising foreign exchange value of the dollar and the slowing of world inflation. Dollar-denominated commodity prices fell more than 20 percent between 1980 and 1984, and the physical volume of world trade also decelerated significantly—both depressed by the global recession early in the decade and the emergence of financing difficulties in many developing countries.

As noted earlier, the correlation between the dollar value of international trade and the amount of acceptance financing of such trade is far from perfect. The acceptance market outpaced international trade throughout the 1970s and early 1980s, and the recent contraction of the market occurred despite some recovery in international trade (see chart 3). Nonetheless, disaggregated data on acceptances suggest that the value of eligible transactions does affect the amount of acceptances. For example, with the dollar value of U.S. imports increasing rapidly in the past two years, acceptances financing U.S. imports have declined much less than acceptances financing third-country trade or U.S. exports.

Alternative Sources of Credit

To a large extent, the U.S. bankers acceptance market is an interbank market. As noted earlier, many foreign banks, especially Japanese and other Asian banks, have relied heavily on U.S. banks to refinance their own acceptances. Indeed, at the end of March 1985 such refinancings accounted for roughly 60 percent of the outstanding acceptances created by U.S. banks, according to the Senior Loan Officer Opinion Survey on Bank Lending Practices. Discussions with U.S. bankers suggest that this share has declined during the past two years, as the volume of refinance bills has fallen especially rapidly. In part, this decline has occurred because Japanese banks have issued a larger amount of their own acceptance liabilities through their U.S. agencies and branches. By itself, this development would not have resulted in a decline in the total size of the market; however, at the same time, Japanese banks and other foreign banks apparently also have funded an increasing share of their customers' eligible transactions by issuing Eurodollar CDs and borrowing in the Eurodollar interbank markets.

Between December 1982 and June 1985, acceptance liabilities outstanding at U.S. agencies and branches of Japanese banks increased $8½ billion, thereby nearly doubling their market share, from 14 percent to 27 percent. Over the same period, Eurodollar CDs outstanding at London branches of Japanese and other foreign banks rose about $13½ billion, raising their market share from 46 percent to 63 percent (see the table). Apparently, investors in these markets, primarily nonbanks, have come to view more favorably the risks associated with holding dollar-denominated claims on Japanese banks. Rate spreads between liabilities of large Japanese banks and of large American banks have narrowed significantly in the secondary markets for acceptances and Eurodollar CDs. In each market, liabilities of 12 large Japanese banks now trade on a "no name" (interchangeable) basis at rates as little as 5 basis points above the liabilities of U.S. money center banks, whereas several years ago these banks reportedly paid a premium of as much as 50 or 60 basis points.

Eurodollar CDs outstanding at London offices of commercial banks

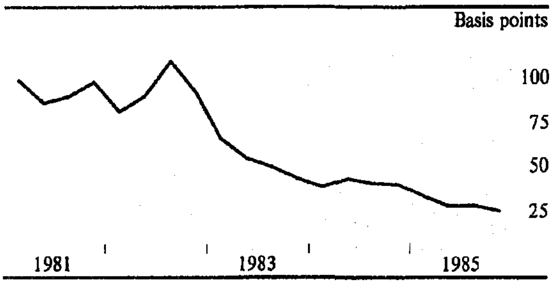
Billions of dollars

Date	Total	Type of bank		
		U.S.	Japanese	Other
1978				
December	27.9	15.5	4.8	7.6
1979				
December	43.3	26.0	7.7	9.6
1980				
December	49.0	26.9	8.9	13.2
1981				
December	77.7	44.7	12.1	20.9
1982				
December	92.3	50.2	18.9	23.2
1983				
March	90.4	45.0	22.3	23.1
June	93.5	45.9	24.3	23.3
September	95.0	45.7	25.9	23.4
December	100.2	46.1	29.3	24.8
1984				
March	100.0	44.1	30.6	25.3
June	97.6	38.1	32.8	26.7
September	98.9	35.2	33.6	30.1
December	95.8	34.2	33.7	27.9
1985				
March	95.7	35.6	30.5	29.6
June	88.0	32.2	27.6	28.2
September	92.9	33.8	29.4	29.7

SOURCE. Bank of England.

Only relatively few large foreign banks from the major industrialized countries have been able to issue any significant volume of their own liabilities in the bankers acceptance market or in the Eurodollar CD market. For most foreign banks, borrowing in the Eurodollar interbank markets is the primary alternative to refinancing in the acceptance market. Such substitution has been encouraged by a marked narrowing of the spread between the London interbank offered rate (LIBOR) and the rate on acceptance liabilities (see chart 5), which can be traced in part to declining costs of reserve requirements. (Efforts by large U.S. banks to minimize their cost of funds tend to place a floor under LIBOR equal to

5. Spread between LIBOR and the yield on prime bankers acceptances



Data are quarterly averages of rates on three-month instruments; investment yield basis.

the domestic CD rate, adjusted for the cost of reserve requirements. See, for example, the study by Lawrence L. Kreicher in the summer 1982 issue of the Federal Reserve Bank of New York's *Quarterly Review*.) For foreign banks that can obtain funds at LIBOR, this spread places a ceiling on the commission the bank is willing to pay for refinancing its acceptances. If the commission quoted is larger, those foreign banks will borrow in the Eurodollar market rather than draw a refinance bill. Since U.S. banks reportedly have been reluctant to accept commissions of 25 basis points or less, the most creditworthy foreign banks have greatly reduced their use of refinance bills.

The demand for acceptance credit by nonfinancial corporations also has diminished in recent years, for much the same reasons that demand by foreign banks has fallen off. One factor has been the increased availability of funding from nonbank investors in the U.S. commercial paper market: from March 1983 through September 1985, outstanding nonfinancial commercial paper increased from $46 billion to $75 billion. Prime commercial paper generally trades at rates near those on acceptance liabilities of prime banks, and for firms with access to this market, the overall cost, including placement fees charged by dealers and fees for backup lines of credit, usually is below the all-in cost of acceptance credit.

Another factor that has depressed the demand for acceptance credit by nonfinancial corporations has been the diminishing role of the prime rate as a benchmark for the pricing of business loans (see, for example, the study by Thomas F. Brady in the January 1985 issue of the BULLETIN.) Whereas acceptance credit once was virtually the only source of financing at rates below the prime rate, competition from the commercial paper market and from foreign banks has induced U.S. banks to offer other below-prime pricing options to an increasing number of nonfinancial corporations. For example, revolving credit facilities now typically offer a choice among pricing off the prime rate, LIBOR, or rates on domestic CDs (usually adjusted explicitly for the cost of reserve requirements). As such arrangements have spread, and declining interest rates have reduced the cost of reserve requirements, the cost of business loans has declined significantly relative to rates on acceptance liabilities. Although a paucity of data on acceptance commissions precludes precise comparisons of the cost of acceptance credit and the cost of business loans, discussions with bankers suggest that rates on bank loans priced off LIBOR or other money market rates now are not significantly higher than the all-in rates quoted for acceptance credit.

Several other factors have tended to reduce the attractiveness of acceptance credit. First, bankers acceptance pricing is seldom available to nonfinancial corporations under loan commitments. If the corporation pays a fee on the unused portion of the loan commitment, it incurs an opportunity cost when it uses acceptance credit rather than drawing on a loan commitment. The exclusion of a bankers acceptance pricing option from most loan commitments probably is a legacy of the period when the statutory limits on eligible acceptances were a binding constraint on many member banks. With the new limits now generally well in excess of outstanding acceptances, banks may offer an acceptance pricing option in loan commitments more frequently. Second, the eligibility requirements for domestic- and foreign-storage acceptances continue to impose additional documentation costs. Documentation costs can significantly reduce the attractiveness of acceptances, as evidenced by the growth of domestic-shipment acceptances since BESA removed the requirement that documents conveying title be attached at the time of acceptance. While other eligible acceptances outstanding have declined 15 percent since the passage of BESA, domestic-shipment acceptances have increased nearly 500 percent, albeit from a very low base.

Willingness to Extend Acceptance Credit

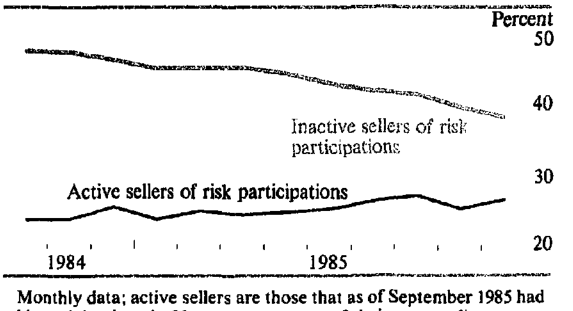
The decline in acceptance commissions over the past several years suggests that the contraction of the market has resulted primarily from a reduction in the demand for acceptance credit rather than in the supply of acceptance credit. Nevertheless, a decrease in the willingness of certain large U.S. banks to supply acceptance credit may have contributed to the contraction in both the overall size of the market and the market share of U.S. banks. Since the early 1980s, both federal banking regulators and investors have pressured large U.S. banks to boost their capital–asset ratios. Some banks are believed to have responded to this pressure in part by reducing their acceptance credits and other low-yielding, low-risk assets.

The influence of concern about capital adequacy on the willingness to extend acceptance credit has been evident in data on sales of risk participations in acceptances. The sale of a risk participation has had implications for capital–asset ratios because in some cases it has allowed the seller to reduce its reported assets by the amount of the participation. Federal banking regulators have not allowed banks to follow this accounting practice on their quarterly reports of condition (Call Reports), which are used by the federal regulatory agencies to assess the capital adequacy of commercial banks. Until recently, however, the absence of generally accepted accounting principles has allowed some banks to deduct risk participations from the balance sheet in other public financial statements. In particular, some banks have deducted risk participations from the balance sheets reported quarterly as part of the Bank Holding Company Financial Supplement (Form FR Y-9), which the Federal Reserve uses to compute capital ratios for use in administering capital-adequacy guidelines for bank holding companies. Public accounting firms, which strongly influence the accounting practices of banks on public financial statements, have expressed divergent views on the appropriate treatment of risk participations.

Decisions to sell risk participations have not been based solely on the implications for capital–asset ratios. Banks have sold participations to limit their credit exposure to particular customers or countries and to direct business to banks with which they have correspondent relationships. Discussions with bankers and comparisons of Call Reports with other public financial statements suggest, however, that capital considerations have been paramount. Banks that have been active sellers of risk participations generally have deducted participations from other financial statements, whereas banks that have sold only small amounts often have not claimed a reduction. In turn, the willingness to extend acceptance credit has clearly been related to the sale of risk participations. A number of banks have sold risk participations quite actively: at the end of September 1985, 14 U.S. banks had sold risk participations in 20 percent or more of their outstanding eligible acceptances. In the previous 11 months, these 14 banks expanded their share of the acceptance market about 3 percentage points, while the market share of other U.S. banks declined 9 percentage points (see chart 6).

Both federal regulators and accounting industry groups recently have addressed the divergent practices in accounting for risk participations in acceptances. In November 1985, the Federal Reserve announced that beginning in March 1986, it will collect data on sales of risk participations in acceptances on the Y-9 and use these data to adjust upward the reported assets of

6. Market shares of U.S.-chartered commercial banks in the bankers acceptance market



Monthly data; active sellers are those that as of September 1985 had sold participations in 20 percent or more of their outstanding acceptances.

SOURCE. Monthly Survey of Eligible Bankers Acceptances.

banks that deduct risk participations from the balance sheet. At the same time, the Emerging Issues Task Force of the Financial Accounting Standards Board considered appropriate practices for such transactions. A clear majority of the task force members concluded that the sale of a risk participation in an acceptance does not allow the selling bank to remove the amount sold from its balance sheet. On the basis of the task force's discussion, the Securities and Exchange Commission announced that it believes that material amounts of acceptances should not be removed from an accepting bank's balance sheet after the sale of risk participations. In light of these actions, such sales no longer will significantly affect capital–asset ratios.

The market for dollar-denominated acceptances appears unlikely to resume rapid growth in the near future and may well continue to contract. Even if the dollar value of world trade continues to expand, the demand for acceptance financing will probably remain weak. Attractive substitutes for dollar-denominated acceptance financing continue to proliferate as a result of financial innovation and deregulation. Within the past two years, for example, markets for short-term dollar-denominated notes have evolved in London—Euronotes, issued under note-issuance facilities, and Euro-commercial paper—that in many ways resemble the U.S. commercial paper market. Although to date only a relatively small amount of notes appears to have been distributed in these markets, many borrowers, including many borrowers based in the United States, have arranged such facilities, and both commercial and investment banks appear to be devoting substantial resources to enlarging their distribution capacity. Meanwhile, deregulation abroad likely will foster greater use of foreign currencies to finance world trade. For example, the deregulation of the Japanese financial markets may facilitate the financing of a larger share of Asian trade and other world trade in yen. A noteworthy development was the inauguration this past June 1 of a market in bankers acceptances denominated in yen.

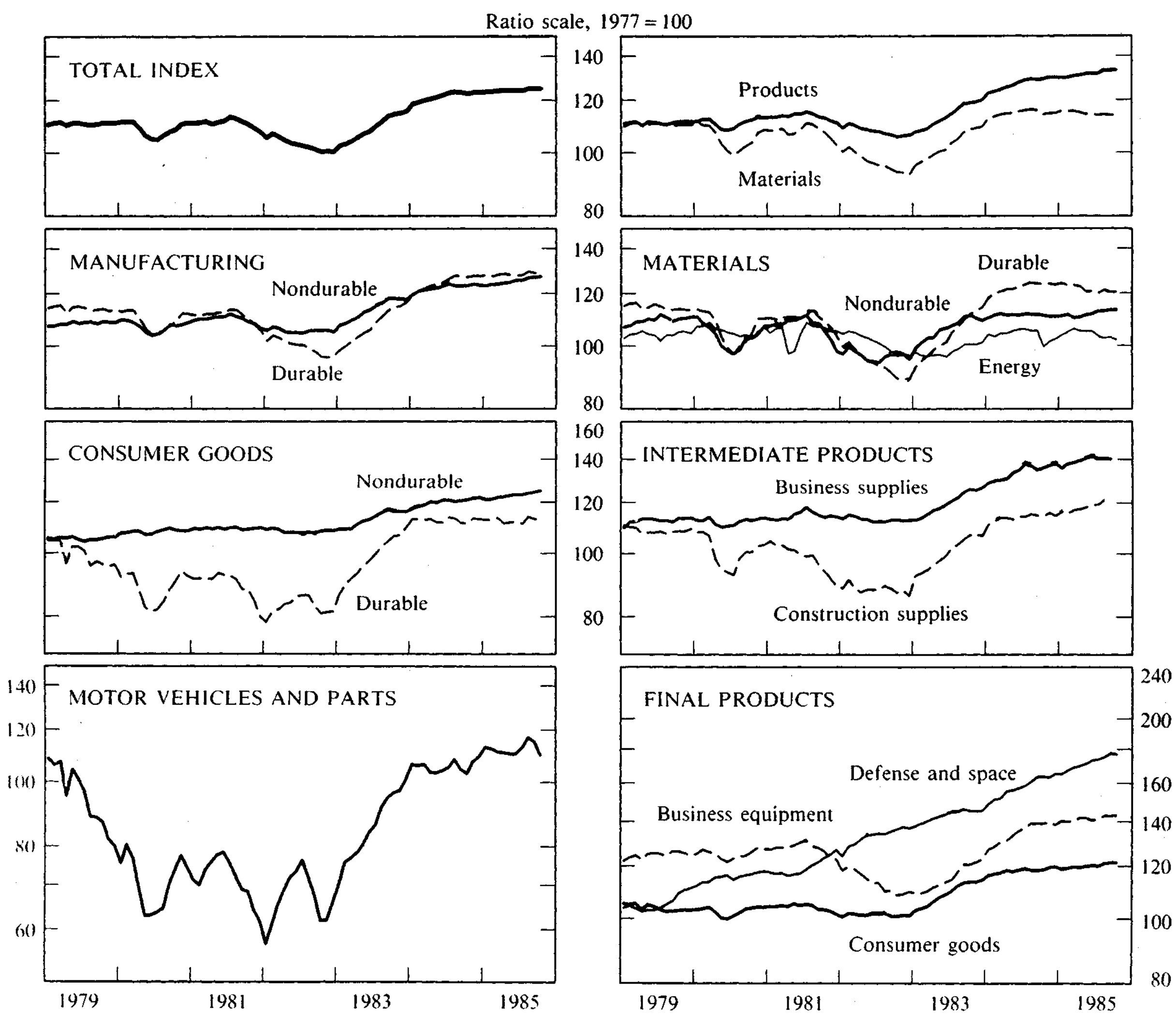
On the supply side of the market, the picture is less clear. The recent decisions by the federal regulators regarding the reporting of risk participations in acceptances may cause those banks that have been active sellers of participations to become more reluctant to extend acceptance credit. On the other hand, the Federal Reserve is carefully considering proposals for quantifying a risk-adjusted capital measure to supplement the present approach to the measurement of capital adequacy. One objective of this effort is to temper the present incentives for U.S. banks to reduce their low-yielding, low-risk assets, such as acceptance credits. Meanwhile, Japanese banks likely will remain an important source of dollar-denominated acceptance credit. □

Industrial Production

Released for publication November 15

Total industrial production was unchanged in October. Output of durable consumer goods declined, but there were production gains among nondurable consumer goods, and overall output of equipment changed little. At 124.9 percent of the 1977 average, the index for October was 1.8 percent higher than that of a year earlier.

In market groups, output of consumer goods increased 0.2 percent in October. Auto assemblies declined about 6 percent to an annual rate of 7.6 million units, largely because of strike activity; production of lightweight trucks also was affected. However, production of home goods, including appliances, increased in October as did that of nondurable consumer goods. Production of business equipment grew 0.3 per-



All series are seasonally adjusted. Latest figures: October.

Group	1977 = 100		Percentage change from preceding month					Percentage change, Oct. 1984 to Oct. 1985
	1985		1985					
	Sept.	Oct.	June	July	Aug.	Sept.	Oct.	
	Major market groups							
Total industrial production	**124.9**	**124.9**	**.2**	**−.2**	**.8**	**−.1**	**.0**	**1.8**
Products, total	132.9	133.1	.2	.0	1.0	.0	.1	3.2
Final products	133.4	133.4	.0	.1	1.1	.1	.0	2.7
Consumer goods	121.5	121.8	.3	−.2	1.0	.1	.2	2.8
Durable	113.2	112.5	.2	−.6	2.5	−.8	−.6	1.0
Nondurable	124.6	125.2	.3	−.1	.6	.5	.5	3.5
Business equipment	142.9	143.2	−.8	.4	1.2	−.1	.3	3.0
Defense and space	177.5	176.9	1.3	.3	.9	1.1	−.3	8.2
Intermediate products	131.4	131.8	.8	−.5	.8	−.3	.3	4.4
Construction supplies	121.0	121.4	.9	.2	1.8	−.4	.3	6.0
Materials	113.9	113.7	.1	−.5	.4	−.3	−.2	−.4
	Major industry groups							
Manufacturing	127.9	127.9	.1	.2	1.0	−.2	.0	1.9
Durable	128.7	128.5	−.3	.2	1.1	−.4	−.2	1.2
Nondurable	126.8	127.0	.6	.1	.7	.2	.1	3.0
Mining	108.1	106.7	.7	−1.7	−.1	−.4	−1.4	−.5
Utilities	112.2	112.0	−.3	−2.4	−.5	1.8	−.2	2.3

NOTE. Indexes are seasonally adjusted.

cent, with gains in most categories; output declined in transit equipment, however, because of the strike-related reductions in the production of business vehicles. In October, production of defense and space equipment was off 0.3 percent, associated with another labor dispute, but output in this sector remained more than 8 percent higher than that of a year earlier. Materials output edged down in October, largely reflecting a decline in energy materials. Output of durable materials was unchanged as a drop in production of parts for consumer durables was offset by gains in other components.

In industry groups, manufacturing output was unchanged in October, with a small decline in durables and a slight rise in nondurables. Production at mines was reduced sharply due to cutbacks in coal output and in oil and gas extraction. Output of utilities also was off in October.

Statements to Congress

Statement by Stephen H. Axilrod, Staff Director for Monetary and Financial Policy, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy of the House Committee on Banking, Finance and Urban Affairs, November 7, 1985.

I am pleased to appear before you this morning to discuss the exchange markets for the dollar in the aftermath of the G-5 meeting on September 22 and also the relationship among exchange market conditions and domestic economic and credit developments. At the September meeting, finance ministers and central bank governors of the G-5 countries emphasized the interrelationships among our economies, the importance of mutually consistent policies in achieving sustained growth and dealing with economic imbalances, and the role played by exchange rates. They indicated that, in their judgment, the then-current constellation of exchange rates did not fully reflect the underlying movement toward convergence in our economies—in terms of both satisfactory real growth and progress in reducing inflation. Intentions were reaffirmed to implement policies that would lead to better balance within and among our individual countries. Finally, a willingness to intervene more actively in exchange markets when "to do so would be helpful" was implied, and indeed since then a sizable amount of coordinated intervention has been undertaken.

Before addressing some of the specific issues that this hearing is attempting to explore, let me provide some perspective on the economic conditions in the United States that were background to, and that may benefit from, the recent exchange market initiative.

Our economy has been performing quite strongly, overall, since the 1982 recession in terms of economic growth, new jobs created, and reduced inflationary pressures. However, our economic growth slowed appreciably after the middle of last year. Some slowing was, of course, natural as the economy reached higher levels of resource utilization, but the extent of our slowing also seemed related to imbalances in the economy that were traceable in part to the very high level of the dollar on exchange markets.

The rate of increase in domestic output—which generates the income we need in the end to sustain spending—has been only 2¼ percent over the past 15 months. Meanwhile, domestic demand in real terms has continued to rise at a rate of more than 3¼ percent a year, and final demands for consumption, for government outlays, and for investment and housing have been running even higher relative to output, growing about 4½ percent per year over the period.

The difference between growth in U.S. final demand and growth in U.S. output, apart from slowing of inventory accumulation, is a reflection of our rising trade and current account deficits. In effect, while we have created more than 9 million jobs in three years within the United States, we have also turned to importing (net) well over 3 percent of our gross national product. The very favorable terms on which goods can be obtained from abroad, given the exchange rate, have been an important contributory factor along with relatively slow domestic growth of other leading countries.

The rise in imports has brought with it some benefits along with its costs. One clear gain is the associated reduction in inflationary pressures in the United States. It is not just that the price of imported goods has declined as the value of the dollar has risen. There are also important indirect effects. Bottlenecks in some sectors have been avoided. Firms using imported goods in their production processes have seen their costs rise less rapidly, or decline, and have passed these cost savings on to consumers. Some other firms, who may not use imported goods but who must compete with imported goods, have been induced to invest, to innovate, and to modernize their production to preserve their markets, with potential lasting benefit to the U.S. economy in terms of efficiency and enchanced productivity.

Also, the rise in U.S. imports has created export opportunities in other countries and thus has played a role in fostering growth abroad. This growth includes not only industrial countries, but also, of course, some of the heavily indebted countries of Latin America and elsewhere. In the latter group, growth of exports has facilitated the lengthy and painful adjustment process that they have undertaken.

However, with U.S. trade and current account deficits each approaching $130 billion, strains are showing. Under the pressure of rising imports, manufacturing activity as a whole has been stagnant for a year, and some industries are losing jobs. This development has contributed directly to the slowing of growth in output in this country, and seems to be encouraging plans to put more future investment abroad. Mining activity in the United States is also at a low ebb, and many individual farmers, with exports diminishing and prices low, face very difficult financial circumstances. And, as you are well aware, the strongest tide of protectionist pressures since the 1930s is running.

The U.S. trade and current account deficits have now reached levels that cannot be sustained indefinitely, threatening to undercut our stability and implying less stimulus to others. We have now become a net debtor internationally, and that position will continue to deepen so long as our current account is in deficit, requiring net inflows of capital from abroad to finance it. Confidence in the U.S. economy remains generally strong, so that we can expect a willingness to place sizable funds here for a time, but obviously we cannot afford to rely excessively and indefinitely on foreign saving to help sustain our domestic spending.

The net inflow of foreign capital, which is inextricably tied to the trade deficit, has been crucial to filling the gap between our limited domestic saving and the demands on that saving from expanding federal budget deficits and private investment outlays for plant, equipment, and housing. Without a rising net inflow of foreign funds in recent years, domestic interest rates, which have in any event been historically high, would have been still higher and added pressure exerted on interest-sensitive sectors of the economy. But one cannot prudently expect foreign funds to provide a permanent basis for balancing demand and supply in domestic credit markets.

Over the past year there has been some abatement of interest rate pressures here. Along with the continued availability of foreign saving, that abatement also reflected market response to our continued good wage and price performance and some diminution of private credit demands this year as growth in economic activity has slowed. In addition, monetary growth—measured by M1—has been relatively large. In essence, the Federal Reserve accommodated the increased demand for money as interest rates dropped because, among other factors, the economic expansion was tending to slow—with that slowing partly because of the drag of high exchange rates on certain key sectors of the economy. At the same time, the exceptional strength of the dollar suggested that the inflationary potential for the time being would be limited.

Sustained, healthy economic growth here requires more balanced participation of all our economic sectors. Appreciation of some important foreign currencies relative to the dollar will contribute to that. It will help our export industries, including agriculture, and provide greater opportunities for industries sensitive to import competition.

The exchange value of the dollar has dropped about 8 percent on a trade-weighted basis since the G-5 meeting and is now about 22 percent below its peak in February. Some progress has thus been made toward easing undue competitive pressures on U.S. industry. While there are always lags and uncertainties in economic processes, the drop so far seems unlikely in itself to generate strong inflationary pressures, in part because it probably represents to some extent an unwinding of speculative pressures around the exchange market peak that had not yet been reflected in prices of traded goods but also because it is occurring at a time when some excess capacity exists, economic growth is relatively slow, and inflationary expectations here are relatively subdued.

I might also add at this point that exchange market intervention does not necessarily have expansive or restrictive effects on availability of domestic credit. When the Federal Reserve acquires foreign currencies, that act will create bank reserves. However, those effects will be offset by sales (or fewer purchases) of government securities for the System Open Market Account, depending upon the supply of reserves, or degree of reserve pressures, the Federal Open Market Committee deems appropriate. In reaching that judgment, the Committee may take account of exchange market conditions, but the judgment is not driven by the presence or the absence of intervention.

Whether purchases of foreign currencies have any direct effect on the amount of income that was transferred to the Treasury from the Federal Reserve depends on relative interest rates here and abroad and on the behavior of exchange rates. Interest rates are now generally lower in key foreign countries than here, tending to reduce Federal Reserve earnings at the margin as foreign currencies are acquired. However, even that small reduction would be offset, and earnings sustained, should the value of the foreign currencies acquired increase through an appreciation in their market value. Whatever the net effect, it would be very small absolutely and relative to Treasury receipts.

While some decline in the dollar's external value from the extraordinarily high level of the past year may have been necessary or desirable, I should point out that lasting benefits depend upon other policies and conditions. Too large or too abrupt a decline could in today's circumstances have adverse consequences. Our deficits on trade and current account cannot be expected to drop off quickly. For one thing, it simply takes time to make the large adjustments in use of our manpower and plant capacity required of a significant real improvement in our trade balance. Should the dollar drop too sharply, the consequent increased foreign demand for our exports and increased domestic demand for goods that compete with imports probably could not be readily matched by a prompt, balancing readjustment of domestic resource use. Depending in part on how fully utilized are our plant and manpower resources, considerable upward wage and price pressures could result from efforts to achieve these real adjustments quickly, given normal rigidities and response lags in the economy. Such a development, together with the direct effect of a sharp depreciation on import prices, would seriously jeopardize the progress that we have made in reducing inflation and raise new questions about interest rates.

If weakness in the dollar reflects a greatly reduced willingness on the part of the rest of the world to accumulate net claims on the United States—while we were at the same time still dependent on such funds—interest rates here would come under additional upward pressure. The upward pressure would be generated out of market forces as a diminishing supply of credit at old interest rates has to be balanced against continued demands. A rise in interest rates will bring balance both by increasing the supply and by diminishing the demand.

In many ways such an outcome would be counterproductive. Many domestic and foreign borrowers are heavily burdened with debt, and cannot afford greater real costs. In addition, if rising interest rates led to greater discouragement of private investment outlays here, they would be undermining the principal source of our long-term economic growth and further eroding our ability to regain international competitiveness.

The adjustment problems that I have described would be greatly alleviated by meaningful and assured progress in reducing our high federal budget deficits. The budget deficit not only looms large relative to our own domestic propensity to save but it also represents a significant drain on world saving. As the deficit is reduced it would directly alleviate pressures on credit markets, would diminish our dependence on foreign saving, and would free up domestic resources that could be shifted in a more orderly fashion to export and import-sensitive industries.

That is the reason that the G-5 ministers and governors, and much of the subsequent discussion, have rightly emphasized the need for more fundamental macroeconomic policy adjustments here and abroad. The Federal Reserve takes as one point of departure the fact that maintenance of underlying confidence in the dollar is dependent on the perception that U.S. monetary policy will remain responsible, in the sense that it will aim to accommodate sustained growth of real economic activity with continued progress toward price stability. Intervention and exchange rate changes are no substitute for sound underlying policies. □

Statement by Stephen H. Axilrod, Staff Director for Monetary and Financial Policy, Board of Governors of the Federal Reserve System, before the Subcommittee on Economic Stabilization of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, November 21, 1985.

I appreciate the opportunity to appear before this committee to clarify the technical aspects of possible discount window lending by the Federal Reserve to the Farm Credit System, as well as to agricultural banks. In doing so, I would point out, first, that no request for credit from the Farm Credit System has been received. The Farm Credit System has considerable strengths. The amount of capital that it can bring to bear on its problems is quite large, and it holds a substantial amount of liquid assets. While the Farm Credit obligations in the market are currently trading at a considerably wider spread above Treasury debt than was true only a few months earlier, that spread has stabilized and even narrowed a bit in recent weeks. The Farm Credit System has continued to be successful in tapping credit markets for needed funds.

In general, the Federal Reserve discount window is intended to be a short-term liquidity facility for use by borrowers—normally limited to depository institutions—when other sources of liquidity are not reasonably available. Borrowers are expected to show that they have made every effort to obtain needed funding from other sources, consistent with the Federal Reserve's role as the "lender of last resort." Within this context, credit is occasionally made available to depository institutions for more extended periods for certain purposes, such as for troubled institutions facing sustained liquidity pressures. But the Federal Reserve discount window was not intended to be a facility for long-term financing or to be a substitute for risk-bearing capital. All lending by Federal Reserve Banks at the discount window must, by statute, be on a secured basis.

While Federal Reserve lending authority is normally confined to depository institutions, there are exceptions. In the case of the Farm Credit System, the Federal Reserve has long been authorized explicitly in the Federal Reserve Act to lend to one component of that System—the Federal Intermediate Credit Banks (FICB)—under Section 13a of the Federal Reserve Act, which addresses the discount of agricultural paper. Specifically, subsection 2 permits Federal Reserve Banks, among other things, to discount notes payable to an FICB provided the notes have remaining maturities of nine months or less and are secured by agricultural loans also with nine months or less to run. The statutory provision does not suggest that there need be any special findings to justify such lending, or that the lending decision would be substantially different from that for a depository institution. This provision of the act, which was passed in 1923, has not been used since the early part of the 1930s.

I believe that, as a technical matter, funds loaned to FICBs could be passed along to other units within the Farm Credit System. However, the FICBs are only a small component of the System and not all of their collateral would meet the technical requirements of section 13a of the Federal Reserve Act. Additional authority to lend to the Farm Credit System must rest on the other provisions of the Federal Reserve Act that in certain emergency circumstances permit loans to any individual, partnership, or corporation.

Under one of the provisions (section 13.13) such loans can be made with U.S. government or with "federal agency" securities as collateral. The Farm Credit System holds only a relatively small amount of U.S. government securities or securities of other federal agencies to pledge as collateral—which in any event are a portion of their overall liquidity that is likely to be drawn on in case of need.

Under another provision of the act (section 13.3) the Federal Reserve could also make funds available on the basis of any collateral provided the lending is "secured to the satisfaction of the Federal Reserve bank." But such loans can be made only in "unusual and exigent circumstances" and require an affirmative vote by five members of the Board.

Clearly, a finding by the Board of Governors that such "unusual and exigent circumstances" exist would require an important policy judgment, including evaluation of the consequences of lending, or not, on the economy generally, prospects for reform of the Farm Credit System and for repayment, as well as other factors. The emergency provisions have been used very rarely, and in the case of section 13.3 not at all, since the mid-1930s.

Apart from that basic policy decision, enough collateral appears to be within the Farm Credit System as a whole to back a substantial amount of Federal Reserve lending. By statute, an amount of Farm Credit System assets equivalent to note and bond obligations outstanding must be maintained unencumbered. However, the assets of the System exceed its obligations by several billion dollars. More importantly, in terms of the potential capacity for lending by the Federal Reserve, this pool would grow if, and as, Farm Credit System bonds were redeemed. Of course, the total amount of lending by the Federal Reserve that could be supported by the available collateral would depend on the appropriate valuation of that collateral at the time of the loan. In addition, in acting as lender of last resort, particularly under emergency provisions, the Federal Reserve Board or the lending Reserve Bank would have the opportunity to place such restrictions on the use of its funds as it considers reasonable and appropriate to safeguard those funds and to facilitate the return of the borrowing institution to financial health.

Apart from lending through the discount window, the Federal Reserve has the authority to acquire Farm Credit System securities, as well as other agency securities, in the open market. The authority is provided under different sections of the Federal Reserve Act dealing with open market operations. The Federal Reserve has, in the past, occasionally purchased Farm Credit obligations in the market, and holds such securities today. But that open market authority is designed to facilitate the conduct of monetary policy, not to deal with the liquidity needs of individual institutions, troubled or not. It is not a substitute for, nor was it intended to substitute for, the loans that would directly provide funds that may be needed by individual borrowers under liquidity pressures, in this case the Farm Credit System.

With regard to agriculturally oriented commercial banks, they have access to the usual discount window facilities at the Federal Reserve that are open to any depository institution holding transaction accounts or nonpersonal time deposits. Besides ordinary very short-term adjustment credit, the Federal Reserve has a seasonal credit program for smaller depository institutions that are without ready access to national money markets. This facility is intended, in particular, to assist agricultural banks, whose seasonal liquidity pressures are likely to be especially strong. Last spring, the Board modified its regular seasonal program to make more funds available and, for the past crop season, established a special temporary program for agricultural banks that might have experienced strong loan demand in the spring and summer. But, in the event, with loan demand relatively light, and the liquidity of most farm banks ample, use of the regular and special seasonal lending facilities was relatively modest. Agricultural banks, like other depository institutions, also have access to other extended credit should that be needed to help them work out of difficult situations entailing sustained liquidity pressures. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON OCTOBER 1, 1985

1. Domestic Policy Directive

The information reviewed at this meeting suggested that economic activity expanded in the third quarter at an annual rate of about 3 percent, compared with a rate of about 1 percent in the first half of the year. While the increase in total spending by domestic sectors was a little weaker than in the first half, growth in domestic output was higher because the trade balance in the third quarter apparently did not deteriorate further. Broad measures of prices and wages appeared to be rising at rates close to or somewhat below those recorded earlier in the year.

The index of industrial production increased 0.3 percent in August. Production gains were particularly strong for consumer durable goods—mainly because of a spurt in assemblies of light trucks—and for defense and space equipment. Estimates for the preceding three months were revised down, however, and the level of output in August was about ½ percent above the average for the second quarter. Industrial capacity utilization edged up to 80½ percent, little changed since spring and about 1½ percentage points below its level a year earlier.

The nominal value of retail sales increased nearly 2 percent in August, mainly reflecting a surge in auto sales after the introduction of financing incentive programs in mid-August. Sales of new domestic automobiles rose to an annual rate of 9½ million units for the month and accelerated further to a rate of 12 million units during the first 20 days of September. Outlays for consumer goods other than autos also posted gains in August, but have shown little change on balance since early spring.

Total nonfarm payroll employment expanded by about 300,000 in August, well above the average gain in the preceding four months. Hiring continued to be brisk in service-producing industries and at finance and trade establishments. Moreover, employment in manufacturing rose for the first time since January, but the gains might have been overstated because of seasonal adjustment difficulties associated with a shift in timing of the model changeover period in the automotive industry. The civilian unemployment rate, which had held steady at 7.3 percent since February, fell to 7.0 percent in August.

Private housing starts picked up in August but, at an annual rate of 1¾ million units, were the same as the average recorded in the second quarter. Other indicators suggested an improved tone in the housing sector. Sales of new homes continued to trend up through July, and sales of existing homes registered a sizable advance in August. Moreover, newly issued permits for residential building remained at relatively high levels, and consumer attitudes toward buying homes apparently continued to be quite positive.

Incoming information suggested a leveling of business capital expenditures. Spending for nonresidential structures has slowed in recent months. Shipments of nondefense capital goods rebounded in August, about offsetting the previous month's decline. New orders also rose somewhat after a sharp drop in July, but that reflected a substantial rise in the volatile aircraft category; excluding such orders August showed an appreciable decline.

The U.S. merchandise trade deficit in July and August averaged somewhat less than that recorded in the second quarter of the year, as a drop in imports was partly offset by a slight decline in exports. The drop in imports was widespread across all major commodity categories, with especially large declines in oil, industrial supplies, capital goods, and consumer goods.

Recent data on prices and wages suggested that inflation has been holding steady at rates somewhat lower than those earlier in the year.

The producer price index for finished goods fell 0.3 percent in August, as prices for consumer foods and energy-related items declined and overall prices of other consumer goods were unchanged. The consumer price index rose 0.2 percent in August for the fourth consecutive month, less than the average monthly change in the January-to-April period. During the first eight months of this year, producer and consumer prices and the index of average hourly earnings have risen at rates somewhat below those recorded in 1984.

Following the Committee's meeting in August, the trade-weighted value of the dollar against major foreign currencies appreciated more than 5 percent through mid-September. The dollar subsequently declined sharply, especially after the announcement on September 22 by the finance ministers and central bank governors of the G-5 countries that recent shifts in fundamental economic conditions had not been reflected fully in exchange markets. It was noted in the announcement by the G-5 countries that in view of the present and prospective changes in fundamentals, some further orderly appreciation of the main nondollar currencies against the dollar was desirable. By the time of this meeting the value of the dollar had declined about 3¼ percent on balance since the August meeting to a level nearly 20 percent below its peak in late February.

At its meeting on August 20, 1985, the Committee had adopted a directive that called for maintaining the slightly firmer degree of reserve restraint that had been sought in previous weeks. That action was expected to be consistent with growth of M2 and M3 at annual rates of around 8½ and 6½ percent respectively for the period from June to September. Growth of M1 was expected to slow from its recent pace, but given the rapid expansion since June, M1 was anticipated to grow at an annual rate of about 8 to 9 percent over the three-month period, considerably above earlier expectations. The members agreed that somewhat greater restraint on reserve positions would be acceptable if growth in the monetary aggregates were substantially faster than expected, while somewhat lesser restraint would be acceptable in the event of substantially slower monetary growth. In either case, adjustments in the degree of reserve pressures would be considered in the context of appraisals of the strength of the business expansion, developments in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The intermeeting range for the federal funds rate was retained at 6 to 10 percent.

M1 growth surged in August to an annual rate just over 20 percent, reflecting exceptional strength in interest-bearing checkable deposits and relatively rapid expansion in other components. Data for the first half of September suggested slower but still substantial expansion in M1. Thus, for the period from June to September, M1 was expanding at a rate well above the Committee's expectations, and was at a level substantially higher than the path consistent with the Committee's range for the second half of the year. Reflecting the surge in M1, M2 accelerated in August to an annual rate of about 11¼ percent and M3 also strengthened to a rate of about 8½ percent; growth in these broader aggregates was running slightly above the rates anticipated for the June-to-September period. Relative to their long-run ranges for the year, M2 was close to the top of its range while M3 was near the middle of its range. Growth in total domestic nonfinancial debt remained relatively rapid in August, and thus far in 1985 was running somewhat above the upper end of its growth range for the year.

In the light of growth in the monetary aggregates—especially M1—continuing to exceed expectations, and with indications of a somewhat stronger tone in the economy as the intermeeting period progressed, open market operations during the period were directed toward maintaining or slightly increasing the degree of reserve restraint that had been sought shortly before the meeting on August 20. As a result, the level of adjustment plus seasonal borrowing rose somewhat on balance in the intermeeting interval, averaging about $515 million in the latest reserve maintenance period ending September 25. Borrowing had been running substantially higher in recent days, however, because of technical market conditions associated with a hurricane on the East Coast and the end-of-quarter statement date.

The small increase in reserve pressures, measured by the average level of borrowings, was not reflected in a significant change in money market interest rates, and the federal funds rate generally moved in a narrow range of 7¾ to 8 percent throughout the intermeeting period, averaging close to 8 percent in the week prior to this meeting. For Treasury securities, most short-term yields were unchanged to down slightly, influenced by a large paydown of Treasury bills because of debt ceiling problems, while long-term yields were up about 5 to 10 basis points. Most other market interest rates also showed small, mixed changes over the period. But yields on some federal agency securities advanced relatively sharply in the wake of reports about financial difficulties of the Farm Credit System.

The staff projections presented at this meeting were little changed from those prepared at the time of the August meeting. Growth in real GNP was projected to pick up somewhat in the second half of the year from the sluggish pace in the first half and to continue at a modest pace throughout 1986. The average unemployment rate was expected to change little over the period, and the rate of increase in prices was projected to remain close to that experienced in the past few years.

In the Committee's discussion of the economic situation, the members generally took the view that the latest information was consistent with some improvement in the rate of economic growth. They differed to some extent in their assessments of the prospects for the economy, however. Several thought that moderate growth in line with the staff projection, or perhaps a bit faster, was a reasonable expectation for the quarters ahead. Growth could pick up as domestic demands were maintained, given the large buildup in liquidity over recent months, the big federal deficit, and the possibility that the international trade position of the United States would stop worsening. On the other hand, a few members stressed the downside risks in various sectors of the economy, such as potential restraint on consumer spending because of the large buildup in debt, the weak performance in manufacturing attributable in part to competitive pressures from abroad, and the continued signs of deterioration in the agricultural sector. They expressed the view that continued sluggish expansion was the more likely course for the economy. As had been the case at previous meetings, the members emphasized that a variety of problems and financial strains in some sectors of the economy, stemming to a substantial extent from the massive imbalances in the federal budget and in foreign trade, represented ongoing threats to the sustainability of the expansion.

Considerable attention was focused on the performance of the dollar in foreign exchange markets and the implications of possible changes in exchange rates for the balance of trade and the domestic economy. The members also reviewed developments relating to the foreign debt problems of less developed countries. In the course of discussion members recognized, as in previous meetings, that the extraordinary strength of the dollar earlier had contributed to the size of the trade deficit, but they also emphasized the importance of maintaining underlying confidence in the dollar, given the dependence of the United States for the time being on large capital inflows. It was noted that the possibility, while perhaps remote, of a precipitate continuing decline in the value of the dollar would present a threat to the financial system and the economy because of its potential implications for higher interest rates and inflationary pressures, particularly in the absence of stronger budgetary restraint than had yet been achieved. Protectionist legislation would aggravate the potential difficulties. Consequently, it would be important that shifts in the value of the dollar be orderly.

Several members referred to the generally favorable trends in wages and prices over the course of recent months. Some concern was expressed, however, that inflationary expectations for the longer term might be increasing in the context of the large increase in M1 and total debt, disappointment over the limited progress made thus far in reducing federal budget deficits, and against the background of recent and possible further declines in the foreign exchange value of the dollar. Some members also suggested that a view may be becoming more widespread—encouraged perhaps by the continued rapid expansion in M1—that an effective monetary policy directed at maintaining and reinforcing progress toward price stability might be inhibited by sensitive conditions in some business and financial sectors of the domestic economy and in international financial markets, particularly as long as the federal budget deficit remained so large.

At its meeting in July the Committee had reviewed the basic policy objectives that it had established in February for growth of the monetary and credit aggregates in 1985 and had set tentative objectives for expansion in 1986. For the period from the fourth quarter of 1984 to the fourth quarter of 1985, the Committee had reaffirmed the ranges for the broader aggregates set in February of 6 to 9 percent for M2 and 6 to 9½ percent for M3. The associated range for total domestic nonfinancial debt was also reaffirmed at 9 to 12 percent for 1985. With respect to M1, the base was moved forward to the second quarter of 1985 and a range of 3 to 8 percent at an annual growth rate was established for the period to the fourth quarter of the year. For 1986 the Committee had agreed on tentative monetary growth objectives that included reductions of 1 percentage point in the upper end of the M1 range and ½ percentage point in the upper end of the M3 range. The provisional range for total domestic nonfinancial debt was reduced by 1 percentage point for 1986. At this meeting, there was some further discussion of the 1985 range for M1 and its role, but no change was made at this time.

In the Committee's discussion of policy implementation for the weeks immediately ahead, the continuing strength of M1 was assessed against the background of relatively modest expansion in economic activity and the absence of indications that inflation was increasing. According to an analysis prepared for this meeting, M1 growth could be expected to moderate substantially over the months ahead, even as the economy continued to expand, following its exceptionally rapid rate of growth since late spring and the resulting large buildup in liquidity. The most recent data on M1 lent some weight to the outlook for considerable slowing in this aggregate. Moreover, given the volatility of the M1 data and the difficulties of making seasonal adjustments, a decline in M1 for a time could not be ruled out. In general, however, growth in M1 could be expected to be sustained over the fourth quarter as a whole in part by the prospect that inflows of savings funds into NOW accounts were likely to continue, at least at a moderate rate, unless market interest rates rose quite substantially from current levels. In the circumstances, it appeared increasingly doubtful that the targeted rate of M1 growth for the second half of the year as a whole could be reached without an inappropriately abrupt increase in reserve pressures and in interest rates. Growth in M2 and M3 was expected to remain roughly consistent with the target ranges for 1985, and much slower growth in M1—consistent with the upper end of its target—would in the view of many members be acceptable and desirable, depending upon developments in the economy and financial markets.

As they had at the previous meeting, the members agreed that in prevailing circumstances, including a relatively strong dollar, the surge in M1 did not appear in itself to have inflationary implications for the time being. Nonetheless, while relatively rapid growth in M1 might be tolerated for a time, concern was expressed that the longer such growth persisted, the greater would be its potential for translation into inflationary demand pressures. A number of members also emphasized that the recent strength in M1 could not be explained fully by such factors as institutional changes and financial innovations or by shifts of funds to NOW accounts in response to earlier declines in market interest rates.

The members placed considerable emphasis on the need to judge the behavior of M1 in the context of the performance of the economy and the relatively moderate growth in the broader aggregates. Currently sensitive conditions in domestic and international financial markets and debt problems in some sectors of the economy such as agriculture were themselves a restraining force on the economy and argued against a policy course that might entail appreciably higher interest rates in the short run. On the other hand, significant easing under immediately prevailing market circumstances would incur too much risk of prolonging undue growth in money and debt, possibly triggering an abrupt and exaggerated decline in the foreign exchange value of the dollar with disturbing implications for inflation and financial markets over time.

While individual members expressed some shadings of opinion regarding policy implementation over the weeks ahead, it was generally agreed that the balance of considerations bearing on the Committee's decision argued for little or no change from the recently prevailing degree of pressure on reserve positions. At the conclusion of the Committee's discussion, a directive that called for maintaining the degree of reserve pressure sought in recent weeks was favored by most members. They expected such an approach to policy implementation to be consistent with growth of both M2 and M3 at annual rates of around 6 to 7 percent for the period from September to December. Over the same period, growth in M1 was expected to slow markedly—also to an annual rate of 6 to 7 percent—and even slower growth would be acceptable in the context of satisfactory economic performance, given the very rapid expansion experienced in recent months. The members agreed that somewhat greater or lesser reserve restraint would be acceptable over the intermeeting period, depending on the behavior of the monetary aggregates and taking account of appraisals of the strength of the business expansion, the performance of the dollar in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. It was also understood that policy might be implemented with somewhat more flexibility than usual over the relatively short intermeeting period, given the uncertainties associated with particularly sensitive conditions in the foreign exchange and other markets. The members agreed that the intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee when its boundaries are persistently exceeded, should be left unchanged at 6 to 10 percent.

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

The information reviewed at this meeting suggests that economic activity expanded in the third quarter at a moderately faster rate than in the first half of the year. In August, industrial production increased somewhat. Total retail sales rose considerably, boosted by a surge in auto sales. Housing starts, while increasing in August, were still no higher than their average level in the second quarter. Incoming information generally suggested a leveling of business capital spending. The merchandise trade deficit in July and August averaged somewhat less than in the second quarter as a drop in imports was partly offset by a slight decline in exports. Total nonfarm payroll employment rose somewhat more in August than in most other recent months. The civilian unemployment rate fell from 7.3 percent in July—its level since February—to 7.0 percent in August. Broad measures of prices and wages appear to be rising at rates close to or somewhat below those recorded earlier in the year.

Following the Committee's meeting on August 20, the trade-weighted value of the dollar against major foreign currencies appreciated through mid-September. The dollar subsequently declined sharply, especially after the announcement on September 22 by the Finance Ministers and Central Bank Governors of the G-5 countries that exchange rates have not fully reflected economic fundamentals.

M1 growth surged in August, reflecting exceptional strength in interest-bearing checkable deposits and relatively rapid expansion in other components; data for the first half of September suggest slower but still substantial expansion. Reflecting the surge in M1, M2 accelerated in August, and M3 also strengthened somewhat. Expansion in total domestic nonfinancial debt has remained relatively rapid. Most market interest rates have changed little on balance since the August meeting of the Committee.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation further, promote growth in output on a sustainable basis, and contribute to an improved pattern of international transactions. In furtherance of these objectives the Committee at the July meeting reaffirmed ranges for the year of 6 to 9 percent for M2 and 6 to 9½ percent for M3. The associated range for total domestic nonfinancial debt was reaffirmed at 9 to 12 percent. With respect to M1, the base was moved forward to the second quarter of 1985 and a range was established at an annual growth rate of 3 to 8 percent. The range takes account of expectations of a return of velocity growth toward more usual patterns, following the sharp decline in velocity during the first half of the year, while also recognizing a higher degree of uncertainty regarding that behavior. The appropriateness of the new range will continue to be reexamined in the light of evidence with respect to economic and financial developments including developments in foreign exchange markets. More generally, the Committee agreed that growth in the aggregates may be in the upper parts of their ranges, depending on continuing developments with respect to velocity and provided that inflationary pressures remain subdued.

For 1986 the Committee agreed on tentative ranges of monetary growth, measured from the fourth quarter of 1985 to the fourth quarter of 1986, of 4 to 7 percent for M1, 6 to 9 percent for M2, and 6 to 9 percent for M3. The associated range for growth in total domestic nonfinancial debt was provisionally set at 8 to 11 percent for 1986. With respect to M1 particularly, the Committee recognized that uncertainties surrounding recent behavior of velocity would require careful reappraisal of the target range at the beginning of 1986. Moreover, in establishing ranges for next year, the Committee also recognized that account would need to be taken of experience with institutional and depositor behavior in response to the completion of deposit rate deregulation early in the year.

In the implementation of policy for the immediate future, the Committee seeks to maintain the degree of pressure on reserve positions sought in recent weeks.

This action is expected to be consistent with growth in M2 and M3 over the period from September to December at annual rates of about 6 to 7 percent. A marked slowing of M1 growth over the period to an annual rate of around 6 to 7 percent is also anticipated; slower growth over the next three months would be acceptable in the context of satisfactory economic performance, given recent very rapid growth in M1. Somewhat greater or lesser reserve restraint would be acceptable depending on behavior of the aggregates, taking account of appraisals of the strength of the business expansion, developments in foreign exchange markets, progress against inflation, and conditions in domestic and international credit markets. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that reserve conditions during the period before the next meeting are likely to be associated with a federal funds rate persistently outside a range of 6 to 10 percent.

Votes for this action: Messrs. Volcker, Corrigan, Balles, Forrestal, Keehn, Martin, Partee, Rice, Ms. Seger, and Mr. Wallich. Vote against this action: Mr. Black.

Mr. Black dissented because he believed some increase in the degree of reserve pressure was needed at this time to ensure adequate slowing of M1 growth in the period ahead.

2. *Authorization for Foreign Currency Operations*

At this meeting the Committee also considered the need for adjustment in the limit on holdings of foreign currencies in the System Open Market Account. At present, Paragraph 1D of the Committee's authorization for foreign currency operations authorized the Federal Reserve Bank of New York, for the System Open Market Account, to maintain an overall open position in all foreign currencies not exceeding \$8.0 billion. System holdings of foreign currencies currently totaled about \$5½ billion, based on historical costs. In light of the potential for foreign exchange operations by the United States and other countries following the recent G-5 announcement, the Committee agreed to raise the limit in paragraph 1D of the authorization to \$10.0 billion, effective immediately.

Votes for this action: Messrs. Volcker, Corrigan, Balles, Black, Forrestal, Keehn, Martin, Partee, Rice, Ms. Seger, and Mr. Wallich. Votes against this action: None.

Announcements

FINAL REVISIONS TO REGULATION B

The Federal Reserve Board has issued final revisions to its Regulation B (Equal Credit Opportunity) that will assist creditor compliance and increase protection for credit applicants. The final revisions will become effective December 16, 1985, but creditors may continue to comply with the Board's current regulation until October 1, 1986. The Board is also publishing an official staff commentary to interpret the revised Regulation B.

The Board's action is part of its Regulatory Improvement Project. Under this project, the Board is reviewing and revising all of its regulations to update them, simplify their language, and eliminate unneeded provisions. The revisions to Regulation B include the following:

- Procedures for dealing with incomplete applications and a broader selection of sample forms for informing applicants of the reasons for credit denial.
- Changes in the data notation requirements applicable to dwelling-related mortgage loan applications.
- Changes in the definition of "applicant" to give guarantors legal standing in the courts when there is an alleged violation of the regulation's signature provisions.

The major portions of the existing regulatory provisions remain virtually unchanged. The complete text of the revised regulation may be obtained from the Federal Reserve Banks or on request to the Board's Publication Services and also appears in the "Legal Developments" section of this BULLETIN.

STAFF GUIDELINES FOR COMPLIANCE WITH THE CREDIT PRACTICES RULE

Staff guidelines that are designed to help banks comply with the Credit Practices Rule, which goes into effect on January 1, 1986, have been issued by the Federal Reserve Board.

Last April, the Board adopted its Credit Practices Rule—subpart B of Regulation AA (Unfair or Deceptive Acts or Practices)—following adoption of a similar rule by the Federal Trade Commission (FTC) for creditors other than banks.

In general, the new rule prohibits banks from using the following remedies to enforce consumer credit obligations: confessions of judgment; waivers of exemption; wage assignments; and nonpossessory, nonpurchase money security interests in household goods. The rule also bans a practice known as "pyramiding late charges," prohibits a bank from misrepresenting a cosigner's liability, and requires that a cosigner receive a notice explaining the cosigner's obligations.

The staff guidelines are in the form of questions and answers and focus on material of general application that will be updated annually; the first update is expected in early 1986 to permit response to additional questions that may arise after the rule goes into effect.

The Board's rule applies to all banks and their subsidiaries. Institutions that are members of the Federal Home Loan Bank System and nonbank subsidiaries of bank holding companies are covered by the rules of the Federal Home Loan Bank Board and FTC respectively.

POLICY STATEMENT ON PAYMENT OF CASH DIVIDENDS

The Federal Reserve Board issued on November 14, 1985, a policy statement on the payment of cash dividends by state member banks and bank holding companies that are experiencing financial difficulties.

The policy statement, which is part of a program to strengthen supervision of banking operations, addresses the following practices of supervisory concern by institutions that are experiencing earnings weaknesses, that have other serious problems, or that have inadequate capital: (1) the payment of dividends not covered by earnings; (2) the payment of dividends from borrowed funds; and (3) the payment of dividends from unusual or nonrecurring gains, such as the sale of property or other assets.

It is the Federal Reserve's view that an organization experiencing earnings weaknesses or other financial pressures should not maintain a level of cash dividends that exceeds its net income, that is inconsistent with the organization's capital position, or that can only be funded in ways that may weaken the organization's financial health. In some instances, it may be appropriate to eliminate cash dividends altogether.

The policy statement reads in part:

A fundamental principle underlying the Federal Reserve's supervision and regulation of bank holding companies is that bank holding companies should serve as a source of managerial and financial strength to their subsidiary banks. The Board believes, therefore, that a bank holding company should not maintain a level of cash dividends to its shareholders that places undue pressure on the capital of bank subsidiaries or that can be funded only through additional borrowings or other arrangements that may undermine the bank holding company's ability to serve as a source of strength. Thus, for example, if a major subsidiary bank is unable to pay dividends to its parent company—as a consequence of statutory limitations, intervention by the primary supervisor, or noncompliance with regulatory capital requirements—the bank holding company should give serious consideration to reducing or eliminating its dividends in order to conserve its capital base and provide capital assistance to the subsidiary bank.

The Federal Reserve recognizes that many organizations have decided on their own to reduce their dividends within the past several years, and others have done so in response to supervisory encouragement.

Thus, this policy is meant to reinforce prudential considerations and to encourage management to continually review dividend policies in light of an organization's financial condition, compliance with supervisory guidelines on capital adequacy, and future growth plans and prospects.

On October 7, the Board announced policies to increase the frequency of on-site examination and inspection of state member banks and bank holding companies and said it is considering other actions, including tightened prudential standards, improved coordination and cooperation with other federal and state banking departments, and strengthened examination staffs and improved examiner training programs.

Earlier this month, the Board approved revisions to the reporting requirements for bank holding companies and implementation of a new report on nonbanking subsidiaries. Most of these changes will take effect on March 31, 1986, and are designed to obtain new data to more fully assess operations and risks, to enhance off-premise surveillance programs, to obtain data on a more frequent basis, and to conform the account categories and definitions, when appropriate, to those of the call report.

In general, the revisions provide for the submission of basic financial statements prepared in accordance with generally accepted accounting principles, and for the collection of a limited amount of additional data, which is to be used in the calculation of holding companies' capital ratios for the purpose of monitoring compliance with the Board's guidelines on capital adequacy ratios.

Copies of the new reporting forms for bank holding companies (Y-6 and Y-9) may be obtained from the District Federal Reserve Banks.

Policy Statement on Repurchase Agreement Transactions

The Federal Reserve Board announced on November 1, 1985, the adoption of a supervisory policy on repurchase agreement transactions. The adoption of this policy had been recommended by the Federal Financial Institutions Examination Council.

The policy statement is intended to provide financial institutions with minimum safety-and-soundness guidelines for managing credit risk exposure. It also provides guidance related to the possession or control of securities involved in repurchase agreement transactions. In addition, the policy points out the need for full collateralization, maintenance of agreed upon collateral margins, and frequent mark-to-market procedures.

Depository institutions doing business with unregulated government securities dealers are urged to verify that these dealers are complying with the Federal Reserve Bank of New York's minimum capital guidelines.

Depository institutions should contact their District Federal Reserve Banks with questions concerning the procedures for obtaining control of U.S. Treasury securities and certain agency obligations through the Federal Reserve's book-entry system.

Quarterly Report on Priced Services

The Federal Reserve Board reported on November 20, 1985, financial results of Federal Reserve priced service operations for the quarter ending September 30, 1985.

The Board issues a report on priced services annually and a priced service balance sheet and income statement quarterly. The financial statements are designed to reflect standard accounting practices, taking into account the nature of the Federal Reserve's activities and its unique position in this field.

Fee Schedules for Priced Services

The Federal Reserve Board announced on November 1, 1985, the 1986 fee schedules for services provided by the Reserve Banks. For the most part, the new fees are the same as those for 1985.

The fee schedules apply to check collection, automated clearinghouse transactions, wire transfer of funds and net settlement, definitive securities safekeeping and noncash collection, and book-entry securities services for non-Treasury securities. Fee schedules for the check collection service will be distributed by the Reserve Banks; fee schedules for the remaining services are available from the Reserve Banks or from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

In 1986, total costs for priced services, including the private sector adjustment factor (PSAF), are projected to be $602.3 million. Total revenue is estimated at $618.2 million, resulting in a 102.7 percent recovery rate.

At the same time, the Board approved the 1986 PSAF for Reserve Bank priced services of $68.1 million, an increase of 11.3 percent over the 1985 level. The PSAF is an allowance for the taxes that would have been paid and the return on capital that would have been provided had the Federal Reserve's priced services been furnished by a private business firm. These actions are effective January 1, 1986.

Changes to the Operating Schedule for Fedwire

The Federal Reserve Board has announced several revisions to the operating schedule for Fedwire, effective January 1, 1986.

The Board approved a change in the deadline for interdistrict, third-party wire transfers from 4:30 p.m. to 5:00 p.m. eastern time. This change will provide additional processing time for west coast institutions. Also, the Board set a new opening time of no later than 9:00 a.m. eastern time. Currently, opening hours range from 8:00 a.m. to 11:00 a.m., with the majority of Reserve Banks beginning operations by 9:00 a.m.

Proposed Actions

The Federal Reserve Board has issued for comment proposals, including an amendment to Regulation J (Collection of Checks and Other Items and Wire Transfer of Funds), to reduce float generated because of local holiday schedules. Comment is requested by January 2, 1986.

The Federal Reserve Board has also published for comment a proposal that would define perpetual debt securities issued by state member banks and bank holding companies as primary capital. Comment is requested by January 17, 1986.

System Membership: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period from November 1 through December 1, 1985.

Florida
Tampa.......... Commerce Bank of Tampa

Maryland
Baltimore......... Chase Bank of Maryland

Montana
Billings................. Yellowstone Bank

Ohio
Port Clinton................. Society Bank of Northwest Ohio

Legal Developments

REVISION OF REGULATION B

The Board of Governors is revising 12 C.F.R. Part 202, its regulation implementing the Equal Credit Opportunity Act, pursuant to its policy of periodically reviewing all of its regulations. The regulation has been simplified to ease the burdens imposed on creditors, consistent with the Board's responsibility for implementing the Equal Credit Opportunity Act. The Board made changes in the data notation requirements applicable to dwelling-related mortgage loan applications, and in the definition of "applicant" to give guarantors legal standing in the courts when there is an alleged violation of the signature provisions of the act or regulation. In light of renewed concern about the availability of business credit to women and members of minority groups, the Board considered (but deferred a decision on) revising the rules applicable to business credit transactions; the Board will monitor developments in this area, and if it appears that regulatory changes are needed, the Board will take appropriate action. The Board also considered but did not revise the regulation to cover consumer leasing under the ECOA. The Board has updated some provisions of the regulation and revised others to facilitate creditor compliance. The revisions include streamlined procedures for dealing with incomplete applications and a broader selection of sample forms for informing applicants of the action taken on applications. The major portions of the existing regulatory provisions remain virtually unchanged.

Effective December 16, 1985, with the option for creditors of continuing to comply with the current regulation until October 1, 1986, the Board hereby revises 12 C.F.R. Part 202 as follows:

1. The authority citation for Part 202 continues to read as follows:

Authority: Sec. 703, ECOA; 15 U.S.C. 1691b.

Part 202—Equal Credit Opportunity

Section 202.1—Authority, scope and purpose.
Section 202.2—Definitions.
Section 202.3—Limited exceptions for certain classes of transactions.
Section 202.4—General rule prohibiting discrimination.
Section 202.5—Rules concerning taking of applications.
Section 202.6—Rules concerning evaluation of applications.
Section 202.7—Rules concerning extensions of credit.
Section 202.8—Special purpose credit programs.
Section 202.9—Notifications.
Section 202.10—Furnishing of credit information.
Section 202.11—Relation to state law.
Section 202.12—Record retention.
Section 202.13—Information for monitoring purposes.
Section 202.14—Enforcement, penalties and liabilities.
Appendix A—Federal Enforcement Agencies
Appendix B—Model Application Forms
Appendix C—Sample Notification Forms
Appendix D—Issuance Of Staff Interpretations
Supplement I—Official Staff Interpretations

Authority: 15 U.S.C. 1691 *et seq.*

REGULATION B (EQUAL CREDIT OPPORTUNITY)

Section 202.1—Authority, Scope and Purpose

(a) *Authority and scope.* This regulation is issued by the Board of Governors of the Federal Reserve System pursuant to title VII (Equal Credit Opportunity Act) of the Consumer Credit Protection Act, as amended (15 U.S.C. 1601 *et seq.*). Except as otherwise provided herein, the regulation applies to all persons who are creditors, as defined in section 202.2(l). Information collection requirements contained in this regulation have been approved by the Office of Management and Budget under the provisions of 44 U.S.C. 3501 *et seq.* and have been assigned OMB No. 7100-0201.

(b) *Purpose.* The purpose of this regulation is to promote the availability of credit to all creditworthy applicants without regard to race, color, religion, national origin, sex, marital status, or age (provided the applicant has the capacity to contract); to the fact that all or part of the applicant's income derives from a public assistance program; or to the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The regulation prohibits creditor practices that discriminate on the basis of any of these factors. The regulation also requires creditors to notify applicants of action taken on their applications; to report credit history in the names of both spouses on an account; to retain records of credit applications; and to collect information about the applicant's race and other personal characteristics in applications for certain dwelling-related loans.

Section 202.2—Definitions

For the purposes of this regulation, unless the context indicates otherwise, the following definitions apply.

(a) *Account* means an extension of credit. When employed in relation to an account, the word *use* refers only to open-end credit.

(b) *Act* means the Equal Credit Opportunity Act (title VII of the Consumer Credit Protection Act).

(c) *Adverse action.*

(1) The term means:

(i) A refusal to grant credit in substantially the amount or on substantially the terms requested in an application unless the creditor makes a counteroffer (to grant credit in a different amount or on other terms) and the applicant uses or expressly accepts the credit offered;

(ii) A termination of an account or an unfavorable change in the terms of an account that does not affect all or a substantial portion of a class of the creditor's accounts; or

(iii) A refusal to increase the amount of credit available to an applicant who has made an application for an increase.

(2) The term does not include:

(i) A change in the terms of an account expressly agreed to by an applicant;

(ii) Any action or forbearance relating to an account taken in connection with inactivity, default, or delinquency as to that account;

(iii) A refusal or failure to authorize an account transaction at a point of sale or loan, except when the refusal is a termination or an unfavorable change in the terms of an account that does not affect all or a substantial portion of a class of the creditor's accounts, or when the refusal is a denial of an application for an increase in the amount of credit available under the account;

(iv) A refusal to extend credit because applicable law prohibits the creditor from extending the credit requested; or

(v) A refusal to extend credit because the creditor does not offer the type of credit or credit plan requested.

(3) An action that falls within the definition of both paragraphs (c)(1) and (c)(2) of this section is governed by paragraph (c)(2).

(d) *Age* refers only to the age of natural persons and means the number of fully elapsed years from the date of an applicant's birth.

(e) *Applicant* means any person who requests or who has received an extension of credit from a creditor, and includes any person who is or may become contractually liable regarding an extension of credit. For purposes of section 202.7(d), the term includes guarantors, sureties, endorsers and similar parties.

(f) *Application* means an oral or written request for an extension of credit that is made in accordance with procedures established by a creditor for the type of credit requested. The term does not include the use of an account or line of credit to obtain an amount of credit that is within a previously established credit limit. A *completed application* means an application in connection with which a creditor has received all the information that the creditor regularly obtains and considers in evaluating applications for the amount and type of credit requested (including, but not limited to, credit reports, any additional information requested from the applicant, and any approvals or reports by governmental agencies or other persons that are necessary to guarantee, insure, or provide security for the credit or collateral). The creditor shall exercise reasonable diligence in obtaining such information.

(g) *Board* means the Board of Governors of the Federal Reserve System.

(h) *Consumer credit* means credit extended to a natural person primarily for personal, family, or household purposes.

(i) *Contractually liable* means expressly obligated to repay all debts arising on an account by reason of an agreement to that effect.

(j) *Credit* means the right granted by a creditor to an applicant to defer payment of a debt, incur debt and defer its payment, or purchase property or services and defer payment therefor.

(k) *Credit card* means any card, plate, coupon book, or other single credit device that may be used from time to time to obtain money, property, or services on credit.

(l) *Creditor* means a person who, in the ordinary course of business, regularly participates in the decision of whether or not to extend credit. The term includes a creditor's assignee, transferee, or subrogee who so participates. For purposes of sections 202.4 and 202.5(a), the term also includes a person who, in the ordinary course of business, regularly refers applicants or prospective applicants to creditors, or selects or offers to select creditors to whom requests for credit may be made. A person is not a creditor regarding any violation of the act or this regulation committed by another creditor unless the person knew or had reasonable notice of the act, policy, or practice that constituted the violation before becoming involved in the credit transaction. The term does not include a person whose only participation in a credit transaction involves honoring a credit card.

(m) *Credit transaction* means every aspect of an applicant's dealings with a creditor regarding an application for credit or an existing extension of credit (including, but not limited to, information requirements; investigation procedures; standards of creditworthiness; terms of credit; furnishing of credit information; revocation, alteration, or termination of credit; and collection procedures).

(n) *Discriminate against an applicant* means to treat an applicant less favorably than other applicants.

(o) *Elderly* means age 62 or older.

(p) *Empirically derived and other credit scoring systems.*

(1) A *credit scoring system* is a system that evaluates an applicant's creditworthiness mechanically, based on key attributes of the applicant and aspects of the transaction, and that determines, alone or in conjunction with an evaluation of additional information about the applicant, whether an applicant is deemed creditworthy. To qualify as an *empirically derived, demonstrably and statistically sound, credit scoring system,* the system must be:

(i) Based on data that are derived from an empirical comparison of sample groups or the population of creditworthy and noncreditworthy applicants who applied for credit within a reasonable preceding period of time;

(ii) Developed for the purpose of evaluating the creditworthiness of applicants with respect to the legitimate business interests of the creditor utilizing the system (including, but not limited to, minimizing bad debt losses and operating expenses in accordance with the creditor's business judgment);

(iii) Developed and validated using accepted statistical principles and methodology; and

(iv) Periodically revalidated by the use of appropriate statistical principles and methodology and adjusted as necessary to maintain predictive ability.

(2) A creditor may use an empirically derived, demonstrably and statistically sound, credit scoring system obtained from another person or may obtain credit experience from which to develop such a system. Any such system must satisfy the criteria set forth in paragraph (p)(1)(i) through (iv) of this section; if the creditor is unable during the development process to validate the system based on its own credit experience in accordance with paragraph (p)(1) of this section, the system must be validated when sufficient credit experience becomes available.

A system that fails this validity test is no longer an empirically derived, demonstrably and statistically sound, credit scoring system for that creditor.

(q) *Extend credit* and *extension of credit* mean the granting of credit in any form (including, but not limited to, credit granted in addition to any existing credit or credit limit; credit granted pursuant to an open-end credit plan; the refinancing or other renewal of credit, including the issuance of a new credit card in place of an expiring credit card or in substitution for an existing credit card; the consolidation of two or more obligations; or the continuance of existing credit without any special effort to collect at or after maturity).

(r) *Good faith* means honesty in fact in the conduct or transaction.

(s) *Inadvertent error* means a mechanical, electronic, or clerical error that a creditor demonstrates was not intentional and occurred notwithstanding the maintenance of procedures reasonably adapted to avoid such errors.

(t) *Judgmental system of evaluating applicants* means any system for evaluating the creditworthiness of an applicant other than an empirically derived, demonstrably and statistically sound, credit scoring system.

(u) Marital status means the state of being unmarried, married, or separated, as defined by applicable state law. The term "unmarried" includes persons who are single, divorced, or widowed.

(v) *Negative factor or value,* in relation to the age of elderly applicants, means utilizing a factor, value, or weight that is less favorable regarding elderly applicants than the creditor's experience warrants or is less favorable than the factor, value, or weight assigned to the class of applicants that are not classified as elderly and are most favored by a creditor on the basis of age.

(w) *Open-end credit* means credit extended under a plan under which a creditor may permit an applicant to make purchases or obtain loans from time to time directly from the creditor or indirectly by use of a credit card, check, or other device.

(x) *Person* means a natural person, corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.

(y) *Pertinent element of creditworthiness,* in relation to a judgmental system of evaluating applicants, means any information about applicants that a creditor obtains and considers and that has a demonstrable relationship to a determination of creditworthiness.

(z) *Prohibited basis* means race, color, religion, national origin, sex, marital status, or age (provided that the applicant has the capacity to enter into a binding contract); the fact that all or part of the applicant's income derives from any public assistance program; or the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act or any state law upon which an exemption has been granted by the Board.

(aa) *State* means any State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

Section 202.3—Limited Exceptions for Certain Classes of Transactions

(a) *Public utilities credit.*

(1) *Definition.* Public utilities credit refers to extensions of credit that involve public utility services provided through pipe, wire, or other connected facilities, or radio or similar transmission (including extensions of such facilities), if the charges for service, delayed payment, and any discount for prompt payment are filed with or regulated by a government unit.

(2) *Exceptions.* The following provisions of this regulation do not apply to public utilities credit:

(i) Section 202.5(d)(1) concerning information about marital status;

(ii) Section 202.10 relating to furnishing of credit information; and

(iii) Section 202.12(b) relating to record retention.

(b) *Securities credit.*

(1) *Definition.* Securities credit refers to extensions of credit subject to regulation under section 7 of the Securities Exchange Act of 1934 or extensions of credit by a broker or dealer subject to regulation as a broker or dealer under the Securities Exchange Act of 1934.

(2) *Exceptions.* The following provisions of this regulation do not apply to securities credit:

(i) Section 202.5(c) concerning information about a spouse or former spouse;

(ii) Section 202.5(d)(1) concerning information about marital status;

(iii) Section 202.5(d)(3) concerning information about the sex of an applicant;

(iv) Section 202.7(b) relating to designation of name, but only to the extent necessary to prevent violation of rules regarding an account in which a broker or dealer has an interest, or rules necessitating the aggregation of accounts of spouses for the purpose of determining controlling interests, beneficial interests, beneficial ownership, or purchase limitations and restrictions;

(v) Section 202.7(c) relating to action concerning open-end accounts, but only to the extent the action taken is on the basis of a change of name or marital status;

(vi) Section 202.7(d) relating to the signature of a spouse or other person;

(vii) Section 202.10 relating to furnishing of credit information; and

(viii) Section 202.12(b) relating to record retention.

(c) *Incidental credit.*

(1) *Definition.* Incidental credit refers to extensions of consumer credit other than credit of the types described in paragraphs (a) and (b) of this section:

(i) That are not made pursuant to the terms of a credit card account;

(ii) That are not subject to a finance charge (as defined in Regulation Z, 12 C.F.R 226.4); and

(iii) That are not payable by agreement in more than four installments.

(2) *Exceptions.* The following provisions of this regulation do not apply to incidental credit:

(i) Section 202.5(c) concerning information about a spouse or former spouse;

(ii) Section 202.5(d)(1) concerning information about marital status;

(iii) Section 202.5(d)(2) concerning information about income derived from alimony, child support, or separate maintenance payments;

(iv) Section 202.5(d)(3) concerning information about the sex of an applicant, but only to the extent necessary for medical records or similar purposes;

(v) Section 202.7(d) relating to the signature of a spouse or other person;

(vi) Section 202.9 relating to notifications;

(vii) Section 202.10 relating to furnishing of credit information; and

(viii) Section 202.12(b) relating to record retention.

(d) *Business credit.*

(1) *Definition.* Business credit refers to extensions of credit primarily for business or commercial (including agricultural) purposes, but excluding extensions of credit of the types described in paragraphs (a) and (b) of this section.

(2) *Exceptions.* The following provisions of this regulation do not apply to business credit:

(i) Section 202.5(d)(1) concerning information about marital status; and

(ii) Section 202.10 relating to furnishing of credit information.

(3) *Modified requirements.* The following provisions of this regulation apply to business credit as specified below:

(i) Section 202.9(a), (b), and (c) relating to notifications: the creditor shall notify the applicant, orally or in writing, of action taken or of incompleteness. When credit is denied or when other adverse action is taken, the creditor is required to provide a written statement of the reasons and the ECOA notice specified in section 202.9(b) if the applicant makes a written request for the reasons within 30 days of that notification; and

(ii) Section 202.12(b) relating to record retention: the creditor shall retain records as provided in section 202.12(b) if the applicant, within 90 days after being notified of action taken or of incompleteness, requests in writing that records be retained.

(e) *Government credit.*

(1) *Definition.* Government credit refers to extensions of credit made to governments or governmental subdivisions, agencies, or instrumentalities.

(2) *Applicability of regulation.* Except for section 202.4, the general rule prohibiting discrimination on a prohibited basis, the requirements of this regulation do not apply to government credit.

Section 202.4—General Rule Prohibiting Discrimination

A creditor shall not discriminate against an applicant on a prohibited basis regarding any aspect of a credit transaction.

Section 202.5—Rules Concerning Taking of Applications

(a) *Discouraging applications.* A creditor shall not make any oral or written statement, in advertising or otherwise, to applicants or prospective applicants that would discourage on a prohibited basis a reasonable person from making or pursuing an application.

(b) *General rules concerning requests for information.*

(1) Except as provided in paragraphs (c) and (d) of this section, a creditor may request any information in connection with an application.[1]

(2) *Required collection of information.* Notwithstanding paragraphs (c) and (d) of this section, a creditor shall request information for monitoring purposes as required by section 202.13 for credit secured by the applicant's dwelling. In addition, a creditor may obtain information required by a regulation, order, or agreement issued by, or entered into with, a court or an enforcement agency (including the Attorney General of the United States or a similar state official) to monitor or enforce compliance with the act, this regulation, or other federal or state statute or regulation.

(3) *Special purpose credit.* A creditor may obtain information that is otherwise restricted to determine eligibility for a special purpose credit program, as provided in section 202.8(c) and (d).

(c) *Information about a spouse or former spouse.*

(1) Except as permitted in this paragraph, a creditor may not request any information concerning the spouse or former spouse of an applicant.

(2) *Permissible inquiries.* A creditor may request any information concerning an applicant's spouse (or former spouse under paragraph (c)(2)(v)) that may be requested about the applicant if:

(i) The spouse will be permitted to use the account;

(ii) The spouse will be contractually liable on the account;

(iii) The applicant is relying on the spouse's income as a basis for repayment of the credit requested;

(iv) The applicant resides in a community property state or property on which the applicant is relying as a basis for repayment of the credit requested is located in such a state; or

(v) The applicant is relying on alimony, child support, or separate maintenance payments from a spouse or former spouse as a basis for repayment of the credit requested.

(3) *Other accounts of the applicant.* A creditor may request an applicant to list any account upon which the applicant is liable and to provide the name and address in which the account is carried. A creditor may also ask the names in which an applicant has previously received credit.

(d) *Other limitations on information requests.*

(1) *Marital status.* If an applicant applies for individual unsecured credit, a creditor shall not inquire about the applicant's marital status unless the applicant resides in a community property state or is relying on property located in such a state as a basis for repayment of the credit requested. If an application is for other than individual unsecured credit, a creditor may inquire about the applicant's marital status, but shall use only the terms "married," "unmarried," and "separated." A creditor may explain that the category "unmarried" includes single, divorced, and widowed persons.

(2) *Disclosure about income from alimony, child support, or separate maintenance.* A creditor shall not inquire whether income stated in an application is derived from alimony, child support, or separate maintenance payments unless the creditor discloses to the applicant that such income need not be revealed if the applicant does not want the creditor to consider it in determining the applicant's creditworthiness.

(3) *Sex.* A creditor shall not inquire about the sex of an applicant. An applicant may be requested to designate a title on an application form (such as Ms., Miss, Mr., or Mrs.) if the form discloses that the designation of a title is optional. An application form

1. This paragraph does not limit or abrogate any federal or state law regarding privacy, privileged information, credit reporting limitations, or similar restrictions on obtainable information.

shall otherwise use only terms that are neutral as to sex.

(4) *Childbearing, childrearing.* A creditor shall not inquire about birth control practices, intentions concerning the bearing or rearing of children, or capability to bear children. A creditor may inquire about the number and ages of an applicant's dependents or about dependent-related financial obligations or expenditures, provided such information is requested without regard to sex, marital status, or any other prohibited basis.

(5) *Race, color, religion, national origin.* A creditor shall not inquire about the race, color, religion, or national origin of an applicant or any other person in connection with a credit transaction. A creditor may inquire about an applicant's permanent residence and immigration status.

(e) *Written applications.* A creditor shall take written applications for the types of credit covered by section 202.13(a), but need not take written applications for other types of credit.

Section 202.6—Rules Concerning Evaluation of Applications

(a) *General rule concerning use of information.* Except as otherwise provided in the act and this regulation, a creditor may consider any information obtained, so long as the information is not used to discriminate against an applicant on a prohibited basis.[2]

(b) *Specific rules concerning use of information.*

(1) Except as provided in the act and this regulation, a creditor shall not take a prohibited basis into account in any system of evaluating the creditworthiness of applicants.

(2) *Age, receipt of public assistance.*

(i) Except as permitted in this paragraph, a creditor shall not take into account an applicant's age (provided that the applicant has the capacity to enter into a binding contract) or whether an applicant's income derives from any public assistance program.

(ii) In an empirically derived, demonstrably and statistically sound, credit scoring system, a creditor may use an applicant's age as a predictive variable, provided that the age of an elderly applicant is not assigned a negative factor or value.

(iii) In a judgmental system of evaluating creditworthiness, a creditor may consider an applicant's age or whether an applicant's income derives from any public assistance program only for the purpose of determining a pertinent element of creditworthiness.

(iv) In any system of evaluating creditworthiness, a creditor may consider the age of an elderly applicant when such age is used to favor the elderly applicant in extending credit.

(3) *Childbearing, childrearing.* In evaluating creditworthiness, a creditor shall not use assumptions or aggregate statistics relating to the likelihood that any group of persons will bear or rear children or will, for that reason, receive diminished or interrupted income in the future.

(4) *Telephone listing.* A creditor shall not take into account whether there is a telephone listing in the name of an applicant for consumer credit, but may take into account whether there is a telephone in the applicant's residence.

(5) *Income.* A creditor shall not discount or exclude from consideration the income of an applicant or the spouse of an applicant because of a prohibited basis or because the income is derived from part-time employment or is an annuity, pension, or other retirement benefit; a creditor may consider the amount and probable continuance of any income in evaluating an applicant's creditworthiness. When an applicant relies on alimony, child support, or separate maintenance payments in applying for credit, the creditor shall consider such payments as income to the extent that they are likely to be consistently made.

(6) *Credit history.* To the extent that a creditor considers credit history in evaluating the creditworthiness of similarly qualified applicants for a similar type and amount of credit, in evaluating an applicant's creditworthiness a creditor shall consider:

(i) The credit history, when available, of accounts designated as accounts that the applicant and the applicant's spouse are permitted to use or for which both are contractually liable;

(ii) On the applicant's request, any information the applicant may present that tends to indicate that the credit history being considered by the creditor does not accurately reflect the applicant's creditworthiness; and

(iii) On the applicant's request, the credit history, when available, of any account reported in the name of the applicant's spouse or former spouse that the applicant can demonstrate accurately reflects the applicant's creditworthiness.

(7) *Immigration status.* A creditor may consider whether an applicant is a permanent resident of the United States, the applicant's immigration status, and any additional information that may be neces-

2. The legislative history of the act indicates that the Congress intended an "effects test" concept, as outlined in the employment field by the Supreme Court in the cases of *Griggs v. Duke Power Co.*, 401 U.S. 424 (1971), and *Albemarle Paper Co. v. Moody*, 422 U.S. 405 (1975), to be applicable to a creditor's determination of creditworthiness.

sary to ascertain the creditor's rights and remedies regarding repayment.

(c) *State property laws.* A creditor's consideration or application of state property laws directly or indirectly affecting creditworthiness does not constitute unlawful discrimination for the purposes of the act or this regulation.

Section 202.7—Rules Concerning Extensions of Credit

(a) *Individual accounts.* A creditor shall not refuse to grant an individual account to a creditworthy applicant on the basis of sex, marital status, or any other prohibited basis.

(b) *Designation of name.* A creditor shall not refuse to allow an applicant to open or maintain an account in a birth-given first name and a surname that is the applicant's birth-given surname, the spouse's surname, or a combined surname.

(c) *Action concerning existing open-end accounts.*

(1) *Limitations.* In the absence of evidence of the applicant's inability or unwillingness to repay, a creditor shall not take any of the following actions regarding an applicant who is contractually liable on an existing open-end account on the basis of the applicant's reaching a certain age or retiring or on the basis of a change in the applicant's name or marital status:

(i) Require a reapplication, except as provided in paragraph (c)(2) of this section;

(ii) Change the terms of the account; or

(iii) Terminate the account.

(2) *Requiring reapplication.* A creditor may require a reapplication for an open-end account on the basis of a change in the marital status of an applicant who is contractually liable if the credit granted was based in whole or in part on income of the applicant's spouse and if information available to the creditor indicates that the applicant's income may not support the amount of credit currently available.

(d) *Signature of spouse or other person.*

(1) *Rule for qualified applicant.* Except as provided in this paragraph, a creditor shall not require the signature of an applicant's spouse or other person, other than a joint applicant, on any credit instrument if the applicant qualifies under the creditor's standards of creditworthiness for the amount and terms of the credit requested.

(2) *Unsecured credit.* If an applicant requests unsecured credit and relies in part upon property that the applicant owns jointly with another person to satisfy the creditor's standards of creditworthiness, the creditor may require the signature of the other person only on the instrument(s) necessary, or reasonably believed by the creditor to be necessary, under the law of the state in which the property is located, to enable the creditor to reach the property being relied upon in the event of the death or default of the applicant.

(3) *Unsecured credit — community property states.* If a married applicant requests unsecured credit and resides in a community property state, or if the property upon which the applicant is relying is located in such a state, a creditor may require the signature of the spouse on any instrument necessary, or reasonably believed by the creditor to be necessary, under applicable state law to make the community property available to satisfy the debt in the event of default if:

(i) Applicable state law denies the applicant power to manage or control sufficient community property to qualify for the amount of credit requested under the creditor's standards of creditworthiness; and

(ii) The applicant does not have sufficient separate property to qualify for the amount of credit requested without regard to community property.

(4) *Secured credit.* If an applicant requests secured credit, a creditor may require the signature of the applicant's spouse or other person on any instrument necessary, or reasonably believed by the creditor to be necessary, under applicable state law to make the property being offered as security available to satisfy the debt in the event of default, for example, an instrument to create a valid lien, pass clear title, waive inchoate rights or assign earnings.

(5) *Additional parties.* If, under a creditor's standards of creditworthiness, the personal liability of an additional party is necessary to support the extension of the credit requested, a creditor may request a cosigner, guarantor, or the like. The applicant's spouse may serve as an additional party, but the creditor shall not require that the spouse be the additional party.

(6) *Rights of additional parties.* A creditor shall not impose requirements upon an additional party that the creditor is prohibited from imposing upon an applicant under this section.

(e) *Insurance.* A creditor shall not refuse to extend credit and shall not terminate an account because credit life, health, accident, disability, or other credit-related insurance is not available on the basis of the applicant's age.

Section 202.8—Special Purpose Credit Programs

(a) *Standards for programs.* Subject to the provisions of paragraph (b) of this section, the act and this regulation permit a creditor to extend special purpose credit to applicants who meet eligibility requirements under the following types of credit programs:

(1) Any credit assistance program expressly authorized by federal or state law for the benefit of an economically disadvantaged class of persons;

(2) Any credit assistance program offered by a not-for-profit organization, as defined under section 501(c) of the Internal Revenue Code of 1954, as amended, for the benefit of its members or for the benefit of an economically disadvantaged class of persons; or

(3) Any special purpose credit program offered by a for-profit organization or in which such an organization participates to meet special social needs, if:

(i) The program is established and administered pursuant to a written plan that identifies the class of persons that the program is designed to benefit and sets forth the procedures and standards for extending credit pursuant to the program; and

(ii) The program is established and administered to extend credit to a class of persons who, under the organization's customary standards of creditworthiness, probably would not receive such credit or would receive it on less favorable terms than are ordinarily available to other applicants applying to the organization for a similar type and amount of credit.

(b) *Rules in other sections.*

(1) *General applicability.* All of the provisions of this regulation apply to each of the special purpose credit programs described in paragraph (a) of this section unless modified by this section.

(2) *Common characteristics.* A program described in paragraph (a)(2) or (a)(3) of this section qualifies as a special purpose credit program only if it was established and is administered so as not to discriminate against an applicant on any prohibited basis; however, all program participants may be required to share one or more common characteristics (for example, race, national origin, or sex) so long as the program was not established and is not administered with the purpose of evading the requirements of the act or this regulation.

(c) *Special rule concerning requests and use of information.* If participants in a special purpose credit program described in paragraph (a) of this section are required to possess one or more common characteristics (for example, race, national origin, or sex) and if the program otherwise satisfies the requirements of paragraph (a), a creditor may request and consider information regarding the common characteristic(s) in determining the applicant's eligibility for the program.

(d) *Special rule in the case of financial need.* If financial need is one of the criteria under a special purpose program described in paragraph (a) of this section, the creditor may request and consider, in determining an applicant's eligibility for the program, information regarding the applicant's marital status; alimony, child support, and separate maintenance income; and the spouse's financial resources. In addition, a creditor may obtain the signature of an applicant's spouse or other person on an application or credit instrument relating to a special purpose program if the signature is required by federal or state law.

Section 202.9—Notifications

(a) *Notification of action taken, ECOA notice, and statement of specific reasons.*

(1) *When notification is required.* A creditor shall notify an applicant of action taken within:

(i) 30 days after receiving a completed application concerning the creditor's approval of, counteroffer to, or adverse action on the application;

(ii) 30 days after taking adverse action on an incomplete application, unless notice is provided in accordance with paragraph (c) of this section;

(iii) 30 days after taking adverse action on an existing account; or

(iv) 90 days after notifying the applicant of a counteroffer if the applicant does not expressly accept or use the credit offered.

(2) *Content of notification when adverse action is taken.* A notification given to an applicant when adverse action is taken shall be in writing and shall contain: a statement of the action taken; the name and address of the creditor; a statement of the provisions of section 701(a) of the act; the name and address of the federal agency that administers compliance with respect to the creditor; and either:

(i) A statement of specific reasons for the action taken; or

(ii) A disclosure of the applicant's right to a statement of specific reasons within 30 days, if the statement is requested within 60 days of the creditor's notification. The disclosure shall include the name, address, and telephone number of the person or office from which the statement of reasons can be obtained. If the creditor chooses to provide the reasons orally, the creditor shall also disclose the applicant's right to have them confirmed in writing within 30 days of receiving a written request for confirmation from the applicant.

(b) *Form of ECOA notice and statement of specific reasons.*

(1) *ECOA notice.* To satisfy the disclosure requirements of paragraph (a)(2) of this section regarding section 701(a) of the act, the creditor shall provide a notice that is substantially similar to the following:

The federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in Appendix A of this regulation).

(2) *Statement of specific reasons.* The statement of reasons for adverse action required by paragraph (a)(2)(i) of this section must be specific and indicate the principal reason(s) for the adverse action. Statements that the adverse action was based on the creditor's internal standards or policies or that the applicant failed to achieve the qualifying score on the creditor's credit scoring system are insufficient.

(c) *Incomplete applications.*

(1) *Notice alternatives.* Within 30 days after receiving an application that is incomplete regarding matters that an applicant can complete, the creditor shall notify the applicant either:

(i) Of action taken, in accordance with paragraph (a) of this section; or

(ii) Of the incompleteness, in accordance with paragraph (c)(2) of this section.

(2) *Notice of incompleteness.* If additional information is needed from an applicant, the creditor shall send a written notice to the applicant specifying the information needed, designating a reasonable period of time for the applicant to provide the information, and informing the applicant that failure to provide the information requested will result in no further consideration being given to the application. The creditor shall have no further obligation under this section if the applicant fails to respond within the designated time period. If the applicant supplies the requested information within the designated time period, the creditor shall take action on the application and notify the applicant in accordance with paragraph (a) of this section.

(3) *Oral request for information.* At its option, a creditor may inform the applicant orally of the need for additional information; but if the application remains incomplete the creditor shall send a notice in accordance with paragraph (c)(1) of this section.

(d) *Oral notifications by small-volume creditors.* The requirements of this section (including statements of specific reasons) are satisfied by oral notifications in the case of any creditor that did not receive more than 150 applications during the preceding calendar year.

(e) *Withdrawal of approved application.* When an applicant submits an application and the parties contemplate that the applicant will inquire about its status, if the creditor approves the application and the applicant has not inquired within 30 days after applying, the creditor may treat the application as withdrawn and need not comply with paragraph (a)(1) of this section.

(f) *Multiple applicants.* When an application involves more than one applicant, notification need only be given to one of them, but must be given to the primary applicant where one is readily apparent.

(g) *Applications submitted through a third party.* When an application is made on behalf of an applicant to more than one creditor and the applicant expressly accepts or uses credit offered by one of the creditors, notification of action taken by any of the other creditors is not required. If no credit is offered or if the applicant does not expressly accept or use any credit offered, each creditor taking adverse action must comply with this section, directly or through a third party. A notice given by a third party shall disclose the identity of each creditor on whose behalf the notice is given.

Section 202.10—Furnishing of Credit Information

(a) *Designation of accounts.* A creditor that furnishes credit information shall designate:

(1) Any new account to reflect the participation of both spouses if the applicant's spouse is permitted to use or is contractually liable on the account (other than as a guarantor, surety, endorser, or similar party); and

(2) Any existing account to reflect such participation, within 90 days after receiving a written request to do so from one of the spouses.

(b) *Routine reports to consumer reporting agency.* If a creditor furnishes credit information to a consumer reporting agency concerning an account designated to reflect the participation of both spouses, the creditor shall furnish the information in a manner that will enable the agency to provide access to the information in the name of each spouse.

(c) *Reporting in response to inquiry.* If a creditor furnishes credit information in response to an inquiry concerning an account designated to reflect the participation of both spouses, the creditor shall furnish the information in the name of the spouse about whom the information is requested.

Section 202.11—Relation to State Law

(a) *Inconsistent state laws.* Except as otherwise provided in this section, this regulation alters, affects, or preempts only those state laws that are inconsistent with the act and this regulation and then only to the extent of the inconsistency. A state law is not inconsistent if it is more protective of an applicant.

(b) *Preempted provisions of state law.*

(1) A state law is deemed to be inconsistent with the requirements of the act and this regulation and less protective of an applicant within the meaning of section 705(f) of the act to the extent that the law:

(i) Requires or permits a practice or act prohibited by the act or this regulation;

(ii) Prohibits the individual extension of consumer credit to both parties to a marriage if each spouse individually and voluntarily applies for such credit;

(iii) Prohibits inquiries or collection of data required to comply with the act or this regulation;

(iv) Prohibits asking or considering age in an empirically derived, demonstrably and statistically sound, credit scoring system to determine a pertinent element of creditworthiness, or to favor an elderly applicant; or

(v) Prohibits inquiries necessary to establish or administer a special purpose credit program as defined by section 202.8.

(2) A creditor, state, or other interested party may request the Board to determine whether a state law is inconsistent with the requirements of the act and this regulation.

(c) *Laws on finance charges, loan ceilings.* If married applicants voluntarily apply for and obtain individual accounts with the same creditor, the accounts shall not be aggregated or otherwise combined for purposes of determining permissible finance charges or loan ceilings under any federal or state law. Permissible loan ceiling laws shall be construed to permit each spouse to become individually liable up to the amount of the loan ceilings, less the amount for which the applicant is jointly liable.

(d) *State and federal laws not affected.* This section does not alter or annul any provision of state property laws, laws relating to the disposition of decedents' estates, or federal or state banking regulations directed only toward insuring the solvency of financial institutions.

(e) *Exemption for state-regulated transactions.*

(1) *Applications.* A state may apply to the Board for an exemption from the requirements of the act and this regulation for any class of credit transactions within the state. The Board will grant such an exemption if the Board determines that:

(i) The class of credit transactions is subject to state law requirements substantially similar to the act and this regulation or that applicants are afforded greater protection under state law; and

(ii) There is adequate provision for state enforcement.

(2) *Liability and enforcement.*

(i) No exemption will extend to the civil liability provisions of section 706 or the administrative enforcement provisions of section 704 of the act.

(ii) After an exemption has been granted, the requirements of the applicable state law (except for additional requirements not imposed by federal law) will constitute the requirements of the act and this regulation.

Section 202.12—Record Retention

(a) *Retention of prohibited information.* A creditor may retain in its files information that is prohibited by the act or this regulation in evaluating applications, without violating the act or this regulation, if the information was obtained:

(1) From any source prior to March 23, 1977;

(2) From consumer reporting agencies, an applicant, or others without the specific request of the creditor; or

(3) As required to monitor compliance with the act and this regulation or other federal or state statutes or regulations.

(b) *Preservation of records.*

(1) *Applications.* For 25 months after the date that a creditor notifies an applicant of action taken on an application or of incompleteness, the creditor shall retain in original form or a copy thereof:

(i) Any application that it receives, any information required to be obtained concerning characteristics of the applicant to monitor compliance with the act and this regulation or other similar law, and any other written or recorded information used in evaluating the application and not returned to the applicant at the applicant's request;

(ii) A copy of the following documents if furnished to the applicant in written form (or, if furnished orally, any notation or memorandum made by the creditor):

(A) The notification of action taken; and

(B) The statement of specific reasons for adverse action; and

(iii) Any written statement submitted by the applicant alleging a violation of the act or this regulation.

(2) *Existing accounts.* For 25 months after the date that a creditor notifies an applicant of adverse action regarding an existing account, the creditor shall retain as to that account, in original form or a copy thereof:

(i) Any written or recorded information concerning the adverse action; and

(ii) Any written statement submitted by the applicant alleging a violation of the act or this regulation.

(3) *Other applications.* For 25 months after the date that a creditor receives an application for which the creditor is not required to comply with the notification requirements of section 202.9, the creditor shall retain all written or recorded information in its possession concerning the applicant, including any notation of action taken.

(4) *Enforcement proceedings and investigations.* A creditor shall retain the information specified in this section beyond 25 months if it has actual notice that it is under investigation or is subject to an enforcement proceeding for an alleged violation of the act or this regulation by the Attorney General of the United States or by an enforcement agency charged with monitoring that creditor's compliance with the act and this regulation, or if it has been served with notice of an action filed pursuant to section 706 of the act and section 202.14 of this regulation. The creditor shall retain the information until final disposition of the matter, unless an earlier time is allowed by order of the agency or court.

Section 202.13—Information for Monitoring Purposes

(a) *Information to be requested.* A creditor that receives an application for credit primarily for the purchase or refinancing of a dwelling occupied or to be occupied by the applicant as a principal residence, where the extension of credit will be secured by the dwelling, shall request as part of the application the following information regarding the applicant(s):

(1) Race or national origin, using the categories American Indian or Alaskan Native; Asian or Pacific Islander; Black; White; Hispanic; Other (Specify);

(2) Sex;

(3) Marital status, using the categories married, unmarried, and separated; and

(4) Age.

"Dwelling" means a residential structure that contains one to four units, whether or not that structure is attached to real property. The term includes, but is not limited to, an individual condominium or cooperative unit, and a mobile or other manufactured home.

(b) *Obtaining of information.* Questions regarding race or national origin, sex, marital status, and age may be listed, at the creditor's option, on the application form or on a separate form that refers to the application. The applicant(s) shall be asked but not required to supply the requested information. If the applicant(s) chooses not to provide the information or any part of it, that fact shall be noted on the form. The creditor shall then also note on the form, to the extent possible, the race or national origin and sex of the applicant(s) on the basis of visual observation or surname.

(c) *Disclosure to applicant(s).* The creditor shall inform the applicant(s) that the information regarding race or national origin, sex, marital status, and age is being requested by the federal government for the purpose of monitoring compliance with federal statutes that prohibit creditors from discriminating against applicants on those bases. The creditor shall also inform the applicant(s) that if the applicant(s) chooses not to provide the information, the creditor is required to note the race or national origin and sex on the basis of visual observation or surname.

(d) *Substitute monitoring program.* A monitoring program required by an agency charged with administrative enforcement under section 704 of the act may be substituted for the requirements contained in paragraphs (a), (b), and (c).

Section 202.14—Enforcement, Penalties and Liabilities

(a) *Administrative enforcement.*

(1) As set forth more fully in section 704 of the act, administrative enforcement of the act and this regulation regarding certain creditors is assigned to the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Board of Directors of the Federal Deposit Insurance Corporation, Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation), National Credit Union Administration, Interstate Commerce Commission, Secretary of Agriculture, Farm Credit Administration, Securities and Exchange Commission, Small Business Administration, and Secretary of Transportation.

(2) Except to the extent that administrative enforcement is specifically assigned to other authorities, compliance with the requirements imposed under the act and this regulation is enforced by the Federal Trade Commission.

(b) *Penalties and liabilities.*

(1) Sections 706(a) and (b) and 702(g) of the act provide that any creditor that fails to comply with a requirement imposed by the act or this regulation is subject to civil liability for actual and punitive damages in individual or class actions. Pursuant tc sections 704(b), (c), and (d) and 702(g) of the act, violations of the act or regulation also constitute violations of other federal laws. Liability for punitive damages is restricted to nongovernmental entities and is limited to $10,000 in individual actions and the lesser of $500,000 or 1 percent of the creditor's net worth in class actions. Section 706(c) provides for equitable and declaratory relief and section 706(d) authorizes the awarding of costs and

reasonable attorney's fees to an aggrieved applicant in a successful action.

(2) As provided in section 706(f), a civil action under the act or this regulation may be brought in the appropriate United States district court without regard to the amount in controversy or in any other court of competent jurisdiction within two years after the date of the occurrence of the violation, or within one year after the commencement of an administrative enforcement proceeding or of a civil action brought by the Attorney General of the United States within two years after the alleged violation.

(3) Sections 706(g) and (h) provide that, if an agency responsible for administrative enforcement is unable to obtain compliance with the act or this regulation, it may refer the matter to the Attorney General of the United States. On referral, or whenever the Attorney General has reason to believe that one or more creditors are engaged in a pattern or practice in violation of the act or this regulation, the Attorney General may bring a civil action.

(c) *Failure of compliance.* A creditor's failure to comply with sections 202.6(b)(6), 202.9, 202.10, 202.12 or 202.13 is not a violation if it results from an inadvertent error. On discovering an error under sections 202.9 and 202.10, the creditor shall correct it as soon as possible. If a creditor inadvertently obtains the monitoring information regarding the race or national origin and sex of the applicant in a dwelling-related transaction not covered by section 202.13, the creditor may act on and retain the application without violating the regulation.

NOTE: Appendices A, B, C, and D and Supplement I were part of the original document but are not reprinted here.

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

Bank of New England Corporation
Boston, Massachusetts

BNE Holding Company
Boston, Massachusetts

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

Bank of New England Corporation, Boston, Massachusetts, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended ("Act"), has applied for the Board's approval under section 3 of the Act (12 U.S.C. §1842) indirectly to acquire all of the voting shares of Maine National Corporation, Portland, Maine ("Maine National"), and thereby to acquire its subsidiary bank, Maine National Bank, Portland, Maine.[1]

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

Applicant, with nine banking subsidiaries located in Massachusetts and Connecticut, is the second largest banking organization in New England with consolidated assets of $14.2 billion and total domestic deposits of $9.1 billion.[2] Applicant is the second largest commercial banking organization in Massachusetts, controlling 13.6 percent of the total deposits in commercial banks in Massachusetts, and the largest commercial banking organization in Connecticut, controlling 26.5 percent of the total deposits in commercial banks in Connecticut. Upon acquisition of Maine National, with consolidated assets of $664.4 million and total deposits of $567.0 million, Applicant would control the fourth largest commercial banking organization in Maine and 14.0 percent of the total deposits in commercial banks in the state. In addition, Applicant would remain the second largest commercial banking organization in New England.

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 control of any bank located outside of the bank holding company's home state,[3] 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." The statute laws of Maine permit an out-of-state bank holding company to acquire a bank in Maine without prior

1. Applicant would effectuate its acquisition of Maine National by merging Maine National into a wholly owned subsidiary of Applicant, BNE Holding Company, Boston, Massachusetts ("BNE"). Accordingly, BNE Holding Company has concurrently applied for the Board's approval under section 3(a)(1) of the Act to become a bank holding company upon consummation of this proposal. The Board's approval of Applicant's acquisition of Maine National will also constitute approval of BNE Holding Company's application to become a bank holding company.

2. Banking data are as of June 30, 1985.

3. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. Applicant's home state is Massachusetts.

consideration of the nature of the banking laws of the acquiring company's state.[4] Applicant, an out-of-state bank holding company within the meaning of the Maine statute, is eligible to acquire a bank holding company in Maine. Based on the foregoing, the Board has determined that the proposed acquisition is expressly authorized by the statute laws of Maine and is not barred by the Douglas Amendment.[5]

The Board has considered the effects of the proposal upon competition in the relevant banking markets in which Applicant and Maine National compete. Since Applicant's banking subsidiaries do not operate in Maine, and Maine National's banking subsidiary does not operate in Massachusetts or Connecticut, the proposed transaction would not eliminate any significant existing competition in any relevant market.

The Board has also examined the effect of the proposal on probable future competition in the relevant geographic markets and has examined the proposal in light of the Board's probable future competition guidelines. After consideration of these factors in light of the specific facts of this case, the Board has concluded that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market. In this regard, the Board notes that there are numerous other potential entrants into each of the markets served by Applicant and Maine National.

In its evaluation of Applicant's managerial resources, the Board has considered certain violations by Applicant of the Currency and Foreign Transactions Reporting Act ("CFTRA") and the regulations thereunder,[6] and the indictment of one of Applicant's subsidiary banks in connection with such violations. In this regard, the Board notes that Applicant brought these matters to the attention of the appropriate supervisory authorities after the violations were discovered through an internal audit and has cooperated fully with law enforcement agencies. Applicant and its subsidiaries have also undertaken a comprehensive remedial program to correct these violations and to prevent violations from occurring in the future. Applicant has advised the Board that it has filed corrective currency transaction reports ("CTRs"); appointed a senior officer responsible for ensuring compliance with CFTRA reporting requirements, including reporting for transactions aggregating over $10,000 on a daily basis; established a Currency Control Unit to centralize the control of record keeping and filing CTRs; established a computer program to monitor daily cash movement throughout Applicant's organization; designated a currency transaction specialist to monitor all aspects of CFTRA reporting; designated a specially trained teller at each branch to handle large currency transactions; instituted intensive internal training for bank personnel regarding compliance with the CFTRA, including the requirement that multiple transactions from the same customer be aggregated and reported; improved internal audit functions and strengthened record keeping; and imposed a policy that all employees and their immediate families are prohibited from accepting gifts from any bank customer. The Board has also consulted with appropriate enforcement agencies with respect to this matter, and has considered Applicant's past record of compliance with the law.

For the foregoing reasons and based upon a review of all of the facts of record, the Board concludes that the managerial resources of Applicant and Maine National are consistent with approval. The Board also finds that the financial resources and future prospects of Applicant and Maine National are consistent with approval of the applications. Considerations relating to convenience and needs of the communities to be served also are consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the applications should be and hereby are approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended by the Board or by the Federal Reserve Bank of Boston, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 18, 1985.

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

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

Brownsville Bancshares Corporation
Brownsville, Tennessee

Order Approving Merger with a Bank Holding Company and Acquisition of a Bank

Brownsville Bancshares Corporation, Brownsville, Tennessee, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has

4. Me. Rev. Stat. Ann. tit. 9-B, § 1013 sub. 2 (As amended, February 7, 1984).

5. The Maine interstate banking statute requires the approval of the Maine Superintendent of Banking before an out-of-state bank holding company may acquire a Maine bank. On September 18, 1985, the Maine Superintendent of Banking approved Applicant's acquisition of Maine National.

6. 31 U.S.C. § 5311, *et seq.*; 31 C.F.R. § 103.

applied under section 3(a)(5) of the Act, 12 U.S.C. § 1842(a)(5), to merge with Farmers Union Bancshares, Inc. ("Farmers"), Ripley, Tennessee, a bank holding company by virtue of its control of Farmers Union Bank ("Farmers Bank"), Ripley, Tennessee. Applicant also has applied under section 3(a)(3) of the Act, 12 U.S.C. § 1842(a)(3), to acquire at least 80 percent of Union Savings Bank ("Union Bank"), Covington, Tennessee.

Notice of the applications, 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 applications and all comments received in light of the factors set forth in section 3(c) of the Act, 12 U.S.C. § 1842(c).

Applicant controls one subsidiary bank, Brownsville Bank, Brownsville, Tennessee. Brownsville Bank, Farmers Bank and Union Bank are the 82nd, 125th and 161st largest, respectively, of 394 commercial banks in Tennessee,[1] and control total deposits of $64.5, $41.4, and $28.5 million, respectively. The deposits controlled by each of these institutions represent less than one percent of the total deposits in commercial banks in the state. Upon consummation of the proposals, Applicant would become the 21st largest commercial banking organization in Tennessee. It would control total deposits of $134.4 million, and would continue to hold less than one percent of the deposits in commercial banks in Tennessee. Accordingly, consummation of these proposals would not have any significant adverse effects on the concentration of banking resources in Tennessee.

Brownsville Bank, Farmers Bank and Union Bank do not compete in the same banking markets. Brownsville Bank operates in the Haywood County banking market;[2] Farmers Bank operates in the Lauderdale County banking market;[3] and Union Bank operates in the Covington banking market.[4] Although approval of these proposals would not eliminate any existing competition in the Haywood County or Lauderdale County banking market, one of Applicant's principals also owns 66.1 percent of Brighton Bancshares Corporation ("Brighton"), Brighton, Tennessee, a bank holding company with a subsidiary bank, Brighton Bank, that operates in the Covington banking market and competes directly with Union Bank.

Brighton Bank is the fourth largest of five commercial banking organizations in the Covington banking market with total deposits of $9.8 million, which represents 7.5 percent of the total deposits in commercial banks in the market. Union Bank is the third largest commercial banking organization in the Covington banking market, and controls 21.7 percent of the deposits in commercial banks in the market. Upon consummation of these proposals, the banks controlled by Applicant's principal would become the second largest banking organization in the Covington banking market with total deposits of $38.3 million, which represents 29.2 percent of the total deposits in commercial banks in the market. The Covington banking market is highly concentrated. The percentage of deposits held by the three largest commercial banking organizations in the market would increase from 90.0 to 97.5 upon consummation of these proposals. The Herfindahl–Hirschman Index ("HHI") is 2968 and would increase by 324 points to 3292.[5]

One savings and loan association operates in the Covington banking market and controls deposits of $29.6 million. This thrift institution offers time and savings accounts and NOW accounts and makes consumer loans. It does not, however, employ a commercial lending officer, and has not made any short-term business loans or many commercial real estate loans. If 50 percent of the deposits controlled by this thrift institution were considered, the market HHI would be 2499 and would increase by 263 points to 2762 upon consummation of these proposals. The percentage of deposits held by the three largest firms in the market would increase from 80.9 to 87.6.

Applicant's principal and the members of his family have entered into an agreement to sell their interests in Brighton. Applicant has committed that the present proposals will not be consummated until a change in control involving Brighton has been completed. Based upon the facts of record, including this commitment, the Board concludes that consummation of these proposals would have no significant adverse effects upon existing competition in the Covington market or any other relevant market.

The Board has considered the effects of these proposals on probable future competition in the Covington, Haywood County and Lauderdale County banking markets in light of its proposed guidelines for assessing the competitive effects of market extension

1. Unless otherwise indicated, all deposit and market data are as of December 30, 1984.

2. The Haywood County banking market consists of Haywood County, Tennessee.

3. The Lauderdale County banking market consists of Lauderdale County, Tennessee.

4. The Covington banking market is approximated by that portion of Tipton County, Tennessee, not included in the Memphis banking market.

5. Under the revised Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), a market in which the post-merger HHI is above 1800 is considered highly concentrated. Where the merger increases the HHI by more than 100 points and the post-merger HHI substantially exceeds 1800, only in extraordinary cases will mitigating factors establish that the merger is not likely substantially to lessen competition.

mergers and acquisitions.[6] In evaluating the effects of a proposed merger upon probable future competition, the Board considers market concentration, the number of probable future entrants into the market, the size of the bank to be acquired and the attractiveness of the market for entry on a *de novo* or foothold basis absent approval of the acquisition.

The Board has considered these factors in the context of the specific facts of this case. Based on the size of each of these markets and the number of potential entrants into each of the markets, the proposed transactions do not require extensive analysis under the Board's proposed guidelines. The Board concludes that consummation of these proposals would not have any significant adverse effects on probable future competition in any relevant market.

The Board also has analyzed the financial and managerial resources and future prospects of Applicant, Farmers, their respective subsidiary banks, and Union Bank. The Board has indicated and continues to believe that capital adequacy is an especially important factor in the analysis of bank holding company proposals, particularly in transactions where a significant acquisition is involved.[7] Upon consummation of these proposals, Applicant's consolidated total and tangible primary capital ratios would be below the minimum levels under the Board's capital adequacy guidelines.[8]

In its assessment of Applicant's capital adequacy, the Board has considered several factors that indicate an acceptable capital position for Applicant, including both the fact that Brownsville Bank owns certain marketable common stock and carries that stock on its books at substantially below current market value and the fact that two of the banks in the proposed transactions are carried below book value. Consideration of these factors indicates that the capital position of the organization is stronger than that suggested by the ratios. In addition, the Board has approved applications where, as here, the Board is able to determine through projected earnings that an applicant would achieve an acceptable tangible primary capital ratio within a short period of time.[9]

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

7. *See, Citizens Financial Corporation*, 71 FEDERAL RESERVE BULLETIN 584 (1985).

8. Under the Board's Capital Adequacy Guidelines, the minimum ratio of primary capital to total assets is 5.5 percent and the minimum ratio of total capital to total assets is 6 percent. Capital Adequacy Guidelines, 50 *Federal Register* 16,057 (1985).

9. *Security Richland Bancorporation*, 70 FEDERAL RESERVE BULLETIN 655 (1984).

Applicant will incur additional debt as a result of these proposals. It appears from the facts of record that Applicant is capable of improving its capital ratios, servicing its debt and serving as a source of strength to its subsidiaries.

Based upon all of the facts of record, the Board has determined that banking factors are consistent with approval of these applications. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

Based upon the foregoing and other facts of record, the Board has determined that these proposals are in the public interest and that the applications should be approved. Accordingly, the applications are approved for the reasons summarized above. The transactions shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of St. Louis, pursuant to delegated authority.

By order of the Board of Governors, effective November 12, 1985.

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

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

Croesus Partners I, Inc.
Chicago, Illinois

Order Denying Formation of a Bank Holding Company

Croesus Partners I, Inc., Chicago, Illinois, 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)) ("Act") to become a bank holding company by acquiring all of the voting shares of LaGrange Bank and Trust Company, LaGrange, Illinois ("LaGrange Bank"), and 98 percent of the voting shares of First Burlington Bank of Willowbrook, Willowbrook, Illinois ("Burlington Bank") (collectively, "Banks").

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, a non-operating corporation with no subsidiaries, was organized under the laws of Delaware for the purpose of becoming a bank holding company by acquiring LaGrange Bank and Burlington Bank, which hold aggregate deposits of $172.3 million and $30.6 million, respectively.[1] Upon acquisition of Banks, Applicant would control the 54th largest commercial banking organization in Illinois and approximately 0.2 percent of the total deposits in commercial banks in the state. Consummation of this proposal would not have a significant effect on the concentration of banking resources in Illinois.

Both LaGrange Bank and Burlington Bank compete in the Chicago banking market.[2] LaGrange Bank is the 54th largest and Burlington Bank is the 280th largest of 389 commercial banking organizations in the market. Upon consummation of this proposal, Applicant would control 0.3 percent of the total deposits in commercial banks in the relevant market. Consummation of this transaction would not result in any adverse effects upon competition or increase the concentration of banking resources in any relevant market.

The Board has indicated on previous occasions that a bank holding company should serve as a source of financial strength to its subsidiary banks, and that the Board would closely examine the condition of an applicant in each case with this consideration in mind. The Board has repeatedly expressed its view that it is essential for bank holding companies to have sufficient primary capital to carry out their responsibilities and has stated that significant decreases in an institution's capital position would be grounds for denial of a proposal.[3] In the International Lending Supervision Act of 1983, Congress recognized the importance of capital adequacy to the banking system and authorized the federal banking agencies to establish minimum levels of capital for banking institutions and to take other measures to ensure that banking organizations achieve and maintain adequate capital.[4]

In order to effect the proposal, Applicant proposes to incur a substantial amount of debt, resulting in a debt to equity ratio level significantly above that which is normally acceptable for bank holding company formations of this size. LaGrange Bank and Burlington Bank are each now well capitalized, as is their current parent bank holding company, First Burlington Corporation, with primary capital ratios of at least 6.4 percent. Upon consummation of this proposal, however, the stated primary capital ratio of the resulting organization would decline substantially from that of First Burlington to 5.6 percent, and its total capital to total assets ratio would be 6.5 percent, levels considered marginal under the Board's Capital Adequacy Guidelines.[5] Applicant's capital ratio on a tangible basis would be 5.4 percent, which is below the minimum level specified in the Capital Adequacy Guidelines for primary capital. The Board views the highly leveraged and marginally capitalized position of Applicant, particularly in light of the sharp decline in capital position of the consolidated organization, as significant factors that reflect adversely on this proposal.

The Board's concern about Applicant's marginal capital structure and high debt level, and the resulting diminution in its ability to serve as a source of strength to its subsidiary banks, is exacerbated by considerations relating to the nature and makeup of Applicant's capital structure. In order to finance its formation, Applicant proposes to sell $6.0 million of its voting common stock and $5.8 million of its nonvoting preferred stock.[6] The preferred stock would represent 49 percent of Applicant's total equity. As noted, Applicant would also incur debt of $7.8 million.

The Board is of the view that a banking organization's primary capital should be comprised predominantly of common equity, rather than preferred stock or other forms of capital, and the minimum levels of capital specified in the Board's Capital Adequacy Guidelines are predicated on the assumption that the predominant portion of an institution's primary capital will be made up of common equity.

The equity of banking organizations historically has been predominantly in the form of common equity. While the Board recognizes that preferred stock provides banking organizations with the flexibility of an additional capital instrument to attain minimum and adequate levels of primary capital, the Board believes that the amount of preferred stock as a percentage of total primary capital must be kept within reasonable limits. The Board has recently requested public comment on a proposal to limit the amount of mandatory convertible instruments, perpetual preferred stock, and perpetual debt that could qualify as primary capital for bank holding companies and state member banks to 25 percent of total primary capital. 50 *Federal Register* 47,754 (1985).

In the Board's view, reliance on preferred stock to meet the minimum primary capital guidelines to the extent presented in this proposal diminishes a banking

1. Unless otherwise indicated, banking data are as of December 31, 1984.
2. The Chicago banking market is approximated by Cook, Lake and DuPage Counties, all in Illinois.
3. *Security Banks of Montana*, 71 FEDERAL RESERVE BULLETIN 246 (1985).
4. 12 U.S.C. § 3907(a) (West Supp. 1984).
5. *Capital Adequacy Guidelines*, 50 *Federal Register* 16,057 (1985), 71 FEDERAL RESERVE BULLETIN 445 (1985).
6. Applicant's preferred stock would be purchased by three bank holding companies, American National Corporation ("ANC"), Harris Bancorp, and Unibancorp, all of which are headquartered in Chicago, Illinois. ANC, Harris, and Unibancorp would own nonvoting, nonconvertible preferred stock equal, respectively, to 17.9 percent, 17.9 percent, and 13.2 percent of Applicant's total equity.

organization's financial flexibility and its ability to serve as a source of financial strength to deal with unanticipated financial problems. Undue reliance on preferred stock in the makeup of an institution's capital base also impairs its ability to retain earnings to provide for future growth. In this case in particular, Applicant's high level of preferred stock and high debt would limit, if not eliminate, Applicant's ability to issue new capital as may be needed to provide for an unanticipated deterioration in its capital base or future growth.

While common shareholders benefit from the capital appreciation of a company, as well as from dividends, preferred shareholders derive benefits solely from a company's dividend stream. Because of this and considerations relating to its reputation and financial integrity, it is more difficult for a banking organization to pass preferred stock dividends than common stock dividends. The Board notes that if cash dividends on the preferred stock are passed, Applicant must issue additional preferred stock in lieu of the cash dividend. This, in effect, further diminishes Applicant's financial flexibility by increasing the demands on its future income stream.

In sum, it is the Board's judgment that Applicant's excessive reliance on preferred stock to meet minimum capital requirements, coupled with its marginal capital position and high leverage, indicate that Applicant would not be capable of maintaining an adequate level of capital as required by sound banking practice and the International Lending Supervision Act and would not have sufficient financial flexibility to serve as a source of financial strength to its subsidiary banks in the future. Accordingly, based on the record in this case, the Board concludes that considerations relating to Applicant's financial resources and future prospects warrant denial of this application. Since Applicant proposes no changes in Banks' services, convenience and needs factors lend no weight toward approval of the application.

On the basis of all the facts of record, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be denied. Accordingly, the application is denied for the reasons summarized above.

By order of the Board of Governors, effective November 27, 1985.

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

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

Dissenting Statement of Governor Seger

I agree that it is essential for a bank holding company to have sufficient primary capital to serve as a source of financial strength to its subsidiary banks. However, I do not share the majority's concern about the extent to which this Applicant relies on preferred stock to meet its capital requirements. These are changing times in the banking industry, and it is my view that the Board should permit bank holding companies a greater degree of flexibility in issuing capital instruments, including preferred stock, to meet their capital adequacy requirements.

It is clear that the preferred stock in this case meets the definition of primary capital as well as equity capital. Moreover, in this case, I believe that the preferred stock serves essentially the same functions as the common stock. In the event of default both the preferred and common equity represent ownership interests and function as a cushion to absorb losses and protect the liability holders. Further, in the event that cash dividends are not paid preferred stock dividends would be paid instead of cumulating cash dividends. Accordingly, I do not share the majority's concern with respect to the relationship between the amount of preferred and common stock. Therefore, in my view, Applicant's proposed capital structure is sound, and since its primary capital clearly meets the minimum level specified in the Board's Capital Adequacy Guidelines, I would approve the application.

November 27, 1985

Fifth Third Bancorp
Cincinnati, Ohio

American Bancorp, Inc.
Newport, Kentucky

Order Approving Merger of Bank Holding Companies

Fifth Third Bancorp, Cincinnati, Ohio, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to acquire American Bancorp, Inc. ("American"), Newport, Kentucky, through a merger of American with and into Applicant. As a result of this acquisition, Applicant would acquire indirectly American's subsidiary bank, American National Bank ("Bank"), also of Newport, Kentucky.

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

Applicant is the eighth largest commercial banking organization in Ohio. Its eight subsidiary banks control deposits of approximately $1.7 billion, representing 3.1 percent of the total deposits in commercial banks in Ohio.[1] Applicant also controls directly two nonbank subsidiaries engaged in personal property leasing and the underwriting of credit life and credit accident and health insurance directly related to extensions of credit by the bank holding company system. American is the forty-eighth largest commercial banking organization in Kentucky. Its sole subsidiary, Bank, controls deposits of approximately $87.4 million, representing less than 1 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 control of any bank located outside of the holding company's home state,[2] 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."

Effective July 13, 1984, the statute laws of the Commonwealth of Kentucky authorized any bank holding company having its principal place of business in a state which is contiguous to Kentucky to acquire control of a Kentucky bank or bank holding company, if the state where that bank holding company is located authorizes the acquisition of a bank or bank holding company in that state by a Kentucky bank holding company under conditions "substantially no more restrictive" than those imposed by the Kentucky statute.[3]

Effective October 17, 1985, the statute laws of Ohio authorized a bank or bank holding company with its principal place of business in another state to charter or otherwise acquire an Ohio bank or bank holding company, only if the Ohio Superintendent of Banks determines that the laws of such other state permit an Ohio bank or bank holding company to acquire a bank or bank holding company in that state "on terms that are, on the whole, substantially no more restrictive" than those established under Ohio law.[4] Until October 1988, interstate acquisitions are authorized only from a limited number of states, including Kentucky. The Ohio Superintendent of Banks and the Kentucky Commissioner of Financial Institutions, in a joint "Determination of Reciprocity," have concluded that the interstate banking statutes of Ohio and Kentucky are reciprocal and authorize banking acquisitions between the two states.

Upon independent review, the Board concludes that the two statutes are reciprocal and that Kentucky has by statute expressly authorized an Ohio bank holding company, such as Applicant, to acquire a Kentucky bank or bank holding company, such as American. Accordingly, the Board concludes that approval of Applicant's proposal to acquire indirectly a bank in Kentucky is not barred by the Douglas Amendment.

Fifth Third Bank, Applicant's principal bank subsidiary, and Bank compete directly in the Cincinnati, Ohio banking market.[5] Fifth Third Bank is the third largest banking organization in the Cincinnati market, controlling 17.1 percent of total deposits in commercial banks in the market. Bank, with deposits of $87.4 million, is the fourteenth largest banking organization in the Cincinnati market, controlling 1.3 percent of the deposits in commercial banks in the market. Upon acquisition of Bank, Applicant would remain the third largest banking organization in the Cincinnati market, and would control 18.4 percent of the deposits in commercial banks in the market. The Cincinnati banking market is moderately concentrated with a Herfindahl–Hirschman Index ("HHI") of 1272, which would increase by only 43 points to 1315 upon consummation of the transaction.[6]

Although the proposed acquisition would eliminate some existing competition between Applicant and Bank, the Board notes that the Cincinnati market would not become highly concentrated as a result of this transaction. Moreover, over 40 other commercial banking organizations would remain in the market as alternative providers of banking services. In view of these facts, the Board has determined that consummation of the proposed transaction is not likely to have a

1. Statewide deposit data are as of March 31, 1985.

2. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or on the date on which the company became a bank holding company, whichever is later.

3. Ky. Rev. Stat. Ann. § 287.900 (Bobbs-Merrill Supp. 1984).

4. Ohio Sub. H. Bill No. 102 (July 18, 1985) *to be codified at* Ohio Rev. Code Ann. §§ 1101.05, 1101.051 (Page 19).

5. The Cincinnati banking market is approximated by all of Hamilton (Cincinnati) and Clermont Counties, and portions of Warren and Butler Counties, in Ohio; Boone, Campbell, Kenton, Grant and Pendleton Counties in Kentucky; and Dearborn County, Indiana. Market data are as of June 30, 1984.

6. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (1984)), a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated, and the Department is likely to challenge a merger that increases the HHI by more than 100 points, unless other facts of record indicated that the merger is not likely substantially to lessen competition.

The Department has not indicated any objection to this proposal.

significant adverse effect on existing competition in the Cincinnati banking market.

The Board has also examined the effect of the proposal on probable future competition in the relevant geographic markets and has examined the proposal in light of the Board's probable future competition guidelines.[7] After consideration of these factors in light of the specific facts of this case, the Board has concluded that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market. In this regard, the Board notes that there are numerous other potential out-of-state entrants into the Ohio markets served by Applicant.

The financial and managerial resources and future prospects of Applicant, American, and their subsidiaries are considered satisfactory. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that consummation of the proposed acquisition would be in the public interest and that the application should be approved. Accordingly, the application is approved for the reasons summarized above. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Cleveland, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 25, 1985.

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

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

First Vermont Financial Corporation Brattleboro, Vermont

Order Approving Merger of Bank Holding Companies

First Vermont Financial Corporation, Brattleboro, Vermont, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to merge with BANKNORTH GROUP, INC., St. Albans, Vermont ("BANKNORTH"), and thereby indirectly to acquire BANKNORTH's subsidiary bank, Franklin-Lamoille Bank, St. Albans, Vermont ("Bank").

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

Applicant is the fifth largest banking organization in Vermont with one subsidiary bank that controls total deposits of $379.6 million, representing 10.1 percent of the total deposits in commercial banks in the state.[1] BANKNORTH is the eighth largest banking organization in Vermont, with one banking subsidiary that controls total deposits of $159.7 million, representing 4.2 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed acquisition, Applicant's share of the total deposits in commercial banks in the state would increase to 14.3 percent, and Applicant would become the second largest of 22 commercial banking organizations in Vermont.

The Board has carefully considered the effects of this proposal on statewide banking structure and upon competition in the relevant markets. The proposal involves a combination of sizeable commercial banking organizations that are among the leading banking organizations in the state. However, Vermont is viewed as only moderately concentrated in terms of banking resources, with the four largest banking organizations controlling 52.3 percent of total statewide deposits in commercial banks. Upon consummation, the state would remain moderately concentrated, with a four-firm concentration ratio of 56.1 percent. In addition, a number of other large bank holding companies, which are active competitors throughout the state, would remain upon consummation of this proposal. On the basis of these considerations, the Board concludes that the proposed merger would have no substantial adverse effects on the concentration of banking resources in Vermont.

Applicant and BANKNORTH do not operate subsidiary banks in the same banking markets. Therefore, consummation of the proposal would not eliminate existing competition in any relevant geographic market.

7. *See* the "Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act." 47 *Federal Register* 9017 (March 3, 1982). Although the proposed Policy Statement has not been approved by the Board, the Board has applied the criteria therein in its analysis of the effects of a proposal on probable future competition.

1. Banking data are as of June 30, 1985.

The Board has considered the effect of the proposed merger on probable future competition and has examined the proposal in light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions.[2] The Board concludes that consummation of this proposal would not have any significant adverse effect on probable future competition in any relevant market. BANKNORTH currently operates in the Burlington, St. Albans, and Stowe-Morristown banking markets.[3] There are numerous potential entrants into the St. Albans and Stowe-Morristown banking markets, and BANKNORTH is not considered a market leader in the Burlington banking market.

The financial and managerial resources and future prospects of Applicant, BANKNORTH, and their subsidiaries are considered satisfactory and consistent with approval. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval. Accordingly, it is the Board's judgment that the proposed transaction would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective November 29, 1985.

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

JAMES MCAFEE
Associate Secretary of the Board

[SEAL]

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

3. The Burlington banking market is approximated by the Burlington Ranally Metro Area, and the towns of Belvidere, Bolton, Buel's Gore, Cambridge, Fletcher, Grand Isle, Huntington, Isle La Motte, Monkton, Starksboro, Underhill, Waterville and Westford, all in Vermont. The St. Albans banking market is approximated by Franklin County, Vermont, except the towns of Averys Gore, Berkshire, Fletcher, Montgomery and Richford. The Stowe-Morristown banking market is approximated by Lamoille County, Vermont, except the towns of Belvidere, Cambridge and Waterville.

First Wisconsin Corporation
Milwaukee, Wisconsin

F.W.S.F. Corporation
Milwaukee, Wisconsin

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

First Wisconsin Corporation ("Applicant"), Milwaukee, Wisconsin, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Security Financial Services, Inc. ("Company"), Sheboygan, Wisconsin, and thereby indirectly acquire its six subsidiary banks: Security First National Bank of Sheboygan, Sheboygan, Wisconsin; South West State Bank, Sheboygan, Wisconsin; Farmers-Merchants National Bank of Princeton, Princeton, Wisconsin; Eldorado State Bank, Eldorado, Wisconsin; Security Bank, Menasha, Wisconsin; and Manitowoc County Bank, Manitowoc, Wisconsin. This transaction would be effected by merging Company with and into F.W.S.F. Corporation, Milwaukee, Wisconsin, a wholly owned subsidiary of Applicant.[1]

Notice of the applications, 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 applications and all comments received in light of the factors set forth in section 3(c) of the Act.

Applicant is the largest banking organization in Wisconsin, with 19 bank subsidiaries, controlling deposits of $4.16 billion, representing 14.2 percent of the total deposits in commercial banks in the state.[2] Company is the ninth largest commercial banking organization in the state, with six bank subsidiaries controlling deposits of $402.7 million, representing 1.4 percent of the total deposits in commercial banks in the state. Upon consummation of this proposal, Applicant would control deposits of $4.56 billion, representing 15.6 percent of the total deposits in commercial banks in the state. Consummation of these transactions would not have a significant adverse effect on the concentration of banking resources in the state.

1. F.W.S.F. has applied for the Board's approval pursuant to section 3(a)(1) of the Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company by merging with Company.

2. All banking data are as of December 31, 1984.

Applicant and Company compete in two banking markets, Fond du Lac and Manitowoc-Two Rivers.[3] Applicant is the second largest commercial banking organization in the Fond du Lac banking market, with two banking subsidiaries operating in the market, controlling deposits of $144 million, representing 25.8 percent of the deposits in commercial banking organizations in the market. Company is the eleventh largest commercial banking organization in the market, with one bank subsidiary, controlling $10 million in deposits, representing 1.8 percent of the total deposits in commercial banks in the market. Upon consummation of the proposed transactions, Applicant would remain the second largest banking organization in the Fond du Lac market and would control 27.6 percent of the deposits in commercial banks in the market.

The share of deposits held by the four largest banking organizations in the Fond du Lac banking market is 72.8 percent, and the market's Herfindahl-Hirschman Index ("HHI") is 1894. Upon consummation of these transactions, the four-firm concentration ratio would increase to 74.6 percent and the HHI would increase 93 points to 1987.[4] While the proposed acquisition would eliminate existing competition in the Fond du Lac market, several factors mitigate the competitive effects of the proposal. The Board notes that eleven banking organizations would remain in the market upon consummation of the proposal, including four of the larger commercial banking organizations in the state. The Board has also considered Company's small absolute and relative size as a mitigating factor. Based on these and other facts of record, the Board concludes that consummation of this proposal is not likely to have a significant adverse effect on existing competition in the Fond du Lac banking market.

In the Manitowoc-Two Rivers banking market, Applicant is currently the fifth largest commercial banking organization with one bank subsidiary controlling deposits of $54.3 million, representing 10.4 percent of the total deposits in commercial banks in the market. Company is the second largest commercial banking organization in the market with one bank subsidiary controlling deposits of $95.8 million, representing 18.3 percent of the total deposits in commercial banks in the market. Consummation of this proposal would result in Applicant becoming the largest banking organization in the market with 28.7 percent of the total deposits in commercial banks in the market. The HHI would increase by 381 points to 2065 as a result of this acquisition, making this transaction one that would be subject to challenge under the Department of Justice Merger Guidelines.[5]

Although consummation of the proposal would eliminate existing competition between Applicant and Company in the Manitowoc-Two Rivers banking market, nine other commercial banking organizations would remain as competitors after consummation of the proposal. In addition, the Board has concluded that the effect of this proposal on existing competition in the Manitowoc-Two Rivers market is mitigated by the extent of competition offered by thrift institutions in the market.[6] Three thrift institutions control deposits of $133.2 million representing 20.3 percent of deposits in the market.[7] These institutions compete with the commercial banks in the market for transaction accounts, consumer loans and commercial loans. In view of these facts, the Board considers the presence of thrift institutions a significant factor in assessing the competitive effects of this proposal.[8] Accordingly, in view of the competition provided by thrift institutions and the number of competitors remaining in the market, the Board concludes that consummation of the proposed acquisition is not likely to have a significant adverse effect on competition in the Manitowoc-Two Rivers banking market. Accordingly, competitive considerations are consistent with approval.

The financial and managerial resources of Applicant, Company and their respective subsidiary banks are generally satisfactory and consistent with approval. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.

---

3. The Fond du Lac banking market is approximated by Fond du Lac County, Wisconsin, except for Ashford, Auburn, and Calumet townships. The Manitowoc-Two Rivers banking market is approximated by Manitowoc County, Wisconsin, except for Eaton and Schleswig townships.

4. 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 above 1800 is considered highly concentrated. In such markets, the Department is likely to challenge any merger that produces an increase in the HHI of more than 50 points unless other factors indicate that the merger will not substantially lessen competition. 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 effect) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

The Department has not advised the Board of any objection to this transaction.

5. *Id.*

6. The Board has previously determined that thrift institutions have become, or at least have the potential to become, major competitors of banks. *NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *Sun Banks, Inc.*, 69 FEDERAL RESERVE BULLETIN 934 (1983); *Merchants Bancorp, Inc.*, 69 FEDERAL RESERVE BULLETIN 865 (1983); *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

7. As of December 31, 1984.

8. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, Applicant would control 9.2 percent of the total deposits in the market and Company would control 16.2 percent. Consummation of the proposal would increase the HHI by 298 points, to 1659, and the four-firm concentration ratio would be 75.3 percent.

Based on the foregoing and other facts of record, the Board has determined that the proposed acquisition is in the public interest and that the applications should be approved. Accordingly, the applications are approved for the reasons summarized above. The transactions shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Chicago, pursuant to delegated authority.

By order of the Board of Governors, effective November 20, 1985.

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

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

Fourth Financial Corporation
Wichita, Kansas

IV Topeka Acquisition, Inc.
Wichita, Kansas

Order Approving Acquisition of a Bank

Fourth Financial Corporation, Wichita, Kansas ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841, *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(5)) to acquire indirectly all of the voting shares of the First National Bank of Topeka, Topeka, Kansas ("Bank"). This transaction would be effected by merging Bank's parent holding company, First Topeka Bancshares, Inc., with and into Applicant's wholly owned subsidiary, IV Topeka Acquisition, Inc.[1]

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

1. IV Topeka Acquisition, Inc. has applied under section 3(a)(1) of the Act (12 U.S.C. § 1842(a)(1)) for approval to become a bank holding company by merging with First Topeka Bancshares, Inc. and thereby indirectly to acquire Bank. IV Topeka Acquisition, Inc. is of no significance except as a means to facilitate the acquisition of voting shares of Bank by Applicant.

Applicant, the largest commercial banking organization in Kansas, controls eight subsidiary banks with total domestic deposits of $1.5 billion, representing 7.9 percent of total deposits in commercial banks in the state.[2] Bank, the third largest commercial bank in Kansas, controls $319.7 million in domestic deposits, representing 1.6 percent of total deposits in commercial banks in the state. Upon consummation of this transaction, Applicant's share of total deposits in commercial banks in Kansas would increase to $1.9 billion, representing 9.5 percent of total deposits in commercial banks in Kansas.

The Board has carefully considered the effects of the proposal on statewide banking structure and upon competition in the relevant markets. The proposal involves a combination of sizeable commercial banking organizations that are among the leading banking organizations in the state. However, Kansas is viewed as unconcentrated in terms of banking resources, with the four largest commercial banking organizations in the state controlling 13.8 percent of total statewide deposits in commercial banks. Upon consummation, the four-firm concentration ratio would increase to 15.3 percent and the state would remain unconcentrated. Accordingly, consummation of the proposed transaction would not have a significant effect on the concentration of banking resources in Kansas.

Applicant and Bank do not operate subsidiary banks in the same markets. Therefore, consummation of the proposal would not eliminate existing competition in any geographic market.

The Board has considered the effects of this proposal on probable future competition and has examined the proposal in light of its proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions[3] in the markets in which Applicant or Bank competes.[4] None of these markets is considered highly concentrated and there is no evidence in the record that these markets are not competitive.[5] Thus, the Board concludes that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market.

2. Banking data are as of December 31, 1984.

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

4. These banking markets are the Kansas City, Wichita and Topeka banking markets.

5. The three largest commercial banking organizations in the Kansas City market control 33.6 percent of the deposits in commercial banks in the market, while the three largest in the Wichita market control 60.4 percent, and the three largest in the Topeka market control 63.6 percent of the deposits in commercial banks.

The financial and managerial resources of Applicant and Bank are regarded as satisfactory and consistent with approval of the proposal. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval of the proposal.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3(a)(1) and 3(a)(3) should be, and hereby are, approved for the reasons set forth above. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 13, 1985.

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

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

Hibernia Corporation
New Orleans, Louisiana

Order Approving Merger of Bank Holding Companies

Hibernia Corporation, New Orleans, Louisiana, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to merge with Fidelity National Financial Corporation, Baton Rouge, Louisiana ("FNFC"), and thus indirectly to acquire Fidelity National Bank of Baton Rouge ("Bank").

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 (12 U.S.C. § 1842(c)).

Applicant is the fourth largest commercial banking organization in Louisiana, controlling three bank subsidiaries holding deposits of approximately $1.6 billion, representing 5.7 percent of total deposits in commercial banks in the state.[1] FNFC is the sixth largest commercial banking organization in Louisiana, controlling one bank subsidiary holding deposits of $601 million, representing 2.2 percent of total deposits in commercial banks in the state. Upon consummation of this proposal, Applicant would become the third largest banking organization in Louisiana, controlling approximately $2.2 billion in deposits, or 7.9 percent of deposits in commercial banks in the state. The Board notes that the banking structure in Louisiana is among the least concentrated of any state, with the three largest banking organizations controlling 20 percent of deposits in commercial banks in the state.[2] The Board has carefully considered the effects of the proposal on the structure of banking in Louisiana and has concluded that consummation of this transaction would not have a significant adverse effect on the concentration of banking resources in the state.

Since Applicant's and FNFC's subsidiary banks do not compete directly in any market, consummation of the proposal would not eliminate any existing competition. The Board has also examined the effect of the proposed merger on probable future competition in the relevant geographic markets in light of the Board's proposed market extension guidelines.[3] Applicant's subsidiary banks operate in the New Orleans and Alexandria banking markets and FNFC's subsidiary bank operates in the Baton Rouge banking market.[4] The New Orleans and Baton Rouge banking markets are not considered highly concentrated under the Board's guidelines. Although the Alexandria market is concentrated, with a three-firm concentration ratio of 74.4 percent, there are a substantial number of potential entrants with assets in excess of $500 million. Thus, none of the markets is subject to intensive analysis under the Board's guidelines. On the basis of these and other facts of record, the Board has concluded that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market.

The financial and managerial resources and future prospects of Applicant, FNFC, and their subsidiary banks are considered satisfactory and consistent with approval. Considerations relating to the convenience and needs of the community to be served are also consistent with approval.

Based on the foregoing and other facts of record, the Board has determined that the application should be, and hereby is, approved. This transaction shall not be

1. Banking data are as of June 30, 1984.

2. As of June 1, 1985.

3. See "Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors under the Bank Merger Act and the Bank Holding Company Act." 47 *Federal Register* 9017 (1982). Although the proposed guidelines have not been adopted by the Board, the Board is using the guidelines in its analysis of the effects of a proposal on probable future competition.

4. The New Orleans banking market consists of the parishes of Orleans, Jefferson, St. Bernard and St. Tammany, and the Alexandria banking market consists of the parishes of Rapides and Grant. The Baton Rouge banking market consists of the parishes of Ascension, East Baton Rouge, Livingston, and West Baton Rouge.

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 Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective November 5, 1985.

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

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

Merchants Bancorporation
Topeka, Kansas

Order Approving the Merger of Bank Holding Companies

Merchants Bancorporation, Topeka, Kansas ("Merchants"), a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)) to merge with Crown Bancshares, Inc., Kansas City, Missouri ("Crown"). As a result of the transaction, Merchants would acquire 84.9 percent of the voting shares of Crown's subsidiary bank, The First National Bank of Lawrence, Lawrence, Kansas ("Lawrence Bank"). Together, principals of Crown and Crown itself hold a total of approximately 31 percent of the voting shares of Merchants, and this transaction, to a significant degree, represents a consolidation and reorganization of related companies.

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

Merchants, the 6th largest banking organization in Kansas, controls one subsidiary bank with total deposits of $218 million, representing 1.1 percent of total deposits in commercial banks in the state.[1] Crown, the 25th largest banking organization in Kansas, controls one subsidiary bank with total deposits of $96.5 million, representing 0.5 percent of total deposits in commercial banks in the state. Upon consummation of this proposal, Merchants would become the fourth largest commercial banking organization in Kansas, with total deposits of $314.5 million, but it would continue to hold less than 2 percent of deposits in commercial banks in the state. Consummation of the proposed transaction would not have a significant effect on the concentration of banking resources in Kansas.

Merchants's subsidiary bank, Merchants National Bank of Topeka ("Merchants Bank"), and Lawrence Bank do not compete in the same banking markets. Merchants Bank is the 2nd largest of 16 organizations in the Topeka, Kansas banking market,[2] with deposits of $218 million, representing 21.3 percent of total deposits in the commercial banks in the Topeka banking market. Lawrence Bank is the largest of four organizations in the Lawrence, Kansas banking market,[3] with deposits of $96 million, representing 35.9 percent of total deposits in the commercial banks in the Lawrence banking market. The principals of Merchants do not control any other commercial banks in the Lawrence banking market. The Board concludes that the proposed transaction would have no adverse effect on existing or potential competition in any relevant market.

The financial and managerial resources and future prospects of Merchants, Crown, and their subsidiary banks are consistent with approval. The transaction, a reorganization of related companies rather than an expansion by Merchants, will have an immediate beneficial impact on the capital position of Merchants. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

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

By order of the Board of Governors, effective November 26, 1985.

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

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

1. All bank deposits are as of December 31, 1984.

2. The Topeka, Kansas, banking market consists of the Topeka, Kansas, Ranally Metro Area ("RMA").

3. The Lawrence, Kansas, banking market consists of the Lawrence, Kansas, RMA.

Merchants National Corporation
Indianapolis, Indiana

Order Approving Acquisition of Bank and Bank Holding Companies

Merchants National Corporation, Indianapolis, Indiana ("Merchants"), a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. § 1841, *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(5) of the Act (12 U.S.C. § 1842(a)(5)), to merge with Farmers National Corporation, Shelbyville, Indiana ("Farmers"), and thereby indirectly to acquire 100 percent of the voting shares of the Farmers National Bank of Shelbyville, as well as to merge with Hancock Bancshares Corporation, Greenfield, Indiana ("Hancock"), and thereby indirectly to acquire 100 percent of the voting shares of Hancock Bank & Trust, Greenfield, Indiana. Merchants has also applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares of the Central National Bank of Greencastle, Greencastle, Indiana ("Central").

Notice of the applications, affording an opportunity for interested persons to submit comments, has been given in accordance with section 3(b) of the Act (12 U.S.C. § 1841(b)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Merchants, the third largest banking organization in Indiana, controls one subsidiary bank with total deposits of approximately $1.6 billion, representing 4.4 percent of total deposits in commercial banks in Indiana.[1] Farmers, the 68th largest banking organization in Indiana, has one subsidiary bank with deposits of $106.8 million, representing 0.3 percent of total deposits in commercial banks in Indiana. Hancock, the 129th largest banking organization in Indiana, has one subsidiary bank with total deposits of $64.7 million, representing 0.2 percent of total deposits in commercial banks in the state. Central, the 119th largest banking organization in Indiana, has total deposits of $69.4 million, representing 0.2 percent of total deposits in commercial banks in the state.

Upon consummation of these proposals, Merchants would control total deposits of approximately $1.8 billion, representing 5.1 percent of total deposits in commercial banks in Indiana, and Merchants would remain the third largest banking organization in Indiana. Consummation of these transactions would not have a significant adverse effect on concentration of banking resources in Indiana.

Merchants, Farmers and Hancock operate in the Indianapolis banking market.[2] Merchants, the third largest of 39 banking organizations in the Indianapolis market, controls deposits of approximately $1.6 billion, representing 17.7 percent of total deposits in commercial banks therein. Farmers is the eleventh largest banking organization in the market, controlling deposits of $101.2 million, representing 1.3 percent of total deposits in commercial banks in the market. Hancock is the sixteenth largest banking organization in the market, controlling deposits of $64.7 million, representing 0.8 percent of the total deposits in commercial banks in the market. Upon consummation of the Farmers and Hancock applications, Merchants would still rank as the third largest banking organization in the market, and it would control 19.6 percent of total deposits in commercial banks in the market. The share of deposits held by the four largest commercial banking organizations in the Indianapolis market is 73.6 percent and would increase to 75.7 percent upon consummation of this proposal. The market's Herfindahl–Hirschman Index ("HHI") is 1783 and the proposed acquisitions would increase the HHI by 72 points to 1855.[3] Although approval of the Hancock and Farmers applications would eliminate some existing competition between Merchants and Farmers and

1. Deposit data are as of December 31, 1984.

2. The Indianapolis banking market consists of Boone, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, and Shelby Counties in Indiana.

3. Certain of Merchant's principals are affiliated with three one-bank holding companies which operate in the Indianapolis market (Alliance Bancorp, U.S. Bancorp and Farmers State Corporation). This ownership structure may limit the competition between these banking organizations and Merchants. If these institutions are viewed as affiliated with Merchants, the percentage of the total deposits in commercial banks in the market controlled by Merchants and its affiliates after the acquisition of Farmers and Hancock would be approximately 22.1 percent, and the four firm concentration ratio would be 78.2 percent. The acquisition of Farmers and Hancock would result in an increase in the HHI of 82 points to 2118 prior to any consideration of thrift institutions. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, Merchant's post acquisition share would be 19.3 and the HHI would increase by 61 points to 1544.

Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (1984)), any market in which the post-merger HHI is above 1800 is considered highly concentrated. In such markets, the Department is likely to challenge any merger that produces an increase in the HHI of more than 50 points unless other factors indicate that the merger will not substantially lessen competition. Other factors include the post-merger HHI, the increase in the HHI, changing market conditions, the financial condition of the firm to be acquired, ease of entry, nature of the product, substitute products, similarities in the firms that are subject to the transaction and increased efficiencies that may result from the transaction. The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating an anticompetitive effect) unless the merger increases the HHI by at least 200 points and the post-merger HHI is at least 1800.

The Department has not advised the Board of any objection to this transaction.

Hancock in the Indianapolis banking market, more than 30 other commercial banking organizations would remain as competitors after consummation of the proposal. In addition, the Board has concluded that the effect of this proposal on existing competition is mitigated by the extent of competition offered by thrift institutions in the market.[4] Nineteen thrift institutions in the market hold 23 percent of the total deposits in depository institutions in the market. These thrift institutions generally compete with commercial banking organizations to the extent that they offer NOW accounts, make consumer loans and engage in commercial lending. The Board considers the presence of thrift institutions as a factor in assessing the competitive effects of the proposed transaction, and has determined that consummation of the proposed transaction is not likely to have a significant adverse effect on existing competition in the Indianapolis market.[5]

Central operates in the Greencastle banking market,[6] where Merchants does not currently compete. Central is the largest of four banking organizations in the Greencastle market with total deposits of $69.4, representing 36.1 percent of the deposits in commercial banks in the market. Approval of the Central application would not eliminate any existing competition between Merchants and Central.

The Board has considered the effects of this proposed acquisition on probable future competition in the Greencastle market in light of the proposed market extension guidelines.[7] The market is highly concentrated, with the three largest commercial banking organizations controlling 82.7 percent of deposits in commercial banks in the market. Based on the size of the market and the number of potential entrants, the proposed transaction does not merit close scrutiny under the Board's proposed guidelines. In addition, recently enacted changes in the Indiana banking statutes will permit entry by out-of-state bank holding companies commencing January 1, 1986.[8] That same law restricts Merchant's entry into the Greencastle market by branching or by *de novo* acquisition of a bank. On the basis of these and other facts of record, the Board has concluded that the proposed acquisition of Central would not have any significant adverse effects on probable future competition in any relevant market.

In evaluating these applications, the Board has considered the financial and managerial resources and future prospects of Merchants and the banking organizations to be acquired. The Board notes that the earnings and capital position of Merchants and its lead bank have improved in recent years. In addition, Merchants has recently raised a substantial amount of additional capital and, in conjunction with these transactions, Merchants has provided additional capital for its lead bank. In light of these facts and the fact that these transactions do not involve any additional debt, the Board concludes that the financial and managerial factors are consistent with approval.

Merchants proposes to offer new or expanded services to the customers of Farmers and Central which would include an executive credit line, a national debit card program, access to a national ATM network, discount brokerage services, adjustable rate residential mortgages and lower interest rates on variable rate consumer loans. Considerations relating to the convenience and needs of the community to be served lend weight toward approval of the Farmers and Central applications and are consistent with the Hancock application.

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

By order of the Board of Governors, effective November 8, 1985.

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

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

4. The Board has previously determined that thrift institutions have become, or at least have the potential to become, major competitors of banks. *NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *Sun Banks, Inc.*, 69 FEDERAL RESERVE BULLETIN 934 (1983).

5. If 50 percent of the deposits held by thrift institutions were included in the calculation of market concentration, Merchant's post-acquisition share would be 17.6 percent. Upon consummation of the proposed acquisition, the four-firm concentration ratio would increase from 65.8 to 67.5 percent and the HHI would increase by 52 points to 1467.

6. The Greencastle market consists of Putman County, Indiana.

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

8. Indiana Public Law 265-1985, *West Indiana Legislative Service*, Pamphlet 7, p.1.

NCNB Corporation
Charlotte, North Carolina

Order Approving Acquisition of a Bank

NCNB Corporation, Charlotte, North Carolina, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. §§ 1841 *et seq.*) ("Act or BHC Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C § 1842 (a) (3)) to acquire the successor by merger to Bankers Trust of South Carolina, Columbia, South Carolina ("Bank").[1]

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

Applicant is the second largest commercial banking organization in North Carolina. Its North Carolina bank subsidiary controls total domestic deposits of approximately $6 billion, representing 20.7 percent of the total deposits in commercial banks in that state.[2] Applicant is also the fifth largest commercial banking organization in Florida, where its subsidiary bank holds total domestic deposits of $3.9 billion, or 6.1 percent of the total deposits in commercial banks in Florida.[3] Bank, the third largest commercial banking organization in South Carolina, holds total domestic deposits of approximately $1.4 billion, representing 13.7 percent of the total deposits in commercial banks in South Carolina.

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 control of any bank located outside of the holding company's home state,[4] 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." The statute laws of South Carolina authorize the acquisition of a bank in that state by a bank holding company that has its principal place of business in a state within a defined "Southern Region," including North Carolina, and that has more than 80 percent of the total deposits held by its bank subsidiaries at bank subsidiaries located within the Southern Region.[5] Such acquisitions are permitted if the laws of the state in which the acquiring institution has its principal place of business would permit the acquisition of the acquiror bank holding company by a South Carolina bank or bank holding company on a reciprocal basis.[6] Applicant is a Southern Region bank holding company under the South Carolina act,[7] and its principal place of business is in North Carolina. North Carolina has enacted a similar reciprocal statute,[8] which permits the acquisition of a North Carolina bank or bank holding company by a bank holding company located in South Carolina.

Based on its review of the relevant South Carolina and North Carolina statutes, the Board has determined that the North Carolina statute satisfied the conditions of the South Carolina regional interstate banking statute and that South Carolina has by statute expressly authorized a North Carolina bank holding company, such as Applicant, to acquire a South Carolina bank, such as Bank. Accordingly, the Board concludes that approval of Applicant's proposal to acquire a bank in South Carolina is not barred by the Douglas Amendment.

The Board has carefully considered the effects of the proposal upon competition in the relevant banking markets. The proposal involves the combination of two sizeable commercial banking organizations that are among the larger banking organizations in their respective states. However, because Bank and the banking subsidiaries of Applicant operate in different states, consummation of the proposal would not eliminate significant existing competition in any relevant market.

1. Applicant has organized an interim bank, NCNB State Bank, Columbia, South Carolina, to facilitate the acquisition of Bankers Trust. As part of the proposed transaction, NCNB State Bank would be merged into Bankers Trust, which would be the surviving institution and would change its name to NCNB Bankers Trust of South Carolina.

Applicant has also applied for the Board's approval to acquire Southern National Bankshares, Inc., Atlanta, Georgia, and Pan American Banks Inc., Miami, Florida. The Board is approving these applications in separate actions.

2. Banking data are as of December 31, 1984, unless otherwise noted.

3. Upon its acquisition of Pan American Banks Inc. and Southern National Bankshares, Inc., Applicant would become the fourth largest banking organization in Florida and the forty-third largest banking organization in Georgia.

4. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. Applicant's home state is North Carolina.

5. S.C. Code Ann. § 34-24-30 (Law. Co-op. Supp. 1984).

6. S.C. Code Ann. § 34-24-50(b).

7. All of the deposits of Applicant's bank subsidiaries are held by banks located in states within the Southern Region.

8. N.C. Gen. Stat. §§ 53-209 *et seq.* (Supp. 1984).

The Board has also examined the effect of Applicant's acquisition of Bank on probable future competition in the relevant geographic markets in light of the Board's proposed guidelines for assessing the competitive effects of market-extension mergers or acquisitions.[9] In view of the existence of numerous other potential entrants from states within the southeastern interstate banking region into each of the markets served by Bank or Applicant, the Board has concluded that consummation of the proposed transaction would not have any significant adverse effects on probable future competition in any relevant market.

Since the mid-1930's, Bank has operated an insurance agency, licensed under state law, as a department of the bank. The insurance agency is currently engaged in selling various types of property and casualty insurance.[10] The National Association of Life Underwriters and the National Association of Professional Insurance Agents ("the Associations" or "Protestants") have protested the acquisition by Applicant of the insurance agency activities of Bank.

The Associations argue that the prohibition against the conduct of insurance activities that is contained in Title VI of the Garn-St Germain Depository Institutions Act of 1982, as incorporated in section 4(c)(8) of the BHC Act, applies not only to bank holding companies and their nonbank subsidiaries but also to the activities conducted directly by the bank subsidiaries of bank holding companies. The Associations also assert that Applicant's acquisition of Bank's insurance agency would constitute an evasion of the nonbanking prohibitions in the BHC Act. The Associations believe that this case presents similar issues to those presented in Citicorp's application to acquire a South Dakota bank, which was denied by the Board.[11]

In response to the comment, NCNB asserts that the nonbanking prohibitions of the BHC Act do not apply to the activities conducted directly by a state bank subsidiary of a bank holding company. NCNB further argues that even if the prohibitions apply, the exception found in section 4(c)(8)(D) for activities engaged in by a bank holding company or its subsidiaries on May 1, 1982, apply to the insurance activities of Bank. Finally, NCNB has committed that, upon its acquisition of Bank, it will not expand Greenwood's insurance agency activities outside South Carolina without the Board's prior approval.

With respect to Protestants' claim that the nonbanking prohibitions of the BHC Act apply, the Board notes that section 225.22(d)(ii) of Regulation Y permits state bank subsidiaries of bank holding companies to acquire all of the securities of a company that engages solely in activities in which the parent bank may engage at the same locations and subject to the same limitations as if the bank were engaging in the activity directly (12 C.F.R. § 225.22 (d)(ii)). This provision, as currently written, implicitly recognizes that activities conducted directly by banks that are subsidiaries of bank holding companies would be consistent with the regulation. As discussed above, Bank is permitted under South Carolina law to engage in the subject insurance activities at its current locations in South Carolina.

The Board notes that the questions of the scope of the Act's nonbanking prohibitions with respect to the subsidiaries of holding company state banks or to the banks themselves and whether the exemption in Regulation Y should be eliminated have been raised in a number of contexts. The Board has these questions under consideration in connection with its rulemaking proceedings under Regulation Y[12] and its request for comment regarding the real estate activities of holding company banks.[13] The Board has also asked for comment regarding the scope of the exemptions to Title VI of the Garn-St Germain Act. In these contexts, the Protestants have submitted extensive comments to the Board on these issues, and the Board believes that it is appropriate to reserve judgment on the issue in this case and decide the matter in the context of a full rulemaking proceeding in which all interested parties may participate. In this regard, NCNB has committed that it will conform Bank's insurance activities to the results of the Board's rulemaking.

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

Based on the foregoing and other facts of record, the Board has determined that this application should be,

---

9. "Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (1982). Although the proposed policy statement has not been adopted by the Board, the Board has applied the criteria set forth in the proposed policy statement in its analysis of the effects of proposals on probable future competition.

10. South Carolina banking law contains no specific authority for a bank to engage in insurance agency activities. The state, however, has acquiesced in Bank activities for more than 50 years, and the South Carolina Commissioner of Banking has stated that such insurance agency activities are permissible for state banks.

11. Citicorp, 71 FEDERAL RESERVE BULLETIN 789 (1985). In that application however, the Board concluded that the acquisition of the bank was in reality an acquisition for the purposes of permitting Citicorp to engage in insurance activities prohibited for bank holding companies under section 4 of the BHC Act and that the bank was simply a device to accomplish this objective.

12. 49 *Federal Register* 794 (1984).

13. 50 *Federal Register* 4519 (1985).

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

By order of the Board of Governors, effective November 27, 1985.

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

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

NCNB Corporation
Charlotte, North Carolina

Order Approving Acquisition of a Bank Holding Company

NCNB Corporation, Charlotte, North Carolina, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. §§ 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire the successor by merger to Pan American Banks Inc., Miami, Florida ("Pan American").[1] As a result of the acquisition, Applicant would acquire indirectly the following banks, all in Florida: Pan American Bank, N.A., Miami; Pan American Bank of Miami, N.A., Miami; Pan American Bank of Dade County, N.A., Hialeah; Pan American Bank of Miami Shores, N.A., Miami Shores; Pan American Bank of Jacksonville, Jacksonville;[2] Pan American Bank of Orlando, N.A., Orlando; and Pan American Bank of Tampa, N.A., Tampa.[3] Applicant would also acquire Pan American's unconsolidated 14.4 percent interest in Eastern National Bank, Hialeah, Florida.

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

Applicant, with two bank subsidiaries, has consolidated deposits of approximately $9.9 billion. It is the second largest banking organization in North Carolina, where its subsidiary bank holds domestic deposits of $6.0 billion, representing 20.7 percent of the total deposits in commercial banks in the state.[4] The Board has previously determined that the statute laws of Florida expressly authorize Applicant to acquire banks in Florida, and that such acquisitions by Applicant are consistent with state law and with the interstate banking prohibition contained in section 3(d) of the Act, the Douglas Amendment.[5] Moreover, this acquisition would be permitted pursuant to Florida's Regional Reciprocal Banking Act of 1984.[6]

Applicant is the fifth largest commercial banking organization in Florida, where its subsidiary bank, NCNB National Bank of Florida, holds total deposits of $3.9 billion, representing 6.1 percent of the total deposits in commercial banks in Florida. Pan American, the ninth largest commercial banking organization in Florida, controls aggregate domestic deposits of approximately $1.4 billion, representing 2.1 percent of the total deposits in commercial banks in the state. Upon acquisition of Pan American, Applicant would control 8.2 percent of the total deposits in commercial banks in Florida and would become the fourth largest commercial banking organization in the state. The Board has carefully considered the effect of this proposal on the concentration of banking resources within the state and has concluded that the proposed acquisition would not have a significant adverse effect on the concentration of banking resources in Florida.

Applicant's Florida bank subsidiary competes directly with Pan American's subsidiary banks in all six banking markets in which Pan American competes.[7] Pan American will sell its only bank in the Sarasota banking market, Pan American Bank of Sarasota, to SunTrust Banks, Inc., prior to consummation of this transaction. As a result of this divestiture, consummation of the proposed acquisition would not eliminate any existing competition in the Sarasota market.

In none of the other five markets in which both Applicant and Pan American compete would consum-

1. Applicant has also applied for the Board's approval to acquire Southern National Bankshares, Inc., Atlanta, Georgia, and Bankers Trust of South Carolina, Columbia, South Carolina. The Board is approving these applications in separate actions.
2. Pan American Bank of Jacksonville, which is currently a state-chartered bank, will convert to a national bank before consummation of the proposed acquisition.
3. Pan American has contracted to sell an eighth bank, Pan American Bank of Sarasota, to SunTrust Banks, Inc. The sale of Pan American Bank of Sarasota will be completed prior to consummation of the present transaction.
4. Statewide deposit data are as of December 31, 1984.
5. *NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *NCNB Corporation*, 68 FEDERAL RESERVE BULLETIN 54 (1982).
6. Fla. Stat. § 658.295(3)(b) (Supp. 1985).
7. The Sarasota, Miami-Ft. Lauderdale, Tampa, East Palm Beach, Jacksonville, and Orlando markets.

mation of the proposed acquisition cause an increase in market concentration, as measured by the Herfindahl-Hirschman Index ("HHI"), that would be subject to challenge under the Department of Justice Merger Guidelines.[8] The Miami-Ft. Lauderdale banking market would remain unconcentrated following consummation of the transaction. In the Jacksonville market, Pan American's absolute and relative size is *de minimis*. Furthermore, in both the East Palm Beach and Orlando banking markets, the increase in concentration caused by the proposed acquisition would be minimal.[9]

In the Tampa banking market,[10] Applicant is the second largest of 20 commercial banking organizations, with a subsidiary holding deposits of $642.9 million, representing 17.3 percent of the total deposits in commercial banks.[11] Pan American is the eighth largest commercial banking organization in the market with a subsidiary holding $100.2 million in deposits, representing 2.7 percent of the total deposits in commercial banks in the market. Upon acquisition of Pan American, Applicant would remain the second largest commercial banking organization in the market, and would control approximately 20 percent of the total deposits in commercial banks in the market.

Although consummation of the proposed transaction would eliminate some existing competition in the Tampa banking market, the Board believes that several factors mitigate the anticompetitive effects of the acquisition. The Tampa market is considered moderately concentrated, with the four largest commercial banking organizations in the market controlling 66.8 percent of the deposits in commercial banks, and an HHI of 1362. Upon consummation of the proposed acquisition, the four-firm concentration ratio would rise to 69.5 percent, the HHI would increase 93 points to 1455, and the market would remain moderately concentrated.[12] In addition, 19 commercial banking organizations would remain in the market after Applicant's acquisition of Pan American.

The Board also has considered the influence of thrift institutions in evaluating the competitive effects of this proposal.[13] Seventeen thrift institutions control approximately 40 percent of the total deposits in the Tampa market. Four of the ten largest depository institutions in the market are thrift institutions, including the market's largest depository institution. The thrift institutions in the market offer NOW accounts and other transaction accounts and 14 of them offer commercial checking accounts and make commercial loans. In light of the extent to which thrift institutions compete with commercial banks in the Tampa market, the Board considers the presence of thrift institutions as a factor in assessing the competitive effects of the proposed acquisition in the market.[14]

Based on all of the facts of record, including the small increases in concentration in the relevant markets and the number and size of the remaining bank competitors in each of the markets, the Board concludes that consummation of the proposed transaction would not have a significant adverse effect on existing competition in the markets in which the subsidiary banks of Applicant and Pan American compete.

Applicant's subsidiary banks operate in 24 additional banking markets in Florida as well as in 49 North Carolina banking markets. The Board has examined the effect of Applicant's acquisition of Pan American on probable future competition in these markets in light of the Board's proposed guidelines for assessing the competitive effects of market-extension mergers or acquisitions.[15] In view of the existence of numerous other potential entrants from states within the southeastern interstate banking region into each of the markets served by Applicant, the Board has concluded that consummation of the proposed transaction would not have any significant adverse effects on probable future competition in any relevant market.

8. 49 *Federal Register* 26,823 (1984).

9. In the East Palm Beach banking market, which is considered moderately concentrated under the Department of Justice's Guidelines, the proposed acquisition would increase the HHI by 28 points, to 1095. In the Orlando banking market, which is considered highly concentrated, the acquisition would increase the HHI by 12 points, to 2374. In the Jacksonville banking market, which is also considered highly concentrated, the acquisition would increase the HHI by 2 points, to 1870. The Department has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating an anticompetitive effect) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

10. The Tampa banking market is approximated by Hillsborough County, plus the town of Land O'Lakes in Pasco County.

11. Market deposit data are as of June 30, 1984.

12. Under the Department of Justice Merger Guidelines, a market in which the post-merger HHI is between 1000 and 1800 is considered moderately concentrated. In such markets, the Department is unlikely to challenge any merger that produces an increase in the HHI of fewer than 100 points.

The Department has not advised the Board of any objection to this transaction.

13. The Board has previously determined that thrift institutions have become, or at least have the potential to become, major competitors of commercial banks. *NCNB Corporation*, 70 FEDERAL RESERVE BULLETIN 225 (1984); *Sun Banks, Inc.*, 69 FEDERAL RESERVE BULLETIN 934 (1983).

14. If 50 percent of the deposits held by thrift institutions in the Tampa market were included in the calculation of market concentration, Applicant's post-acquisition market share would be 15.8 percent. Upon consummation of the transaction, the HHI would increase by 58 points, to 1040.

15. "Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (1982). Although the proposed policy statement has not been adopted by the Board, the Board has applied the criteria set forth in the proposed policy statement in its analysis of the effects of proposals on probable future competition.

The financial and managerial resources and future prospects of Applicant, Pan American, and their respective subsidiaries are consistent with approval of the application. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

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

By order of the Board of Governors, effective November 27, 1985.

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

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

NCNB Corporation
Charlotte, North Carolina

Order Approving Acquisition of a Bank Holding Company

NCNB Corporation, Charlotte, North Carolina, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. §§ 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3 of the Act (12 U.S.C. § 1842) to acquire the successor by merger to Southern National Bankshares, Inc. ("Southern"), Atlanta, Georgia, and thereby to acquire Southern's subsidiary bank, Southern National Bank, Atlanta, Georgia.[1]

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

Applicant is the second largest commercial banking organization in North Carolina. Its North Carolina bank subsidiary controls total domestic deposits of approximately $6 billion, representing 20.7 percent of the total deposits in commercial banks in that state.[2] Applicant is also the fifth largest commercial banking organization in Florida, where its subsidiary bank holds total domestic deposits of $3.9 billion, or 6.1 percent of the total deposits in commercial banks in Florida.[3] Southern is the forty-third largest commercial banking organization in Georgia. Its one subsidiary bank holds domestic deposits of $69.9 million, representing approximately 0.2 percent of the total deposits in commercial banks in Georgia.

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 control of any bank located outside of the holding company's home state,[4] 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." The statute laws of Georgia authorize the acquisition of a bank in Georgia by a bank holding company that controls a bank located in other states in a defined southeastern region, including North Carolina, if the laws of the acquiring institution's home state would permit on a reciprocal basis the acquisition of the acquiror banking organization by a Georgia banking organization.[5]

The Board has previously determined that the North Carolina statute[6] satisfies the conditions of the Georgia regional interstate banking statute and that Georgia has by statute expressly authorized a North Carolina bank holding company, such as Applicant, to acquire a Georgia bank or bank holding company, such as Company.[7] Accordingly, the Board concludes that approval of Applicant's proposal to acquire a bank in Georgia is not barred by the Douglas Amendment.

The Board has carefully considered the effects of the proposal upon competition in the relevant banking markets. Because the banking subsidiaries of Applicant and Southern operate in different states, consummation of the proposal would not eliminate significant existing competition in any relevant market.

The Board has also examined the effect of the proposal on probable future competition in the rele-

1. Applicant has also applied for the Board's approval to acquire Pan American Banks Inc., Miami, Florida, and Bankers Trust of South Carolina, Columbia, South Carolina. The Board is approving these applications in separate actions.

2. Banking data are as of December 31, 1984.

3. Upon acquisition of Pan American Banks Inc. and Bankers Trust of South Carolina, Applicant would become the fourth largest banking organization in Florida and the third largest banking organization in South Carolina.

4. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. Applicant's home state is North Carolina.

5. Ga. Code Ann. §§ 7-1-620 *et seq.* (Supp. 1985).

6. N.C. Gen. Stat. §§ 53-209 *et seq.* (Supp. 1984).

7. *First Wachovia Corporation*, 71 FEDERAL RESERVE BULLETIN 68 (Board Order dated November 4, 1985).

vant geographic markets in light of the Board's proposed guidelines for assessing the competitive effects of market-extension mergers or acquisitions.[8] In view of the existence of numerous other potential entrants from states within the southeastern interstate banking region into each of the markets served by Southern, the Board has concluded that consummation of the proposed transaction would not have any significant adverse effects on probable future competition in any relevant market.

The financial and managerial resources and future prospects of Applicant, Southern, and their subsidiaries are considered satisfactory. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval.

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

By order of the Board of Governors, effective November 27, 1985.

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

JAMES MCAFEE
Associate Secretary of the Board

[SEAL]

Wheatland Bankshares, Inc.
Wheatland, Wyoming

Order Denying Formation of a Bank Holding Company

Wheatland Bankshares, Inc., Wheatland, Wyoming, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring all of the voting shares of American Bank of Wheatland, Wheatland, Wyoming ("Bank").

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

Applicant is a nonoperating corporation with no subsidiaries formed for the purpose of acquiring Bank. Bank is the 81st largest commercial bank in Wyoming, with total deposits of $12.3 million, which represents approximately 0.3 percent of total deposits in commercial banks in the state.[1]

Bank operates in the Platte County banking market,[2] where it is the third largest of five commercial banks, controlling 16.4 percent of total deposits in commercial banks. Principals of Applicant are not affiliated with any other depository organization in this market. Consummation of this proposal would not result in any adverse effects upon competition or increase the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations under the Act are consistent with approval.

The Board has indicated on previous occasions that a bank holding company should serve as a source of financial and managerial strength to its subsidiary bank and that the Board would closely examine the condition of an applicant in each case with this consideration in mind.[3] In connection with this proposal, Applicant would incur debt. Using projections based upon Bank's performance in recent years and other facts of record, the Board concludes that Applicant may not have sufficient financial flexibility to be able to reduce its indebtedness in a satisfactory manner while maintaining adequate capital levels at Bank.[4] Accordingly, based on these and other facts of record, the Board concludes that considerations relating to Applicant's financial and managerial resources and future prospects are adverse and weigh against approval of this proposal.

Applicant has proposed no new services for Bank upon consummation of this proposal. Considerations relating to the convenience and needs of the community to be served are consistent with, but lend no weight toward, approval of this proposal.

8. "Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (March 3, 1982). Although the proposed policy statement has not been approved by the Board, the Board has applied the criteria set forth in the proposed policy statement in its analysis of the effects of proposals on probable future competition.

1. Banking data are as of December 31, 1984.
2. The Platte County banking market is approximated by Platte County, Wyoming.
3. *See Northwest Wisconsin Banco, Inc.*, 71 FEDERAL RESERVE BULLETIN 105 (1985); *Central Minnesota Bancshares, Inc.*, 70 FEDERAL RESERVE BULLETIN 877 (1984). *See also Singer & Associates, Inc.*, 70 FEDERAL RESERVE BULLETIN 883 (1984).
4. The Board has previously stated that in small one-bank holding company formations, it expects, among other things, that the bank holding company's debt-to-equity ratio will be reduced to no more than 30 percent within 12 years. "Policy Statement for Formation of Small One-Bank Holding Companies," 12 C.F.R. Part 225, Appendix B.

On the basis of all of the facts of record, the Board concludes that the banking considerations involved in this proposal are adverse and are not outweighed by any relevant competitive or convenience and needs considerations. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and that the application should be, and hereby is, denied for the reasons summarized above.

By order of the Board of Governors, effective November 14, 1985.

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

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

Orders Issued Under Section 4 of the Bank Holding Company Act

Creditanstalt-Bankverein
Vienna, Austria

Order Approving Acquisition of Company Engaged in Investment Advisory Activities

Creditanstalt-Bankverein, Vienna, Austria, a foreign banking organization, has applied for the Board's approval, pursuant to section 4(c)(8) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1843(c)(8)), section 8 of the International Banking Act (12 U.S.C. § 3106), and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), to acquire through its wholly owned subsidiary, Creditanstalt American Corporation, 80 percent of the voting shares of McKenzie-Walker Investment Management, Inc. ("Company"), Larkspur, California, and thereby engage in investment advisory activities throughout the United States. The provision of portfolio investment advice as proposed by Applicant is a permissible nonbanking activity under section 4(c)(8) of the Act and section 225.25(b)(4) of the Board's Regulation Y, 12 C.F.R. § 225.25(b)(4). Applicant is subject to the requirements of section 4(c)(8) of the Act by virtue of the fact that Applicant operates a branch in New York, New York. 12 U.S.C. § 3106.

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published. 50 *Federal Register* 33,413 (1985). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, with total consolidated assets equivalent to $17.8 billion as of December 31, 1984, is the largest commercial bank in Austria. Applicant currently operates a branch office in New York, New York, with total deposits of $75.1 million and total assets of $248.9 million as of September 30, 1984. In addition, Applicant owns 2.5 percent of the shares of European American Bancorp, a domestic bank holding company also located in New York. Applicant does not own a bank subsidiary in the United States.

Company, an investment advisor registered with the Securities and Exchange Commission and with the State of California Department of Corporations under applicable securities laws, provides portfolio investment advice to individuals, corporations, governments, and other institutions throughout the United States on both a discretionary and a non-discretionary basis (but not including the exercise of any voting rights with respect to such shares). Company, with $1.1 billion in investment assets under its management as of June 30, 1985, possesses only a small share of the highly competitive and nationwide market for investment advisory services.

In every case involving an acquisition by a bank holding company under section 4 of the Act, the Board considers the effect of the acquisition on the financial condition and resources of the applicant. In evaluating this application, the Board noted that the primary capital ratio of Applicant as publicly reported is well below the Board's capital guidelines for U.S. multinational bank holding companies. However, after reviewing all the facts of record relating to the overall financial condition of Applicant and its U.S. operations, including certain accounting adjustments to reflect U.S. banking practice, the Board has determined that the financial factors relating to this application are consistent with approval. In reaching this conclusion, the Board also took into account the fact that the proposal involves the acquisition of a nonbank company and represents a relatively small investment by Applicant in what is essentially a service organization.

Before approving an application under section 4 of the Act to engage in an activity that the Board has determined is closely related to banking, the Board must consider whether Applicant's performance of the proposed activities can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. § 1843(c)(8).

In that regard, Applicant has interests in certain foreign companies that also provide investment advisory services. These entities, however, do not engage in investment advisory activities for U.S. customers or with respect to American securities, nor do they derive any of their investment advisory business from the U.S. market. Company, in contrast, derives only a small amount of its business from the European market, where Applicant's other investment advisory interests operate. Moreover, as indicated earlier, Company controls only a small share of the U.S. market for such investment advisory services. Accordingly, the Board concludes that consummation of this proposal would not have a significant adverse effect on existing or potential competition in any relevant market.

Based on the facts of record, including commitments made by Applicant regarding the conduct of the proposed activities, there is no evidence in the record that consummation of this proposal would result in adverse effects, such as unsound banking practices, unfair competition, conflicts of interest, or an undue concentration of resources.

Applicant expects upon consummation of the proposal to broaden the services that Company provides to include advice on foreign securities. In turn, Applicant's customers would obtain increased access to information on U.S. securities markets. Consummation of the proposal would increase the number of firms in the U.S. capable of offering advice on international investments. The public benefits associated with the proposal, therefore, are also consistent with approval.

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

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

By order of the Board of Governors, effective November 7, 1985.

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

JAMES MCAFEE
Associate Secretary of the Board

[SEAL]

Security Pacific Corporation
Los Angeles, California

Order Approving Application to Engage in Data Processing and Data Transmission Activities

Security Pacific Corporation, 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 pursuant to section 4(c)(8) of the BHC Act and section 225.23(a)(1) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(1)), to acquire 25 percent of the voting shares of XCEL Business Systems, Inc. ("Company"), Mill Valley, California, a *de novo* joint venture. The remaining 75 percent of the shares of Company will be owned by General Automation, Inc. ("GAI") (37.5 percent), Bankline, Inc. ("BI") (18.75 percent) and Mr. Alan Horton-Bentley (18.75 percent). Company proposes to engage in the activity of providing data processing and transmission services, facilities (including data processing and data transmission hardware, software, documentation or operating personnel), and data bases. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies (12 C.F.R. § 225.25(b)(7)).

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published, 50 *Federal Register* 31,658 (1985). 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 is the ninth largest banking organization in the United States, controlling consolidated assets of $45.2 billion. Applicant's primary bank subsidiary, Security Pacific National Bank, Los Angeles, California, is the second largest bank in the state of California, with total domestic deposits of $23.7 billion, representing 12.4 percent of the total deposits in commercial banks in the state of California.[1] Applicant also is engaged through nonbank subsidiaries in various nonbanking activities, including consumer and commercial finance, leasing, trust services, mortgage banking and industrial banking.

Company intends to market an integrated data processing system, which includes a financial software package and related hardware, to financial institutions throughout the United States. This proposal has been structured as a joint venture to take advantage of the complementary resources and experience of GAI, BI and Applicant. GAI is a supplier of computer products (hardware); BI developed the software that will be part

1. All banking data are as of March 31, 1985.

of Company's system and will be responsible for training, support and maintenance of the software used by Company. Applicant has a thorough knowledge of the operations and data processing needs of financial institutions which is important to the success of Company's marketing efforts.

Company anticipates that its primary market will consist of financial and banking institutions with assets of less than $100 million. Such banking institutions frequently use outside service bureaus to meet their data processing needs. Company's product will allow these institutions to meet their data processing needs with in-house systems. Thus, the joint venture would provide an additional source of competition in this field and permit the banks to choose between in-house and external data processing facilities.

Because this proposal involves the use of a joint venture between a bank holding company and a nonbanking company, the Board has analyzed the proposal with respect to its effects on existing and potential competition between Applicant and its co-venturers in the market for data processing and data transmission services.[2] BI is a wholly owned subsidiary of Hale Systems, Inc. ("Hale"), which offers an integrated data processing system for financial institutions which is similar to Company's and uses various hardware components including hardware manufactured by GAI. The Board notes, however, that Hale's share of the market is *de minimis*. Applicant also markets a similar system to financial institutions in 14 western states through a subsidiary of Security Pacific State Bank. Applicant's system, however, costs nearly twice as much as Company's, is marketed to banking institutions with assets in excess of $100 million and is not expected to be competitive with Company's product. In the market in which the joint venture will compete, Applicant and the co-venturers combined currently control less than one percent of the market. The Board also notes that the data processing market is unconcentrated with few barriers to entry. Accordingly, the Board concludes that consummation of this proposal would not have a significant adverse effect on either existing or potential competition in any relevant market.

Financial and managerial considerations are consistent with approval of this proposal. Applicant's investment is not significant in relation to Applicant's assets. Moreover, there is no evidence in the record that consummation of this proposal would result in adverse effects such as unsound banking practices, unfair competition, conflicts of interests or an undue concentration of resources.

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

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

By order of the Board of Governors, effective November 25, 1985.

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

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

2. The Board has previously indicated its concerns regarding the potential for undue concentration of resources that could result from the combination in a joint venture of banking and nonbanking institutions. The Board is also concerned that joint ventures not lead to a matrix of relationships that could undermine the legally-mandated separation of banking and commerce. *See e.g., Amsterdam-Rotterdam Bank, N.V.*, 70 FEDERAL RESERVE BULLETIN 835 (1984); *Deutsche Bank AG*, 67 FEDERAL RESERVE BULLETIN 449 (1981).

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

Bank of Virginia Company
Richmond, Virginia

Order Approving Acquisition of a Bank Holding Company

Bank of Virginia Company, Richmond, Virginia, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. §§ 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Union Trust Bancorp, Baltimore, Maryland ("UTB"). As a result of the acquisition, Applicant would acquire indirectly UTB's wholly owned subsidiary bank, Union Trust Company of Maryland, Baltimore, Maryland.

Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23(f) of the Board's Regulation Y (12 C.F.R. § 225.23(f)) to acquire UTB's nonbanking subsidiary, Landmark Financial Services, Inc., Silver Spring, Maryland ("Landmark"), a company that engages in making installment loans to individuals for personal, family or household purposes; purchasing sales contracts executed in connection with the sale of personal, family or household goods or services; making loans secured in whole or in part by mortgages or other liens on real estate; and acting as agent and underwriter for the sale of credit life and credit accident and health insurance directly related to extensions of credit. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies, 12 C.F.R. § 225.25(b)(1), (8), (9).

Notice of the applications, affording an opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act (50 *Federal Register* 34,753 (1985)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act and the considerations specified in section 4(c)(8) of the Act.[1]

Applicant is the fourth largest commercial banking organization in Virginia. Its one subsidiary bank controls total domestic deposits of approximately $2.9 billion, representing 9.5 percent of the total deposits in commercial banks in Virginia.[2] UTB, the sixth largest commercial banking organization in Maryland, has one subsidiary bank that controls aggregate domestic deposits of approximately $1.4 billion, representing 6.7 percent of the total deposits in commercial banks in Maryland.

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 control of any bank located outside of the holding company's home state,[3] 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." The statute laws of Maryland authorize the acquisition of a bank in Maryland by a bank holding company that controls a bank located in other states in a defined southeastern region, including Virginia.[4] Such acquisitions are permitted if the laws of the acquiring institution's home state permit the acquisition of a bank in that state by a Maryland bank holding company on a reciprocal basis.[5] Virginia has enacted a similar reciprocal statute,[6] which permits the acquisition of a Virginia bank by a bank holding company located in Maryland.

Based on its review of the relevant Maryland and Virginia statutes, the Board has determined that the Virginia statute satisfies the conditions of the Maryland regional interstate banking statute and that Maryland has by statute expressly authorized a Virginia bank holding company, such as Applicant, to acquire a Maryland bank or bank holding company, such as UTB. The Maryland Banking Commissioner agrees that the Virginia statute satisfies the reciprocity requirements of the Maryland interstate banking provisions. Accordingly, the Board concludes that approval of Applicant's proposal to acquire banks in Maryland is authorized under Maryland law and is not barred by the Douglas Amendment.

Since Applicant's subsidiary bank does not operate in Maryland, and UTB's subsidiary bank does not operate in Virginia, consummation of the proposed acquisition would have no effect on existing competition in any Maryland or Virginia market. However, Applicant and UTB compete directly in the Washington, D.C. banking market.[7] Applicant is the 12th largest of 71 commercial banking organizations in this market, controlling 2.2 percent of total market deposits in commercial banks. UTB is the 20th largest commercial banking organization in the market, controlling 0.8 percent of the total deposits in commercial banks. Upon consummation of the proposal, Applicant would become the 11th largest commercial banking organization in the market, controlling 3.1 percent of total deposits in commercial banks in the market.

While consummation of the proposal would eliminate some existing competition in the Washington, D.C. banking market, the Board believes that this competitive effect is not significant. The Board notes that the market is unconcentrated, and that upon consummation, the Herfindahl–Hirschman Index ("HHI") would increase by only four points to 686 after consummation of the acquisition.[8]

1. The Board received comments from the National Association of Life Underwriters and National Association of Professional Insurance Agents concerning the activities of Landmark, which Applicant would acquire indirectly. The Board has determined that Landmark's activities conform to the requirements of the Act and Regulation Y, 12 C.F.R. § 225.25, and that Landmark's proposed activities, as described by Applicant, would continue to conform to the Act and Regulation Y following consummation of this transaction.

2. Banking data are as of June 30, 1984.

3. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

4. Md. Ann. Code art. 5, § 1001 *et seq.* (Supp. 1985).

5. Md. Ann. Code art. 5, § 1003(a)(2) (Supp. 1985).

6. Va. Code § 6.1–398 *et seq.* (Supp. 1985).

7. The Washington, D.C. banking market is defined by the Washington, D.C. Ranally Metropolitan area.

8. Under the U.S. Department of Justice "Merger Guidelines," as revised in 1984, a market in which a post-merger HHI is below 1000 is unconcentrated. The Department of Justice has stated that it will not challenge any merger producing an HHI below 1000, except in extraordinary circumstances.

The Board has also examined the effect of Applicant's acquisition of UTB on probable future competition in the relevant geographic markets in light of the Board's proposed guidelines for assessing the competitive effects of market-extension mergers or acquisitions.[9] In view of the existence of numerous other potential entrants into each of the markets served by UTB or Applicant, the Board has concluded that consummation of the proposed transaction would not have any significant adverse effects on probable future competition in any relevant market.

The financial and managerial resources and future prospects of Applicant, UTB, and their respective subsidiaries are consistent with approval of the application. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

Applicant has also applied, pursuant to section 4(c)(8) of the Act, to acquire Landmark, a nonbanking company that engages in the mortgage lending, consumer lending, and credit related insurance activities described above. Applicant currently engages in these activities through its lead bank, Bank of Virginia, and its subsidiaries, Bank of Virginia Mortgage Corporation and Bank of Virginia Second Mortgage Corporation.

In the markets for mortgage originations, consumer installment loans, and credit insurance, this proposal would eliminate existing competition between UTB and Bank of Virginia in the Washington, D.C., Richmond, and Tidewater, Virginia, markets.[10] However, in each case, the market for this product is unconcentrated, with numerous bank and nonbank competitors, and few barriers to entry. Moreover, the overlapping market share for mortgage originations, consumer installment loans, and credit insurance is not substantial in any relevant market. Accordingly, the proposed acquisition would not have a significant adverse effect on competition for mortgage lending, consumer lending, or the underwriting and sale of credit insurance in any relevant market.

After consideration of the above facts and other facts of record, the Board concludes that Applicant's acquisition of UTB's nonbanking subsidiary would not significantly affect existing or probable future 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 interests, 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 Act is favorable and consistent with approval of the application to acquire UTB's nonbanking subsidiary.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be, and hereby are, approved. The acquisition of UTB's subsidiary banks shall not be consummated before the thirtieth calendar day following the effective date of this Order, and neither the banking acquisition nor the nonbanking acquisition shall occur 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 determination with respect to Applicant's acquisition of Landmark 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 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 Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective November 27, 1985.

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

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

9. "Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (1982). While the proposed policy statement has not been adopted by the Board, the Board has applied the criteria set forth in the proposed policy statement in its analysis of the effects of proposals on probable future competition.

10. The Washington, D.C. market is approximated by the Washington, D.C. Ranally Metropolitan Area. The Richmond market is defined as the Richmond Ranally Metropolitan Area. The Tidewater, Virginia, market is defined as the Newport News Ranally Metropolitan Area, the Norfolk-Portsmouth Ranally Metropolitan Area, and Currituck County, North Carolina.

Colson, Inc.
Wilmington, Delaware

Order Approving the Formation of a Bank Holding Company and Acquisition of a Mortgage Company

Colson, Inc., Wilmington, Delaware, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842 (a)(1)) to become a bank holding company by acquiring

72.5 percent of the outstanding voting shares of Washington Bancorporation, Washington, D.C. ("Company"), and thereby to acquire indirectly The National Bank of Washington, Washington, D.C. ("Bank"). Applicant also has applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23)) to acquire Washington Mortgage Group, Inc., Vienna, Virginia ("Mortgage Company"), a nonbanking subsidiary of Company engaged in mortgage banking activities. Such activities are permissible pursuant to section 225.25(b)(1) of the Regulation Y.

Notice of the applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act (50 *Federal Register* 36,484 (1985)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act and the considerations specified in section 4(c)(8) of the Act.

Applicant is a nonoperating corporation formed for the sole purpose of acquiring Company.[1] Bank is Company's only banking subsidiary. Bank is the third largest commercial bank in Washington, D.C., controlling total deposits of $953 million, representing 10.4 percent of the total deposits in commercial banks in Washington, D.C.[2] Bank operates in the Washington banking market,[3] where it is the seventh largest of 71 commercial banks, controlling 4.4 percent of total deposits in commercial banks in the market.[4] Consummation of the transaction would not result in the concentration of banking resources or in any significant adverse competitive effects in any relevant geographic area.

The financial and managerial resources and future prospects of Applicant, Company, and Bank are considered generally satisfactory and consistent with approval of the transaction. Applicant has proposed no new services for Bank upon consummation of the transaction. However, there is no evidence in the record that the banking needs of the community to be served are not being met. Accordingly, considerations relating to the convenience and needs of the community to be served are consistent with approval of the transaction.

1. In a related action, the Board today approved the application by Washington National Holdings N.V., Curacao, Netherlands Antilles, a nonoperating company formed by two foreign investors to hold shares of Applicant, to become a bank holding company by acquiring 37.5 percent of the voting shares of Applicant.

2. Banking data for Washington, D.C., are as of December 31, 1984.

3. The Washington banking market is defined as the Washington Ranally Metro Area.

4. Banking data for the Washington banking market are as of June 30, 1984.

The Board has also considered Applicant's proposal to indirectly acquire Mortgage Company and engage in mortgage banking activities. There is no evidence in the record to indicate that approval of the transaction would result in undue concentration of resources, decreased or 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 public interest factors it must consider under section 4(c)(8) is consistent with approval of the transaction.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act 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 the latter period is extended for good cause by the Board or the Federal Reserve Bank of Richmond, acting pursuant to delegated authority. The determination with respect to Applicant's proposal to acquire Mortgage Company is subject to 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 modification or termination of activities of a holding company and any of its subsidiaries as the Board finds necessary to assure compliance with the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective November 29, 1985.

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

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

First Wachovia Corporation
Winston-Salem, North Carolina

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

First Wachovia Corporation, Winston-Salem, North Carolina, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("Act") to become a bank holding company by acquiring all of the voting shares of Wachovia Corporation, Winston-Salem, North Carolina ("Wachovia"), and First Atlanta Corporation, Atlanta, Georgia ("First Atlanta"), both of which are bank holding companies. As a result of the acquisition, Applicant would acquire indirectly Wachovia's subsidiary bank, Wachovia Bank and Trust Company, N.A., Winston-Salem, North Carolina, and First Atlanta's three subsidiary banks: The First National Bank of Atlanta, Atlanta, Georgia; The First National Bank of Dalton, Dalton, Georgia; and First Bank of Savannah, Savannah, Georgia.

Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23), to acquire the following nonbanking subsidiaries of Wachovia and First Atlanta:

1. Wachovia Mortgage Company, Winston-Salem, North Carolina ("WMC"), which engages generally in mortgage banking activities, and in the sale, as agent, of credit-related life, hospital, disability, and accident and health insurance, and in the sale, as agent, of property and casualty insurance directly related to extensions of credit;
2. Wachovia Services, Inc., Winston-Salem, North Carolina, which engages in data processing activities, acquiring and servicing student loans, and acting as investment or financial adviser to state and local governments and other entities in connection with the acquisition and servicing of student loans;
3. Financial Life Insurance Company of Georgia, Atlanta, Georgia, which engages in the underwriting, as reinsurer, of life, accident and health insurance directly related to extensions of credit by First Atlanta and its subsidiaries;
4. First Atlanta Leasing Company, Atlanta, Georgia, which was organized to hold leases acquired from other First Atlanta subsidiaries and is currently in the process of liquidation;
5. First Atlanta Mortgage Corporation, Atlanta, Georgia ("FAMC"), which engages generally in mortgage banking activities, in arranging equity financing, and in the sale, as agent, of property and casualty insurance directly related to extensions of credit; and,
6. Tharpe & Brooks of Florida, Atlanta, Georgia, which was formed for the purpose of making loans secured by real estate and servicing loans in Florida, is currently in the process of liquidation and has no assets on its balance sheet.

The activities of these subsidiaries are permissible pursuant to sections 225.25(b)(1), (3), (4), (5), (7), (8), (9), and (14) of the Board's Regulation Y, and the Board's Order determining that servicing of student loans is closely related to banking.[1] In addition, both Wachovia's and First Atlanta's credit-related property and casualty insurance activities are permissible under section 4(c)(8)(D) of the Act (12 U.S.C. § 1843(c)(8)(D)).

Notice of these applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act (50 *Federal Register* 33,107 (1985)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act and the considerations specified in section 4(c)(8) of the Act.

Wachovia is the largest commercial banking organization in North Carolina. Its one subsidiary bank holds total domestic deposits of $6.0 billion, representing 20.9 percent of the total deposits in commercial banks in North Carolina.[2] First Atlanta is the second largest commercial banking organization in Georgia. Its three subsidiary banks hold total domestic deposits of $4.5 billion, representing 15.2 percent of the total deposits in commercial banks in Georgia.

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 control of any bank located outside of the holding company's home state,[3] 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." The statute laws of Georgia authorize the acquisition of a bank in Georgia by a bank holding company that controls a bank located in other states in a defined southeastern region, including North Carolina.[4] Such acquisitions are permitted if the laws of the acquiring institution's home state would permit on a reciprocal basis the acquisition of the acquiror banking organization by a Georgia banking organization.[5] North Carolina has enacted a similar reciprocal statute,[6] which permits the acquisition of a North Carolina bank by a bank holding company located in Georgia.

Based on its review of the relevant Georgia and North Carolina statutes, the Board has determined that the North Carolina statute satisfies the conditions of the Georgia regional interstate banking statute and that Georgia has by statute expressly authorized a North Carolina bank holding company, such as Applicant, to acquire a Georgia bank or bank holding company, such as First Atlanta.[7] Accordingly, the

1. *The Wachovia Corporation*, 71 FEDERAL RESERVE BULLETIN 725 (1985).

2. Banking data are as of December 31, 1984.
3. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. Applicant's home state is North Carolina.
4. Ga. Code Ann. §§ 7-1-620 *et seq.* (Supp. 1985).
5. Ga. Code Ann. § 7-1-621(c).
6. N.C. Gen. Stat. §§ 53-209 *et seq.* (Supp. 1984).

Board concludes that approval of Applicant's proposal to acquire banks in Georgia is not barred by the Douglas Amendment.

The Board has carefully considered the effects of the proposal upon competition in the relevant banking markets. The proposal involves the combination of two sizeable commercial banking organizations that are among the larger banking organizations in their respective states. However, because the banking subsidiaries of Wachovia and First Atlanta operate in separate banking markets, consummation of the proposal would not eliminate significant existing competition in any relevant market.

The Board has also examined the effect of the proposal on probable future competition in the relevant geographic markets and has examined the proposal in light of the Board's probable future competition guidelines.[8] After consideration of these factors in light of the specific facts of this case, the Board has concluded that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market. In this regard, the Board notes that there are numerous other potential entrants from states within the southeastern interstate banking region into each of the markets served by Wachovia or First Atlanta.

The financial and managerial resources and future prospects of Applicant, Wachovia, First Atlanta, and their subsidiaries are considered satisfactory. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

Applicant has also applied, pursuant to section 4(c)(8) of the Act, to acquire WMC and FAMC, nonbanking companies that engage in mortgage banking activities, including originating and servicing residential real estate loans and in making other mortgage loans and construction loans. Wachovia currently engages in mortgage banking activities from offices in North Carolina, South Carolina, Georgia, Florida, and Virginia. WMC has two offices in Atlanta, Georgia, where all of FAMC's offices are located.

In the market for one- to four-family mortgage originations,[9] this proposal would eliminate existing competition between WMC and FAMC in the Atlanta, Georgia, market.[10] However, the market for this product is unconcentrated, with numerous bank and nonbank competitors and few barriers to entry. Moreover, WMC's and FAMC's market shares of residential mortgage originations are not substantial in the Atlanta market.

The markets for mortgage servicing, construction lending, and the origination of non-residential and multi-family residential mortgage loans are national in scope.[11] WMC's and FAMC's market shares in each of these product markets are *de minimis*, and the markets are unconcentrated, with a large number of bank and nonbank participants. Accordingly, the combination of WMC and FAMC would have no significant effect on competition in these product markets.

After consideration of the above facts and other facts of record, the Board concludes that Applicant's acquisition of WMC and FAMC would not significantly affect competition in any relevant area. Applicant's acquisition of Wachovia's and First Atlanta's other nonbanking subsidiaries would not have any material effect on competition in their respective product markets. 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 interests, 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 Act is favorable and consistent with approval of the application to acquire Wachovia's and First Atlanta's nonbanking subsidiaries.[12]

Based on the foregoing and other facts of record, the

7. The Georgia interstate banking statute requires the approval of the Georgia Banking Commissioner before a bank holding company in the southeastern region may acquire a Georgia bank. On October 28, 1985, the Georgia Banking Commissioner approved Applicant's acquisition of First Atlanta.

8. *See*, "Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (March 3, 1982). Although the proposed policy statement has not been approved by the Board, the Board has applied the criteria set forth in the proposed policy statement in its analysis of the effects of proposals on probable future competition.

9. This product market has been determined to be local in scope. *See, e.g., NBD Bancorp, Inc.*, 71 FEDERAL RESERVE BULLETIN 258, 261 (1985).

10. The Atlanta, Georgia, market is defined as the Ranally Metropolitan Area for that city.

11. *See, NBD Bancorp, Inc.*, 71 FEDERAL RESERVE BULLETIN 258, 261 (1985).

12. Applicant has applied to engage in the sale of credit-related property and casualty insurance through its acquisition of WMC and FAMC. WMC currently engages in these activities through offices in North Carolina, Georgia, South Carolina, Florida, and Virginia. FAMC engages in these activities from offices in Atlanta, Georgia. Under Title VI of the Garn-St Germain Depository Institutions Act of 1982 (now codified as section 4(c)(8)(D) of the BHC Act), WMC and FAMC each may continue to engage in their respective credit-related property and casualty insurance agency activities in those states in which they are now located because Wachovia and First Atlanta each obtained the Board's approval for such activities under the Act before May 1, 1982. Applicant does not seek approval for Wachovia or First Atlanta or their present subsidiaries to expand in any manner or merge the existing previously-approved insurance activities of Wachovia or First Atlanta. The Board concludes that, under section 4(c)(8)(D) of the Act (12 U.S.C. § 1843(c)(8)(D)), WMC and FAMC may continue to engage in their existing credit-related property and casualty insurance activities after consummation of this proposal.

Board has determined that the applications under sections 3 and 4 of the Act should be and hereby are approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Richmond, acting pursuant to delegated authority. The determination with respect to Applicant's acquisition of Wachovia's and First Atlanta's nonbanking subsidiaries is subject to all 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 bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and order issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective November 4, 1985.

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

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

The Industrial Bank of Japan, Ltd. Tokyo, Japan

Order Approving the Acquisition of a Bank Holding Company

The Industrial Bank of Japan, Ltd. ("IBJ"), Tokyo, Japan, a registered bank holding company, has applied for Board approval under section 3 of the Bank Holding Company Act (the "Act") (12 U.S.C. § 1842) to acquire up to 75.1 percent of the voting shares of J. Henry Schroder Bank & Trust Company, New York, New York ("Bank"). IBJ has also applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) to acquire up to 75.1 percent of the voting shares of J. Henry Schroder Banking Corporation ("JHSBC"), New York, New York, an investment company chartered under Article XII of the New York Banking Law ("New York Investment Company"), and through JHSBC to engage in the following activities: commercial lending; issuing letters of credit; purchasing and discounting acceptances; buying and selling foreign exchange; receiving and maintaining credit balances in connection with international trade; purchasing, acquiring, investing in and holding stock of any corporation and selling and disposing of such stock, provided that (unless otherwise authorized by the Board) no such investment shall exceed 5 percent of the voting securities of any corporation; and operating a foreign branch at Grand Cayman, Cayman Islands, and engaging at that office in transactions of the type that it can engage in at its home office. In addition, IBJ has applied to acquire indirectly shares of J. Henry Schroder International Bank, Miami, Florida, a corporation chartered pursuant to section 25(a) of the Federal Reserve Act (the "Edge Act") (12 U.S.C. § 611 *et seq.*) and owned by Bank.

Notice of the applications, affording interested persons opportunity to submit comments, has been given in accordance with sections 3 and 4 of the Act. The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act, the considerations specified in section 4(c)(8) of the Act, and the purposes of the Edge Act.

IBJ, with total assets equivalent to approximately $85.7 billion, is the largest of three long-term credit banks in Japan and the fifteenth largest banking organization in the world.[1] IBJ operates 23 branches in Japan and operates five branches, twenty-three representative offices, eight subsidiaries and one agency internationally. In the United States, IBJ operates a branch in New York with total assets of approximately $4.5 billion and an agency in Los Angeles with total assets of approximately $2.1 billion. In addition, IBJ owns all of the outstanding voting shares of Industrial Bank of Japan Trust Company, New York, New York, with total assets of approximately $2.6 billion. Applicant has selected New York as its home state under the Board's Regulation K (12 C.F.R. § 211.22(b)).

Bank, with total assets of approximately $1.9 billion, is the 24th largest commercial bank in New York State. Currently, over 95 percent of the outstanding voting shares of Bank are owned by Schroders plc, London, England, a registered bank holding company. IBJ proposes to acquire immediately 51 percent of the voting shares of Bank from Schroders plc, and to acquire approximately an additional 24 percent of Bank within 18 months of the initial purchase of shares.

Section 3(c) of the Act requires in every case that the Board consider the financial resources of the applicant organization and the bank or bank holding company to be acquired. As the Board has previously stated, review of the financial resources of foreign banking organizations raises a number of complex

1. All banking data as of March 31, 1985.

issues that the Board believes require careful consideration and that the Board continues to have under review.[2] In this regard, the Board has initiated consultations with appropriate foreign bank supervisors and notes that work is currently in progress among foreign and domestic bank supervisory officials to develop more fully the concept of functional equivalency of capital ratios for banks of different countries. Pending the outcome of these consultations and deliberations, the Board has determined to consider the issues raised by applications by foreign banks to acquire domestic banks on a case-by-case basis.

In this case, the Board notes that the primary capital ratio of Applicant as publicly reported is below the minimum capital guidelines established by the Board for U.S. bank holding companies. While the Board regards this as a negative factor, the Board notes that Applicant is in compliance with the capital and other financial requirements of the appropriate supervisory authorities in Japan and that Applicant's resources and prospects are viewed as satisfactory by those authorities. Applicant also has historically experienced relatively low loan losses and a strong liquidity position. In addition, Applicant has a substantial and relatively stable funding base of government and corporate deposits and medium- and long-term debentures that, as a long-term credit bank, Applicant is permitted to issue under Japanese law. The Board has also considered other information regarding the financial condition of Applicant, including its substantial portfolio of securities of publicly held Japanese companies carried on Applicant's books at cost, which is substantially below their current market value. Finally, the Board notes that Applicant's current U.S. operations are satisfactory.

The Board expects that Applicant will maintain Bank as among the more strongly capitalized banking organizations of comparable size in the United States. Based on these and all of the other facts of record, the Board concludes that the financial and managerial factors are consistent with approval of this application.

Applicant's subsidiary bank in New York and Bank are both wholesale banks that operate in the Metropolitan New York banking market.[3] Both institutions control a relatively small share of the market for commercial banking services in Metropolitan New York. Upon consummation of the proposed acquisition, Applicant would control approximately 1.18 percent of the deposits held by commercial banks in the Metropolitan New York banking market. Accordingly, the Board has determined that consummation of this proposal would not have significant adverse effects on existing or potential competition in New York or in any relevant banking market. The Board has also determined that considerations regarding the convenience and needs of the communities to be served are consistent with approval of this application.

In acting on IBJ's application to acquire JHSBC, the Board must first determine that these activities are closely related to banking or managing or controlling banks. The Board has previously determined by order that ownership and operation of a New York Investment Company is closely related to banking.[4] In making that determination, the Board considered the unique statutory powers of New York Investment Companies and the fact that the lending and banking activities involved were generally offered by commercial banks. In this case, the activities proposed by Applicant are substantially similar to those authorized by order in previous Board decisions. In light of this and other facts of record, the Board believes that the proposed activities of JHSBC are closely related to banking for purposes of section 4 of the Act.

In acting on applications under section 4 of the Act, the Board is required to determine whether the performance of proposed activities by an applicant "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." (12 U.S.C. § 1843(c)(8)).

Applicant's proposed acquisition would maintain an existing source of banking services in New York and add an additional source of strength to JHSBC. There is no evidence in the record that indicates that Applicant's proposal would result in any undue concentration of resources, decreased or unfair competition, conflicts of interest or unsound banking practices.

Accordingly, the Board has determined that the benefits to the public, subject to the conditions de-

2. *Bank of Montreal*, 70 FEDERAL RESERVE BULLETIN 664 (1984); *Mitsubishi Bank, Ltd.*, 70 FEDERAL RESERVE BULLETIN 518 (1984). *See also* Policy Statement on Supervision and Regulation of Foreign-Based Bank Holding Companies, 1 Federal Reserve Regulatory Service ¶ 4-835 (1979).

3. The Metropolitan New York banking market consists of the southern portion of Fairfield County in Connecticut; New York City, all of Nassau, Putnam, Rockland and Westchester Counties, and western Suffolk County in New York; and eastern Hudson County and the northern two-thirds of Bergen County in New Jersey.

4. *Skandinaviska Enskilda Banken*, 69 FEDERAL RESERVE BULLETIN 42 (1983); *European American Bancorp*, 63 FEDERAL RESERVE BULLETIN 595 (1977).

scribed above and commitments made by Applicant, would outweigh any potentially adverse effects.

The financial and managerial resources of Applicant are also consistent with its acquisition of J. Henry Schroder International Bank. This acquisition would result in the continuation of the international services currently provided, and is consistent with the purposes of the Edge Act. Accordingly, the Board finds that the indirect acquisition of J. Henry Schroder International Bank by Applicant would be in the public interest.

Based on all of the facts of record, the Board has determined that the applications under sections 3 and 4 of the Act and under the Edge Act should be, and hereby are, approved. The acquisition of shares of Bank shall not be made before the thirtieth calendar day following the date of this Order, and none of the proposed acquisitions shall be consummated later than three months after the date of this Order, unless such time is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority. The determination with respect to Applicant's acquisition of shares of the nonbanking companies discussed herein 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 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 Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective November 29, 1985.

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

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

Additional Views of Vice Chairman Martin and Governor Rice

We join in the opinion and Order issued by the Board finding that, under the specific facts and circumstances of this case, the financial condition of Applicant, after making appropriate adjustments for differences between foreign and domestic regulatory and banking practices and requirements, is consistent with approval. We would, however, like to note our continuing concern, expressed in previous cases, regarding acquisitions by foreign banking organizations whose publicly reported capital is well below the Board's capital guidelines for U.S. banking organizations and the unfair competitive advantage that foreign banking organizations with low capital may thus have over comparably sized domestic banking organizations. A regulatory standard that would permit acquisitions by a foreign banking organization with low capital, even after appropriate adjustments are made, would allow such foreign banking organizations a clear advantage in many aspects of their competition with domestic banking organizations, including pricing of services and bidding for domestic bank acquisitions.

We believe that, consistent with the principles of competitive equality and national treatment, foreign banking organizations that have applied to acquire a domestic bank should be judged against financial and managerial standards, including capital adequacy guidelines, that are similar to those applicable to domestic banking organizations. In this regard, we are following carefully the progress of discussions currently underway among foreign and domestic bank supervisory officials to develop more fully the concept of the functional equivalency of capital ratios for banks of different countries.

November 29, 1985

Dissenting Statement by Governor Seger

I dissent from the Board's action in this case. I share the concerns expressed by Vice Chairman Martin and Governor Rice that foreign banking organizations whose publicly reported capital is well below the Board's capital guidelines for U.S. banking organizations have an unfair competitive advantage in the United States over domestic banking organizations and should, I therefore believe, be judged against the same financial and managerial standards, including the Board's capital adequacy guidelines, as are applied to domestic banking organizations.

In addition, I am concerned that, while this application would permit a large Japanese banking organization to acquire a bank in the U.S., U.S. banking organizations are not permitted to make comparable acquisitions in Japan. While some progress is being made in opening Japanese markets to U.S. banking organizations, U.S. banking organizations and other financial institutions, in my opinion, are still far from being afforded the full opportunity to compete in Japan.

November 29, 1985

United Virginia Bankshares Incorporated Richmond, Virginia

Order Approving Acquisition of a Bank Holding Company

United Virginia Bankshares Incorporated, Richmond, Virginia, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. §§ 1841 *et seq.*) ("Act"), has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire the successor by merger to NS&T Bankshares, Incorporated, Washington, D.C. ("NS&T"), and its subsidiary bank, NS&T Bank, N.A., Washington, D.C. ("Bank").

Applicant has also applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23) to acquire NS&T's nonbanking subsidiary, Franklin Mortgage Corporation, Fairfax, Virginia ("Franklin Mortgage"),[1] a company that engages in originating and servicing residential real estate loans, and to acquire NS&T's 4.7 percent interest in Internet, Inc., Reston, Virginia ("Internet"), a company that engages in data processing and related activities. The latter acquisition would increase Applicant's interest in Internet to 9.5 percent of its voting shares. These activities have been determined by the Board to be closely related to banking and permissible for bank holding companies under sections 225.25(b)(1) and (7) of Regulation Y (12 C.F.R. §§ 225.25(b)(1) and (7)).

Notice of the applications, affording an opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act (50 *Federal Register* 43,005 (1985)). The time for filing comments has expired, and the Board has considered the applications and all comments received, including the comments of the Council of the District of Columbia, in light of the factors set forth in section 3(c) of the Act and the considerations specified in section 4(c) of the Act.

Applicant is the second largest commercial banking organization in Virginia. Its one subsidiary bank controls total domestic deposits of $4.7 billion, representing 14.6 percent of the total deposits in commercial banks in Virginia.[2] NS&T is the fifth largest commercial banking organization in the District of Columbia, with one subsidiary bank controlling total domestic deposits of $700 million, representing 7.7 percent of the total deposits in commercial banks in the District.

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 control of any bank located outside of the holding company's home state,[3] 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."

The statute laws of the District of Columbia authorize the acquisition of a bank or bank holding company in the District by a bank holding company located in another state in a defined southeastern region, including Virginia, if that state has enacted reciprocal interstate banking legislation that includes the District of Columbia.[4] Virginia has enacted a similar regional reciprocal statute, which permits the acquisition of a Virginia bank by a bank holding company located in the District of Columbia.[5]

The Council of the District of Columbia, in emergency legislation enacted November 22, 1985, set forth its findings that the proposed acquisition satisfies all of the conditions imposed by the District of Columbia statute and recommended that the Board approve the application.[6] After review of the relevant Virginia and District of Columbia statutes, the Board has determined that the Virginia statute and the proposed acquisition satisfy the conditions of the District's regional interstate banking statute and that the District of Columbia statute expressly authorizes a Virginia bank holding company, such as Applicant, to acquire a District of Columbia bank holding company, such as NS&T. Accordingly, the Board concludes that approval of Applicant's proposal to acquire a bank in the District of Columbia is not barred by the Douglas Amendment.

Applicant's subsidiary bank competes with NS&T's subsidiary bank in the only market in which the latter operates, the Washington, D.C., banking market.[7] Applicant is the tenth largest of 71 commercial banking organizations in the Washington market, in which its

1. NS&T intends to divest Franklin Mortgage prior to its acquisition by Applicant. Applicant proposes to acquire Franklin Mortgage to provide for the possibility that the divestiture may not take place before Applicant acquires control of NS&T.

2. State and District deposit data are as of June 30, 1985.

3. A bank holding company's home state is that state in which the operations of the bank holding company's banking subsidiaries were principally conducted on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. Applicant's home state is Virginia.

4. District of Columbia Regional Interstate Banking Act of 1985, 1985 D.C. Law 6-63 (to be codified at D.C. Code Ann. §§ 26-801 *et seq.*). The states in the region defined by the Act include Alabama, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, and West Virginia in addition to Virginia.

5. Va. Code §§ 6.1-398 *et seq.* (Supp. 1985).

6. D.C. Act 6-103, § 11 (1985).

7. The Washington, D.C., banking market is defined as the Washington, D.C., Ranally Metropolitan Area, which comprises the District of Columbia and the surrounding suburban areas of Virginia and Maryland.

subsidiary bank controls total domestic deposits of $807.8 million, representing 4 percent of the total deposits in commercial banks in the market.[8] NS&T is the eleventh largest commercial banking organization in the market, with one subsidiary bank controlling domestic deposits of $619 million, representing 3.1 percent of the total deposits in commercial banks in the market. Upon acquisition of NS&T, Applicant would become the sixth largest commercial banking organization in the Washington market and would control 7.1 percent of the total deposits in commercial banks in the market.

The Washington banking market is, and would continue after consummation of the proposed acquisition to be, an unconcentrated market.[9] Moreover, a large number of commercial banking organizations would remain in the Washington market after the proposed acquisition. On the basis of these and all other facts of record, the Board concludes that consummation of the acquisition would not have a significant adverse effect on existing competition in the Washington market.

Applicant's subsidiary bank operates in numerous additional markets in Virginia, in which NS&T's subsidiary bank does not compete. The Board has examined the effect of Applicant's acquisition of NS&T on probable future competition in these markets in light of the Board's proposed guidelines for assessing the competitive effects of market-extension mergers or acquisitions.[10] In view of the existence of numerous other potential entrants into each of Applicant's Virginia banking markets, the Board has concluded that consummation of the proposed transaction would not have any significant adverse effects on probable future competition in any relevant market. The financial and managerial resources and future prospects of Applicant, NS&T, and their respective subsidiaries are also consistent with approval of the applications.

In connection with the applications, Applicant has made a number of commitments and proposals designed to, among other things, increase the provision of lending and other financial services in low- and moderate-income neighborhoods in the District of Columbia. On the basis of certain of these commitments, the Council of the District of Columbia found that the proposed acquisition would be of public benefit to the District.[11] In addition, on the basis of these commitments, the D.C. Reinvestment Alliance, a coalition of nonprofit community groups in the District of Columbia, has withdrawn its objection to the proposed transaction under the Community Reinvestment Act (12 U.S.C. §§ 2901 *et seq.*). After review of these and all of the other facts in this case, including the commitments made by Applicant and recent reports of examination regarding the record of Applicant and Bank under the Community Reinvestment Act, the Board concludes that considerations relating to the convenience and needs of the communities to be served favor approval of the applications.

The Board has also considered the applications under section 4(c)(8) of the Act to acquire Franklin Mortgage, a nonbanking company that engages in originating and servicing residential real estate loans, and to acquire or retain 9.5 percent of the shares of Internet, a company that provides electronic network and switching services in connection with its operation of two electronic funds transfer systems.[12] These activities have been determined by the Board to be closely related to banking under sections 225.25(b)(1) and (7) of Regulation Y (12 C.F.R. §§ 225.25(b)(1) and (7)).

Consummation of the proposed acquisition would eliminate a small amount of existing competition between Franklin Mortgage and Applicant's mortgage banking subsidiary, United Virginia Mortgage Company ("UVMC") in the origination of first and second mortgages in the Washington, D.C., market.[13] This product market, however, is unconcentrated, with many bank and nonbank competitors, and the market shares of Franklin Mortgage and UVMC in the Washington market are *de minimis*. Accordingly, the proposed acquisition would not have a significant adverse effect on competition for residential mortgage originations in the Washington market.

Franklin Mortgage and UVMC also compete in the mortgage servicing market, which has been determined to be national in scope.[14] The market shares of Franklin Mortgage and UVMC in this product market are *de minimis* and the market is unconcentrated. Accordingly, Applicant's acquisition of Franklin Mortgage would have no significant effect on competition in this product market. The acquisition by Applicant of additional shares of Internet would not result in the elimination of any competition.

8. Market deposit data are as of June 30, 1984.

9. Consummation of the proposed transaction would increase the market's Herfindahl-Hirschman Index by 25 points, from 682 to 707. The market is considered unconcentrated under the Department of Justice Merger Guidelines, 49 *Federal Register* 26,823 (1984), and the transaction is not within the parameters in which the Department of Justice is likely to challenge the transaction.

10. "Proposed Policy Statement of the Board of Governors of the Federal Reserve System for Assessing Competitive Factors Under the Bank Merger Act and the Bank Holding Company Act," 47 *Federal Register* 9017 (1982). Although the proposed policy statement has not been adopted by the Board, the Board has applied the criteria set forth in the policy statement in its analysis of the effects of proposals on probable future competition.

11. D.C. Act 6-103, § 11 (1985).

12. Applicant currently controls 4.7 percent of Internet's shares, and upon acquisition of NS&T would acquire an additional 4.7 percent.

13. The product market for residential mortgage originations has been determined to be local in scope. *See, e.g., NBD Bancorp, Inc.*, 71 FEDERAL RESERVE BULLETIN 258, 261 (1985).

14. *Id.*

After consideration of the above facts and other facts of record, the Board concludes that Applicant's acquisition of NS&T's nonbanking interests 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 interests, 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 Act is favorable and consistent with approval of the applications to acquire Franklin Mortgage and to retain and acquire shares of Internet.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act should be, and hereby are, approved. The acquisition of NS&T's subsidiary bank shall not be consummated before the thirtieth calendar day following the effective date of the Order, and neither the banking acquisition nor the nonbanking acquisitions shall occur later than three months after the effective date of the 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 determination with respect to Applicant's acquisition of Franklin Mortgage and shares of Internet 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 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 Act and the Board's regulations and orders issued thereunder.

By order of the Board of Governors, effective November 27, 1985.

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

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

Washington National Holdings N.V. Curacao, Netherlands Antilles

Order Approving the Formation of a Bank Holding Company and Acquisition of a Mortgage Company

Washington National Holdings N.V., Curacao, Netherlands Antilles, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring 37.5 percent of the outstanding voting shares of Colson, Inc., Wilmington, Delaware ("Colson"),[1] and thereby to acquire indirectly Washington Bancorporation, Washington, D.C. ("Company"), a bank holding company within the meaning of the Act due to its control of The National Bank of Washington, Washington, D.C. ("Bank"). Applicant also has applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23)) to acquire Washington Mortgage Group, Inc., Vienna, Virginia ("Mortgage Company"), a nonbanking subsidiary of Company engaged in mortgage banking activities. Such activities are permissible pursuant to section 225.25(b)(1) of the Regulation Y.

Notice of the applications, affording opportunity for interested persons to submit comments, has been given in accordance with sections 3 and 4 of the Act (50 *Federal Register* 36,484 (September 6, 1985)). The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act and the considerations specified in section 4(c)(8) of the Act.

Applicant and Colson are both nonoperating companies formed for the sole purpose of acquiring shares of Company. Bank is Company's only banking subsidiary. Bank is the third largest commercial bank in Washington, D.C., controlling total deposits of $953 million, representing 10.4 percent of the total deposits in commercial banks in Washington, D.C.[2] Bank operates in the Washington banking market,[3] where it is the seventh largest of 71 commercial banks, controlling 4.4 percent of total deposits in commercial banks in the market.[4] Consummation of the transaction would not result in the concentration of banking resources or in any significant adverse competitive effects in any relevant geographic area.

The financial and managerial resources and future prospects of Applicant, Colson, Company, and Bank are considered generally satisfactory and consistent with approval of the transaction. Applicant has proposed no new services for Bank upon consummation of the transaction. However, there is no evidence in the record that the banking needs of the community to be served are not being met. Accordingly, considerations relating to the convenience and needs of the

1. In a related action, the Board today approved the application by Colson to become a bank holding company by acquiring 72.5 percent of Company.
2. Banking data for Washington, D.C., are as of December 31, 1984.
3. The Washington banking market is defined as the Washington Ranally Metro Area.
4. Banking data for the Washington banking market are as of June 30, 1984.

community to be served are consistent with approval of the transaction.

The Board has also considered Applicant's proposal to indirectly acquire Mortgage Company and engage in mortgage banking activities. There is no evidence in the record to indicate that approval of the transaction would result in undue concentration of resources, decreased or 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 public interest factors it must consider under section 4(c)(8) is consistent with approval of the transaction.

Based on the foregoing and other facts of record, the Board has determined that the applications under sections 3 and 4 of the Act 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 the latter period is extended for good cause by the Board or the Federal Reserve Bank of Richmond, acting pursuant to delegated authority. The determination with respect to Applicant's proposal to acquire Mortgage Company is subject to 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 modification or termination of activities of a holding company and any of its subsidiaries as the Board finds necessary to assure compliance with the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective November 29, 1985.

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

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

Orders Issued Under the Bank Merger Act

Moore Financial of Utah
Salt Lake City, Utah

The Continental Bank and Trust Company
Salt Lake City, Utah

Order Approving Merger of Banks

Moore Financial of Utah ("Moore Financial/Utah"), Salt Lake City, Utah, and The Continental Bank and Trust Company ("Continental Bank"), also of Salt Lake City, both subsidiaries of Moore Financial Group Incorporated ("MFGI"), Boise, Idaho, a bank holding company within the meaning of the Bank Holding Company Act, have applied for the Board's approval under the Bank Merger Act (12 U.S.C. § 1828(c)) to merge under the charter and title of Continental Bank. Moore Financial/Utah concurrently has applied for membership in the Federal Reserve System pending consummation of the proposed merger.

Notice of the application, affording interested persons an opportunity to submit comments and views, has been given in accordance with the Bank Merger Act and the Board's Rules of Procedure (12 C.F.R. § 262.3(b)).

MFGI has banking subsidiaries in Idaho and Oregon with consolidated assets of $2.9 billion and total domestic deposits of $2.5 billion.[1] Since its recent acquisition of Continental Bank, MFGI also controls the seventh largest banking organization in Utah with $201.8 million in deposits, representing 2.7 percent of the total deposits in commercial banks in the state.[2] *See Moore Financial Group Incorporated,* 71 FEDERAL RESERVE BULLETIN 899 (1985).

Moore Financial/Utah, with total assets of approximately $91 million as of September 30, 1985, is a Utah-chartered industrial loan company with offices in Salt Lake City, Ogden, and Provo, all in Utah. Moore Financial/Utah provides commercial and consumer loans, leases real and personal property through its subsidiary, Moore Financial Leasing Company, extends credit by credit cards, acts as agent for the sale of credit life insurance related to extensions of credit, offers thrift and passbook accounts, and issues thrift certificates. Moore Financial/Utah also is authorized under state law to offer negotiable order of withdrawal (NOW) accounts, although it has not offered this service to date. Moore Financial/Utah could reasonably be considered a competitor with commercial banks and other financial institutions in Utah by virtue of its powers to offer virtually all the services a commercial bank offers, or close substitutes thereto.

Continental Bank and Moore Financial/Utah both operate in the Salt Lake City banking market.[3] Continental Bank is the seventh largest of 29 commercial banking organizations in the market, controlling $190 million in deposits, which represents 4.8 percent of the total deposits in commercial banks in the market.

1. Idaho and Oregon statewide banking data are as of March 31, 1985.
2. Utah banking data are as of March 31, 1985.
3. The Salt Lake City banking market is approximated by the Salt Lake City Ranally Metro Area. Market data are as of June 30, 1984.

Moore Financial/Utah controls deposits of approximately $41.2 million in the market. MFGI, the parent of both Applicants, is represented in the market by two additional subsidiaries, Moore Financial Services ("MFS") and Moore Trust Company ("MTC"), which provide commercial loan and trust services, respectively. The market shares of MFS and MTC are *de minimis*. In view of these facts, and the fact that this proposal represents essentially a reorganization of existing ownership interests, the Board concludes that consummation of the proposed acquisition would not result in any adverse effects upon competition or increase the concentration of resources in any relevant area.

The financial and managerial resources of Applicants and their parent MFGI are regarded as generally satisfactory, particularly in light of commitments made by Applicants, and their prospects appear favorable. As a result, considerations relating to banking factors are consistent with approval. As a result of the proposed transaction, customers of Moore Financial/Utah would benefit from the addition of new services, including the offering of demand deposit accounts to business customers and NOW accounts to individuals, as well as federal deposit insurance for its customers' deposits. Because Moore Financial/Utah operates in two locations (Ogden and Provo, Utah) where Continental Bank does not currently maintain offices, this proposal will provide a strengthened competitor with expanded banking services in those locations. Thus, considerations relating to the convenience and needs of the communities to be served are consistent with approval. Based upon the foregoing and other considerations reflected in the record, the Board's judgment is that consummation of the transaction would be consistent with the public interest.

Moore Financial/Utah also has applied for approval under section 9 of the Federal Reserve Act (12 U.S.C. § 321 *et seq.*), and section 208.4 of Regulation H (12 C.F.R. § 208.4), for membership in the Federal Reserve System pending consummation of the contemplated merger. Moore Financial/Utah appears to meet all the criteria for admission to membership, including capital requirements and considerations related to management character and quality. Accordingly, the membership application is approved.

On the basis of the record and for the reasons discussed above, the applications are hereby approved. The transaction shall not be consummated before the thirtieth 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 November 27, 1985.

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

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

ORDERS APPROVED UNDER THE BANK HOLDING COMPANY ACT

By the Board of Governors

Recent applications have been approved by the Board of Governors as listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
Commercial Bancshares, Inc., Jersey City, New Jersey	First Bank of Colonia, Colonia, New Jersey	November 27, 1985
First Center Bancshares, Inc., Mount Hope, West Virginia	H & R Bancshares, Inc., Danville, West Virginia	November 29, 1985
Shawmut Corporation, Boston, Massachusetts	Shawmut Quincy Bank and Trust Company, Boston, Massachusetts	November 18, 1985

By Federal Reserve Banks

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

Section 3

Applicant	Bank(s)	Reserve Bank	Effective date
Alice Bancshares, Inc., Alice, Texas	The First State Bank, Premont, Texas	Dallas	November 22, 1985
Anchor Bancorp, Inc., Wayzata, Minnesota	Exchange State Bank, St. Paul, Minnesota	Minneapolis	October 25, 1985
Anderson Bancshares, Inc., Neosho, Missouri	Anderson State Bank, Anderson, Missouri	Kansas City	November 8, 1985
Applewood Bankcorp, Inc., Wheat Ridge, Colorado	Jefferson Bank South, Lakewood, Colorado	Kansas City	October 30, 1985
Attica Financial Corporation, Wichita, Kansas	First National Bank of Attica, Attica, Kansas	Kansas City	November 1, 1985
B.P.C. Corporation, Cookeville, Tennessee	Cumberland County Bank, Crossville, Tennessee	Atlanta	November 8, 1985
Brush Country Holding Company, Inc., Freer, Texas	Freer Bancshares, Inc., Freer, Texas Brush Country Bank, Freer, Texas	Dallas	November 1, 1985
C & L Investment Company, Inc., Miller, South Dakota	Hand County State Bank, Miller, South Dakota	Minneapolis	November 22, 1985
Canton Bancshares, Inc., Canton, Oklahoma	Community State Bank of Canton, Canton, Oklahoma	Kansas City	October 17, 1985
Central Wisconsin Bankshares, Inc., Wausau, Wisconsin CWB Holdings—Onalaska, Inc., Wausau, Wisconsin	Onalaska Holding Company, Inc., Onalaska, Wisconsin	Chicago	November 22, 1985
Citizens Bankshares, Inc., Shawano, Wisconsin	Citizens State Bank, Shawano, Wisconsin	Chicago	November 22, 1985
Commerce Financial Corporation, Topeka, Kansas	First State Bank and Trust Company, Topeka, Kansas	Kansas City	October 24, 1985
Community Bankshares, Inc., Concord, New Hampshire	Concord Savings Bank, Concord, New Hampshire	Boston	November 14, 1985
Dallas Bancshares, Inc., Dallas, Texas	AmericanBanc Corporation, Plano, Texas	Dallas	October 28, 1985
Delta Bancshares, Inc., Kaufman, Texas	First National Bank in Kaufman, Kaufman, Texas	Dallas	November 6, 1985
Downstate Bancshares, Inc., Murphysboro, Illinois	The First National Bank of Grand Tower, Grand Tower, Illinois	St. Louis	November 6, 1985
Dover Bancshares, Inc., Dover, Arkansas	Bank of Dover, Dover, Arkansas	St. Louis	November 8, 1985
Early Financial Bancshares, Inc., Weatherford, Texas	Texas Bank, Early, Texas	Dallas	October 18, 1985

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Financial Bancshares, Inc., LaVista, Nebraska	Bank of Nebraska in Omaha, Omaha, Nebraska	Kansas City	November 22, 1985
Financial Management Bancshares of West Virginia, Inc., Morgantown, West Virginia	The First National Bank of Terra Alta, Terra Alta, West Virginia	Richmond	October 24, 1985
First Bankers Corporation of Florida, Pompano Beach, Florida	The Mall Bank, West Palm Beach, Florida	Atlanta	October 18, 1985
First Banking Company of Southeast Georgia, Statesboro, Georgia	Metter Financial Services, Inc., Metter, Georgia	Atlanta	November 15, 1985
First Busey Corporation, Urbana, Illinois	The First National Bank of Thomasboro, Thomasboro, Illinois	Chicago	November 15, 1985
First Channahon Bancorp, Inc., Channahon, Illinois	First Bank of Channahon, Channahon, Illinois	Chicago	October 25, 1985
First Commonwealth Financial Corporation, Indiana, Pennsylvania	The First National Bank of Leechburg, Leechburg, Pennsylvania	Cleveland	November 14, 1985
First Fidelity Bancorp, Inc., Fairmont, West Virginia	Bridgeport Bank, Bridgeport, West Virginia	Richmond	November 12, 1985
First Financial Bancorporation, Iowa City, Iowa	First National Bank, Iowa City, Iowa	Chicago	November 22, 1985
First Lubbock Bancshares, Inc., Lubbock, Texas	First National Bank at Lubbock, Lubbock, Texas	Dallas	October 24, 1985
First Mid-Illinois Bancshares, Inc., Mattoon, Illinois	Cumberland County National Bank in Neoga, Neoga, Illinois	Chicago	November 8, 1985
First National Financial Corporation, Albuquerque, New Mexico	First National Bank in Albuquerque, Albuquerque, New Mexico	Kansas City	November 1, 1985
First NH Banks, Inc., Manchester, New Hampshire	North Country Bank, Berlin, New Hampshire	Boston	November 22, 1985
First of America Bank Corporation, Kalamazoo, Michigan	Alpena Savings Bank, Alpena, Michigan	Chicago	November 15, 1985
First Security Bankshares, Inc., Lavonia, Georgia	Bank of Hartwell, Hartwell, Georgia	Atlanta	October 30, 1985
First Security Corporation of Kentucky, Lexington, Kentucky	Danville Bancorp, Inc., Danville, Kentucky	Cleveland	October 28, 1985
FIRST STATE BANCORP OF MONTICELLO, Monticello, Illinois	Prarie State Bank, Bloomington, Illinois	Chicago	November 15, 1985
First Union Corporation, Charlotte, North Carolina	Central Florida Bank Corporation, Dade City, Florida	Richmond	October 24, 1985
First Virginia Banks, Inc., Falls Church, Virginia	The Bank of Middlesex, Urbanna, Virginia	Richmond	October 30, 1985

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First Virginia Banks, Inc., Falls Church, Virginia	The First National Bank of Farmville, Farmville, Virginia	Richmond	October 30, 1985
First Wisconsin Corporation, Milwaukee, Wisconsin	Cedarburg State Bank, Cedarburg, Wisconsin	Chicago	November 22, 1985
First Wisconsin Corporation, Milwaukee, Wisconsin	Island City Bancorp, Inc., Minocqua, Wisconsin Security State Bank of Minocqua, Minocqua, Wisconsin	Chicago	November 22, 1985
First Wyoming Bancorporation, Cheyenne, Wyoming	First Wyoming Bank—Saratoga, Saratoga, Wyoming	Kansas City	October 17, 1985
FMB of S.C. Bancshares, Incorporated, Holly Hill, South Carolina	Farmers & Merchants Bank of South Carolina, Holly Hill, South Carolina	Richmond	November 19, 1985
Frankewing Bancshares, Inc., Frankewing, Tennessee	The Bank of Frankewing, Frankewing, Tennessee	Atlanta	October 9, 1985
FRANKLIN BANCORP, INC., Edinburg, Indiana	SOUTH CENTRAL BANCORP, Edinburg, Indiana	Chicago	November 15, 1985
Freedom Bancorporation, Inc., Lindstrom, Minnesota	Security State Holding Company, Lindstrom, Minnesota	Minneapolis	November 22, 1985
Geneva Bancshares, Inc., Geneva, Illinois	The State Bank of Geneva, Geneva, Illinois	Chicago	November 22, 1985
Granger Bancshares, Inc., Granger, Texas	The Granger National Bank, Granger, Texas	Dallas	November 22, 1985
Gulf & Southern Corporation, Fort Myers, Florida	The National Bank of Lee County, Fort Myers, Florida	Atlanta	October 9, 1985
Harrisburg Bancshares, Inc., Houston, Texas	Harrisburg Bank, Houston, Texas	Dallas	November 1, 1985
Hull State Bancshares, Inc., Hull, Texas	Bank of the Trinity, N.A., Liberty, Texas	Dallas	November 22, 1985
Independence Bancshares, Inc., Houston, Texas	New Waverly State Bank, New Waverly, Texas	Dallas	November 25, 1985
Irwin Union Corporation, Columbus, Indiana IUC Holding, Inc., Columbus, Indiana	Midwest National Bank, Indianapolis, Indiana	Chicago	October 23, 1985
Jennings Union Bankcorp, North Vernon, Indiana	Union Bank and Trust Company, North Vernon, Indiana	Chicago	November 6, 1985
Kaw Valley Bancorp, Inc., Topeka, Kansas	The Kaw Valley State Bank & Trust Company, Topeka, Kansas	Kansas City	November 15, 1985
KNISELY FINANCIAL CORP., Butler, Indiana	The Knisely National Bank of Butler, Butler, Indiana	Chicago	November 1, 1985
Leland National Bancorp, Inc., Leland, Illinois	Leland National Bank, Leland, Illinois	Chicago	November 6, 1985
Lexington State Bank & Trust Company Employee Stock Ownership Plan, Lexington, Nebraska	Lexington Bancshares, Inc., Lexington, Nebraska	Kansas City	November 14, 1985

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Trust Department of Lexington State Bank & Trust Company, Lexington, Nebraska			
Lincoln Financial Corporation, Fort Wayne, Indiana	CS BANCORP, Huntington, Indiana	Chicago	November 21, 1985
LJT, Inc., Holdrege, Nebraska	First Holdrege Banc Shares, Inc., Holdrege, Nebraska	Kansas City	October 24, 1985
M & M Financial Corporation, Oak Hill, West Virginia	Valley Bank and Trust Company, Bluefield, West Virginia	Richmond	October 25, 1985
Marshall & Ilsley Corporation, Milwaukee, Wisconsin	M&I Interim Corporation, Lancaster, Wisconsin Lancaster Bancshares, Inc., Lancaster, Wisconsin	Chicago	November 1, 1985
Mifflinburg Bancorp, Inc., Mifflinburg, Pennsylvania	Mifflinburg Bank and Trust Company, Mifflinburg, Pennsylvania	Philadelphia	November 6, 1985
Mission-Valley Bancorp, Pleasanton, California	The Bank of San Ramon, N.A., San Ramon, California	San Francisco	October 30, 1985
Naperville Financial Corporation, Naperville, Illinois	Heritage Bank of Bolingbrook, Bolingbrook, Illinois	Chicago	November 1, 1985
National Bank of Western Pennsylvania Employee Stock Ownership Trust, Berlin, Pennsylvania	N.B.W.P., Inc., Berlin, Pennsylvania	Cleveland	November 8, 1985
N.B.W.P., Inc., Berlin, Pennsylvania	Western Pennsylvania Bank, N.A., Inc. Berlin, Pennsylvania	Cleveland	November 8, 1985
Nerstrand Bancshares, Inc., Nerstrand, Minnesota	Farmers State Bank of Nerstrand, Nerstrand, Minnesota	Minneapolis	November 15, 1985
New Danville Bancorp, Inc., Lexington, Kentucky	Citizens National Bank of Danville, Danville, Kentucky	Cleveland	October 28, 1985
New Superior Financial Corporation, Sault Ste. Marie, Michigan	Superior Financial Corporation, Sault Ste. Marie, Michigan	Minneapolis	November 15, 1985
Nicholas, Inc., Dillon, Montana	State Bank and Trust Company, Dillon, Montana	Minneapolis	October 24, 1985
North Shore Financial Corporation, Duluth, Minnesota	North Shore Bank of Commerce, Duluth, Minnesota	Minneapolis	November 6, 1985
Old National Bancorp, Evansville, Indiana	Greencastle Bancorp, Inc., Greencastle, Indiana First Citizens Bank and Trust Company, Greencastle, Indiana	St. Louis	November 21, 1985
PAB Bancshares, Inc., Valdosta, Georgia	Farmers & Merchants Bancshares, Inc., Adel, Georgia	Atlanta	November 1, 1985

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Peconic Bancshares, Inc., Riverhead, New York	Peconic Bank, Riverhead, New York	New York	November 8, 1985
Regency Bancorporation, Pueblo, Colorado	Pueblo Boulevard Bank, Pueblo, Colorado	Kansas City	November 21, 1985
Ridgedale Financial Services, Inc., Minnetonka, Minnesota	Ridgedale State Bank, Minnetonka, Minnesota	Minneapolis	November 22, 1985
Rio Grande Financial Corporation, Brownsville, Texas	National Bank of Brownsville, Brownsville, Texas	Dallas	October 28, 1985
Riverside Banking Company, Fort Pierce, Florida	Riverside National Bank of Florida, Fort Pierce, Florida	Atlanta	October 31, 1985
Security Bancorp, Inc., Herrin, Illinois	Herrin Security Bank, Herrin, Illinois	St. Louis	November 8, 1985
Silver Lake Bancorporation, Inc., Silver Lake, Minnesota	First State Bank of Lake Wilson, Lake Wilson, Minnesota	Minneapolis	November 8, 1985
South County Bancshares, Inc., Ashland, Missouri	South County Bank, Ashland, Missouri	St. Louis	November 15, 1985
Southeast Arkansas Bank Corporation, Lake Village, Arkansas	Bank of Lake Village, Lake Village, Arkansas	St. Louis	November 4, 1985
Southside Bancshares Corp., St. Louis, Missouri	Bank of Ste. Genevieve, Ste. Genevieve, Missouri	St. Louis	October 30, 1985
SouthTrust Corporation, Birmingham, Alabama	Peoples Bank and Trust Company of Sylacauga, Sylacauga, Alabama	Atlanta	November 15, 1985
The Summit Bancorporation, Summit, New Jersey	Bay State Bank, Ship Bottom, New Jersey	New York	October 25, 1985
Summit Holding Corporation, Beckley, West Virginia	Gulf National Bank, Sophia, West Virginia	Richmond	October 31, 1985
Sunbelt Bancshares, Inc., Tifton, Georgia	The Citizens Bank of Tifton, Tifton, Georgia	Atlanta	October 9, 1985
Texas American Bancshares, Inc., Fort Worth, Texas	American State Bank, Fort Worth, Texas	Dallas	November 1, 1985
Turner Bancshares, Inc., Belgrade, Missouri	Belgrade State Bank, Belgrade, Missouri	St. Louis	October 29, 1985
United Citizens Financial Corporation, New Castle, Kentucky	United Citizens Bank and Trust Co., New Castle, Kentucky	St. Louis	November 5, 1985
Washington-Wilkes Corporation, Washington, Georgia	Farmers and Merchants Bank, Washington, Georgia	Atlanta	October 30, 1985
Williamson County Bancorp, Inc., Franklin, Tennessee	Planters Financial Corporation, Hopkinsville, Tennessee	Atlanta	November 22, 1985

Section 4

Applicant	Bank(s)/Nonbanking company	Reserve Bank	Effective date
Bank of Boston Corporation, Boston, Massachusetts	American Financial Systems Corporation, Tampa, Florida	Boston	November 15, 1985
Bank of Boston Corporation, Boston, Massachusetts	Hospital Trust Financial of Connecticut, Inc., Hartford, Connecticut acting as an advisor to open-end investment companies	Boston	November 1, 1985
Chisholm Trail Financial Corporation, Wichita, Kansas	Derby Financial Corporation, Wichita, Kansas	Kansas City	November 5, 1985
Forest Lake Finance Company, Forest Lake, Minnesota	Coy Insurance Agency, Forest Lake, Minnesota	Minneapolis	November 19, 1985
Gulfbanks, Inc., Corpus Christi, Texas	Central National Gulfbank of Corpus Christi, Corpus Christi, Texas First National Bank of Corpus Christi, Corpus Christi, Texas Southern National Bank of Corpus Christi, Corpus Christi, Texas Western National Bank of Corpus Christi, Corpus Christi, Texas	Dallas	October 31, 1985
Maryland National Corporation, Baltimore, Maryland	Firstmark Arvada Industrial Bank, Arvada, Colorado Firstmark Cherry Creek Industrial Bank, Denver, Colorado	Richmond	November 18, 1985
Sloan State Corporation, Sloan, Iowa	making or acquiring loans and other extensions of credit	Chicago	November 15, 1985

ORDERS APPROVED UNDER BANK MERGER ACT

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
Banco de Ponce, Ponce, Puerto Rico	The East New York Savings Bank, New York, New York	New York	November 1, 1985
Bayshore Bank of Florida, Miami, Florida	Tower Bank, N.A., Hialeah Gardens, Florida	Atlanta	October 4, 1985
Citizens Interim Bank, Ocala, Florida	Citizens First Bank of Ocala, Ocala, Florida	Atlanta	November 13, 1985
Green Valley Bank, Inc., Bluefield, West Virginia	Valley Bank and Trust Company, Bluefield, West Virginia	Richmond	October 25, 1985
M. B. Bank, Minerva, Ohio	The Minerva Banking Company, Minerva, Ohio	Cleveland	October 25, 1985

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.

First National Bank of Blue Island Employee Stock Ownership Plan v. Board of Governors, No. 85–2615 (7th Cir., filed Sept. 23, 1985).

First National Bancshares II v. Board of Governors, No. 85–3702 (6th Cir., filed Sept. 4, 1985).

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

Florida Bankers Association, et al. v. Board of Governors, No. 85–193 (U.S., filed Aug. 5, 1985).

Populist Party of Iowa v. Federal Reserve Board, No. 85–626-B (S.D. Iowa, filed Aug. 2, 1985).

John R. Urwyler, et al. v. Internal Revenue Service, et al., No. CV-F-85–402 REC (E.D. Cal., filed July 18, 1985).

Broad Street National Bank of Trenton v. Board of Governors, No. 85–3387 (3d Cir., filed July 17, 1985).

Wight , et al. v. Internal Revenue Service, et al., No. CIV S-85–0012 MLS (E.D. Cal., filed July 12, 1985).

Cook v. Spillman, et al., No. CIV S-85–0953 EJG (E.D. Cal. filed July 10, 1985).

Calhoun, et al. v. Board of Governors, No. 85–1750 (D.D.C., filed May 30, 1985).

Florida Bankers Association v. Board of Governors, No. 84–3883 and No. 84–3884 (11th Cir., filed Feb. 15, 1985).

Florida Department of Banking v. Board of Governors, No. 84–3831 (11th Cir., filed Feb. 15, 1985),and No. 84–3832 (11th Cir., filed Feb. 15, 1985).

Dimension Financial Corporation v. Board of Governors, No. 84–1274 (U.S., filed Feb. 6, 1985).

Lewis v. Volcker, et al., No. C-1–85–0099 (S.D. Ohio, filed Jan. 14, 1985).

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

Seattle Bancorporation, et al. v. Board of Governors, No 84–7535 (9th Cir., filed Aug. 15, 1984).

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

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

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

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

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

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

Securities Industry Association v. Board of Governors, No. 80–2614 (D.C. Cir., filed Oct. 24. 1980), and No. 80–2730 (D.C. Cir., filed Oct. 24, 1980).

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

SPECIAL TABLES

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

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1984	1985			1985				
	Q4	Q1	Q2	Q3	June	July[r]	Aug.	Sept.[r]	Oct.
Reserves of depository institutions[2]									
1 Total	3.8	17.4	12.2	16.4	24.8	12.2	16.5	8.7	4.0
2 Required	3.0	16.9	12.3	17.1	22.3	13.9	17.7	13.5	1.4
3 Nonborrowed	36.3	57.3	14.1	18.2	29.5	15.4	18.0	2.8	7.0
4 Monetary base[3]	4.7	8.2	7.5	10.3	13.5	6.8	13.4	7.0	6.1
Concepts of money, liquid assets, and debt[4]									
5 M1	3.2	10.6	10.2	15.1[r]	19.8	9.3	20.5	11.7	−1.2
6 M2	9.1	12.1	5.3	10.2	13.7	8.6	11.3	7.0	2.2
7 M3	11.0	10.7	5.2	7.9[r]	10.5	4.4	9.2	10.1	3.8
8 L	9.6	10.0	5.8	8.5	9.5	5.6	12.2	9.9	n.a.
9 Debt	14.0	13.6	11.7	11.9[r]	11.8	12.2	11.7	10.5	n.a.
Nontransaction components									
10 In M2[5]	10.9	12.5	3.8	8.7	11.8	8.4	8.4	5.5	3.3
11 In M3 only[6]	18.7	5.5	4.8	−1.3[r]	−2.1	−12.0	1.0	22.3	10.0
Time and savings deposits									
Commercial banks									
12 Savings[7]	−10.4	−8.7	−1.7	11.3	14.9	12.8	9.7	3.9	4.8
13 Small-denomination time[8]	6.9	−1.8	6.5	−4.4	2.2	−7.1	−13.3	−4.1	−3.1
14 Large-denomination time[9,10]	12.2	2.6	8.3	−3.2	−19.4	−8.5	8.1	22.9	18.5
Thrift institutions									
15 Savings[7]	−6.6	2.2	3.1	14.7	9.2[r]	18.3	22.9	6.8	14.9
16 Small-denomination time	15.2	1.7	3.9	−4.6[r]	3.3[r]	−7.9	−13.9	−6.6	−4.9
17 Large-denomination time[9]	29.8	21.0	2.6	−2.8	2.3	−16.9	−3.9	15.6	3.1
Debt components[4]									
18 Federal	16.1	15.3	12.6	14.2	13.8	15.9	13.7	7.8	n.a.
19 Nonfederal	13.3	13.0	11.4	11.3[r]	11.1	11.1	11.2	11.3	n.a.
20 Total loans and securities at commercial banks[11]	9.2	10.1	9.7	9.6	9.5	10.9	6.5	8.2	2.0

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

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

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

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

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

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

M2: M1 plus overnight (and continuing contract) repurchase agreements (RPs) issued by all commercial banks and overnight Eurodollars issued to U.S. residents by foreign branches of U.S. banks worldwide, 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 on an end-of-month basis. Growth rates for debt reflect adjustments for discontinuities over time in the levels of debt presented in other tables.

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

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

7. Excludes MMDAs.

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

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

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

11. Changes calculated from figures shown in table 1.23.

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						
	1985			1985						
	Aug.	Sept.	Oct.	Sept. 18	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit**	**190,759**	**194,350**	**193,817**	**192,973**	**196,331**	**193,635**	**193,344**	**193,731**	**195,568**	**193,075**
2 U.S. government securities[1]	168,440	171,246	170,018	170,589	173,146	169,819	169,759	170,667	171,140	168,755
3 Bought outright	165,378	170,503	170,018	170,589	171,243	169,819	169,759	170,667	171,140	168,755
4 Held under repurchase agreements	62	743	0	0	1,903	0	0	0	0	0
5 Federal agency obligations	8,249	8,428	8,227	8,227	8,598	8,227	8,227	8,227	8,227	8,227
6 Bought outright	8,238	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227
7 Held under repurchase agreements	11	201	0	0	371	0	0	0	0	0
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	1,109	1,283	1,140	1,079	1,262	1,440	1,349	935	1,301	1,025
10 Float	488	779	669	396	468	1,310	855	500	869	566
11 Other Federal Reserve assets	12,473	12,614	13,763	12,683	12,856	12,839	13,154	13,402	14,031	14,502
12 Gold stock	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090
13 Special drawing rights certificate account	4,618	4,618	4,692	4,618	4,618	4,618	4,632	4,718	4,718	4,718
14 Treasury currency outstanding	16,843	16,899	16,960	16,898	16,912	16,926	16,940	16,958	16,968	16,982
ABSORBING RESERVE FUNDS										
15 Currency in circulation	187,859r	188,371	189,070	188,677	187,527	187,478	188,758	189,804	189,420	188,540
16 Treasury cash holdings	552	546	543	546	546	545	541	541	544	544
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	2,925	4,275	3,006	3,354	6,601	3,672	2,909	2,945	3,650	2,664
18 Foreign	204	235	214	215	221	306	227	203	193	203
19 Service-related balances and adjustments	1,661	1,607	1,738	1,610	1,670	1,614	1,589	1,832	1,809	1,671
20 Other	485	466	446	586	446	447	412	545	441	375
21 Other Federal Reserve liabilities and capital	6,238	6,274	6,270	6,269	6,239	6,272	6,417	6,226	6,233	6,170
22 Reserve balances with Federal Reserve Banks[2]	23,386	25,183	25,272	24,322	25,700	25,935	25,152	24,400	26,056	25,697

Factors	End-of-month figures			Wednesday figures						
	1985			1985						
	Aug.	Sept.	Oct.	Sept. 18	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit**	**192,693**	**194,148**	**192,884**	**192,816**	**198,919**	**193,605**	**197,822**	**194,398**	**198,249**	**186,296**
24 U.S. government securities[1]	170,109	169,702	168,705	169,976	174,646	169,831	171,801	170,238	172,215	161,902
25 Bought outright	170,109	169,702	168,705	169,976	170,800	169,831	171,801	170,238	172,215	161,902
26 Held under repurchase agreements	0	0	0	0	3,846	0	0	0	0	0
27 Federal agency obligations	8,227	8,227	8,227	8,227	8,852	8,227	8,227	8,227	8,227	8,227
28 Bought outright	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227
29 Held under repurchase agreements	0	0	0	0	625	0	0	0	0	0
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	2,068	2,520	886	1,190	2,121	1,067	3,926	887	2,355	1,092
32 Float	−152	69	335	720	225	1,329	360	1,500	1,018	355
33 Other Federal Reserve assets	12,441	13,630	14,731	12,703	13,075	13,151	13,508	13,546	14,434	14,720
34 Gold stock	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090
35 Special drawing rights certificate account	4,618	4,618	4,718	4,618	4,618	4,618	4,718	4,718	4,718	4,718
36 Treasury currency outstanding	16,868r	16,924	16,994	16,910	16,924	16,938	16,952	16,966	16,980	16,994
ABSORBING RESERVE FUNDS										
37 Currency in circulation	188,548	187,336	189,513	188,241	187,302	188,163	189,359	190,156	189,034	188,909
38 Treasury cash holdings	548	546	547	546	544	544	541	544	544	547
Deposits, other than reserve balances with Federal Reserve Banks										
39 Treasury	3,656	4,174	1,528	4,070	8,009	3,001	4,932	2,773	2,590	1,186
40 Foreign	223	535	268	234	230	214	214	144	180	221
41 Service-related balances and adjustments	1,435	1,444	1,469	1,441	1,445	1,444	1,444	1,463	1,461	1,468
42 Other	389	497	372	684	401	459	482	674	372	377
43 Other Federal Reserve liabilities and capital	6,240	6,530	6,339	6,078	6,073	6,162	6,159	6,107	6,063	5,964
44 Reserve balances with Federal Reserve Banks[2]	24,230	25,718	25,650	24,140	27,546	26,264	27,450	25,311	30,793	20,426

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

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

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

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages[8]									
	1982	1983	1984	1985						
	Dec.	Dec.	Dec.	Mar.	Apr.	May	June	July	Aug.	Sept.
1 Reserve balances with Reserve Banks[1]	24,939	21,138	21,738	22,065	23,217	22,385	23,367	23,503	23,415r	24,972
2 Total vault cash[2]	20,392	20,755	22,316	21,863	21,567	21,898	22,180	22,530	22,839	22,465
3 Vault cash used to satisfy reserve requirements[3]	17,049	17,908	18,958	18,429	18,435	18,666	18,985	19,300	19,548	19,475
4 Surplus vault cash[4]	3,343	2,847	3,358	3,434	3,132	3,231	3,196	3,230	3,291	2,990
5 Total reserves[5]	41,853	38,894	40,696	40,494	41,652	41,051	42,352	42,803	42,963	44,447
6 Required reserves	41,353	38,333	39,843	39,728	40,914	40,247	41,447	41,948	42,135	43,782
7 Excess reserve balances at Reserve Banks[6]	500	561	853	766	738	804	905	855	827	666
8 Total borrowings at Reserve Banks	697	774	3,186	1,593	1,323	1,334	1,205	1,107	1,073	1,289
9 Seasonal borrowings at Reserve Banks	33	96	113	88	135	165	151	167	221	203
10 Extended credit at Reserve Banks[7]	187	2	2,604	1,059	868	534	665	507	570r	656
	Biweekly averages of daily figures for weeks ending									
	1985									
	July 17	July 31	Aug. 14	Aug. 28	Sept. 11	Sept. 25	Oct. 9	Oct. 23	Nov. 6	Nov. 20p
11 Reserve balances with Reserve Banks[1]	24,256	22,840	23,468	23,102r	43,509	44,800	25,553	25,232	25,645	26,320
12 Total vault cash[2]	22,019	22,935	22,829	23,052	21,887	22,705	23,067	22,831	22,151	22,528
13 Vault cash used to satisfy reserve requirements[3]	19,043	19,505	19,550	19,689r	18,880	19,766	19,971	20,294	19,663	20,138
14 Surplus vault cash[4]	2,977	3,431	3,280	3,363r	3,008	2,939	3,097	2,538	2,488	2,391
15 Total reserves[5]	43,298	42,344	43,018	42,791r	43,509	44,800	45,523	45,525	45,307	46,458
16 Required reserves	42,608	41,392	42,280	41,841r	42,838	44,133	44,876	44,733	44,485	45,477
17 Excess reserve balances at Reserve Banks[6]	690	953	738	950r	672	667	647	793	823	980
18 Total borrowings at Reserve Banks	1,284	917	990	1,088	1,392	1,171	1,395	1,118	1,075	1,178
19 Seasonal borrowings at Reserve Banks	152	185	224	225	196	212	195	169	151	104
20 Extended credit at Reserve Banks[7]	483	506	509	610	669	656	627	649	598	522

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 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks[1]

Averages of daily figures, in millions of dollars

By maturity and source	1985 week ending Monday								
	Sept. 16	Sept. 23	Sept. 30	Oct. 7	Oct. 14	Oct. 21	Oct. 28	Nov. 4	Nov. 11
One day and continuing contract									
1 Commercial banks in United States	65,553	60,513r	62,778r	65,744r	65,966r	61,501	58,757	67,972	70,071
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	27,636	25,896	24,687	26,195	28,238r	28,620	28,543	28,640	32,252
3 Nonbank securities dealers	9,735	9,877	10,673	10,985r	9,926r	9,753	9,967	10,392	9,768
4 All other	25,186r	25,469	26,760	25,290	25,641r	26,098	26,104	26,535	25,562
All other maturities									
5 Commercial banks in United States	9,751	9,507	9,596	8,998r	9,582r	8,822	8,490	8,974	9,609
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	7,735	7,792	7,494	7,290	7,629r	7,114	7,073	7,086	8,104
7 Nonbank securities dealers	10,172	9,931	9,770	9,214r	9,833r	9,468	9,565	9,602	9,477
8 All other	7,900	7,535	7,542	7,223	7,348r	7,314	7,506	7,514	7,765
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	30,163	29,790r	32,734	30,977	30,925	29,495	27,025	32,516	32,175
10 Nonbank securities dealers	8,286	7,863	7,662	9,011	9,316	9,080	7,992	8,783	8,383

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit[1]			Extended credit[2]						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		Effective date for current rates
	Rate on 11/25/85	Effective date	Previous rate	Rate on 11/25/85	Previous rate	Rate on 11/25/85	Previous rate	Rate on 11/25/85	Previous rate	
Boston	7½	5/20/85	8	7½	8	8½	9	9½	10	5/20/85
New York	↑	5/20/85	↑	↑	↑	↑	↑	↑	↑	5/20/85
Philadelphia		5/24/85								5/24/85
Cleveland		5/21/85								5/21/85
Richmond		5/20/85								5/20/85
Atlanta		5/20/85								5/20/85
Chicago		5/20/85								5/20/85
St. Louis		5/21/85								5/21/85
Minneapolis		5/20/85								5/20/85
Kansas City		5/20/85								5/20/85
Dallas	↓	5/20/85	↓	↓	↓	↓	↓	↓	↓	5/20/85
San Francisco	7½	5/21/85	8	7½	8	8½	9	9½	10	5/21/85

Range of rates in recent years[3]

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

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1978— July 3	7–7¼	7¼
10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
1979— July 20	10	10
Aug. 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct. 8	11–12	12
10	12	12
1980— Feb. 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept. 26	11	11
Nov. 17	12	12
Dec. 5	12–13	13
8	13	13
5	13–14	14

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1981— May 8	14	14
Nov. 2	13–14	13
6	13	13
Dec. 4	12	12
1982— July 20	11½–12	11½
23	11½	11½
Aug. 2	11–11½	11
3	11	11
16	10½	10½
27	10–10½	10
30	10	10
Oct. 12	9½–10	9½
13	9½	9½
Nov. 22	9–9½	9
26	9	9
Dec. 14	8½–9	9
15	8½–9	8½
17	8½	8½
1984— Apr. 9	8½–9	9
13	9	9
Nov. 21	8½–9	8½
26	8½	8½
Dec. 24	8	8
1985— May 20	7½–8	7½
24	7½	7½
In effect Nov. 25, 1985	7½	7½

1. A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was set at 8½ percent at that time. On May 20 this rate was lowered to 8 percent.

2. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures. *As an alternative, for loans outstanding for* more than 150 days, a Federal Reserve Bank may charge a flexible rate that takes into account rates on market sources of funds, but in no case will the rate charged be less than the basic rate plus one percentage point. Where credit provided to a particular depository institution is anticipated to be outstanding for an unusually prolonged period and in relatively large amounts, the time period in which each rate under this structure is applied may be shortened. See section 201.3(b)(2) of Regulation A.

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

Type of deposit, and deposit interval	Member bank requirements before implementation of the Monetary Control Act		Type of deposit, and deposit interval[5]	Depository institution requirements after implementation of the Monetary Control Act[6]	
	Percent	Effective date		Percent	Effective date
Net demand[2]			*Net transaction accounts*[7,8]		
$0 million–$2 million	7	12/30/76	$0–$29.8 million	3	1/1/85
$2 million–$10 million	9½	12/30/76	Over $29.8 million	12	1/1/85
$10 million–$100 million	11¾	12/30/76			
$100 million–$400 million	12¾	12/30/76	*Nonpersonal time deposits*[9]		
Over $400 million	16¼	12/30/76	By original maturity		
			Less than 1½ years	3	10/6/83
Time and savings[2,3]			1½ years or more	0	10/6/83
Savings	3	3/16/67			
			Eurocurrency liabilities		
Time[4]			All types	3	11/13/80
$0 million–$5 million, by maturity					
30–179 days	3	3/16/67			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			
Over $5 million, by maturity					
30–179 days	6	12/12/74			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			

1. For changes in reserve requirements beginning 1963, see Board's *Annual Statistical Digest, 1971–1975*, and for prior changes, see Board's *Annual Report* for 1976, table 13. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

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

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

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

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

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

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

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

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

5. The Garn-St Germain Depository Institutions Act of 1982 (Public Law 97–320) provides that $2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement. The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the next succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30. No corresponding adjustment is to be made in the event of a decrease. Effective Dec. 9, 1982, the amount of the exemption was established at $2.1 million. Effective with the reserve maintenance period beginning Jan. 1, 1985, the amount of the exemption is $2.4 million. In determining the reserve requirements of a depository institution, the exemption shall apply in the following order: (1) nonpersonal money market deposit accounts (MMDAs) authorized under 12 CFR section 1204.122; (2) net NOW accounts (NOW accounts less allowable deductions); (3) net other transaction accounts; and (4) nonpersonal time deposits or Eurocurrency liabilities starting with those with the highest reserve ratio. With respect to NOW accounts and other transaction accounts, the exemption applies only to such accounts that would be subject to a 3 percent reserve requirement.

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

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

8. The Monetary Control Act of 1980 requires that the amount of transaction accounts against which the 3 percent reserve requirement applies be modified annually by 80 percent of the percentage increase in transaction accounts held by all depository institutions determined as of June 30 each year. Effective Dec. 31, 1981, the amount was increased accordingly from $25 million to $26 million; effective Dec. 30, 1982, to $26.3 million; effective Dec. 29, 1983, to $28.9 million; and effective Jan. 1, 1985, to $29.8 million.

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

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

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

Percent per annum

Type of deposit	Commercial banks		Savings and loan associations and mutual savings banks (thrift institutions)[1]	
	In effect Nov. 30, 1985		In effect Nov. 30, 1985	
	Percent	Effective date	Percent	Effective date
1 Savings	5½	1/1/84	5½	7/1/79
2 Negotiable order of withdrawal accounts	5¼	12/31/80	5¼	12/31/80
3 Negotiable order of withdrawal accounts of $1,000 or more[2]	....	1/5/83	....	1/5/83
4 Money market deposit account[2]	(3)	12/14/82	(3)	12/14/82
Time accounts				
5 7–31 days of less than $1,000[4]	5½	1/1/84	5½	9/1/82
6 7–31 days of $1,000 or more[2]	....	1/5/83	....	1/5/83
7 More than 31 days	....	10/1/83	....	10/1/83

1. Effective Oct. 1, 1983, restrictions on the maximum rates of interest payable by commercial banks and thrift institutions on various categories of deposits were removed. For information regarding previous interest rate ceilings on all categories of accounts see earlier issues of the FEDERAL RESERVE BULLETIN, the *Federal Home Loan Bank Board Journal*, and the *Annual Report of the Federal Deposit Insurance Corporation.*

2. Effective Dec. 1, 1983, IRA/Keogh (HR10) Plan accounts are not subject to minimum deposit requirements. Effective Jan. 1, 1985, the minimum denomination requirement was lowered from $2,500 to $1,000.

3. Effective Dec. 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of $2,500 and an average maintenance balance of $2,500 not subject to interest rate restrictions. Effective Jan. 1, 1985, the minimum denomination and average maintenance balance requirements was lowered to $1,000. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days, notice before withdrawals. When the average balance is less than $1,000, the account is subject to the maximum ceiling rate of interest for NOW accounts; compliance with the average balance requirement may be determined over a period of one month. Depository institutions may not guarantee a rate of interest for this account for a period longer than one month or condition the payment of a rate on a requirement that the funds remain on deposit for longer than one month.

4. Effective Jan. 1, 1985, the minimum denomination requirement was lowered from $2,500 to $1,000. Deposits of less than $1,000 issued to governmental units continue to be subject to an interest rate ceiling of 8 percent.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1982	1983	1984	1985						
				Mar.	Apr.	May	June	July	Aug.	Sept.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	17,067	18,888	20,036	916	6,026	274	2,099	0	3,056	1,521
2 Gross sales	8,369	3,420	8,557	554	0	417	0	0	0	0
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	3,000	2,400	7,700	500	0	800	0	200	0	0
Others within 1 year										
5 Gross purchases	312	484	1,126	961	245	0	0	0	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	350
7 Maturity shift	17,295	18,887	16,354	1,299	1,129	2,443	1,312	1,238	4,895	1,028
8 Exchange	−14,164	−16,553	−20,840	0	−1,463	−2,945	0	−1,778	−3,275	−1,457
9 Redemptions	0	87	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	1,797	1,896	1,638	465	846	0	0	0	6	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−14,524	−15,533	−13,709	−1,299	−1,114	−2,101	−1,312	−1,153	−3,760	−1,028
13 Exchange	11,804	11,641	16,039	0	1,463	1,940	0	1,778	1,825	1,457
5 to 10 years										
14 Gross purchases	388	890	536	0	108	0	0	0	6	0
15 Gross sales	0	0	300	0	0	0	0	0	0	0
16 Maturity shift	−2,172	−2,450	−2,371	0	−16	42	0	−85	−1,136	0
17 Exchange	2,128	2,950	2,750	0	0	600	0	0	800	0
Over 10 years										
18 Gross purchases	307	383	441	0	0	0	0	0	0	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	−601	−904	−275	0	0	−384	0	0	0	0
21 Exchange	234	1,962	2,052	0	0	405	0	0	650	0
All maturities										
22 Gross purchases	19,870	22,540	23,476	2,343	7,321	274	2,099	0	3,068	1,521
23 Gross sales	8,369	3,420	7,553	554	0	417	0	0	0	350
24 Redemptions	3,000	2,487	7,700	500	0	800	0	200	0	0
Matched transactions										
25 Gross sales	543,804	578,591	808,986	54,718	65,845	78,870	81,016	60,980	64,263	73,925
26 Gross purchases	543,173	576,908	810,432	57,288	64,001	77,597	83,782	59,165	64,209	72,347
Repurchase agreements										
27 Gross purchases	130,774	105,971	139,441	4,922	11,540	21,716	2,801	10,486	1,928	14,029
28 Gross sales	130,286	108,291	139,019	7,429	4,088	29,168	2,801	10,486	1,928	14,029
29 Net change in U.S. government securities	8,358	12,631	8,908	1,351	12,931	−9,668	4,865	−2,015	3,014	−408
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	189	292	256	*	*	8	60	46	30	1
Repurchase agreements										
33 Gross purchases	18,957	8,833	1,205	445	983	1,336	120	2,439	354	3,522
34 Gross sales	18,638	9,213	817	825	452	1,867	120	2,439	354	3,522
35 Net change in federal agency obligations	130	−672	132	−380	531	−540	−60	−46	−30	−1
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	1,285	−1,062	−418	0	0	0	0	0	0	0
37 **Total net change in System Open Market Account**	**9,773**	**10,897**	**6,116**	**971**	**13,462**	**−10,208**	**4,805**	**−2,061**	**2,984**	**−408**

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday 1985 Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30	End of month 1985 Aug.	Sept.	Oct.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090
2 Special drawing rights certificate account	4,618	4,718	4,718	4,718	4,718	4,618	4,618	4,718
3 Coin	516	523	524	526	529	484	518	524
Loans								
4 To depository institutions	1,067	3,926	887	2,355	1,092	2,068	2,520	886
5 Other	0	0	0	0	0	0	0	0
Acceptances—Bought outright								
6 Held under repurchase agreements	0	0	0	0	0	0	0	0
Federal agency obligations								
7 Bought outright	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227
8 Held under repurchase agreements	0	0	0	0	0	0	0	0
U.S. government securities								
Bought outright								
9 Bills	79,360	81,330	79,767	81,744	71,431	79,288	79,231	78,234
10 Notes	66,072	66,072	66,072	66,072	66,072	66,422	66,072	66,072
11 Bonds	24,399	24,399	24,399	24,399	24,399	24,399	24,399	24,399
12 Total bought outright[1]	169,831	171,801	170,238	172,215	161,902	170,109	169,702	168,705
13 Held under repurchase agreements	0	0	0	0	0	0	0	0
14 Total U.S. government securities	169,831	171,801	170,238	172,215	161,902	170,109	169,702	168,705
15 Total loans and securities	**179,125**	**183,954**	**179,352**	**182,797**	**171,221**	**180,404**	**180,449**	**177,818**
16 Cash items in process of collection	8,390	6,205	12,084	6,991	6,117	5,445	4,297	5,843
17 Bank premises	594	595	595	596	594	590	594	595
Other assets								
18 Denominated in foreign currencies[2]	5,646	5,157	5,512	6,218	6,392	4,591	4,963	6,530
19 All other[3]	6,911	7,756	7,439	7,620	7,734	7,260	8,073	7,606
20 Total assets	**216,890**	**219,998**	**221,314**	**220,556**	**208,395**	**214,482**	**214,602**	**214,724**
LIABILITIES								
21 Federal Reserve notes	172,285	173,472	174,258	173,124	172,991	172,712	171,476	173,590
Deposits								
22 To depository institutions	27,708	28,894	26,774	32,254	21,894	25,665	27,162	27,119
23 U.S. Treasury—General account	3,001	4,932	2,773	2,590	1,186	3,656	4,174	1,528
24 Foreign—Official accounts	214	214	144	180	221	223	535	268
25 Other	459	482	674	372	377	389	497	372
26 Total deposits	**31,382**	**34,522**	**30,365**	**35,396**	**23,678**	**29,933**	**32,368**	**29,287**
27 Deferred availability cash items	7,061	5,845	10,584	5,973	5,762	5,597	4,228	5,508
28 Other liabilities and accrued dividends[4]	2,145	2,337	2,281	2,234	2,131	2,232	2,272	2,335
29 Total liabilities	**212,873**	**216,176**	**217,488**	**216,727**	**204,562**	**210,474**	**210,344**	**210,720**
CAPITAL ACCOUNTS								
30 Capital paid in	1,755	1,757	1,758	1,759	1,762	1,748	1,753	1,762
31 Surplus	1,626	1,626	1,626	1,626	1,626	1,626	1,626	1,626
32 Other capital accounts	636	439	442	444	445	634	879	616
33 Total liabilities and capital accounts	**216,890**	**219,998**	**221,314**	**220,556**	**208,395**	**214,482**	**214,602**	**214,724**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	125,921	125,778	125,104	122,909	123,327	124,404	126,128	123,099
	Federal Reserve note statement							
35 Federal Reserve notes outstanding	205,711	206,229	206,391	206,568	206,879	204,511	205,459	206,884
36 LESS: Held by bank	33,426	32,757	32,133	33,444	33,888	31,799	33,983	33,294
37 Federal Reserve notes, net	172,285	173,472	174,258	173,124	172,991	172,712	171,476	173,590
Collateral held against notes net:								
38 Gold certificate account	11,090	11,090	11,090	11,090	11,090	11,090	11,090	11,090
39 Special drawing rights certificate account	4,618	4,718	4,718	4,718	4,718	4,618	4,618	4,718
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	156,577	157,664	158,450	157,316	157,183	157,004	155,768	157,782
42 Total collateral	**172,285**	**173,472**	**174,258**	**173,124**	**172,991**	**172,712**	**171,476**	**173,590**

1. *Includes* securities loaned—fully guaranteed by U.S. government securities pledged with Federal Reserve Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.
2. Assets shown in this line are revalued monthly at market exchange rates.
3. Includes special investment account at Chicago of Treasury bills maturing within 90 days.
4. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

NOTE: Some of these data also appear in the Board's H.4.1 (503) release. For address, see inside front cover.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1985					1985		
	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30	Aug. 30	Sept. 30	Oct. 31
1 Loans—Total	1,067	3,926	887	2,355	1,092	2,153	2,520	886
2 Within 15 days	981	3,833	820	2,317	1,046	2,074	2,452	829
3 16 days to 90 days	86	93	67	38	46	79	68	57
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	0	0	0	0
6 Within 15 days	0	0	0	0	0	0	0	0
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 U.S. government securities—Total	169,831	171,801	170,238	172,215	161,902	170,109	169,702	168,705
10 Within 15 days[1]	6,975	5,987	6,577	8,340	5,848	6,209	5,823	1,133
11 16 days to 90 days	38,545	39,243	37,102	37,294	30,880	35,438	38,796	37,043
12 91 days to 1 year	53,127	55,387	55,375	55,397	53,990	56,898	53,899	58,933
13 Over 1 year to 5 years	34,855	34,855	34,865	34,865	34,865	35,235	34,855	35,277
14 Over 5 years to 10 years	14,866	14,866	14,856	14,856	14,856	14,866	14,866	14,856
15 Over 10 years	21,463	21,463	21,463	21,463	21,463	21,463	21,463	21,463
16 Federal agency obligations—Total	8,227	8,227	8,227	8,227	8,227	8,227	8,227	8,227
17 Within 15 days[1]	15	105	106	99	84	213	162	84
18 16 days to 90 days	529	581	566	579	668	475	529	668
19 91 days to 1 year	1,909	1,766	1,866	1,803	1,757	1,813	1,762	1,757
20 Over 1 year to 5 years	4,168	4,168	4,078	4,169	4,141	4,070	4,109	4,141
21 Over 5 years to 10 years	1,207	1,208	1,212	1,178	1,178	1,257	1,266	1,178
22 Over 10 years	399	399	399	399	399	399	399	399

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

1.20 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS AND MONETARY BASE

Billions of dollars, averages of daily figures

Item	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1985							
					Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]	Seasonally adjusted											
1 **Total reserves**[2]	**32.10**	**34.28**	**36.14**	**39.08**	**40.47**	**40.71**	**41.32**	**42.18**	**42.61**	**43.19**	**43.51**	**43.65**
2 Nonborrowed reserves	31.46	33.65	35.36	35.90	38.88	39.39	39.99	40.97	41.50	42.12	42.22	42.46
3 Nonborrowed reserves plus extended credit[3]	31.61	33.83	35.37	38.50	39.94	40.26	40.52	41.64	42.01	42.69	42.87	43.09
4 Required reserves	31.78	33.78	35.58	38.23	39.71	39.97	40.52	41.27	41.75	42.37	42.84	42.89
5 Monetary base[4]	158.10	170.14	185.49	199.03	202.95	203.56	205.35	207.66	208.83	211.15	212.39	213.48
	Not seasonally adjusted											
6 **Total reserves**[2]	**32.82**	**35.01**	**36.86**	**40.13**	**40.07**	**41.25**	**40.64**	**41.96**	**42.41**	**42.60**	**43.22**	**43.75**
7 Nonborrowed reserves	32.18	34.37	36.09	36.94	38.47	39.93	39.31	40.75	41.30	41.52	41.93	42.56
8 Nonborrowed reserves plus extended credit[3]	32.33	34.56	36.09	39.55	39.53	40.80	39.84	41.42	41.81	42.09	42.59	43.19
9 Required reserves	32.50	34.51	36.30	39.28	39.30	40.52	39.84	41.05	41.55	41.77	42.56r	42.99
10 Monetary base[4]	160.94	173.17	188.76	202.02	200.86	203.42	204.54	207.99	210.26	211.23	211.82	212.99
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
11 **Total reserves**[2]	**41.92**	**41.85**	**38.89**	**40.70**	**40.49**	**41.65**	**41.05**	**42.35**	**42.80**	**42.96**	**44.45**	**45.47**
12 Nonborrowed reserves	41.29	41.22	38.12	37.51	38.90	40.33	39.72	41.15	41.70	41.89	43.16	44.28
13 Nonborrowed reserves plus extended credit[3]	41.44	41.41	38.12	40.09	40.03	40.77	40.45	41.88	42.23	42.50	43.83	44.89
14 Required reserves	41.61	41.35	38.33	39.84	39.73	40.91	40.25	41.45	41.95	42.14	43.78	44.71
15 Monetary base[4]	170.47	180.52	192.36	202.59	201.29	203.81	204.94	208.39	210.65	211.60	213.05	214.71

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

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

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

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

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

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

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

1.21 MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Billions of dollars, averages of daily figures

Item[1]	1981 Dec.	1982 Dec.	1983 Dec.	1984 Dec.	1985 July	1985 Aug.[r]	1985 Sept.[r]	1985 Oct.
	Seasonally adjusted							
1 M1	441.8	480.8	528.0	558.5	595.8	606.0	611.9	611.3
2 M2	1,794.4	1,954.9	2,188.8	2,371.7	2,490.6[r]	2,514.0	2,528.7	2,533.4
3 M3	2,235.8	2,446.8	2,701.8	2,995.0	3,114.4[r]	3,138.2	3,164.5	3,174.5
4 L	2,596.4[r]	2,854.7	3,168.8	3,539.4	3,686.2[r]	3,723.6	3,754.4	n.a.
5 Debt	4,255.8	4,649.8	5,177.2	5,927.1	6,351.3[r]	6,413.5	6,469.6	n.a.
M1 components								
6 Currency[2]	124.0	134.3	148.4	158.7	165.4	167.1	167.9	169.0
7 Travelers checks[3]	4.4	4.3	4.9	5.2	5.9	5.9	5.9	5.9
8 Demand deposits[4]	235.2	238.6	243.5	248.6	260.9	264.1	266.8	264.0
9 Other checkable deposits[5]	78.2	103.5	131.3	146.0	163.6	168.9	171.3	172.4
Nontransactions components								
10 In M2[6]	1,352.6	1,474.0	1,660.8	1,813.3	1,894.8	1,908.0	1,916.8	1,922.1
11 In M3 only[7]	441.4	492.0	512.9	623.3	623.7	624.2	635.8	641.1
Savings deposits[9]								
12 Commercial Banks	158.6	163.5	133.4	122.6	123.2	124.2	124.6	125.1
13 Thrift institutions	185.8	194.4	173.6	166.0	172.8	176.1	177.1	179.3
Small denomination time deposits[9]								
14 Commerical Banks	347.8	379.8	350.7	387.0	388.4	384.1	382.8	381.8
15 Thrift institutions	475.8	471.7	433.8	498.6	500.1[r]	494.3	491.6	489.6
Money market mutual funds								
16 General purpose and broker/dealer	150.6	185.2	138.2	167.5	175.8	176.7	176.6	176.7
17 Institution-only	38.0	51.1	43.2	62.7	65.0	63.6	62.3	63.3
Large denomination time deposits[10]								
18 Commercial Banks[11]	247.5	262.0	228.9	264.4	265.8[r]	267.6	272.7	276.9
19 Thrift institutions	54.6	66.2	101.9	151.8	154.2	153.7	155.7	156.1
Debt components								
20 Federal debt	825.9	979.2	1,173.0	1,367.3	1,478.9	1,495.8	1,505.5	n.a.
21 Non-federal debt	3,429.9	3,670.6	4,004.3	4,559.8	4,872.4[r]	4,917.8	4,964.1	n.a.
	Not seasonally adjusted							
22 M1	452.2	491.8	539.7	570.4	599.1	601.6	608.6	611.1
23 M2	1,798.7	1,959.6	2,194.0	2,376.7	2,496.6	2,507.3	2,517.4	2,530.1
24 M3	2,243.4	2,454.4	2,709.2	3,002.1	3,116.6[r]	3,133.1	3,152.7	3,169.0
25 L	2,604.7	2,859.5	3,172.7	3,540.9	3,688.3[r]	3,715.7	3,737.9	n.a.
26 Debt	4,251.1	4,644.2	5,171.6	5,921.0[r]	6,328.1[r]	6,391.4	6,451.4	n.a.
M1 components								
27 Currency[2]	126.2	136.5	150.5	160.9	166.8	167.7	167.6	168.6
28 Travelers checks[3]	4.1	4.0	4.6	4.9	6.6	6.5	6.2	5.9
29 Demand deposits[4]	243.4	247.2	252.2	257.4	262.2	260.9	265.5	265.4
30 Other checkable deposits[5]	78.5	104.1	132.4	147.2	163.5	166.4	169.3	171.3
Nontransactions components								
31 M2[6]	1,346.5	1,467.8	1,654.2	1,806.3	1,897.5[r]	1,905.7	1,908.8	1,918.9
32 M3 only[7]	444.7	494.8	515.2	625.4	619.9	625.8	635.4	639.0
Money market deposit accounts								
33 Commercial banks	n.a.	26.3	230.5	267.1	313.0	317.7	321.2	324.4
34 Thrift institutions	.0	16.9	148.7	147.9	171.1[r]	174.3	175.5	176.8
Savings deposits[8]								
35 Commercial Banks	157.5	162.1	132.2	121.4	124.3[r]	124.0	123.7	124.6
36 Thrift institutions	184.7	193.2	172.5	164.9	175.1	175.5	176.1	179.1
Small denomination time deposits[9]								
37 Commercial Banks	347.7	380.1	351.1	387.6	386.4	385.4	385.2	384.9
38 Thrift institutions	475.5	471.7	434.2	499.4	497.5[r]	494.0	492.3	493.3
Money market mutual funds								
39 General purpose and broker/dealer	150.6	185.2	138.2	167.5	175.8	176.7	176.6	176.7
40 Institution-only	38.0	51.1	43.2	62.7	65.0	63.6	62.3	63.3
Large denomination time deposits[10]								
41 Commercial Banks[11]	251.7	265.2	230.8	265.9	264.9	269.4	274.4	277.9
42 Thrift institutions	54.4	65.9	101.4	151.1	154.3	155.1	156.3	157.4
Debt components								
43 Federal debt	823.0	976.4	1,170.2	1,364.7	1,475.8	1,495.8	1,506.9	n.a.
44 Non-federal debt	3,428.2	3,667.7	4,001.4	4,556.2	4,852.3[r]	4,895.6	4,944.6	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 on an end-of-month basis.

2. Currency outside the U.S. Treasury, Federal Reserve Banks, and vaults of commercial banks. Excludes the estimated amount of vault cash held by thrift institutions to service their OCD liabilities.

3. Outstanding amount of U.S. dollar-denominated travelers checks of 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. Small-denomination time deposits—including retail RPs— are those issued in amounts of less than $100,000. All individual retirement accounts (IRA) and Keogh accounts at commercial banks and thrifts are subtracted from small time deposits.

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

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

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

1.22 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	1982[1]	1983[1]	1984[1]	1985 Apr.	May	June	July	Aug.	Sept.
	Seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
1 All insured banks	90,914.4	109,642.3	128,440.8	156,513.2	149,252.8	146,714.9	157,128.3	147,455.5	159,593.3
2 Major New York City banks	37,932.9	47,769.4	57,392.7	70,621.4	66,394.3	66,615.5	69,952.8	65,645.6	72,765.4
3 Other banks	52,981.5	61,873.1	71,048.1	85,891.8	82,858.4	80,099.4	87,175.5	81,809.9	86,827.9
4 ATS-NOW accounts[3]	1,036.2	1,405.5	1,588.7	1,689.3	1,771.1	1,614.3	1,870.1	2,008.8	2,465.3
5 Savings deposits[4]	720.3	741.4	633.1	589.0	636.4	544.4	584.3	550.7	509.1
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	324.2	379.7	434.4	515.4	484.6	471.4	506.4	469.6	510.9
7 Major New York City banks	1,287.6	1,528.0	1,843.0	2,183.9	2,079.6	2,104.9	2,131.4	1,965.4	2,326.3
8 Other banks	211.1	240.9	268.6	316.5	300.2	286.5	314.2	291.5	308.9
9 ATS-NOW accounts[3]	14.5	15.6	15.8	15.4	16.1	14.4	16.4	17.1	20.6
10 Savings deposits[4]	4.5	5.4	5.0	5.0	5.4	4.6	4.9	4.6	4.2
	Not seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
11 All insured banks	91,031.8	109,517.6	128,059.1	151,536.1	151,342.3	148,651.5	157,898.2	152,985.1	148,788.8
12 Major New York City banks	38,001.0	47,707.4	57,282.4	67,422.3	67,249.3	67,999.4	70,496.1	68,401.8	68,967.9
13 Other banks	53,030.9	64,310.2	70,776.9	84,113.8	84,093.0	80,652.1	87,402.1	84,583.3	79,820.9
14 ATS-NOW accounts[3]	1,027.1	1,397.0	1,579.5	1,946.1	1,775.5	1,744.0	1,807.5	1,770.5	2,289.9
15 MMDA[5]	....	567.4	848.8	1,221.4	1,146.7	1,077.9	1,183.3	1,201.2	1,192.2
16 Savings deposits[4]	720.0	742.0	632.9	644.4	621.1	549.7	586.0	538.4	490.1
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	325.0	379.9	433.5	498.1	505.5	480.6	509.5	499.3	475.0
18 Major New York City banks	1,295.7	1,510.0	1,838.6	2,138.6	2,205.8	2,125.9	2,185.9	2,189.4	2,216.6
19 Other banks	211.5	240.5	267.9	308.4	312.7	290.8	314.8	307.4	282.9
20 ATS-NOW accounts[3]	14.4	15.5	15.7	17.2	16.2	15.5	15.9	15.3	19.4
21 MMDA[5]	....	2.8	3.5	4.2	3.9	3.5	3.5	3.8	3.8
22 Savings deposits[4]	4.5	5.4	5.0	5.4	5.2	4.6	4.8	4.5	4.1

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

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

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	1984			1985								
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	Seasonally adjusted											
1 **Total loans and securities[2]**	**1,682.8**	**1,701.0**	**1,714.8**	**1,724.0**	**1,742.3**	**1,758.9**	**1,765.8**	**1,785.3**	**1,799.1**	**1,814.3**	**1,824.8**	**1,838.0**
2 U.S. government securities	257.0	259.4	260.2	260.1	265.8	266.9	261.1	265.9	266.6	271.0	270.9	272.5
3 Other securities	141.5	141.1	139.9	142.4	140.8	138.7	140.1	142.1	144.5	145.5	148.2	151.1
4 Total loans and leases[2]	1,284.3	1,300.6	1,314.7	1,321.5	1,335.6	1,353.3	1,364.6	1,377.3	1,388.0	1,397.8	1,405.7	1,414.4
5 Commercial and industrial	463.0	467.1	468.1	468.4	473.6	480.8	481.3	483.7	483.9	484.4	485.7	487.4
6 Bankers acceptances held[3]	5.6	6.0	5.2	5.0	6.1	6.4	5.4	4.9	4.7	5.1	5.0	4.7
7 Other commercial and industrial	457.3	461.1	462.9	463.4	467.4	474.4	475.9	478.7	479.2	479.3	480.7	482.8
8 U.S. addressees[4]	446.7	450.7	453.3	453.7	457.0	463.7	465.2	468.7	469.7	469.9	471.2	473.7
9 Non-U.S. addressees[4]	10.6	10.3	9.6	9.7	10.4	10.7	10.7	10.0	9.5	9.4	9.5	9.1
10 Real estate	367.7	371.8	375.6	377.9	382.1	385.8	389.9	393.8	397.4	401.4	405.3	408.3
11 Individual	243.5	246.7	251.0	254.6	257.7	261.9	265.5	268.7	271.5	274.9	277.4	279.3
12 Security	30.3	30.2	31.4	31.9	31.6	32.8	35.1	37.5	40.0	40.3	36.7	38.1
13 Nonbank financial institutions	31.1	31.2	31.3	31.2	30.9	30.6	31.2	31.5	31.2	31.6	32.3	32.5
14 Agricultural	40.6	40.4	40.3	39.9	39.6	39.5	39.4	39.4	39.4	39.6	39.6	40.1
15 State and political subdivisions	41.4	42.3	44.2	47.0	46.7	46.9	47.1	47.5	47.4	47.8	48.7	48.7
16 Foreign banks	11.7	11.9	11.5	11.4	11.4	11.1	10.8	10.5	10.3	10.4	10.1	9.9
17 Foreign official institutions	8.5	8.4	8.3	7.9	7.9	7.7	7.8	7.8	7.6	7.2	6.5	6.8
18 Lease financing receivables	15.1	15.3	15.5	15.6	15.8	16.1	16.4	16.7	16.9	17.3	17.5	17.6
19 All other loans	31.5	35.3	37.2	35.7	38.4	39.9	40.1	40.1	42.3	43.1	45.8	45.8
	Not seasonally adjusted											
20 **Total loans and securities[2]**	**1,684.0**	**1,701.9**	**1,725.8**	**1,732.0**	**1,740.4**	**1,755.0**	**1,766.0**	**1,781.4**	**1,800.0**	**1,807.9**	**1,818.1**	**1,836.4**
21 U.S. government securities	254.1	255.2	256.9	260.1	266.8	269.0	266.6	268.0	270.3	270.8	269.3	270.2
22 Other securities	140.9	141.2	141.5	143.3	141.0	138.9	139.8	142.7	144.1	144.1	147.7	150.4
23 Total loans and leases[2]	1,289.0	1,305.5	1,327.4	1,328.7	1,332.6	1,347.1	1,359.7	1,370.7	1,385.5	1,392.9	1,401.1	1,415.8
24 Commercial and industrial	463.8	467.3	471.2	470.3	473.1	480.3	481.5	482.2	482.4	483.5	483.6	487.4
25 Bankers acceptances held[3]	5.5	5.9	5.7	5.1	6.0	6.3	5.5	4.9	4.8	5.0	4.9	4.6
26 Other commercial and industrial	458.3	461.4	465.5	465.2	467.1	474.0	476.0	477.3	477.6	478.5	478.7	482.8
27 U.S. addressees[4]	447.3	450.5	455.0	455.4	457.2	463.9	466.1	467.8	468.3	469.0	469.2	473.4
28 Non-U.S. addressees[4]	11.1	11.0	10.5	9.8	9.9	10.1	9.9	9.6	9.3	9.4	9.5	9.4
29 Real estate	368.9	372.8	376.2	378.6	381.7	384.7	388.6	392.8	396.9	400.8	405.5	409.5
30 Individual	245.3	248.4	254.0	257.0	257.4	259.7	263.2	266.5	269.6	273.2	277.2	280.4
31 Security	30.2	31.7	35.2	33.0	30.8	32.2	35.0	36.0	39.9	38.3	35.8	36.7
32 Nonbank financial institutions	31.0	31.0	31.5	31.2	30.7	30.6	31.3	31.3	31.2	31.7	32.4	32.6
33 Agricultural	41.2	40.5	40.0	39.3	38.8	38.6	38.8	39.3	39.9	40.4	40.5	40.9
34 State and political subdivisions	41.4	42.3	44.2	47.0	46.7	46.9	47.1	47.5	47.4	47.8	48.7	48.7
35 Foreign banks	12.0	12.2	12.2	11.7	11.4	10.9	10.4	10.3	9.9	10.2	9.9	10.0
36 Foreign official institutions	8.5	8.4	8.3	7.9	7.9	7.7	7.8	7.8	7.6	7.2	6.5	6.8
37 Lease financing receivables	15.0	15.1	15.5	15.8	16.0	16.3	16.4	16.7	16.9	17.2	17.4	17.5
38 All other loans	31.7	35.5	39.2	37.0	38.2	39.1	39.6	40.3	43.8	42.9	43.7	45.3

1. Data are prorated averages of Wednesday estimates for domestically chartered insured banks, based on weekly sample reports and quarterly universe reports. For foreign-related institutions, data are averages of month-end estimates based on weekly reports from large U.S. agencies and branches and quarterly reports from all U.S. agencies and branches, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

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.

NOTE. These data also appear in the Board's G.7 (407) release. For address, see inside front cover.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1984		1985									
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
Total nondeposit funds												
1 Seasonally adjusted[2]	112.0	108.5	102.5	113.9	116.9	105.2	112.0	112.6r	108.6r	112.9r	116.1	118.8
2 Not seasonally adjusted	117.5	111.1	104.8	117.4	119.4	108.4r	117.2	114.9r	107.4r	114.8r	116.3r	120.4
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	145.0	140.5	138.8	146.8	147.2	138.8	142.0	146.7	146.9	144.1	146.3	145.4
4 Not seasonally adjusted	150.5	143.1	141.1	150.2	149.7	141.9	147.2	149.0	145.8	146.0	146.4	147.0
5 Net balances due to foreign-related institutions, not seasonally adjusted	−33.1	−32.0	−36.3	−32.8	−30.3	−33.5r	−30.0	−34.1r	−38.4r	−31.2r	−30.2	−26.6
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[4]	−32.7	−31.4	−34.8	−31.6	−29.5	−32.4	−29.5r	−32.5	−38.3r	−32.8r	−30.7	−28.7
7 Gross due from balances	68.3	69.0	71.4	70.5	71.4	74.9	74.6	76.5r	79.3	76.0	74.8	74.2
8 Gross due to balances	35.6	37.6	36.6	38.9	41.9	42.5	45.0	44.1	41.0r	43.2r	44.1	45.5
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[5]	−.4	−.6	−1.5	−1.2	−.8	−1.1	−.5	−1.6	0.0	1.6	.5	2.1
10 Gross due from balances	50.7	52.0	53.1	54.1	53.4	51.8	52.4	53.8	54.9	55.3	56.1	55.5
11 Gross due to balances	50.4	51.4	51.6	52.8	52.7	50.7	52.0	52.1	54.9	56.9	56.6	57.6
Security RP borrowings												
12 Seasonally adjusted[6]	84.0	81.1	82.3	90.1	92.0	85.4	85.5	86.5	87.1	87.4	90.8	88.4
13 Not seasonally adjusted	87.0	81.1	82.2	91.1	92.0	86.0	88.3	86.3	83.4	86.8	88.4	87.5
U.S. Treasury demand balances[7]												
14 Seasonally adjusted	17.3	16.1	14.7	13.0	11.8	14.6	22.6	17.4	24.9	16.7	15.3	3.8
15 Not seasonally adjusted	10.4	12.5	18.5	15.8	12.8	15.4	20.9	14.9	23.1	13.4	16.8	5.4
Time deposits, $100,000 or more[8]												
16 Seasonally adjusted	323.0	325.8	324.8	325.4	329.9	332.6	331.2	326.8	323.2	325.1r	330.3r	334.4
17 Not seasonally adjusted	322.9	327.3	325.6	324.9	330.3	330.1	329.1	326.4	322.3	326.9r	331.9r	335.4

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars. Includes averages of Wednesday data for domestically chartered banks and averages of current and previous month-end data for foreign-related institutions.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans.
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.

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

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

Billions of dollars

Account	1984	1985									
	Dec.r	Jan.r	Feb.r	Mar.r	Apr.r	Mayr	Juner	Julyr	Aug.r	Sept.	Oct.
ALL COMMERCIAL BANKING INSTITUTIONS[2]											
1 Loans and securities	1,865.9	1,856.1	1,875.9	1,883.4	1,899.2	1,908.6	1,927.3	1,948.5	1,952.1	1,969.9	1,979.1
2 Investment securities	377.6	381.2	382.2	383.7	383.9	390.3	392.1	392.3	393.7	397.0	396.3
3 U.S. government securities	242.7	245.1	248.1	251.1	250.4	254.4	255.3	256.1	254.2	254.4	249.3
4 Other	135.0	136.1	134.1	132.5	133.5	135.9	136.8	136.2	139.6	142.6	147.0
5 Trading account assets	22.9	24.2	27.6	23.7	23.5	23.5	23.1	22.3	24.2	26.4	25.0
6 Total loans	1,465.4	1,450.8	1,466.0	1,476.0	1,491.8	1,494.9	1,512.1	1,534.0	1,534.1	1,546.5	1,557.8
7 Interbank loans	127.0	125.4	128.8	126.0	130.9	124.0	123.1	133.0	128.6	129.1	131.7
8 Loans excluding interbank	1,338.4	1,325.4	1,337.3	1,350.0	1,360.9	1,370.8	1,388.9	1,401.0	1,405.5	1,417.5	1,426.1
9 Commercial and industrial	477.2	470.2	477.0	483.2	482.1	483.4	484.3	485.9	484.6	489.2	488.8
10 Real estate	378.3	380.9	383.3	386.9	390.7	395.8	400.0	405.6	409.3	412.8	418.3
11 Individual	256.1	258.2	259.0	261.4	265.2	268.5	272.1	276.1	280.0	282.1	285.1
12 All other	226.9	216.1	218.0	218.5	222.9	223.0	232.6	233.4	231.5	233.4	233.9
13 Total cash assets	202.0	188.0	189.4	183.6	187.6	202.3	190.4	198.0	188.4	188.2	190.1
14 Reserves with Federal Reserve Banks	20.5	20.9	19.6	19.8	22.9	20.7	21.6	21.0	24.5	24.9	19.6
15 Cash in vault	23.3	21.9	21.8	21.3	21.3	23.3	22.2	22.0	22.7	22.1	22.6
16 Cash items in process of collection	75.9	66.9	68.8	63.9	64.2	76.5	68.4	70.5	62.5	61.4	67.9
17 Demand balances at U.S. depository institutions	34.6	30.9	32.3	31.7	30.2	35.2	31.3	33.5	30.6	30.8	31.6
18 Other cash assets	47.8	47.4	46.8	46.9	49.0	46.6	46.8	51.0	48.2	49.1	48.4
19 Other assets	196.8	191.8	195.4	188.5	188.6	183.4	189.4	194.5	180.8	185.8	178.1
20 Total assets/total liabilities and capital	**2,264.8**	**2,235.9**	**2,260.7**	**2,255.5**	**2,275.4**	**2,294.2**	**2,307.1**	**2,341.1**	**2,321.3**	**2,344.0**	**2,347.3**
21 Deposits	1,632.6	1,605.9	1,619.5	1,627.5	1,638.5	1,661.5	1,659.8	1,685.0	1,676.9	1,683.1	1,705.6
22 Transaction deposits	491.3	457.1	459.5	457.9	465.6	480.3	474.0	492.3	475.4	474.9	491.4
23 Savings deposits	386.6	400.4	407.2	410.4	410.1	418.7	425.6	434.3	436.5	438.3	443.8
24 Time deposits	754.6	748.4	752.7	759.2	762.9	762.5	760.1	758.4	765.0	769.8	770.4
25 Borrowings	304.6	307.0	309.4	301.3	310.3	305.4	315.8	321.6	308.9	323.2	309.0
26 Other liabilities	181.1	173.8	182.2	177.0	175.6	176.0	179.7	181.1	182.0	183.6	177.9
27 Residual (assets less liabilities)	146.5	149.1	149.6	149.7	150.9	151.3	151.8	153.4	153.4	154.1	154.8
MEMO											
28 U.S. government securities (including trading account)	257.0	262.1	269.6	268.6	266.7	269.3	271.0	270.0	268.3	271.5	265.1
29 Other securities (including trading account)	143.5	143.3	140.2	138.8	140.7	144.4	144.3	144.6	149.7	151.9	156.2
DOMESTICALLY CHARTERED COMMERCIAL BANKS[3]											
30 Loans and securities	1,767.4	1,761.8	1,777.1	1,784.8	1,799.6	1,812.7	1,829.2	1,847.9	1,850.8	1,863.6	1,872.3
31 Investment securities	370.6	373.9	374.9	376.9	377.1	383.8	385.1	385.1	386.5	389.1	388.1
32 U.S. government securities	238.0	240.3	243.4	246.9	246.4	250.7	251.4	252.4	250.4	250.5	245.0
33 Other	132.6	133.5	131.5	130.1	130.7	133.1	133.8	132.7	136.0	138.6	143.1
34 Trading account assets	22.9	24.2	27.6	23.7	23.5	23.5	23.1	22.3	24.2	26.4	25.0
35 Total loans	1,373.9	1,363.8	1,374.6	1,384.1	1,399.0	1,405.5	1,420.9	1,440.5	1,440.1	1,448.1	1,459.2
36 Interbank loans	103.0	100.7	101.1	100.1	103.3	100.6	100.6	110.0	104.7	103.8	106.8
37 Loans excluding interbank	1,270.9	1,263.1	1,273.5	1,284.0	1,295.7	1,304.9	1,320.3	1,330.5	1,335.5	1,344.2	1,352.4
38 Commercial and industrial	430.5	426.1	431.9	436.0	436.5	436.6	436.0	437.6	435.7	437.9	437.4
39 Real estate	372.7	375.8	378.0	381.8	385.4	390.4	394.4	399.9	403.7	407.0	412.7
40 Individual	255.9	258.0	258.7	261.2	265.0	268.3	271.8	275.9	279.8	281.8	284.8
41 All other	211.7	203.2	204.8	205.0	208.7	209.6	218.1	217.2	216.3	217.5	217.5
42 Total cash assets	190.4	175.9	178.0	172.7	176.0	191.2	179.2	185.3	176.4	176.1	178.0
43 Reserves with Federal Reserve Banks	19.2	20.2	18.7	19.2	22.3	19.6	20.9	20.4	23.8	24.4	18.6
44 Cash in vault	23.3	21.9	21.8	21.3	21.3	23.2	22.2	22.0	22.6	22.0	22.6
45 Cash items in process of collection	75.7	66.7	68.5	63.7	63.9	76.2	68.2	70.3	62.2	61.1	67.7
46 Demand balances at U.S. depository institutions	33.0	29.5	31.0	30.4	28.8	33.8	29.8	32.2	29.0	29.4	30.2
47 Other cash assets	39.4	37.6	38.0	38.1	39.6	38.3	38.1	40.4	38.8	39.2	38.9
48 Other assets	142.1	137.7	139.0	137.2	137.5	131.5	137.7	144.9	132.6	133.3	132.0
49 Total assets/total liabilities and capital	**2,099.9**	**2,075.4**	**2,094.2**	**2,094.7**	**2,113.1**	**2,135.4**	**2,146.2**	**2,178.1**	**2,159.8**	**2,173.0**	**2,182.3**
50 Deposits	1,589.2	1,563.3	1,575.4	1,582.4	1,593.8	1,618.4	1,617.2	1,642.3	1,631.9	1,636.6	1,659.5
51 Transaction deposits	484.7	450.8	453.1	451.7	459.3	473.8	467.7	486.0	468.9	468.3	484.9
52 Savings deposits	385.6	399.3	406.1	409.2	408.9	417.5	424.3	433.0	435.1	437.0	442.4
53 Time deposits	718.9	713.2	716.2	721.6	725.6	727.1	725.2	723.3	727.9	731.4	732.2
54 Borrowings	243.5	247.1	247.6	240.6	248.5	246.1	253.8	258.4	249.6	259.0	248.0
55 Other liabilities	123.6	118.5	124.3	124.8	122.6	122.4	126.1	126.8	127.4	125.9	122.7
56 Residual (assets less liabilities)	143.7	146.5	146.9	147.0	148.3	148.6	149.1	150.7	150.7	151.5	152.1

1. Data have been revised back to January 1984. Revised end-of-month data from January 1984 through November 1984 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.
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.

NOTE. 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.

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	1985								
	Sept. 4	Sept. 11	Sept. 18	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30
1 Cash and balances due from depository institutions	107,473r	92,576r	90,842r	87,690r	100,802r	88,943	108,742	93,194	89,334
2 Total loans, leases and securities, net	**866,648r**	**863,786r**	**861,262r**	**862,033r**	**869,551r**	**871,982**	**864,442**	**858,864**	**863,196**
3 U.S. Treasury and government agency	88,602r	86,850	86,243	87,309	84,692r	86,268	85,027	84,159	82,863
4 Trading account	17,419r	16,303	16,074	17,031	15,257	18,441	17,316	17,044	15,781
5 Investment account, by maturity	71,183	70,547	70,170	70,278	69,434r	67,828	67,711	67,115	67,082
6 One year or less	20,741	20,319	20,305	19,821	19,522	18,586	18,434	18,092	18,235
7 Over one through five years	36,462	36,388	35,986	36,484	35,802r	35,194	35,275	34,774	34,551
8 Over five years	13,980	13,839	13,879	13,973	14,111	14,048	14,002	14,248	14,296
9 Other securities	52,115r	52,420r	52,456r	53,159r	53,421r	52,700	52,969	53,423	54,216
10 Trading account	5,240	5,249	5,117	5,674	5,384	4,569	4,618	4,744	4,930
11 Investment account	46,875r	47,170r	47,338r	47,485r	48,037r	48,131	48,351	48,679	49,286
12 States and political subdivisions, by maturity	41,463	41,775	42,082	42,352	42,826r	42,897	43,026	43,416	43,917
13 One year or less	5,885	5,985	6,192	6,440	6,688r	6,718	6,746	6,756	6,805
14 Over one year	35,577	35,790	35,890	35,912	36,138r	36,179	36,280	36,660	37,112
15 Other bonds, corporate stocks, and securities	5,412r	5,396r	5,257r	5,133r	5,212r	5,234	5,325	5,263	5,369
16 Other trading account assets	4,163	3,658	3,406	3,673	3,986	3,597	3,560	3,902	4,306
17 Federal funds sold[1]	57,369r	59,640r	54,516r	54,554r	57,161r	62,353	55,948	53,941	55,082
18 To commercial banks	36,864r	39,434r	35,089r	35,479r	36,930r	41,275	35,868	35,139	35,674
19 To nonbank brokers and dealers in securities	12,970	12,620	12,234	12,006	13,433	14,485	14,177	13,102	13,126
20 To others	7,535	7,585	7,192	7,070	6,798	6,592	5,903	5,700	6,282
21 Other loans and leases, gross[2]	682,711r	679,564r	683,019r	681,667r	688,490r	685,244	685,198	681,751	685,017
22 Other loans, gross[2]	668,453r	665,332r	668,766r	667,395r	674,178r	670,903	670,853	667,394	670,616
23 Commercial and industrial[2]	253,626	252,829	253,759	252,908	254,391r	252,955	252,062	252,504	252,574
24 Bankers acceptances and commercial paper	2,399	2,452	2,304	2,323	2,438	2,248	2,425	2,238	2,229
25 All other	251,227	250,377	251,455	250,584	251,953r	250,707	249,637	250,266	250,345
26 U.S. addressees	246,290	245,466	246,558	245,738	246,947r	245,765	244,723	245,376	245,522
27 Non-U.S. addressees	4,937	4,911	4,897	4,846	5,006r	4,942	4,914	4,891	4,823
28 Real estate loans[2]	172,533	173,162r	173,516r	174,128r	174,931r	175,305	175,934	176,180	176,658
29 To individuals for personal expenditures	126,006r	126,333r	126,740r	127,281r	127,383r	127,512	127,610	127,921	128,513
30 To depository and financial institutions	41,637r	40,119r	40,731r	40,446r	41,586r	40,916	41,401	39,592	39,740
31 Commercial banks in the United States	10,901r	10,098	10,560	10,778	10,569	11,187	10,842	10,528	10,494
32 Banks in foreign countries	5,863	5,006	5,421	5,309	6,099r	5,199	5,865	5,033	4,974
33 Nonbank depository and other financial institutions	24,873r	25,015r	24,751r	24,359r	24,918r	24,530	24,694	24,032	24,272
34 For purchasing and carrying securities	17,171	17,719	17,962	16,466	17,566	18,639	17,491	15,369	17,052
35 To finance agricultural production	7,166	7,164	7,115	7,094	7,131	7,132	7,087	7,050	7,002
36 To states and political subdivisions	30,975	30,705	30,730	30,846	31,083r	31,092	31,103	31,225	31,326
37 To foreign governments and official institutions	3,329	3,335	3,269	3,371	3,382r	3,267	3,434	3,287	3,231
38 All other	16,009	13,966	14,943	14,855	16,725	14,084	14,730	14,265	14,519
39 Lease financing receivables	14,258	14,232	14,253	14,272	14,312	14,340	14,345	14,357	14,401
40 LESS: Unearned income	5,153	5,158	5,154	5,166	5,103	5,112	5,136	5,135	5,137
41 Loan and lease reserve[2]	13,160r	13,187r	13,225r	13,164r	13,097r	13,068	13,125	13,177	13,153
42 Other loans and leases, net[2]	664,398r	661,218r	664,639r	663,336r	670,290r	667,063	666,938	663,439	666,728
43 All other assets	130,522r	129,609r	128,728r	126,444r	130,826r	126,704	128,540	125,054	124,315
44 Total assets	**1,104,642r**	**1,085,971r**	**1,080,831r**	**1,076,166r**	**1,101,178r**	**1,087,630**	**1,101,724**	**1,077,112**	**1,076,846**
45 Demand deposits	212,753r	192,333r	193,274	186,682	209,719r	189,278	214,748	188,941	195,740
46 Individuals, partnerships, and corporations	160,475r	148,353r	146,632r	142,323r	158,694r	146,255	162,371	144,153	148,659
47 States and political subdivisions	5,658	4,864	5,190	5,094	6,016	4,686	5,342	5,028	4,854
48 U.S. government	1,552	2,521	3,979	1,839	1,414	1,334	1,787	2,441	2,506
49 Depository institutions in United States	27,780	21,960r	22,801r	22,356r	25,713r	22,126	29,616	21,944	22,436
50 Banks in foreign countries	6,742	5,272	5,428	5,360	6,816	5,153	5,689	5,274	5,593
51 Foreign governments and official institutions	871	1,208	784	1,042	794	891	885	915	767
52 Certified and officers' checks	9,675	8,155r	8,459	8,669	10,272	8,834	9,057	9,186	10,924
53 Transaction balances other than demand deposits	41,426	40,291	39,595	38,079	39,937r	40,099	40,024	39,270	39,042
54 Nontransaction balances	474,447	475,488r	475,228	476,615r	478,580r	479,178	477,539	477,361	478,276
55 Individuals, partnerships and corporations	438,109	438,893r	438,265	439,566	441,460r	441,728	440,498	440,064	440,933
56 States and political subdivisions	24,258	24,476	24,710	24,901	25,181	25,394	25,014	25,123	25,263
57 U.S. government	472	466	475	486	467	482	476	492	478
58 Depository institutions in the United States	9,448	9,380	9,429	9,323	9,049	9,181	9,189	9,207	9,153
59 Foreign governments, official institutions and banks	2,160	2,272	2,350	2,339	2,423	2,393	2,362	2,474	2,450
60 Liabilities for borrowed money	202,365	202,965r	203,162r	205,031r	206,723r	213,687	204,593	202,814	198,456
61 Borrowings from Federal Reserve Banks	240	725	397	1,272	320	3,262	265	1,551	285
62 Treasury tax-and-loan notes	4,761	3,396	15,833	16,886	7,322	197	338	1,249	214
63 All other liabilities for borrowed money[3]	197,365r	198,844r	186,931r	186,873r	199,081r	210,228	203,990	200,014	197,958
64 Other liabilities and subordinated note and debentures	97,190r	98,154r	93,102r	93,347r	88,981r	87,729	87,392	91,385	88,221
65 Total liabilities	**1,028,181r**	**1,009,232r**	**1,004,360r**	**999,754r**	**1,023,940r**	**1,009,971**	**1,024,297**	**999,771**	**999,736**
66 Residual (total assets minus total liabilities)[4]	76,461r	76,740r	76,470r	76,412r	77,238r	77,658	77,427	77,341	77,110
MEMO									
67 Total loans and leases (gross) and investments adjusted[5]	837,196r	832,599r	833,992r	834,106r	840,251r	837,700	835,992	831,509	835,317
68 Total loans and leases (gross) adjusted[2,5]	692,316r	689,672r	691,886r	689,965r	698,152r	695,133	694,435	690,025	693,931
69 Time deposits in amounts of $100,000 or more	155,097	156,277r	156,407r	158,177r	158,245r	158,771	157,132	157,467	158,227
70 Loans sold outright to affiliates—total[6]	1,932	1,964	2,094	2,209	2,185	2,072	2,077	2,045	1,946
71 Commercial and industrial	1,230	1,262	1,400	1,362	1,298	1,249	1,261	1,248	1,170
72 Other	703	702	694	847	887	823	816	797	777
73 Nontransaction savings deposits (including MMDAs)	187,864	187,636r	187,244r	187,016r	188,828r	189,025	189,249	189,050	189,422

1. Includes securities purchased under agreements to resell.
2. Levels of major loan items were affected by the Sept. 26, 1984, transaction between Continental Illinois National Bank and the Federal Deposit Insurance Corporation. For details see the H.4.2 statistical release dated Oct. 5, 1984.
3. 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.
4. This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.
5. Exclusive of loans and federal funds transactions with domestic commercial banks.
6. 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.

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

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

Millions of dollars, Wednesday figures

Account	1985								
	Sept. 4	Sept. 11	Sept. 18	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30
1 Cash and balances due from depository institutions	24,629	20,974	20,999	21,406	24,556	22,981	23,944	23,387	23,052
2 **Total loans, leases and securities, net**[1]	**184,176**	**180,786**	**181,493**	**180,879**	**183,833**	**184,844**	**181,186**	**180,057**	**181,200**
Securities									
3 U.S. Treasury and government agency[2]	......	.....	......	......	......	......	......	.....	......
4 Trading account[2]	......	.....	......	......	......	......	......	.....	......
5 Investment account, by maturity	9,791	9,359	9,424	10,109	10,121	8,773	8,725	8,719	8,753
6 One year or less	1,669	1,670	1,896	1,828	1,854	1,341	1,340	1,342	1,339
7 *Over one through five years*	6,330	6,038	5,896	6,639	6,612	5,794	5,737	5,662	5,634
8 Over five years	1,792	1,650	1,632	1,643	1,655	1,639	1,647	1,716	1,780
9 Other securities[2]	......	.....	......	......	......	......	......	.....	......
10 Trading account[2]	......	.....	......	......	......	......	......	.....	......
11 Investment account	10,544	10,550	10,510	10,518	10,792	10,807	10,835	10,956	11,095
12 States and political subdivisions, by maturity	9,273	9,319	9,329	9,430	9,616	9,635	9,655	9,716	9,853
13 One year or less	1,429	1,434	1,447	1,548	1,717	1,731	1,729	1,690	1,698
14 Over one year	7,844	7,884	7,882	7,882	7,899	7,904	7,926	8,026	8,155
15 Other bonds, corporate stocks and securities	1,271	1,230	1,181	1,088	1,176	1,172	1,180	1,240	1,242
16 Other trading account assets[2]	......	.....	......	......	......	......	......	.....	......
Loans and leases									
17 Federal funds sold[3]	25,070	24,696	22,571	22,851	22,822	26,625	23,775	24,759	23,502
18 To commercial banks	11,979	11,815	10,138	11,418	11,010	14,119	11,806	13,358	12,138
19 To nonbank brokers and dealers in securities	7,788	7,221	7,002	6,180	6,899	7,730	7,826	7,169	6,710
20 To others	5,303	5,660	5,431	5,252	4,913	4,776	4,144	4,232	4,654
21 Other loans and leases, gross	144,049	141,513	144,342	142,726	145,372	143,922	143,168	140,989	143,218
22 Other loans, gross	141,314	138,811	141,612	139,987	142,632	141,166	140,404	138,218	140,437
23 Commercial and industrial	60,751	60,336	60,836	60,450	60,602	59,702	59,947	59,525	59,665
24 Bankers acceptances and commercial paper	750	759	670	704	676	546	639	605	685
25 All other	60,000	59,576	60,166	59,745	59,926	59,156	59,308	58,920	58,979
26 U.S. addressees	59,313	58,886	59,464	59,058	59,244	58,470	58,629	58,231	58,284
27 Non-U.S. addressees	688	691	702	687	682	686	680	689	695
28 Real estate loans	27,688	27,848	28,060	28,121	27,980	27,994	28,237	28,325	28,368
29 To individuals for personal expenditures	17,527	17,578	17,654	17,725	17,778	17,732	17,762	17,804	17,878
30 To depository and financial institutions	12,709	11,560	12,244	12,014	12,794	12,278	12,544	11,746	11,445
31 Commercial banks in the United States	2,484	2,184	2,467	2,684	2,686	2,858	2,714	2,475	2,338
32 Banks in foreign countries	2,695	1,916	2,302	2,106	2,872	2,232	2,607	2,141	2,031
33 Nonbank depository and other financial institutions	7,529	7,461	7,475	7,224	7,236	7,188	7,223	7,131	7,076
34 For purchasing and carrying securities	8,581	8,803	9,538	8,654	9,362	10,510	8,918	7,860	9,729
35 To finance agricultural production	315	309	303	303	349	345	341	359	353
36 To states and political subdivisions	8,274	8,128	8,147	8,119	8,168	8,157	8,141	8,165	8,168
37 To foreign governments and official institutions	865	872	786	918	986	874	1,042	912	876
38 All other	4,604	3,377	4,043	3,684	4,612	3,572	3,471	3,520	3,955
39 Lease financing receivables	2,735	2,702	2,730	2,738	2,741	2,756	2,764	2,771	2,781
40 LESS: Unearned income	1,428	1,430	1,430	1,438	1,412	1,411	1,437	1,439	1,444
41 Loan and lease reserve	3,850	3,902	3,925	3,886	3,862	3,873	3,880	3,928	3,924
42 Other loans and leases, net	138,771	136,181	138,987	137,401	140,098	138,638	137,850	135,622	137,849
43 All other assets[4]	70,716	69,136	68,260	67,302	69,951	68,775	67,924	66,220	66,192
44 **Total assets**	**279,521**	**270,896**	**270,751**	**269,588**	**278,340**	**276,600**	**273,054**	**269,664**	**270,444**
Deposits									
45 Demand deposits	53,329	45,029	46,869	46,601	52,957	45,600	51,496	46,935	49,620
46 Individuals, partnerships, and corporations	35,561	30,517	31,150	31,261	34,898	30,445	34,101	30,695	32,504
47 States and political subdivisions	782	764	761	785	1,256	874	960	813	706
48 U.S. government	193	537	713	277	159	154	229	500	482
49 Depository institutions in the United States	6,202	4,603	5,564	5,360	6,575	5,324	7,188	5,456	5,272
50 Banks in foreign countries	5,395	3,992	4,265	4,029	5,412	3,904	4,349	4,110	4,256
51 Foreign governments and official institutions	687	1,014	569	847	628	716	701	743	579
52 Certified and officers' checks	4,510	3,601	3,846	4,042	4,029	4,182	3,968	4,618	5,820
53 Transaction balances other than demand deposits ATS, NOW, Super NOW, telephone transfers)	4,259	4,257	4,174	3,985	4,281	4,308	4,265	4,201	4,151
54 Nontransaction balances	85,632	85,405	85,423	85,684	86,417	86,711	86,458	86,591	87,094
55 Individuals, partnerships and corporations	77,874	77,608	77,447	77,792	78,168	78,310	78,131	78,088	78,677
56 States and political subdivisions	4,568	4,555	4,756	4,654	4,979	4,965	4,962	5,072	5,094
57 U.S. government	39	39	38	36	35	34	33	37	36
58 Depository institutions in the United States	2,164	2,163	2,058	2,070	2,060	2,226	2,172	2,186	2,124
59 Foreign governments, official institutions and banks	987	1,040	1,124	1,131	1,174	1,175	1,160	1,208	1,163
60 Liabilities for borrowed money	67,734	67,281	68,610	67,937	74,400	80,952	71,854	68,827	70,482
61 Borrowings from Federal Reserve Banks	......	375	......	350	......	2,275	.....	600	......
62 Treasury tax-and-loan notes	1,366	793	3,752	4,014	1,699	3	1	178	1
63 All other liabilities for borrowed money[5]	66,368	66,113	64,859	63,573	72,702	78,674	71,852	68,050	70,481
64 Other liabilities and subordinated note and debentures	44,210	44,454	41,335	41,202	35,816	34,350	34,341	38,506	34,681
65 **Total liabilities**	**255,164**	**246,426**	**246,411**	**245,410**	**253,871**	**251,921**	**248,414**	**245,061**	**246,028**
66 Residual (total assets minus total liabilities)[6]	24,358	24,470	24,340	24,178	24,469	24,678	24,640	24,604	24,416
MEMO									
67 Total loans and leases (gross) and investments adjusted[1,7]	174,990	172,119	174,243	172,102	175,411	173,151	171,984	169,591	172,092
68 Total loans and leases (gross) adjusted[7]	154,655	152,211	154,309	151,474	154,498	153,570	152,424	149,915	152,244
69 *Time deposits in amounts of $100,000 or more*	32,615	32,625	32,404	32,582	32,945	33,678	33,420	33,648	33,764

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 WITH ASSETS OF $750 MILLION OR MORE ON JUNE 30, 1980 Assets and Liabilities ▲

Millions of dollars, Wednesday figures

Account	1985								
	Sept. 4	Sept. 11	Sept. 18	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30
1 Cash and due from depository institutions	6,617	6,768	6,710	6,925r	6,517r	7,132	7,981	8,428	6,967
2 Total loans and securities	47,607	48,935	47,934	49,769r	50,836	49,192	49,174	47,874	49,900
3 U.S. Treasury and govt. agency securities	3,242	3,484	3,435	3,391	3,562	3,634	3,712	3,651	3,704
4 Other securities	2,161r	2,194r	2,253r	2,352r	2,379r	2,440	2,437	2,308	2,330
5 Federal funds sold[1]	4,046	3,954	3,238	4,548	4,334	4,284	4,047	3,564	4,556
6 To commercial banks in the United States	3,695	3,407	2,812	4,126	3,887	3,834	3,611	2,994	3,935
7 To others	351	547	426	422	447	450	436	569	620
8 Other loans, gross	38,158r	39,302r	39,007r	39,478r	40,561r	38,834	38,977	38,351	39,309
9 Commercial and industrial	22,840r	23,191r	23,279r	23,384r	23,756r	22,476	22,879	22,812	23,727
10 Bankers acceptances and commercial paper	1,770	1,744	1,730	1,650	1,696	1,650	1,720	1,606	1,693
11 All other	21,070r	21,447r	21,548r	21,734r	22,060r	20,826	21,159	21,205	22,034
12 U.S. addressees	19,647r	20,065r	20,193r	20,433r	20,788r	19,578	19,952	19,955	20,780
13 Non-U.S. addressees	1,423	1,382	1,356	1,300	1,272	1,248	1,206	1,250	1,254
14 To financial institutions	10,655	11,127	10,966	11,295	12,024	11,934	11,761	11,356	11,302
15 Commercial banks in the United States	8,151	8,589	8,486	8,777	9,057	9,318	9,220	8,831	8,822
16 Banks in foreign countries	1,074	1,079	1,046	998	1,407	1,096	1,128	1,119	1,076
17 Nonbank financial institutions	1,430	1,459	1,434	1,520	1,560	1,520	1,412	1,405	1,404
18 *To foreign govts. and official institutions*	514	604	532	574	544	549	552	558	574
19 For purchasing and carrying securities	1,657r	1,893r	1,682r	1,712r	1,682r	1,371	1,332	1,258	1,331
20 All other	2,492	2,488	2,548	2,514	2,554	2,503	2,454	2,368	2,374
21 Other assets (claims on nonrelated parties)	18,689	18,888	19,853	19,997	18,935	18,574	19,014	19,208	18,754
22 Net due from related institutions	8,777	8,641	8,730	9,365	8,792	11,008	9,152	8,267	8,289
23 Total assets	81,691	83,231	83,227	86,056	85,079	85,907	85,320	83,778	83,910
24 Deposits or credit balances due to other than directly related institutions	25,003	25,606	25,972	26,189	26,604	26,700	26,716	26,661	26,351
25 Credit balances	143	158	163	151	262	235	228	149	179
26 Demand deposits	1,745	1,908	1,881	1,912	2,146	1,973	2,417	2,382	1,924
27 Individuals, partnerships, and corporations	948	962	992	957	1,080	1,036	1,578	1,543	1,128
28 Other	797	946	889	955	1,067	937	839	839	796
29 Time and savings deposits	23,115	23,539	23,928	24,126	24,196	24,492	24,071	24,130	24,249
30 Individuals, partnerships, and corporations	18,587	18,925	19,003	19,276	19,265	19,452	19,023	19,149	19,207
31 Other	4,528	4,614	4,924	4,850	4,930	5,040	5,048	4,981	5,042
32 Borrowings from other than directly related institutions	30,488	30,236	29,380	30,689	31,610	32,562	30,964	29,087	29,432
33 Federal funds purchased[2]	13,799	13,320	12,484	13,119	13,878	15,041	14,425	12,586	12,336
34 From commercial banks in the United States	10,859	10,500	9,475	10,058	10,771	11,789	10,962	9,141	9,054
35 From others	2,940	2,820	3,010	3,060	3,107	3,252	3,463	3,445	3,282
36 Other liabilities for borrowed money	16,689	16,916	16,896	17,571	17,732	17,522	16,538	16,501	17,096
37 To commercial banks in the United States	15,516	15,699	15,843	16,455	16,575	16,454	15,377	15,402	16,014
38 To others	1,173	1,217	1,053	1,116	1,156	1,067	1,162	1,099	1,081
39 Other liabilities to nonrelated parties	20,827	21,214	21,385	21,567	21,026	20,757	20,624	20,690	20,749
40 Net due to related institutions	5,373	6,175	6,489	7,610	5,839	5,887	7,017	7,340	7,378
41 Total liabilities	81,691	83,231	83,227	86,056	85,079	85,907	85,320	83,778	83,910
MEMO									
42 Total loans (gross) and securities adjusted[3]	35,761	36,938	36,636	36,866r	37,891r	36,039	36,342	36,048	37,143
43 Total loans (gross) adjusted[3]	30,359r	31,261r	30,948r	31,124r	31,950r	29,965	30,193	30,089	31,108

▲ Levels of many asset and liability items were revised beginning Oct. 31, 1984. For details, see the H.4.2 (504) statistical release dated Nov. 23, 1984.

1. Includes securities purchased under agreements to resell.
2. Includes securities sold under agreements to repurchase.
3. Exclusive of loans to and federal funds sold to commercial banks in the United States.

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

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

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

Type of holder	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.	1984 Mar.	1984 June	1984 Sept.	1984 Dec.	1985 Mar.[3]	1985 June
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**315.5**	**288.9**	**291.8**	**293.5**	**279.3**	**286.3**	**288.8**	**302.7**	**286.5r**	**298.6**
2 Financial business	29.8	28.0	35.4	32.8	31.7	30.8	30.4	31.7	28.1	28.9
3 Nonfinancial business	162.8	154.8	150.5	161.1	150.3	156.7	158.9	166.3	158.2r	164.7
4 Consumer	102.4	86.6	85.9	78.5	78.1	78.7	79.9	81.5	77.9r	81.8
5 Foreign	3.3	2.9	3.0	3.3	3.3	3.5	3.3	3.6	3.5	3.7
6 Other	17.2	16.7	17.0	17.8	15.9	16.7	16.3	19.7	18.8r	19.5
	Weekly reporting banks									
	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.[2]	1984 Mar.	1984 June	1984 Sept.	1984 Dec.	1985 Mar.[3]	1985 June
7 **All holders—Individuals, partnerships, and corporations**	**147.4**	**137.5**	**144.2**	**146.2**	**139.2**	**145.3**	**145.3**	**157.1**	**147.8**	**151.3**
8 Financial business	21.8	21.0	26.7	24.2	23.5	23.6	23.7	25.3	22.6	22.9
9 Nonfinancial business	78.3	75.2	74.3	79.8	76.4	79.7	79.2	87.1	82.8	84.0
10 Consumer	35.6	30.4	31.9	29.7	28.4	29.9	29.8	30.5	29.1	29.9
11 Foreign	3.1	2.8	2.9	3.1	3.2	3.2	3.2	3.4	3.3	3.5
12 Other	8.6	8.0	8.4	9.3	7.7	8.9	9.3	10.9	10.0	11.0

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

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

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.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1980 Dec.	1981 Dec.	1982 Dec.[1]	1983 Dec.	1984 Dec.[2]	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 All issuers	**124,374**	**165,829**	**166,436**	**188,312**	**239,117**	**255,236**	**258,943**	**254,627**	**262,769**	**273,327**	**271,760**
Financial companies[3]											
Dealer-placed paper[4]											
2 Total	19,599	30,333	34,605	44,622	56,917	63,405	61,282	61,602	67,419	67,816	69,904
3 Bank-related (not seasonally adjusted)	3,561	6,045	2,516	2,441	2,035	2,180	2,295	2,051	2,083	2,136	2,333
Directly placed paper[5]											
4 Total	67,854	81,660	84,393	96,918	110,474	117,841	119,975	118,432	118,722	128,216	127,002
5 Bank-related (not seasonally adjusted)	22,382	26,914	32,034	35,566	42,105	42,405	43,126	43,454	41,228	42,926	43,224
6 Nonfinancial companies[6]	36,921	53,836	47,437	46,772	71,726	73,990	77,686	74,593	76,628	77,295	74,854
	Bankers dollar acceptances (not seasonally adjusted)[7]										
7 Total	**54,744**	**69,226**	**79,543**	**78,309**	**75,470**	**72,825**	**69,689**	**68,375**	**68,497**	**68,822r**	**68,728**
Holder											
8 Accepting banks	10,564	10,857	10,910	9,355	10,255	9,666	9,265	9,470	9,299	9,208r	10,679
9 Own bills	8,963	9,743	9,471	8,125	9,065	8,263	7,578	7,869	8,012	8,010r	9,166
10 Bills bought	1,601	1,115	1,439	1,230	1,191	1,403	1,687	1,601	1,287	1,198	1,513
Federal Reserve Banks											
11 Own account	776	195	1,480	418	0	0	0	0	0	0	0
12 Foreign correspondents	1,791	1,442	949	729	671	728	575	511	652	789	793
13 Others	41,614	56,731	66,204	68,225	67,595	62,431	59,849	58,394	58,546	58,825r	57,256
Basis											
14 Imports into United States	11,776	14,765	17,683	15,649	16,975	16,417	16,670	16,286	16,444	17,207r	16,677
15 Exports from United States	12,712	15,400	16,328	16,880	15,859	14,875	14,214	13,340	12,969	12,850r	12,810
16 All other	30,257	39,060	45,531	45,781	42,635	41,533	38,804	38,748	39,084	37,149	37,708

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 will be 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
1983—Jan. 11	11.00	1984—Oct. 17	12.50	1983—Jan.	11.16	1984—June	12.60
Feb. 28	10.50	29	12.00	Feb.	10.98	July	13.00
Aug. 8	11.00	Nov. 9	11.75	Mar.	10.50	Aug.	13.00
		28	11.25	Apr.	10.50	Sept.	12.97
1984—Mar. 19	11.50	Dec. 20	10.75	May	10.50	Oct.	12.58
Apr. 5	12.00			June	10.50	Nov.	11.77
May 8	12.50	1985—Jan. 15	10.50	July	10.50	Dec.	11.06
June 25	13.00	May 20	10.00	Aug.	10.89	1985—Jan.	10.61
1984—Sept. 27	12.75	June 18	9.50	Sept.	11.00	Feb.	10.50
				Oct.	11.00	Mar.	10.50
				Nov.	11.00	Apr.	10.50
				Dec.	11.00	May	10.31
				1984—Jan.	11.00	June	9.78
				Feb.	11.00	July	9.50
				Mar.	11.21	Aug.	9.50
				Apr.	11.93	Sept.	9.50
						Oct.	9.50

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	1982	1983	1984	1985 July	1985 Aug.	1985 Sept.	1985 Oct.	1985, week ending Sept. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25
MONEY MARKET RATES												
1 Federal funds[1,2]	12.26	9.09	10.22	7.88	7.90	7.92	7.99	7.96	8.12	7.84	8.03	8.14
2 Discount window borrowing[1,2,3]	11.02	8.50	8.80	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Commercial paper[4,5]												
3 1-month	11.83	8.87	10.05	7.58	7.73	7.83	7.81	7.72	7.76	7.80	7.86	7.86
4 3-month	11.89	8.88	10.10	7.56	7.72	7.83	7.80	7.71	7.74	7.81	7.85	7.84
5 6-month	11.89	8.89	10.16	7.57	7.74	7.86	7.79	7.72	7.73	7.81	7.84	7.82
Finance paper, directly placed[4,5]												
6 1-month	11.64	8.80	9.97	7.53	7.70	7.84	7.79	7.72	7.78	7.79	7.80	7.87
7 3-month	11.23	8.70	9.73	7.40	7.56	7.64	7.60	7.55	7.57	7.59	7.61	7.60
8 6-month	11.20	8.69	9.65	7.34	7.55	7.60	7.59	7.55	7.56	7.58	7.60	7.59
Bankers acceptances[5,6]												
9 3-month	11.89	8.90	10.14	7.53	7.68	7.81	7.76	7.66	7.71	7.80	7.79	7.78
10 6-month	11.83	8.91	10.19	7.54	7.68	7.84	7.75	7.64	7.69	7.81	7.78	7.77
Certificates of deposit, secondary market[7]												
11 1-month	12.04	8.96	10.17	7.58	7.77	7.88	7.85	7.78	7.82	7.84	7.88	7.90
12 3-month	12.27	9.07	10.37	7.64	7.81	7.93	7.88	7.82	7.85	7.89	7.92	7.93
13 6-month	12.57	9.27	10.68	7.79	7.97	8.09	7.97	7.88	7.95	8.00	8.02	8.02
14 Eurodollar deposits, 3-month[8]	13.12	9.56	10.73	7.89	8.02	8.14	8.08	8.09	8.01	8.10	8.13	8.08
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	10.61	8.61	9.52	7.08	7.13	7.10	7.16	6.88	7.01	7.17	7.20	7.22
16 6-month	11.07	8.73	9.76	7.19	7.32	7.27	7.33	7.00	7.20	7.36	7.33	7.38
17 1-year	11.07	8.80	9.92	7.31	7.48	7.50	7.45	7.34	7.41	7.49	7.44	7.47
Auction average[10]												
18 3-month	10.66	8.64	9.56	7.05	7.18	7.08	7.17	6.81	7.07	7.14	7.20	7.18
19 6-month	10.80	8.76	9.79	7.16	7.35	7.26	7.32	7.05	7.24	7.32	7.36	7.32
20 1-year	11.10	8.85	9.91	7.09	7.60	7.36	7.42	n.a.	7.33	n.a.	n.a.	n.a.
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	12.27	9.57	10.89	7.86	8.05	8.07	8.01	7.88	7.96	8.06	8.01	8.03
22 2-year	12.80	10.21	11.65	8.77	8.94	8.98	8.86	8.78	8.85	8.96	8.87	8.85
23 2-½-year[13]	......	......	......	......	......	......	......	9.20	n.a.	9.20	n.a.	9.05
24 3-year	12.92	10.45	11.89	9.18	9.31	9.37	9.25	9.17	9.25	9.35	9.25	9.21
25 5-year	13.01	10.80	12.24	9.70	9.81	9.81	9.69	9.66	9.71	9.82	9.70	9.63
26 7-year	13.06	11.02	12.40	10.15	10.20	10.24	10.11	10.13	10.16	10.26	10.11	10.02
27 10-year	13.00	11.10	12.44	10.31	10.33	10.37	10.24	10.30	10.32	10.37	10.23	10.16
28 20-year	12.92	11.34	12.48	10.68	10.73	10.80	10.67	10.76	10.75	10.80	10.66	10.58
29 30-year	12.76	11.18	12.39	10.50	10.56	10.61	10.50	10.58	10.58	10.63	10.50	10.42
Composite[14]												
30 Over 10 years (long-term)	12.23	10.84	11.99	10.51	10.59	10.67	10.56	10.63	10.62	10.70	10.56	10.51
State and local notes and bonds												
Moody's series[15]												
31 Aaa	10.86	8.80	9.61	8.34	8.49	8.70	8.58	8.80	8.80	8.75	8.60	8.45
32 Baa	12.46	10.17	10.38	9.18	9.50	9.63	9.54	9.65	9.65	9.60	9.60	9.50
33 *Bond Buyer* series[16]	11.66	9.51	10.10	8.81	9.08	9.27	9.08	9.38	9.33	9.25	9.12	8.95
Corporate bonds												
Seasoned issues[17]												
34 All industries	14.94	12.78	13.49	11.69	11.76	11.75	11.69	11.74	11.76	11.76	11.71	11.63
35 Aaa	13.79	12.04	12.71	10.97	11.05	11.07	11.02	11.05	11.07	11.12	11.03	10.94
36 Aa	14.41	12.42	13.31	11.42	11.47	11.46	11.45	11.47	11.50	11.51	11.48	11.41
37 A	15.43	13.10	13.74	11.92	12.00	11.99	11.94	11.98	11.99	12.03	11.96	11.85
38 Baa	16.11	13.55	14.19	12.43	12.50	12.48	12.36	12.47	12.46	12.39	12.38	12.31
39 A-rated, recently-offered utility bonds[18]	15.49	12.73	13.81	11.60	11.77	11.87	11.82	11.80	11.92	11.96	11.81	11.73
MEMO: Dividend/price ratio[19]												
40 Preferred stocks	12.53	11.02	11.59	9.92	10.15	10.26	10.35	10.27	10.33	10.38	10.35	10.37
41 Common stocks	5.81	4.40	4.64	4.14	4.23	4.32	4.28	4.41	4.33	4.37	4.26	4.23

1. Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates.
2. Weekly figures are averages for statement week ending Wednesday.
3. Rate for the Federal Reserve Bank of New York.
4. Unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30–59 days, 90–119 days, and 150–179 days for finance paper.
5. Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure).
6. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers).
7. Unweighted average of offered rates quoted by at least five dealers early in the day.
8. Calendar week average. For indication purposes only.
9. Unweighted average of closing bid rates quoted by at least five dealers.
10. Rates are recorded in the week in which bills are issued. Beginning with the Treasury bill auction held on Apr. 18, 1983, bidders were required to state the percentage yield (on a bank discount basis) that they would accept to two decimal places. Thus, average issuing rates in bill auctions will be reported using two rather than three decimal places.
11. Yields are based on closing bid prices quoted by at least five dealers.
12. Yields adjusted to constant maturities by the U.S. Treasury. That is, yields are read from a yield curve at fixed maturities. Based on only recently issued, actively traded securities.
13. Each biweekly figure is the average of five business days ending on the Monday following the date indicated. Until Mar. 31, 1983, the biweekly rate determined the maximum interest rate payable in the following two-week period on 2-½-year small saver certificates. (See table 1.16.)
14. Averages (to maturity or call) for all outstanding bonds neither due nor callable in less than 10 years, including one very low yielding "flower" bond.
15. General obligations based on Thursday figures; Moody's Investors Service.
16. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.
17. Daily figures from Moody's Investors Service. Based on yields to maturity on selected long-term bonds.
18. Compilation of the Federal Reserve. This series is an estimate of the yield on recently-offered, A-rated utility bonds with a 30-year maturity and 5 years of call protection. Weekly data are based on Friday quotations.
19. Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues: four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index.

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	1982	1983	1984	1985 Feb.	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.	1985 Oct.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	68.93	92.63	92.46	104.73	103.92	104.66	107.00	109.52	111.64	109.09	106.62	107.57
2 Industrial	78.18	107.45	108.01	120.71	119.64	119.93	121.88	124.11	126.94	124.92	122.35	123.65
3 Transportation	60.41	89.36	85.63	101.76	98.30	96.47	99.66	105.79	111.67	109.92	104.96	103.72
4 Utility	39.75	47.00	46.44	53.44	53.91	55.51	57.32	59.61	59.68	56.99	55.93	55.84
5 Finance	71.99	95.34	89.28	109.58	107.59	109.39	115.31	118.44	119.85	114.68	110.21	112.36
6 Standard & Poor's Corporation (1941–43 = 10)[1]	119.71	160.41	160.50	180.88	179.42	180.62	184.90	188.89	192.54	188.31	184.06	186.18
7 American Stock Exchange[2] (Aug. 31, 1973 = 50)	282.62	216.48	207.96	228.40	225.62	229.46	228.75	227.48	235.21	232.65	226.27	225.00
Volume of trading (thousands of shares)												
8 New York Stock Exchange	64,868r	85,418	91,084	115,489	102,591	94,387	106,827	105,849	111,952	87,468	97,910	110,569
9 American Stock Exchange	5,283	8,215	6,107	10,010	8,677	7,801	7,171	7,128	7,284	7,275	7,057	7,648
	Customer financing (end-of-period balances, in millions of dollars)											
10 Margin credit at broker–dealers[3]	**13,325**	**23,000**	**22,470**	**22,970**	**23,230**	**23,900**	**24,300**	**25,260**	**25,220**	**25,780**	**25,330**	**26,350**
Free credit balances at brokers[4]												
11 Margin-account	5,735	6,620	7,015	6,680	6,780	6,910	6,865	7,300	7,000	6,455	6,225r	6,120r
12 Cash-account	8,390	8,430	10,215	9,840	10,160	9,230	9,230	10,115	9,700	9,440	10,080	9,630
	Margin-account debt at brokers (percentage distribution, end of period)											
13 Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
By equity class (in percent)[5]												
14 Under 40	21.0	41.0	46.0	36.0	38.0	39.0	36.0	34.0	34.0	35.0	40.0	37.0
15 40–49	24.0	22.0	18.0	20.0	20.0	19.0	19.0	20.0	20.0	21.0	22.0	22.0
16 50–59	24.0	16.0	16.0	18.0	18.0	18.0	19.0	19.0	19.0	18.0	16.0	17.0
17 60–69	14.0	9.0	9.0	11.0	10.0	10.0	11.0	11.0	11.0	11.0	9.0	10.0
18 70–79	9.0	6.0	5.0	8.0	7.0	7.0	7.0	8.0	8.0	8.0	6.0	7.0
19 80 or more	8.0	6.0	6.0	8.0	7.0	7.0	8.0	8.0	8.0	7.0	7.0	7.0
	Special miscellaneous-account balances at brokers (end of period)											
20 Total balances (millions of dollars)[6]	**35,598**	**58,329**	**75,840**	**81,830**	**83,729**	**82,990**	**87,120**	**86,910**	**89,240**	**90,930**	**91,400**	**92,250**
Distribution by equity status (percent)												
21 Net credit status	62.0	63.0	59.0	59.0	60.0	60.0	60.0	59.0	59.0	59.0	59.0	58.0
Debt status, equity of												
22 60 percent or more	29.0	28.0	29.0	31.0	30.0	30.0	30.0	31.0	32.0	30.0	31.0	31.0
23 Less than 60 percent	9.0	9.0	11.0	10.0	10.0	10.0	10.0	10.0	9.0	11.0	10.0	11.0

Indicator	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
	Margin requirements (percent of market value and effective date)[7]					
24 Margin stocks	70	80	65	55	65	50
25 Convertible bonds	50	60	50	50	50	50
26 Short sales	70	80	65	55	65	50

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Beginning July 5, 1983, the American Stock Exchange rebased its index effectively cutting previous readings in half.
3. Beginning July 1983, under the revised Regulation T, margin credit at broker-dealers includes credit extended against stocks, convertible bonds, stocks acquired through exercise of subscription rights, corporate bonds, and government securities. Separate reporting of data for margin stocks, convertible bonds, and subscription issues was discontinued in April 1984, and margin credit at broker-dealers became the total that is distributed by equity class and shown on lines 17–22.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.
7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.37 SELECTED FINANCIAL INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1982	1983	1984		1985								
			Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
	FSLIC insured institutions												
1 **Assets**	**692,663**	**819,168**	**960,177**	**978,514**	**974,881**	**982,182**	**992,289**	**995,430**	**1,003,225**	**1,012,387**	**1,022,476r**	**1,034,786r**	**1,042,162**
2 Mortgages	477,009	521,308	598,425	599,021	602,180	603,308	608,268	613,334	617,574	623,275	627,430r	632,356r	636,914
3 Mortgage-backed securities	62,798	90,902	107,320	108,219	106,836	107,779	108,755	108,174	106,433	102,892	105,265r	108,605r	111,979
4 Cash and investment securities[1]	82,300	109,923	124,304	135,640	129,481	131,625	132,438	127,225	129,918	132,109	134,039r	135,169r	131,867
5 Other	n.a.	n.a.	87,799	91,516	91,211	93,100	94,625	96,903	98,034	100,595	101,605r	101,633r	103,177
6 **Liabilities and net worth**	**692,663**	**819,168**	**960,177**	**978,514**	**974,881**	**982,182**	**992,289**	**995,430**	**1,003,225**	**1,012,312**	**1,022,476r**	**1,034,786r**	**1,042,162**
7 Savings capital	554,584	671,059	772,124	784,724	791,475	792,556	801,293	801,256	809,083	817,551	822,150r	826,643r	831,728
8 Borrowed money	97,459	98,511	128,060	137,123	125,605	129,321	132,665	132,230	129,082	130,269	133,674r	139,170r	143,527
9 FHLBB	63,818	57,253	70,419	71,719	71,509	71,470	71,674	72,785	74,159	75,987	77,749r	80,129r	81,457
10 Other	33,641	41,258	57,641	65,404	55,096	57,851	60,991	59,445	54,923	54,372	55,925r	59,041r	62,070
11 Other	15,233	16,619	23,081	18,746	19,961	21,816	19,290	22,468	24,215	22,055	23,480r	25,327r	22,753
12 Net worth[2]	25,386	32,980	36,912	37,921	37,840	38,488	39,041	39,476	40,845	42,436	43,171r	43,645r	44,153
13 MEMO: Mortgage loan commitments outstanding[3]	27,806	56,785	68,516	65,836	64,154	65,323	67,615	68,671	69,683	69,585	68,341	67,057	65,738
	Mutual savings banks[4]												
14 **Assets**	**174,197**	**193,535**	**204,499**	**203,898**	**204,859**	**206,175**	**210,568**	**210,469**	**212,509**	**212,207**	**213,824**	**215,298**	
Loans													
15 Mortgage	94,091	97,356	102,953	102,895	103,393	103,654	104,340	105,102	105,869	105,911	106,441	107,322	
16 Other	16,957	19,129	24,884	24,954	25,747	26,456	27,798	28,000	28,530	29,199	30,339	30,195	
Securities													
17 U.S. government	9,743	15,360	15,034	14,643	14,628	14,917	15,098	14,504	14,895	14,082	13,960	13,868	
18 Mortgage-backed securities	14,055	18,205	18,991	19,215	19,459	19,167	19,694	19,750	19,527	19,157	19,779	20,101	
19 State and local government	2,470	2,177	2,077	2,067	2,069	2,092	2,097	2,094	2,093	2,086	2,105		
20 Corporate and other[7]	22,106r		24,370r	23,747r	23,892r	23,896r	24,194r	24,139r	24,344	24,047	23,738	23,735	
21 Cash	6,919	6,263	4,954	4,140	4,423	4,864	4,679	5,004	4,935	4,942	4,544	4,821	
22 Other assets	7,855	9,670	11,413	11,533	11,593	12,488	12,288	12,246	12,770	12,776	12,937	13,151	
23 **Liabilities**	**174,197**	**193,535**	**203,898**	**204,859**	**206,175**	**210,568**	**210,469**	**212,509**	**212,163**	**212,207**	**213,824**	**215,298**	n.a.
24 Deposits	155,196	172,665	180,616	181,062	181,849	185,197	184,478	185,802	186,091	186,118	186,824	187,207	
25 Regular[8]	152,777	170,135	177,418	177,954	178,791	181,742	180,804	182,113	182,218	182,243	182,881	183,222	
26 Ordinary savings	46,862	38,554	33,739	33,413	33,413	33,715	33,211	33,457	33,526	33,530	33,495	33,398	
27 Time	102,934	104,151	104,732	104,098	103,536	105,204	104,527	104,843	104,756	104,448	104,737	104,448	
28 Other	2,419	2,530	3,198	3,108	3,058	3,455	3,689	3,674	3,873	3,875	3,943	3,985	
29 Other liabilities	8,336	10,154	12,504	12,931	13,387	14,393	14,959	15,546	14,348	14,241	15,137	15,971	
30 General reserve accounts	9,235	10,368	10,510	10,619	10,670	10,720	10,803	10,913	11,238	11,239	11,453	11,704	
	Life insurance companies[8]												
31 **Assets**	**588,163**	**654,948**	**720,807**	**722,979**	**731,113**	**735,332**	**742,154**	**748,865**	**757,523**	**765,891**	**772,452**	**778,293**	
Securities													
32 Government	36,499	50,752	64,683	62,899	63,979	65,867	65,603	66,402	67,880	68,636	68,983	69,975	
33 United States[6]	16,529	28,636	41,970	41,204r	41,982	43,916	43,502	44,200	45,593	46,260	46,514	47,343	
34 State and local	8,664	9,986	9,757	8,713	8,913	9,000	8,902	8,923	8,998	9,044	8,980	9,201	
35 Foreign[7]	11,306	12,130	13,005	12,982	13,084	12,951	13,199	13,279	13,289	13,332	13,489	13,431	
36 Business	287,126	322,854	354,815	359,333	368,316	371,009	374,757	379,247	384,342	388,448	393,386	397,202	n.a.
37 Bonds	231,406	257,986	291,021	295,998	302,270	303,452	307,078	311,123	314,021	317,029	321,752	325,647	
38 Stocks	55,720	64,868	64,171	63,335	66,046	67,557	67,679	68,124	70,321	71,419	71,634	71,555	
39 Mortgages	141,989	150,999	157,283	156,699	156,850	157,253	158,162	159,393	160,470	161,485	162,690	163,027	
40 Real estate	20,264	22,234	25,985	25,767	25,983	26,186	26,527	26,828	27,215	27,831	28,240	28,450	
41 Policy loans	52,961	54,063	54,610	54,505	54,414	54,489	54,438	54,439	54,384	54,320	54,300	54,238	
42 Other assets	48,571	54,046	63,344	63,776	61,571	60,528	62,667	62,556	63,232	65,171	64,853	65,401	
	Credit unions[9]												
43 **Total assets/liabilities and capital**	**69,585**	**81,961**	**92,951**	**93,036**	**94,646**	**96,183**	**98,646**	**101,268**	**104,992**	**106,948**	**107,991**	**111,150**	**113,016**
44 Federal	45,493	54,482	62,690	63,205	64,505	65,989	67,799	68,903	71,342	72,021	72,932	74,869	75,567
45 State	24,092	27,479	29,831	29,831	30,141	30,194	30,847	32,365	33,650	34,762	35,059	36,281	37,449
46 Loans outstanding	43,232	50,083	62,170	62,561	62,662	62,393	62,936	64,341	65,298	66,817	67,662	69,171	70,765
47 Federal	27,948	32,930	41,762	42,337	42,220	42,283	42,804	43,414	44,042	40,378	44,963	46,036	46,702
48 State	15,284	17,153	20,408	20,224	20,442	20,110	20,132	20,927	21,256	22,110	22,699	23,135	24,063
49 Savings	62,990	74,739	84,000	84,348	86,047	86,048	88,560	91,275	95,278	96,702	98,026	99,834	101,318
50 Federal (shares)	41,352	49,889	57,302	57,539	58,820	59,914	61,758	62,867	66,680	66,243	67,070	68,087	68,592
51 State (shares and deposits)	21,638	24,850	26,698	26,809	27,227	26,134	26,802	28,408	28,598	30,459	30,956	31,747	32,726

NOTES TO TABLE 1.37

1. Holdings of stock of the Federal Home Loan Banks are in "other assets."
2. Includes net undistributed income accrued by most associations.
3. As of July 1985, data include loans in process.
4. The National Council reports data on member mutual savings banks and on savings banks that have converted to stock institutions, and to federal savings banks.
5. Excludes checking, club, and school accounts.
6. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
7. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.
8. Data for December 1984 through April 1985 have been revised.
9. As of June 1982, data include federally chartered or federally insured, state-chartered credit unions serving natural persons. Before that date, data were estimates of all credit unions.

NOTE. *FSLIC-insured institutions:* Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of federally insured associations. Even when revised, data for current and preceding year are subject to further revision.

Savings banks: Estimates of National Council of Savings Institutions for all savings banks in the United States.

Life insurance companies: Estimates of the American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

Credit unions: Estimates by the National Credit Union Administration for a group of federal and federally insured state credit unions serving natural persons. Figures are preliminary and revised annually to incorporate recent data.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1982	Fiscal year 1983	Fiscal year 1984	Calendar year					
				1983		1984	1985		
				H1	H2	H1	Aug.	Sept.	Oct.
U.S. budget									
1 Receipts[1]	617,766	600,562	666,457	306,331	306,584	341,808	55,776	73,808	57,881
2 Outlays[1]	728,375	795,917	841,800	396,477	406,849	420,700	83,621	73,191	85,074
3 Surplus, or deficit (−)	−110,609	−195,355	−175,343	−90,146	−100,265	−78,892	−27,845	617	−27,193
4 Trust funds	5,456	23,056	30,565	22,680	7,745	18,080	287	13,164	3,371
5 Federal funds[2,3]	−116,065	−218,410	−205,908	−112,822	−108,005	−96,971	−28,132	−12,547	−30,564
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−14,142	−10,404	−7,277	−5,418	−3,199	−2,813	26	−31	86
7 Other[3,4]	−3,190	−1,953	−2,719	−528	−1,206	−838	221	−1,350	20
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−127,940	−207,711	−185,339	−96,094	−104,670	−84,884	−27,597	−764	−27,087
Source of financing									
9 Borrowing from the public	134,993	212,425	170,817	102,538	84,020	80,592	16,157	5,975	11,390
10 Cash and monetary assets (decrease, or increase (−))[4]	−11,911	−9,889	5,636	−9,664	−16,294	−3,127	12,013	−6,248	13,964
11 Other[5]	4,858	5,176	8,885	3,222	4,358	7,418	−573	−1,037	1,733
MEMO									
12 Treasury operating balance (level, end of period)	29,164	37,057	22,345	27,997	11,817	13,567	11,841	17,060	1,823
13 Federal Reserve Banks	10,975	16,557	3,791	19,442	3,661	4,397	3,656	4,174	1,528
14 Tax and loan accounts	18,189	20,500	18,553	8,764	8,157	9,170	8,185	12,886	294

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

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

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1984r	Fiscal year 1985	Calendar year 1983 H1	1983 H2	1984 H1	1984 H2	1985 Aug.	1985 Sept.	1985 Oct.
RECEIPTS									
1 **All sources**	**666,457**	**733,996**	**306,331**	**305,122**	**341,808**	**341,392**	**55,776**	**73,808**	**57,881**
2 Individual income taxes, net	295,960	330,918	144,551	147,663	144,691	157,229	25,770	34,643	29,730
3 Withheld	279,350	298,941	135,531	133,768	140,657	145,210	24,914	22,569	29,360
4 Presidential Election Campaign Fund	35	35	30	6	29	5	2	1	0
5 Nonwithheld	81,346	97,685	63,014	20,703	61,463	19,403	2,285	13,613	1,547
6 Refunds	64,770	65,743	54,024	6,815	57,458	7,387	1,431	1,539	1,177
Corporation income taxes									
7 Gross receipts	74,179	77,413	33,522	31,064	40,328	35,190	2,397	12,224	3,383
8 Refunds	17,286	16,082	13,809	8,921	10,045	6,847	1,319	1,275	2,202
9 Social insurance taxes and contributions, net	241,902	268,805	110,520	100,832	131,372	118,690	22,943	21,977	20,431
10 Payroll employment taxes and contributions[1]	212,180	238,288	97,339r	88,786r	114,102r	105,624	18,617	21,325	18,708
11 Self-employment taxes and contributions[2]	8,709	10,468	6,427	398	7,667	1,086	0	1,247	144
12 Unemployment insurance	25,138	25,758	10,984	8,714	14,942	10,706	3,928	275	1,340
13 Other net receipts[3]	4,580	4,759	2,197	2,290	2,329	2,360	398	376	382
14 Excise taxes	37,361	35,865	16,904	19,586	18,304	18,961	2,544	3,331	2,958
15 Customs deposits	11,370	12,079	4,010	5,079	5,576	6,329	1,151	936	1,106
16 Estate and gift taxes	6,010	6,422	2,883	3,050	3,102	3,029	560	497	574
17 Miscellaneous receipts[4]	16,965	18,576	7,751	7,811	8,481	8,812	1,730	1,473	1,902
OUTLAYS									
18 **All types**	**841,800**	**936,809**	**396,477**	**406,849**	**420,700**	**446,943**	**83,621**	**73,191**	**81,037**
19 National defense	227,411	251,468	105,072	108,967	114,639	118,286	23,209	21,498	20,643
20 International affairs	13,063	15,426	4,705	6,117	5,426	8,550	1,542	1,995	1,995
21 *General science, space, and technology*	8,310	8,700	3,486	4,216	3,981	4,473	754	742	961
22 Energy	2,538	3,906	2,073	1,533	1,080	1,423	647	1,128	562
23 Natural resources and environment	12,591	13,298	5,892	6,933	5,463	7,370	1,396	1,083	1,390
24 Agriculture	12,203	22,780	10,154	5,278	7,129	8,524	1,510	978	2,344
25 Commerce and housing credit	5,213	1,817	2,164	2,648	2,572	2,663	−295	401	1,390
26 Transportation	24,587	25,874	9,918	13,323	10,616	13,673	2,617	2,524	2,411
27 Community and regional development	7,307	7,748	3,124	4,327	3,154	4,836	730	521	1,106
28 Education, training, employment, social services	26,579	28,352	12,801	13,246	13,445	13,737	2,745	2,136	2,369
29 *Health*	30,432	33,560	41,206	27,271	15,551	15,692	2,917	2,672	2,891
30 Social security and medicare	235,764	254,446	n.a.	n.a.	119,420	119,613	21,306	21,170	21,457
31 Income security	112,556	128,993	143,001	92,643	50,450	57,411	10,201	8,574	10,493
32 Veterans benefits and services	25,614	26,376	11,334	13,621	12,849	13,317	3,409	942	2,108
33 Administration of justice	5,660	6,188	2,522	2,628	2,807	2,992	519	469	376
34 General government	5,117	5,483	2,434	2,479	2,462	2,552	479	788	265
35 General-purpose fiscal assistance	6,770	6,140	3,124	3,290	2,943	3,458	92	291	1,735
36 Net interest[6]	111,058	129,148	42,358	47,674	54,748	61,293	12,324	9,773	9,497
37 Undistributed offsetting receipts[7]	−31,957	−32,893	−8,887	−7,262	−8,036	−12,914	−2,481	−4,495	−3,226

1. Old-age, disability, and hospital insurance, and railroad retirement accounts.
2. Old-age, disability, and hospital insurance.
3. Federal employee retirement contributions and civil service retirement and disability fund.
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. In accordance with the Social Security Amendments Act of 1983, the Treasury now provides social security and medicare outlays as a separate function. Before February 1984, these outlays were included in the income security and health functions.
6. Net interest function includes interest received by trust funds.
7. Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement.

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

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1983			1984				1985
	June 30	Sep. 30	Dec. 31	Mar. 31	June 30	Sep. 30	Dec. 31	Mar. 31	June 30
1 Federal debt outstanding	**1,324.3**	**1,381.9**	**1,415.3**	**1,468.3**	**1,517.2**	**1,576.7**	**1,667.4**	**1,715.1**	**1,779.0**
2 Public debt securities	1,319.6	1,377.2	1,410.7	1,463.7	1,512.7	1,572.3	1,663.0	1,710.7	1,774.6
3 Held by public	1,090.3	1,138.2	1,174.4	1,223.9	1,255.1	1,309.2	1,373.4	1,415.2	1,460.5
4 Held by agencies	229.3	239.0	236.3	239.8	257.6	263.1	289.6	295.5	314.2
5 Agency securities	4.7	4.7	4.6	4.6	4.5	4.5	4.5	4.4	4.4
6 Held by public	3.6	3.6	3.5	3.5	3.4	3.4	3.4	3.3	3.3
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	**1,320.4**	**1,378.0**	**1,411.4**	**1,464.5**	**1,513.4**	**1,573.0**	**1,663.7**	**1,711.4**	**1,775.3**
9 Public debt securities	1,319.0	1,376.6	1,410.1	1,463.1	1,512.1	1,571.7	1,662.4	1,710.1	1,774.0
10 Other debt[1]	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
11 MEMO: Statutory debt limit	1,389.0	1,389.0	1,490.0	1,490.0	1,520.0	1,573.0	1,823.8	1,823.8	1,823.8

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

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

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

Billions of dollars, end of period

Type and holder	1980	1981	1982	1983	1984		1985	
					Q3	Q4	Q1	Q2
1 Total gross public debt	**930.2**	**1,028.7**	**1,197.1**	**1,410.7**	**1,572.3**	**1,663.0**	**1,710.7**	**1,774.6**
By type								
2 Interest-bearing debt	928.9	1,027.3	1,195.5	1,400.9	1,559.6	1,660.6	1,695.2	1,759.8
3 Marketable	623.2	720.3	881.5	1,050.9	1,176.6	1,247.4	1,271.7	1,310.7
4 Bills	216.1	245.0	311.8	343.8	356.8	374.4	379.5	381.9
5 Notes	321.6	375.3	465.0	573.4	661.7	705.1	713.8	740.9
6 Bonds	85.4	99.9	104.6	133.7	158.1	167.9	178.4	187.9
7 Nonmarketable[1]	305.7	307.0	314.0	350.0	383.0	413.2	423.6	449.1
8 State and local government series	23.8	23.0	25.7	36.7	41.4	44.4	47.7	53.9
9 Foreign issues[2]	24.0	19.0	14.7	10.4	8.8	9.1	9.1	8.3
10 *Government*	17.6	14.9	13.0	10.4	8.8	9.1	9.1	8.3
11 Public	6.4	4.1	1.7	.0	.0	.0	.0	.0
12 Savings bonds and notes	72.5	68.1	68.0	70.7	73.1	73.3	74.4	75.7
13 Government account series[3]	185.1	196.7	205.4	231.9	259.5	286.2	292.2	311.0
14 Non-interest-bearing debt	1.3	1.4	1.6	9.8	12.7	2.3	15.5	14.8
By holder[4]								
15 U.S. government agencies and trust funds	192.5	203.3	209.4	236.3	263.1	289.6	295.5	
16 Federal Reserve Banks	121.3	131.0	139.3	151.9	155.0	160.9	161.0	
17 Private investors	616.4	694.5	848.4	1,022.6	1,154.1	1,212.5	1,254.1	
18 Commercial banks	112.1	111.4	131.4	188.8	183.0	183.4	195.0	
19 *Money market funds*	3.5	21.5	42.6	22.8	13.6	25.9	26.7	
20 Insurance companies	24.0	29.0	39.1	56.7	73.2	82.3	84.0	
21 Other companies	19.3	17.9	24.5	39.7	47.7	50.1	50.9	
22 State and local governments	87.9	104.3	127.8	155.1	n.a.	n.a.	n.a.	n.a.
Individuals								
23 Savings bonds	72.5	68.1	68.3	71.5	73.7	74.5	75.4	
24 Other securities	44.6	42.7	48.2	61.9	68.7	69.3	79.9	
25 Foreign and international[5]	129.7	136.6	149.5	166.3	175.5	192.9	186.3	
26 Other miscellaneous investors[6]	122.8	163.0	217.0	259.8	n.a.	n.a.	n.a.	

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration; depository bonds, retirement plan bonds, and individual retirement bonds.
2. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
3. Held almost entirely by U.S. government agencies and trust funds.
4. Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.
5. Consists of investments of foreign and international accounts. Excludes non-interest-bearing notes issued to the International Monetary Fund.
6. Includes savings and loan associations, nonprofit institutions, credit unions, mutual savings banks, corporate pension trust funds, dealers and brokers, certain U.S. government deposit accounts, and U.S. government-sponsored agencies.

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

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

	Item	1982	1983	1984	1985			1985 week ending Wednesday					
					Aug.	Sept.	Oct.	Sept. 25	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30
	Immediate delivery[1]												
1	U.S. government securities	32,261	42,135	52,778	70,849r	62,932r	71,778	73,645r	65,733	59,749	49,830	65,933r	95,706
	By maturity												
2	Bills	18,393	22,393	26,035	29,992r	27,640r	31,808	29,495r	31,223	27,328	26,191	29,090r	39,051
3	Other within 1 year	810	708	1,305	1,636	1,683	1,953	1,820	2,924	2,188	1,481	1,421	1,605
4	1–5 years	6,271	8,758	11,733	17,397	15,298r	15,345	21,174r	12,742	10,662	8,512	14,463r	25,908
5	5–10 years	3,555	5,279	7,606	11,266	10,464	13,666	12,537	10,971	11,563	8,003	11,881	17,249
6	Over 10 years	3,232	4,997	6,099	10,558	7,847	9,007	8,620	7,873	8,007	5,642	9,078	11,894
	By type of customer												
7	U.S. government securities dealers	1,770	2,257	2,919	2,922	2,946	3,248	2,548	3,417	2,134	2,797	2,754	4,332
8	U.S. government securities brokers	15,794	21,045	25,580	34,565	30,766r	33,827	37,082r	30,699	28,898	23,216	30,889r	46,101
9	All others[2]	14,697	18,833	24,278	33,362r	29,220r	34,703	34,015r	31,616	28,717	23,817	32,291r	45,273
10	Federal agency securities	4,140	5,576	7,846	10,964	11,667	13,319	11,083	9,822	12,632	14,527	12,852	13,520
11	Certificates of deposit	5,001	4,333	4,947	3,245	3,379	3,234	4,021	2,975	3,353	2,790	2,690	3,791
12	Bankers acceptances	2,502	2,642	3,243	2,999	3,007r	2,799	3,762	2,676	3,163	2,167	2,280	3,341
13	Commercial paper	7,595	8,036	10,018	13,027	13,466	14,381	14,009	13,977	13,204	14,331	14,232	13,880
	Futures transactions[3]												
14	Treasury bills	5,055	6,655	6,947	3,942	5,836	4,612	6,654	4,254	4,561	3,714	4,603	5,788
15	Treasury coupons	1,487	2,501	4,503	5,618	6,585	6,040	8,072r	5,991	5,543	3,939	5,882r	7,950
16	Federal agency securities	261	265	262	346	234	564	208	305	867	486	540	694
	Forward transactions[4]												
17	U.S. government securities	835	1,493	1,364	1,271	1,034	718	1,607	439	555	511	1,152	635
18	Federal agency securities	978	1,646	2,843	3,580	3,810	4,743	3,121	2,756	4,639	6,044	4,410	4,733

1. Data for immediate transactions does not include forward transactions.
2. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.
3. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.
4. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

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

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

	Item	1982	1983	1984	1985			1985 week ending Wednesday				
					Aug.	Sept.	Oct.	Oct. 2	Oct. 9	Oct. 16	Oct. 23	Oct. 30
		Positions										
	Net immediate[1]											
1	U.S. government securities	14,769	14,224	5,538	1,433	2,285r	3,874	3,176	−303	1,273	4,552	7,012
2	Bills	8,226	10,800	5,500	5,327	6,410r	12,146	9,329	8,420	11,186	14,479	14,072
3	Other within 1 year	1,088	921	63	1,376	1,059	1,056	1,156	757	1,023	1,390	1,096
4	1–5 years	3,293	1,912	2,159	4,442	5,733	6,164	6,754	6,674	5,451	3,938	7,256
5	5–10 years	−318	−78	−1,119	−6,199	−6,381	−9,209	−8,253	−9,305	−9,342	−9,192	−9,736
6	Over 10 years	2,026	528	−1,174	−3,670	−4,737	−6,483	−6,021	−7,052	−7,242	−6,265	−5,875
7	Federal agency securities	4,169	7,313	15,294	23,108	23,787	25,323	23,352	25,017	26,255	25,502	25,001
8	Certificates of deposit	5,532	5,838	7,369	8,207	8,288	8,850	8,853	8,864	8,643	8,635	9,249
9	Bankers acceptances	2,832	3,332	3,874	4,213	4,180	4,944	5,474	5,029	4,578	4,919	4,816
10	Commercial paper	3,317	3,159	3,788	4,905	5,624	5,699	6,713	6,134	5,408	4,963	5,406
	Futures positions											
11	Treasury bills	−2,507	−4,125	−4,525	−6,699	−6,224	−13,573	−9,579	−9,412	−11,520	−16,240	−18,031
12	Treasury coupons	−2,303	−1,033	1,794	5,170	5,122	5,792	6,508	6,696	6,633	5,558	4,558
13	Federal agency securities	−224	171	233	−530	−1,209	−2,677	−1,203	−2,805	−2,600	−2,713	−3,193
	Forward positions											
14	U.S. government securities	−788	−1,936	−1,643	−700	−1,464	−1,574	−1,840	−1,315	−2,037	−1,508	−1,438
15	Federal agency securities	−1,432	−3,561	−9,205	−10,793	−10,433	−9,335	−9,065	−10,081	−10,239	−8,577	−8,635
		Financing[2]										
	Reverse repurchase agreements[3]											
16	Overnight and continuing	26,754	29,099	44,078	69,377	72,392	77,247	74,755	80,414	76,417	76,930	75,713
17	Term agreements	48,247	52,493	68,357	78,394	80,007	219,416	81,571	86,109	86,872	89,648	694,822
	Repurchase agreements[4]											
18	Overnight and continuing	49,695	57,946	75,717	103,403	107,884	93,334	108,763	113,292	11,824	122,220	113,650
19	Term agreements	43,410	44,410	57,047	67,346	67,645	74,425	69,521	72,157	68,719	74,254	83,299

1. Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs). The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Before 1984, securities owned, and hence dealer positions, do not include all securities acquired under reverse RPs. After January 1984, immediate positions include reverses to maturity, which are securities that were sold after having been obtained under reverse repurchase agreements that mature on the same day as the securities. Data for immediate positions does not include forward positions.

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

3. Includes all reverse repurchase agreements, including those that have been arranged to make delivery on short sales and those for which the securities obtained have been used as collateral on borrowings, that is, matched agreements.

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

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1982	1983	1984	1985					
				Apr.	May	June	July	Aug.	Sept.
1 **Federal and federally sponsored agencies**	**237,787r**	**240,068r**	**271,220r**	**275,961r**	**279,449r**	**284,871r**	**286,159r**	**289,277r**	**288,513**
2 Federal agencies	33,055	33,940	35,145	35,182	34,915	35,646r	35,354r	35,338	35,902
3 Defense Department[1]	354	243	142	107	102	97	93	89	82
4 Export-Import Bank[2,3]	14,218	14,853	15,882	15,707	15,706	15,746r	15,746r	15,744	15,418
5 Federal Housing Administration[4]	288	194	133	123	122	119	118	116	117
6 Government National Mortgage Association participation certificates[5]	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 Postal Service[6]	1,471	1,404	1,337	1,337	970r	970	970	970	1,940
8 Tennessee Valley Authority	14,365	14,970	15,435	15,776	15,776	16,475	16,188	16,180	16,106
9 United States Railway Association[6]	194	111	51	74	74	74	74	74	74
10 Federally sponsored agencies[7]	204,732r	206,128r	236,075r	240,779r	244,534r	249,225	250,805r	253,939	252,611
11 Federal Home Loan Banks	55,967	48,930	65,085	65,257	67,765	69,898	70,244	71,949	72,384
12 Federal Home Loan Mortgage Corporation	4,524	6,793	10,270	12,004	12,167	12,723	13,197	13,393	12,721
13 Federal National Mortgage Association[8]	70,052	74,594	83,720	86,913	88,170	89,518	90,208	91,318	91,693
14 Farm Credit Banks	71,896	72,409	71,255	69,882	69,321	70,039	70,069	70,092	68,143
15 Student Loan Marketing Association	2,293r	3,402r	5,745r	6,723	7,111	7,047	7,087	7,187r	7,670
MEMO									
16 **Federal Financing Bank debt[9]**	**126,424**	**135,791**	**145,217**	**148,718**	**149,597**	**149,957r**	**152,962r**	**152,941**	**153,513**
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	14,177	14,789	15,852	15,690	15,690	15,729	15,729	15,729	15,409
18 Postal Service[6]	1,221	1,154	1,087	1,087	720	720	720	720	1,690
19 Student Loan Marketing Association	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
20 Tennessee Valley Authority	12,640	13,245	13,710	14,051	14,154	14,750	14,463	14,455	14,381
21 United States Railway Association[6]	194	111	51	74	74	74	74	74	74
Other Lending[10]									
22 Farmers Home Administration	53,261	55,266	58,971	60,641	61,461	62,606	63,546	63,779	64,169
23 Rural Electrification Administration	17,157	19,766	20,693	20,894	21,003	21,183	21,364	21,463	21,676
24 Other	22,774	26,460	29,853	31,281	31,495	31,909	32,066	31,721	31,114

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.
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 State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1982	1983	1984	1985							
				Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.
1 **All issues, new and refunding**[1]	**79,138**	**86,421**	**106,641**	**6,607**	**8,510**	**9,873**	**12,095**	**14,097**	**11,801**	**12,268**	**15,197**
Type of issue											
2 General obligation	21,094	21,566	26,485	1,887	3,527	2,998	3,265	4,535	2,739	5,257	3,160
3 U.S. government loans[2]	225	96	16	7	0	5	0	2	0	0	0
4 Revenue	58,044	64,855	80,156	4,720	4,983	6,875	8,830	9,562	9,062	7,011	12,037
5 U.S. government loans[2]	461	253	17	3	0	0	2	0	1	6	2
Type of issuer											
6 State	8,438	7,140	9,129	369	1,559	252	958	1,298	350	786	800
7 Special district and statutory authority	45,060	51,297	63,550	4,045	4,493	5,754	7,279	8,126	7,625	6,893	9,442
8 Municipalities, counties, townships, school districts	25,640	27,984	33,962	2,193	2,458	3,867	3,858	4,673	3,826	4,589	4,955
9 **Issues for new capital, total**	**74,804**	**72,441**	**94,050**	**5,206**	**5,890**	**8,253**	**9,075**	**9,279**	**7,966**	**7,660**	**10,667**
Use of proceeds											
10 Education	6,482	8,099	7,553	757	950	1,018	1,121	1,169	962	797	1,152
11 Transportation	6,256	4,387	7,552	347	472	173	319	631	276	651	251
12 Utilities and conservation	14,259	13,588	17,844	1,359	1,008	1,491	2,347	1,478	1,844	720	2,248
13 Social welfare	26,635	26,910	29,928	1,670	1,848	3,155	3,105	3,454	2,956	3,155	4,280
14 Industrial aid	8,349	7,821	15,415	389	353	584	293	782	560	553	1,266
15 Other purposes	12,822	11,637	15,758	684	1,259	1,832	1,890	1,765	1,368	1,784	1,470

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

SOURCE. Public Securities Association.

1.46 NEW SECURITY ISSUES Corporations

Millions of dollars

Type of issue or issuer, or use	1982	1983	1984	1985							
				Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.[p]
1 **All issues**[1]	**84,638**	**120,074**	**132,311**	**6,743**	**14,005**	**11,790**	**12,896**	**19,391**	**11,854**[r]	**14,197**[r]	**11,010**
2 **Bonds**[2]	**54,076**	**68,495**	**109,683**	**4,027**	**11,641**	**8,850**	**9,738**	**15,651**	**8,647**[r]	**11,241**[r]	**8,794**
Type of offering											
3 Public	44,278	47,369	73,357	4,027	11,641	8,850	9,738	15,651	8,647[r]	11,241[r]	8,794
4 Private placement	9,798	21,126	36,326	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
5 Manufacturing	12,822	16,851	24,607	1,476	5,660	922	1,500	8,044	2,688	2,352	2,079
6 Commercial and miscellaneous	5,442	7,540	13,726	469	974	1,317	639	865	1,642	911	186
7 Transportation	1,491	3,833	4,694	30	130	334	357	512	76	459	177
8 Public utility	12,327	9,125	10,679	80	500	860	1,136	585	423	835	1,042
9 Communication	2,390	3,642	2,997	353	300	0	150	125	110	1,295	367
10 Real estate and financial	19,604	27,502	52,980	1,619	4,077	5,418	5,956	5,520	3,709[r]	5,379	4,943
11 **Stocks**[3]	**30,562**	**51,579**	**22,628**	**2,716**	**2,364**	**2,940**	**3,158**	**3,740**	**3,207**	**2,956**	**2,216**
Type											
12 Preferred	5,113	7,213	4,118	218	311	312	634	726	631	603	653
13 Common	25,449	44,366	18,510	2,498	2,053	2,628	2,524	3,014	2,576	2,353	1,563
Industry group											
14 Manufacturing	5,649	14,135	4,054	229	224	283	504	558	601	225	656
15 Commercial and miscellaneous	7,770	13,112	6,277	760	472	1,019	624	1,453	562	1,288	400
16 Transportation	709	2,729	589	153	32	522	33	236	0	79	107
17 Public utility	7,517	5,001	1,624	283	197	157	185	91	87	73	47
18 Communication	2,227	1,822	419	101	15	5	119	151	99	18	7
19 Real estate and financial	6,690	14,780	9,665	1,190	1,424	954	1,693	1,251	1,798	1,273	999

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

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

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1983	1984	1985							
			Feb.	Mar.	Apr.	May	June	July	Aug.r	Sept.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	84,345	107,486	14,786	14,582	18,049	16,408	18,191	20,284	18,049	16,932
2 Redemptions of own shares[3]	57,100	77,031r	8,005	9,412	13,500	10,069	9,836	11,502	10,837	9,959
3 Net sales	27,245	30,455r	6,781	5,170	4,549	6,339	8,355	8,782	7,212	6,973
4 Assets[4]	113,599	137,126	154,707	157,065	164,087	178,275	186,284	195,707	201,608	203,165
5 Cash position[5]	8,343	11,978	14,567	13,082	15,444	15,017	15,565	16,943	17,959	18,709
6 Other	105,256	125,148	140,140	143,983	148,643	163,258	170,719	178,764	183,649	184,456

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	1982	1983	1984	1983	1984				1985		
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Corporate profits with inventory valuation and capital consumption adjustment	159.1	225.2	285.7	260.0	277.4	291.1	282.8	291.6	292.3	298.5	321.4
2 Profits before tax	165.5	203.2	235.7	225.5	243.3	246.0	224.8	228.7	222.3	221.0	232.8
3 Profits tax liability	60.7	75.8	89.8	84.5	92.7	95.8	83.1	87.7	85.3	83.6	88.2
4 Profits after tax	104.8	127.4	145.9	141.1	150.6	150.2	141.7	141.0	137.0	137.4	144.7
5 Dividends	69.2	72.9	80.5	75.4	77.7	79.9	81.3	83.1	84.5	85.6	86.4
6 Undistributed profits	35.6	54.5	65.3	65.6	72.9	70.2	60.3	58.0	52.5	51.8	58.3
7 Inventory valuation	-9.5	-11.2	-5.6	-9.2	-13.5	-7.3	-.2	-1.6	.9	2.5	7.2
8 Capital consumption adjustment	3.1	33.2	55.7	43.6	47.6	52.3	58.3	64.5	69.1	75.0	81.4

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

1.49 NONFINANCIAL CORPORATIONS Assets and Liabilities

Billions of dollars, except for ratio

Account	1979	1980	1981	1982	1983	1984 Q2	1984 Q3	1984 Q4	1985 Q1	1985 Q2
1 Current assets	**1,214.8**	**1,327.0**	**1,418.4**	**1,432.7**	**1,557.3**	**1,630.1**	**1,666.1**	**1,682.0**	**1,694.7**	**1,704.0**
2 Cash	118.0	126.9	135.5	147.0	165.8	154.7	150.0	160.9	153.5	154.6
3 U.S. government securities	16.7	18.7	17.6	22.8	30.6	36.9	33.2	36.6	35.2	35.1
4 Notes and accounts receivable	459.0	506.8	532.0	519.2	577.8	615.4	630.6	622.3	635.2	635.9
5 Inventories	505.1	542.8	583.7	578.6	599.3	629.8	656.9	655.6	664.6	663.7
6 Other	116.0	131.8	149.5	165.2	183.7	193.4	195.4	206.6	206.2	214.7
7 Current liabilities	**807.3**	**889.3**	**970.0**	**976.8**	**1,043.0**	**1,111.9**	**1,142.2**	**1,150.7**	**1,159.5**	**1,163.9**
8 Notes and accounts payable	460.8	513.6	546.3	543.0	577.8	605.1	623.9	627.4	615.6	625.9
9 Other	346.5	375.7	423.7	433.8	465.3	506.9	518.2	523.3	543.9	538.1
10 Net working capital	**407.5**	**437.8**	**448.4**	**455.9**	**514.3**	**518.1**	**523.9**	**531.3**	**535.2**	**540.1**
11 MEMO: Current ratio[1]	1.505	1.492	1.462	1.467	1.493	1.466	1.459	1.462	1.462	1.464

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

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

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

SOURCE. Federal Trade Commission and Bureau of the Census.

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment ▲

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

Industry	1983	1984	1985[1]	1984 Q1	1984 Q2	1984 Q3	1984 Q4	1985 Q1	1985 Q2	1985 Q3	1985 Q4[1]
1 Total nonfarm business	**304.78**	**354.44**	**383.98**	**337.95**	**349.97**	**361.48**	**368.29**	**371.16**	**387.83**	**389.54**	**387.40**
Manufacturing											
2 Durable goods industries	53.08	66.24	73.58	61.23	64.03	68.26	71.43	69.87	73.96	75.80	74.68
3 Nondurable goods industries	63.12	72.58	79.86	68.68	71.93	74.18	75.53	75.78	80.36	82.02	81.30
Nonmanufacturing											
4 Mining	15.19	16.86	16.08	17.24	16.38	16.82	17.00	15.66	16.51	16.32	15.81
Transportation											
5 Railroad	4.88	6.79	7.24	6.06	7.34	7.31	6.44	6.02	7.48	8.06	7.43
6 Air	4.36	3.56	4.28	3.35	3.53	3.72	3.65	4.20	3.66	4.86	4.39
7 Other	4.72	6.17	6.05	5.87	6.14	6.47	6.18	6.01	6.37	6.09	5.74
Public utilities											
8 Electric	37.27	37.03	35.53	38.27	37.79	36.63	35.40	36.65	36.04	35.29	34.13
9 Gas and other	7.70	10.44	12.56	8.81	10.16	11.28	11.52	11.81	12.43	13.11	12.86
10 Commercial and other[2]	114.45	134.75	148.81	128.42	132.67	136.80	141.13	145.16	151.02	148.00	151.05

▲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	1981	1982	1983	1984				1985		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
ASSETS										
Accounts receivable, gross										
1 Consumer	72.4	78.1	87.4	87.4	90.5	95.6	96.7	99.1	106.0	116.4
2 Business	100.3	101.4	113.4	120.5	124.4	124.5	135.2	142.1	144.6	141.4
3 Real estate	17.9	20.2	22.5	22.2	23.0	25.2	26.3	27.2	28.4	29.0
4 Total	190.5	199.7	223.4	230.1	238.0	245.3	258.3	268.5	279.0	286.5
Less:										
5 Reserves for unearned income	30.0	31.9	33.0	32.8	33.9	36.0	36.5	36.6	38.6	41.0
6 Reserves for losses	3.2	3.5	4.0	4.1	4.4	4.3	4.4	4.9	4.8	4.9
7 Accounts receivable, net	157.3	164.3	186.4	193.2	199.6	205.0	217.3	227.0	235.6	240.6
8 All other	27.1	30.7	34.0	35.7	35.8	36.4	35.4	35.9	39.5	46.3
9 Total assets	**184.4**	**195.0**	**220.4**	**228.9**	**235.4**	**241.3**	**252.7**	**262.9**	**275.2**	**286.9**
LIABILITIES										
10 Bank loans	16.1	18.3	18.7	16.2	18.3	19.7	21.3	19.8	18.5	18.2
11 Commercial paper	57.2	51.1	59.7	64.8	68.5	66.8	72.5	79.1	82.6	93.6
Debt										
12 Other short-term	11.3	12.7	13.9	14.1	15.5	16.1	16.2	16.8	16.6	16.6
13 Long-term	56.0	64.4	68.1	70.3	69.7	73.8	77.2	78.3	85.7	86.4
14 All other liabilities	18.5	21.2	30.1	32.4	32.1	32.6	33.1	35.4	36.9	36.6
15 Capital, surplus, and undivided profits	25.3	27.4	29.8	31.1	31.4	32.3	32.3	33.5	34.8	35.7
16 Total liabilities and capital	**184.4**	**195.0**	**220.4**	**228.9**	**235.4**	**241.3**	**252.7**	**262.9**	**275.2**	**286.9**

NOTE. Components may not add to totals due to rounding.
These data also appear in the Board's G.20 (422) release. For address, see inside front cover.

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Sept. 30, 1985[1]	Changes in accounts receivable			Extensions			Repayments		
		1985			1985			1985		
		July	Aug.	Sept.	July	Aug.	Sept.	July	Aug.	Sept.
1 Total	**141,092**	**580**	**1,430[r]**	**−3,105**	**25,791**	**28,942**	**26,111**	**25,211**	**27,512[r]**	**29,216**
Retail financing of installment sales										
2 Automotive (commercial vehicles)	13,733	366	389	660	1,170	1,212	1,488	804	823	828
3 Business, industrial, and farm equipment	20,198	−38	−37	−329	1,240	1,105	1,180	1,278	1,142	1,509
Wholesale financing										
4 Automotive	14,806	−997	759	−4,746	8,497	10,471	7,853	9,494	9,712	12,599
5 Equipment	4,499	83	−80	6	638	882	508	555	962	502
6 All other	6,869	30	59	118	1,576	1,695	1,751	1,606	1,636	1,633
Leasing										
7 Automotive	15,591	251	461	409	1,090	1,117	1,119	839	656	710
8 Equipment	37,940	584	231	271	1,223	1,048	1,215	639	817	944
9 Loans on commercial accounts receivable and factored commercial accounts receivable	16,221	207	−354[r]	952	9,201	9,994	9,654	8,994	10,348[r]	8,702
10 All other business credit	11,235	154	2[r]	−446	1,156	1,418	1,343	1,002	1,416[r]	1,789

1. Not seasonally adjusted.

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

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1982	1983	1984	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.	1985 Oct.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	94.6	92.8	96.8	101.4	106.4	102.4	119.2	104.4	104.6r	100.2
2 *Amount of loan (thousands of dollars)*	69.8	69.5	73.7	76.9	78.4	79.7	89.4	74.4	76.7r	74.5
3 Loan/price ratio (percent)	76.6	77.1	78.7	78.9	76.1	79.9	77.5	74.6	76.0r	75.8
4 Maturity (years)	27.6	26.7	27.8	27.4	26.8	27.7	27.5	24.5	26.7r	26.8
5 Fees and charges (percent of loan amount)[2]	2.95	2.40	2.64	2.65	2.49	2.40	2.24	2.46	2.62r	2.60
6 Contract rate (percent per annum)	14.47	12.20	11.87	11.55	11.55	11.31	10.94	10.78	10.69r	10.56
Yield (percent per annum)										
7 FHLBB series[3]	15.12	12.66	12.37	12.05	12.01	11.75	11.34	11.24	11.17r	11.02
8 HUD series[4]	15.79	13.43	13.80	13.01	12.49	12.06	12.09	12.06	12.02	11.86
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	15.30	13.11	13.81	12.97	12.28	11.89	12.12	11.99	12.04	11.87
10 GNMA securities[6]	14.68	12.25	13.13	12.31	11.93	11.54	11.48	11.24	11.29	11.16
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	66,031	74,847	83,339	92,765	93,610	94,777	95,634	96,324	96,769	97,228
12 FHA/VA-insured	39,718	37,393	35,148	34,516	34,428	34,307	34,276	34,177	34,084	33,885
13 Conventional	26,312	37,454	48,191	58,250	59,182	60,470	61,359	62,147	62,685	63,343
Mortgage transactions (during period)										
14 Purchases	15,116	17,554	16,721	1,515	1,703	1,904	1,918	1,921	1,739	1,767
15 Sales	2	3,528	978	0	0	0	251	230	101	200
Mortgage commitments[7]										
16 Contracted (during period)	22,105	18,607	21,007	1,921	2,074	1,593	1,583	1,797	1,638	1,733
17 Outstanding (end of period)	7,606	5,461	6,384	5,361	5,589	5,062	4,517	4,245	3,974	3,840
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	5,131	5,996	9,283	11,615	11,879	12,576	12,844	13,521	n.a.	n.a.
19 FHA/VA	1,027	974	910	850	843	838	842	835	n.a.	n.a.
20 Conventional	4,102	5,022	8,373	10,765	11,036	11,738	12,002	12,686	n.a.	n.a.
Mortgage transactions (during period)										
21 Purchases	23,673	23,089	21,886	2,201	3,591	4,106	4,626	3,602	n.a.	n.a.
22 Sales	24,170	19,686	18,506	1,973	3,189	3,292	4,200	2,682	n.a.	n.a.
Mortgage commitments[9]										
23 Contracted (during period)	28,179	32,852	32,603	4,141	3,701	5,172	3,259	3,958	n.a.	n.a.
24 Outstanding (end of period)	7,549	16,964	13,318	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups; compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) to obtain a loan.
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.
4. Average contract rates on new commitments for conventional first mortgages; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are 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

Millions of dollars, end of period

Type of holder, and type of property	1982	1983	1984	1984		1985		
				Q3	Q4	Q1	Q2	Q3
1 All holders	1,631,283	1,811,445	2,024,882r	1,975,321r	2,024,882r	2,070,301r	2,126,156r	2,182,162
2 1- to 4-family	1,074,670	1,192,840	1,329,353r	1,296,522r	1,329,353r	1,359,653r	1,397,795r	1,439,029
3 Multifamily	145,767	156,738	170,459r	167,847r	170,459r	175,435r	178,333r	181,720
4 Commercial	300,799	349,195	410,669r	395,923r	410,669r	420,966r	436,310r	449,822
5 Farm	110,047	112,672	114,401r	115,031r	114,401r	114,247r	113,718r	111,590
6 Major financial institutions	1,021,327	1,108,249	1,241,197r	1,215,159r	1,241,197r	1,261,901	1,292,438r	1,320,686
7 Commercial banks[1]	301,272	330,521	374,780r	363,156	374,780r	383,444	395,956r	408,227
8 1- to 4-family	173,804	182,514	196,540r	193,090	196,540r	198,912	203,510r	207,775
9 Multifamily	16,480	18,410	20,216r	20,083	20,216r	21,974	21,698r	21,963
10 Commercial	102,553	120,210	147,845r	139,742	147,845r	152,242	160,121r	167,532
11 Farm	8,435	9,387	10,179r	10,241	10,179r	10,316	10,627r	10,957
12 Mutual savings banks	94,452	131,940	154,441	146,072r	154,441	161,032	165,705r	172,602
13 1- to 4-family	64,488	93,649	107,302r	101,810r	107,302r	111,592r	114,375r	118,689
14 Multifamily	14,780	17,247	19,817r	18,947r	19,817r	20,668r	21,357r	22,384
15 Commercial	15,156	21,016	27,291r	25,285r	27,291r	28,741r	29,942r	31,497
16 Farm	28	28	31r	30	31r	31r	31	32
17 Savings and loan associations	483,614	494,789	555,277	550,129	555,277	559,263	569,292	575,172
18 1- to 4-family	393,323	390,883	431,450	429,101	431,450	433,429	441,201	445,848
19 Multifamily	38,979	42,552	48,309	47,861	48,309	48,936	49,813	50,293
20 Commercial	51,312	61,354	75,518	73,167	75,518	76,898	78,278	79,031
21 Life insurance companies	141,989	150,999	156,699	155,802	156,699	158,162	161,485	164,685
22 1- to 4-family	16,751	15,319	14,120	14,204	14,120	13,840	13,562	13,692
23 Multifamily	18,856	19,107	18,938	18,828	18,938	18,964	18,983	19,310
24 Commercial	93,547	103,831	111,175	110,149	111,175	113,187	116,812	119,643
25 Farm	12,835	12,742	12,466	12,621	12,466	12,171	12,128	12,040
26 Federal and related agencies	138,741	148,328	158,993	154,768	158,993	163,531r	165,906r	167,116
27 Government National Mortgage Association	4,227	3,395	2,301	2,389	2,301	1,964	1,825	1,640
28 1- to 4-family	676	630	585	594	585	576	564	552
29 Multifamily	3,551	2,765	1,716	1,795	1,716	1,388	1,261	1,088
30 Farmers Home Administration	1,786	2,141	1,276	738	1,276	1,062	790	577
31 1- to 4-family	783	1,159	213	206	213	156	223	185
32 Multifamily	218	173	119	126	119	82	136	139
33 Commercial	377	409	497	113	497	421	163	72
34 Farm	408	400	447	293	447	403	268	181
35 Federal Housing and Veterans Administration	5,228	4,894	4,816	4,749	4,816	4,878	4,882	4,881
36 1- to 4-family	1,980	1,893	2,048	1,982	2,048	2,181	2,205	2,254
37 Multifamily	3,248	3,001	2,768	2,767	2,768	2,697	2,677	2,627
38 Federal National Mortgage Association	71,814	78,256	87,940	84,850	87,940	91,975	94,777	96,769
39 1- to 4-family	66,500	73,045	82,175	79,175	82,175	86,129	88,788	90,590
40 Multifamily	5,314	5,211	5,765	5,675	5,765	5,846	5,989	6,179
41 Federal Land Banks	50,953	52,010	52,261	52,595	52,261	52,104r	51,056r	49,255
42 1- to 4-family	3,130	3,081	3,074	3,068	3,074	3,064r	3,006r	2,900
43 Farm	47,823	48,929	49,187	49,527	49,187	49,040	48,050r	46,355
44 Federal Home Loan Mortgage Corporation	4,733	7,632	10,399	9,447	10,399	11,548	12,576	13,994
45 1- to 4-family	4,686	7,559	9,654	8,841	9,654	10,642	11,288	12,374
46 Multifamily	47	73	745	606	745	906	1,288	1,620
47 Mortgage pools or trusts[2]	216,654	285,073	332,057	317,548	332,057	347,793	365,748	388,031
48 Government National Mortgage Association	118,940	159,850	179,981	175,770	179,981	185,954	192,925	200,996
49 1- to 4-family	116,038	155,950	175,589	171,481	175,589	181,419	188,228	196,112
50 Multifamily	2,902	3,900	4,392	4,289	4,392	4,535	4,697	4,884
51 Federal Home Loan Mortgage Corporation	42,964	57,895	70,822	63,964	70,822	76,759	83,327	91,095
52 1- to 4-family	42,560	57,273	70,253	63,352	70,253	75,781	82,369	90,137
53 Multifamily	404	622	569	612	569	978	958	958
54 Federal National Mortgage Association[3]	14,450	25,121	36,215	32,888	36,215	39,370	42,755	48,769
55 1- to 4-family	14,450	25,121	35,965	32,730	35,965	38,772	41,985	47,857
56 Multifamily	n.a.	n.a.	250	158	250	598	770	912
57 Farmers Home Administration	40,300	42,207	45,039	44,926	45,039	45,710	46,741	47,171
58 1- to 4-family	20,005	20,404	21,813	21,595	21,813	21,928	21,962	22,012
59 Multifamily	4,344	5,090	5,841	5,618	5,841	6,041	6,377	6,527
60 Commercial	7,011	7,351	7,559	7,844	7,559	7,681	8,014	8,114
61 Farm	8,940	9,362	9,826	9,869	9,826	10,060	10,388	10,518
62 Individual and others[4]	254,561	269,795	292,635r	287,846r	292,635r	297,076r	302,064r	306,328
63 1- to 4-family[5]	155,496	164,360	178,572r	175,293r	178,572r	181,232r	184,529r	188,052
64 Multifamily	36,644	38,587	41,014r	40,482r	41,014r	41,822r	42,329r	42,836
65 Commercial	30,843	35,024	40,784r	39,621r	40,784r	41,796r	42,980r	43,933
66 Farm	31,578	31,824	32,265r	32,450	32,265r	32,226r	32,226r	31,507

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.
3. Outstanding balances on FNMA's issues of securities backed by pools of conventional mortgages held in trust. Implemented by FNMA in October 1981.
4. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or for which separate data are not readily available.
5. Includes estimate of residential mortgage credit provided by individuals.

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

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

Millions of dollars

Holder, and type of credit	1983	1984	1984	1985							
			Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	Amounts outstanding (end of period)										
1 **Total**	**383,701**	**460,500**	**460,500**	**461,530**	**463,628**	**471,567**	**479,935**	**488,666**	**495,813**	**503,834**	**512,393r**
By major holder											
2 Commercial banks	171,978	212,391	212,391	213,951	215,778	219,970	223,850	226,973	229,676	232,913	236,390
3 Finance companies	87,429	96,747	96,747	96,732	97,360	99,133	101,324	104,130	105,971	107,985	110,378
4 Credit unions	53,471	67,858	67,858	68,538	68,939	70,432	71,418	72,381	73,468	74,614	75,689r
5 Retailers[2]	37,470	40,913	40,913	38,978	37,483	37,082	37,091	37,472	37,548	37,399	37,481
6 Savings and loans	23,108	29,945	29,945	30,520	31,405	32,349	33,514	34,754	35,901	37,301	38,496
7 Gasoline companies	4,131	4,315	4,315	4,329	4,012	3,820	3,834	3,918	4,075	4,316	4,467
8 Mutual savings banks	6,114	8,331	8,331	8,482	8,651	8,781	8,904	9,038	9,174	9,306	9,492
By major type of credit											
9 Automobile	143,114	172,589	172,589	173,769	175,491	179,661	183,558	187,795	191,315	194,678	197,768r
10 Commercial banks	67,557	85,501	85,501	86,223	87,333	89,257	90,915	92,403	94,099	95,763	96,576
11 Credit unions	25,574	32,456	32,456	32,781	32,973	33,687	34,159	34,620	35,139	35,687	36,201r
12 Finance companies	49,983	54,632	54,632	54,765	55,185	56,717	58,484	60,772	62,077	63,228	64,991
13 Revolving	81,977	101,555	101,555	100,565	99,316	100,434	101,887	103,492	104,333	105,539	107,584
14 Commercial banks	44,184	60,549	60,549	61,445	61,978	63,684	65,127	66,311	66,956	68,093	69,949
15 Retailers	33,662	36,691	36,691	34,791	33,326	32,930	32,926	33,263	33,302	33,130	33,168
16 Gasoline companies	4,131	4,315	4,315	4,329	4,012	3,820	3,834	3,918	4,075	4,316	4,467
17 Mobile home	23,862	24,556	24,556	24,281	24,379	24,456	24,675	24,925	25,205	25,545	25,826r
18 Commercial banks	9,842	9,610	9,610	9,498	9,456	9,425	9,432	9,445	9,480	9,493	9,550
19 Finance companies	9,547	9,243	9,243	9,053	9,044	8,981	8,992	9,016	9,061	9,146	9,163
20 Savings and loans	3,906	4,985	4,985	5,005	5,150	5,305	5,496	5,699	5,887	6,117	6,313
21 Credit unions	567	718	718	725	729	745	755	765	777	789	800r
22 Other	134,748	161,800	161,800	162,915	164,442	167,016	169,815	172,454	174,960	178,072	181,215r
23 Commercial banks	50,395	56,731	56,731	56,785	57,011	57,604	58,376	58,814	59,141	59,564	60,315
24 Finance companies	27,899	32,872	32,872	32,914	33,131	33,435	33,848	34,342	34,833	35,611	36,224
25 Credit unions	27,330	34,684	34,684	35,032	35,237	36,000	36,504	36,996	37,552	38,138	38,688r
26 Retailers	3,808	4,222	4,222	4,187	4,157	4,152	4,165	4,209	4,246	4,269	4,313
27 Savings and loans	19,202	24,960	24,960	25,515	26,255	27,044	28,018	29,055	30,014	31,184	32,183
28 Mutual savings banks	6,114	8,331	8,331	8,482	8,651	8,781	8,904	9,038	9,174	9,306	9,492
	Net change (during period)										
29 **Total**	**48,742**	**76,799**	**6,819**	**7,223**	**9,041**	**8,342**	**8,270**	**9,042**	**5,227**	**6,247**	**5,726r**
By major holder											
30 Commercial banks	19,488	40,413	3,028	3,799	5,071	4,847	3,853	4,108	1,690	1,824	1,764
31 Finance companies	18,572	18,636	1,196	901	1,203	2,048	1,885	2,373	1,218	1,629	2,371
32 Credit unions	6,218	14,387	1,336	1,290	1,423	797	1,215	673	797	1,149	479r
33 Retailers[2]	5,075	3,443	389	251	269	91	168	341	−31	112	−99
34 Savings and loans	7,285	6,837	576	922	997	715	1,063	1,327	1,417	1,338	969
35 Gasoline companies	68	184	117	−91	−102	−142	−45	59	−51	21	103
36 Mutual savings banks	1,322	2,217	177	151	180	−14	131	161	187	174	139
By major type of credit											
37 Automobile	16,856	29,475	2,687	2,887	3,198	3,391	3,488	3,792	2,686	2,365	2,206r
38 Commercial banks	8,002	17,944	1,275	1,616	1,790	1,767	1,546	1,589	1,488	1,025	136
39 Credit unions	2,978	6,882	640	598	696	381	580	325	380	550	226r
40 Finance companies	11,752	9,298	772	673	712	1,243	1,362	1,878	818	790	1,844
41 Revolving	12,353	19,578	1,445	1,957	2,527	2,631	2,126	2,429	−73	856	936
42 Commercial banks	7,518	16,365	1,001	1,809	2,429	2,698	2,003	2,095	42	733	968
43 Retailers	4,767	3,029	327	239	200	75	168	275	−64	102	−135
44 Gasoline companies	68	184	117	−91	−102	−142	−45	59	−51	21	103
45 Mobile home	1,452	694	117	−159	282	−11	218	186	196	324	199r
46 Commercial banks	237	−232	29	−89	41	−50	19	−21	−31	−22	3
47 Finance companies	776	−608	−13	−144	33	−63	13	−19	1	74	−13
48 Savings and loans	763	1,079	88	60	192	92	175	219	217	261	204
49 Credit unions	64	151	13	14	16	10	11	7	9	11	12
50 Other	18,081	27,052	2,570	2,538	3,034	2,331	2,438	2,635	2,418	2,702	2,385r
51 Commercial banks	3,731	6,336	723	463	811	432	285	445	191	88	657
52 Finance companies	6,044	9,946	437	372	458	868	510	514	399	765	540
53 Credit unions	3,176	7,354	683	678	711	406	624	341	408	588	248r
54 Retailers	308	414	62	12	69	16	0	66	33	10	36
55 Savings and loans	6,522	5,758	488	862	805	623	888	1,108	1,200	1,077	765
56 Mutual savings banks	1,322	2,217	177	151	180	−14	131	161	187	174	139

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.
2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted, $85.9 billion at the end of 1982, $96.9 billion at the end of 1983, and $116.6 billion at the end of 1984.

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

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1982	1983	1984	1985 Mar.	Apr.	May	June	July	Aug.	Sept.
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	16.82	13.92	13.71	n.a.	n.a.	13.16	n.a.	n.a.	12.72	n.a.
2 24-month personal	18.64	16.50	16.47	n.a.	n.a.	16.09	n.a.	n.a.	15.84	n.a.
3 120-month mobile home[2]	18.05	16.08	15.58	n.a.	n.a.	15.03	n.a.	n.a.	14.72	n.a.
4 Credit card	18.51	18.78	18.77	n.a.	n.a.	18.74	n.a.	n.a.	18.62	n.a.
Auto finance companies										
5 New car	16.15	12.58	14.62	12.65	11.92	11.87	12.06	12.46	10.87	8.84
6 Used car	20.75	18.74	17.85	17.78	17.78	17.84	17.77	17.49	17.57	17.31
OTHER TERMS[3]										
Maturity (months)										
7 New car	45.9	45.9	48.3	52.2	51.5	50.9	51.3	51.7	51.1	51.2
8 Used car	37.0	37.9	39.7	41.3	41.3	41.4	41.3	41.5	41.6	41.4
Loan-to-value ratio										
9 New car	85	86	88	91	91	91	91	91	91	92
10 Used car	90	92	92	93	93	94	94	95	95	95
Amount financed (dollars)										
11 New car	8,178	8,787	9,333	9,232	9,305	9,775	9,965	10,355	10,422	10,449
12 Used car	4,746	5,033	5,691	5,976	6,043	6,117	6,116	6,146	6,139	6,097

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	1979	1980	1981	1982	1983	1984	1982	1983		1984		1985
							H2	H1	H2	H1	H2	H1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**388.7**	**340.0**	**371.6**	**398.3**	**538.9**	**755.6**	**442.1**	**508.8**	**569.0**	**704.0**	**807.3**	**708.4**
By sector and instrument												
2 U.S. government	37.4	79.2	87.4	161.3	186.6	198.8	218.4	222.0	151.1	172.7	224.9	182.3
3 Treasury securities	38.8	79.8	87.8	162.1	186.7	199.0	218.8	222.1	151.2	172.9	225.0	182.4
4 Agency issues and mortgages	-1.4	-.6	-.5	-.9	-.1	-.2	-.4	-.1	-.1	-.2	-.1	-.1
5 Private domestic nonfinancial sectors	351.3	260.8	284.2	237.0	352.3	556.8	223.7	286.7	417.9	531.3	582.4	526.1
6 Debt capital instruments	213.9	186.3	153.7	153.5	249.1	322.1	167.1	225.4	272.7	281.8	362.4	344.1
7 Tax-exempt obligations	30.3	30.3	23.4	48.6	57.3	65.8	54.6	57.3	57.3	38.9	92.6	80.5
8 Corporate bonds	17.3	26.7	21.8	18.7	16.0	42.3	25.3	21.4	10.6	24.4	60.2	61.4
9 Mortgages	166.2	129.4	108.5	86.2	175.7	214.1	87.1	146.7	204.7	218.5	209.6	202.2
10 Home mortgages	121.7	93.8	71.6	50.4	115.6	139.2	50.1	96.2	135.1	144.8	133.5	140.8
11 Multifamily residential	8.3	7.1	4.8	5.3	9.4	14.0	5.8	6.3	12.6	16.0	12.0	13.9
12 Commercial	24.4	19.2	22.2	25.2	47.6	58.8	27.3	42.3	53.0	55.6	62.0	49.0
13 Farm	11.8	9.3	9.9	5.3	3.0	2.1	3.9	1.9	4.1	2.0	2.1	-1.5
14 Other debt instruments	137.5	74.5	130.5	83.6	103.3	234.8	56.6	61.3	145.2	249.5	220.0	182.0
15 Consumer credit	45.4	4.7	22.7	20.1	59.8	96.5	21.7	44.1	75.5	102.1	90.9	122.3
16 Bank loans n.e.c.	51.2	37.0	54.7	54.1	26.7	79.4	41.9	13.7	39.8	90.2	68.7	16.6
17 Open market paper	11.1	5.7	19.2	-4.7	-1.6	23.7	-19.3	-10.0	6.9	33.5	13.8	15.6
18 Other	29.7	27.1	33.9	14.0	18.3	35.2	12.4	13.6	23.1	23.7	46.7	27.6
19 By borrowing sector	351.3	260.8	284.2	237.0	352.3	556.8	223.7	286.7	417.9	531.3	582.4	526.1
20 State and local governments	17.6	17.2	6.8	25.9	37.6	45.0	29.3	36.1	39.2	21.4	68.6	66.6
21 Households	181.0	117.9	119.2	90.4	190.4	249.5	93.5	156.0	224.8	248.2	250.7	273.1
22 Farm	21.4	14.3	16.4	7.9	4.5	2.9	5.9	1.1	7.8	2.1	3.8	-10.5
23 Nonfarm noncorporate	35.3	31.0	38.4	40.9	65.2	77.8	42.1	55.5	75.0	83.0	72.5	69.6
24 Corporate	96.0	80.4	103.4	71.9	54.6	181.7	52.9	38.0	71.1	176.6	186.8	127.3
25 Foreign net borrowing in United States	20.2	27.2	27.2	15.7	18.9	1.7	21.2	15.3	22.5	22.9	-19.5	-14.2
26 Bonds	3.9	.8	5.4	6.7	3.8	4.1	11.0	4.6	2.9	1.1	7.0	4.8
27 Bank loans n.e.c.	2.3	11.5	3.7	-6.2	4.9	-7.8	-4.7	11.3	-1.5	-4.6	-11.0	-11.7
28 Open market paper	11.2	10.1	13.9	10.7	6.0	1.4	9.0	-4.6	16.5	20.9	-18.1	-8.8
29 U.S. government loans	2.9	4.7	4.2	4.5	4.3	4.0	6.0	3.9	4.6	5.5	2.6	1.5
30 **Total domestic plus foreign**	**408.9**	**367.2**	**398.8**	**414.0**	**557.8**	**757.4**	**463.3**	**524.0**	**591.5**	**726.9**	**787.8**	**694.3**
	Financial sectors											
31 **Total net borrowing by financial sectors**	**82.4**	**57.6**	**89.0**	**76.2**	**85.2**	**130.3**	**57.5**	**66.7**	**103.7**	**119.2**	**141.3**	**177.9**
By instrument												
32 U.S. government related	47.9	44.8	47.4	64.9	67.8	74.9	69.7	66.2	69.4	69.6	80.1	105.0
33 Sponsored credit agency securities	24.3	24.4	30.5	14.9	1.4	30.4	7.5	-4.1	6.9	29.9	31.0	26.1
34 Mortgage pool securities	23.1	19.2	15.0	49.5	66.4	44.4	62.2	70.3	62.5	39.7	49.2	78.9
35 Loans from U.S. government	.6	1.2	1.9	.4	......	......	......	......	......	......	......	......
36 Private financial sectors	34.5	12.8	41.6	11.3	17.4	55.4	-12.2	.5	34.4	49.6	61.2	72.8
37 Corporate bonds	7.8	1.8	3.5	9.7	8.6	18.5	11.2	6.4	10.7	12.2	24.7	31.9
38 Mortgages	*	*	*	.1	*	-.1	.1	*	*	-.1	-.1	*
39 Bank loans n.e.c.	-.5	-.9	.9	1.9	-.2	1.0	.6	-2.5	2.2	.3	1.6	*
40 Open market paper	18.0	4.8	20.9	-1.1	16.0	20.4	-14.6	8.7	23.4	21.3	19.5	29.3
41 Loans from Federal Home Loan Banks	9.2	7.1	16.2	.8	-7.0	15.7	-9.5	-12.1	-2.0	15.9	15.5	11.6
By sector												
42 Sponsored credit agencies	24.8	25.6	32.4	15.3	1.4	30.4	7.5	-4.1	6.9	29.9	31.0	26.1
43 Mortgage pools	23.1	19.2	15.0	49.5	66.4	44.4	62.2	70.3	62.5	39.7	49.2	78.9
44 Private financial sectors	34.5	12.8	41.6	11.3	17.4	55.4	-12.2	.5	34.4	49.6	61.2	72.8
45 Commercial banks	1.6	.5	.4	1.2	.5	4.4	1.7	.8	.2	4.8	3.9	8.2
46 Bank affiliates	6.5	6.9	8.3	1.9	8.6	10.9	-5.8	6.1	11.1	20.0	1.8	8.2
47 Savings and loan associations	12.6	7.4	15.5	2.5	-2.1	22.7	-9.3	-9.3	5.2	19.7	25.6	5.6
48 Finance companies	15.3	-1.1	18.2	6.3	11.3	18.1	1.9	3.9	18.8	5.6	30.6	51.6
49 REITs	-.1	-.5	-.2	*	.3	.2	*	-.3	-.2	.3	.1	.1
	All sectors											
50 **Total net borrowing**	**491.3**	**424.9**	**487.8**	**490.2**	**643.0**	**887.6**	**520.8**	**590.7**	**695.2**	**846.1**	**929.2**	**872.1**
51 U.S. government securities	84.8	122.9	133.0	225.9	254.4	273.8	288.3	288.4	220.5	242.4	305.1	287.4
52 State and local obligations	30.3	30.3	23.4	48.6	57.3	65.8	54.6	57.3	57.3	38.9	92.6	80.5
53 Corporate and foreign bonds	29.0	29.3	30.7	35.0	28.4	64.8	47.5	32.5	24.3	37.7	92.0	98.1
54 Mortgages	166.1	129.3	108.4	86.2	175.6	213.9	87.1	146.6	204.7	218.3	209.4	202.1
55 Consumer credit	45.4	4.7	22.7	20.1	59.8	96.5	21.7	44.1	75.5	102.1	90.9	122.3
56 Bank loans n.e.c.	52.9	47.7	59.2	49.9	31.4	72.6	37.8	22.5	40.4	85.9	59.3	4.9
57 Open market paper	40.3	20.6	54.0	4.9	20.4	45.4	-25.0	-5.9	46.8	75.7	15.2	36.1
58 Other loans	42.4	40.1	56.2	19.7	15.5	54.9	8.9	5.3	25.7	45.1	64.8	40.8
	External corporate equity funds raised in United States											
59 **Total new share issues**	**-4.3**	**21.9**	**-3.0**	**35.3**	**67.8**	**-33.1**	**47.2**	**83.4**	**52.1**	**-40.8**	**-25.5**	**25.4**
60 Mutual funds	.1	5.2	6.3	18.4	32.8	37.7	24.3	36.8	28.9	39.6	35.7	94.9
61 All other	-4.3	16.8	-9.3	16.9	35.0	-70.8	22.9	46.7	23.2	-80.4	-61.2	-69.5
62 Nonfinancial corporations	-7.8	12.9	-11.5	11.4	28.3	-77.0	15.8	38.2	18.4	-84.5	-69.4	-78.7
63 Financial corporations	2.7	1.8	1.9	4.0	2.7	5.1	4.1	2.7	2.6	4.8	5.3	5.4
64 Foreign shares purchased in United States	.8	2.1	.3	1.5	4.0	1.1	3.0	5.7	2.2	-.7	2.9	3.8

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	1979	1980	1981	1982	1983	1984	1982	1983		1984		1985
							H2	H1	H2	H1	H2	H1
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**388.7**	**340.0**	**371.6**	**398.3**	**538.9**	**755.6**	**442.1**	**508.8**	**569.0**	**704.0**	**807.3**	**708.4**
By public agencies and foreign												
2 Total net advances	75.2	97.1	97.7	114.1	117.5	142.2	127.1	120.2	114.7	123.2	161.2	193.6
3 U.S. government securities	−6.3	15.8	17.1	22.7	27.6	36.0	35.7	40.7	14.4	29.5	42.5	52.8
4 Residential mortgages	35.8	31.7	23.5	61.0	76.1	56.5	74.5	80.2	72.1	52.8	60.1	86.5
5 FHLB advances to savings and loans	9.2	7.1	16.2	.8	−7.0	15.7	−9.5	−12.1	−2.0	15.9	15.5	11.6
6 Other loans and securities	36.5	42.5	40.9	29.5	20.8	34.1	26.5	11.5	30.2	25.1	43.2	42.7
Total advanced, by sector												
7 U.S. government	19.0	23.7	24.0	15.9	9.7	17.2	17.1	9.1	10.3	7.9	26.5	5.2
8 Sponsored credit agencies	53.1	45.6	48.2	65.5	69.8	73.3	69.1	68.6	71.0	73.6	73.0	111.2
9 Monetary authorities	7.7	4.5	9.2	9.8	10.9	8.4	15.7	15.6	6.2	11.9	4.9	27.9
10 Foreign	−4.5	23.3	16.2	22.8	27.1	43.4	25.3	27.0	27.2	29.9	56.9	49.2
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	47.9	44.8	47.4	64.9	67.8	74.9	69.7	66.2	69.4	69.6	80.1	105.0
12 Foreign	20.2	27.2	27.2	15.7	18.9	1.7	21.2	15.3	22.5	22.9	−19.5	−14.2
Private domestic funds advanced												
13 Total net advances	381.6	314.9	348.5	364.8	508.1	690.0	405.9	470.0	546.1	673.3	706.8	605.7
14 U.S. government securities	91.0	107.1	115.9	203.1	226.9	237.8	252.6	247.6	206.1	213.0	262.7	234.7
15 State and local obligations	30.3	30.3	23.4	48.6	57.3	65.8	54.6	57.3	57.3	38.9	92.6	80.5
16 Corporate and foreign bonds	18.5	19.3	18.8	14.8	14.9	29.9	29.6	21.4	8.5	17.7	42.2	33.2
17 Residential mortgages	94.2	69.1	52.9	−5.5	48.9	96.6	−18.7	22.2	75.5	107.9	85.3	68.1
18 Other mortgages and loans	156.7	96.3	153.8	104.6	153.0	275.6	78.2	109.4	196.7	311.7	239.5	200.9
19 LESS: Federal Home Loan Bank advances	9.2	7.1	16.2	.8	−7.0	15.7	−9.5	−12.1	−2.0	15.9	15.5	11.6
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	316.4	281.3	317.2	287.6	382.7	553.2	300.7	334.6	430.7	548.1	558.3	465.0
21 Commercial banking	123.1	100.6	102.3	107.2	136.1	181.9	114.5	121.6	150.6	196.0	167.9	140.3
22 Savings institutions	56.5	54.5	27.4	31.4	140.5	143.0	37.6	132.7	148.4	161.5	124.6	78.0
23 Insurance and pension funds	85.6	94.5	97.6	107.4	94.2	123.1	103.8	83.0	105.3	111.8	134.4	101.6
24 Other finance	51.2	31.7	89.9	41.5	11.9	105.1	44.8	−2.7	26.5	78.8	131.4	145.2
25 Sources of funds	316.4	281.3	317.2	287.6	382.7	553.2	300.7	334.6	430.7	548.1	558.3	465.0
26 Private domestic deposits and RPs	137.4	169.6	211.9	174.4	205.2	287.7	201.7	194.1	216.3	277.1	298.2	186.2
27 Credit market borrowing	34.5	12.8	41.6	11.3	17.4	55.4	−12.2	.5	34.4	49.6	61.2	72.8
28 Other sources	144.5	98.8	63.7	101.8	160.0	210.1	111.2	140.0	180.0	221.3	198.9	206.0
29 Foreign funds	27.6	−21.7	−8.7	−26.7	22.1	19.0	−25.1	−14.2	58.5	27.2	10.9	26.3
30 Treasury balances	.4	−2.6	−1.1	6.1	−5.3	4.0	14.1	10.1	−20.8	1.7	6.4	20.1
31 Insurance and pension reserves	72.9	83.7	90.7	103.2	95.1	111.7	95.3	83.5	106.8	118.0	105.5	93.3
32 Other, net	43.6	39.4	−17.2	19.3	48.1	75.4	26.9	60.6	35.6	74.6	76.2	66.2
Private domestic nonfinancial investors												
33 Direct lending in credit markets	99.7	46.5	72.9	88.5	142.8	192.2	93.0	135.9	149.8	174.8	209.6	213.5
34 U.S. government securities	52.5	24.6	29.3	32.1	88.3	122.8	28.9	97.5	79.1	128.3	117.3	123.5
35 State and local obligations	9.9	7.0	11.1	29.2	43.5	42.2	29.7	47.2	39.8	24.3	60.1	41.9
36 Corporate and foreign bonds	−1.4	−11.0	−3.9	3.9	−9.2	*	13.8	−14.5	−4.0	−8.4	8.5	13.1
37 Open market paper	8.6	−3.1	2.7	−.6	6.5	−1.0	−4.7	−6.0	19.1	4.4	−6.5	11.6
38 Other	30.1	29.1	33.7	24.0	13.7	28.2	25.4	11.8	15.6	26.2	30.3	23.4
39 Deposits and currency	146.8	181.1	221.9	181.6	224.4	292.2	211.5	215.9	232.8	288.5	296.0	203.8
40 Currency	8.0	10.3	9.5	9.7	14.3	8.6	12.7	14.8	13.8	15.9	1.4	18.8
41 Checkable deposits	18.3	5.2	18.0	15.4	23.0	21.4	29.3	49.1	−3.0	25.0	17.7	17.1
42 Small time and savings accounts	59.3	82.9	47.0	138.1	219.5	149.2	193.1	278.9	160.1	129.9	168.6	162.5
43 Money market fund shares	34.4	29.2	107.5	24.7	−44.1	47.2	10.0	−84.0	−4.2	30.2	64.2	4.2
44 Large time deposits	18.8	45.8	36.9	−7.7	−7.5	75.7	−37.3	−61.0	45.9	88.8	62.7	−2.3
45 Security RPs	6.6	6.5	2.5	3.8	14.3	−5.8	6.6	11.0	17.5	3.3	−15.0	4.7
46 Deposits in foreign countries	1.5	1.1	.5	−2.5	4.8	−4.0	−2.9	7.0	2.7	−4.5	−3.6	−1.2
47 **Total of credit market instruments, deposits and currency**	**246.5**	**227.6**	**294.7**	**270.1**	**367.2**	**484.5**	**304.5**	**351.8**	**382.6**	**463.3**	**505.6**	**417.3**
48 Public holdings as percent of total	18.4	26.4	24.5	27.6	21.1	18.8	27.4	22.9	19.4	17.0	20.5	27.9
49 Private financial intermediation (in percent)	82.9	89.3	91.0	78.8	75.3	80.2	74.1	71.2	78.9	81.4	79.0	76.8
50 Total foreign funds	23.1	1.6	7.6	−3.9	49.2	62.4	.1	12.8	85.7	57.0	67.8	75.5
MEMO: Corporate equities not included above												
51 **Total net issues**	**−4.3**	**21.9**	**−3.0**	**35.3**	**67.8**	**−33.1**	**47.2**	**83.4**	**52.1**	**−40.8**	**−25.5**	**25.4**
52 Mutual fund shares	.1	5.2	6.3	18.4	32.8	37.7	24.3	36.8	28.9	39.6	35.7	94.9
53 Other equities	−4.3	16.8	−9.3	16.9	35.0	−70.8	22.9	46.7	23.2	−80.4	−61.2	−69.5
54 Acquisitions by financial institutions	12.9	24.9	20.9	37.1	56.4	11.1	63.9	76.2	36.5	2.6	19.6	56.9
55 Other net purchases	−17.1	−3.0	−23.9	−1.8	11.4	−44.3	−16.7	7.2	15.6	−43.4	−45.1	−31.5

NOTES BY LINE NUMBER.
1. Line 1 of table 1.58.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
30. Demand deposits at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 12 less line 20 plus line 27.
34–38. Lines 14–18 less amounts acquired by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
51, 53. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types in flows and in amounts outstanding may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures[1]

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

Measure	1982	1983	1984	1985								
				Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.[r]	Oct.
1 **Industrial production**	**103.1**	**109.2**	**121.8**	**123.7**	**124.0**	**124.1**	**124.1**	**124.3**	**124.1**	**125.0**	**124.9**	**124.9**
Market groupings												
2 Products, total	107.8	113.9	127.1	129.8	130.3	130.8	131.4	131.6	131.6	132.9	132.9	133.1
3 Final, total	109.5	114.7	127.8	130.4	130.8	131.3	131.7	131.6	131.8	133.2	133.4	133.4
4 Consumer goods	101.4	109.3	118.2	119.1	119.8	119.5	120.0	120.4	120.1	121.4	121.5	121.8
5 Equipment	120.2	121.7	140.5	145.3	145.4	146.9	147.1	146.6	147.3	149.0	149.1	148.9
6 Intermediate	101.7	111.2	124.9	127.7	128.6	129.3	130.3	131.4	130.7	131.8	131.4	131.8
7 Materials	96.7	102.8	114.6	115.4	115.5	115.0	114.2	114.3	113.8	114.2	113.9	113.7
Industry groupings												
8 Manufacturing	102.2	110.2	123.9	125.8	126.3	126.6	126.6	126.7	126.9	128.1	127.9	127.9
Capacity utilization (percent)[2]												
9 Manufacturing	70.3	74.0	80.8	80.4	80.5	80.5	80.3	80.1	80.1	80.6	80.3	80.1
10 Industrial materials industries	71.7	75.3	82.3	81.5	81.4	80.9	80.1	80.1	79.5	79.7	79.3	79.0
11 Construction contracts (1977 = 100)[3]	111.0	137.0	149.0	145.0	162.0	161.0	162.0	142.0	164.0	163.0	166.0	169.0
12 Nonagricultural employment, total[4]	136.1	137.1	143.6	146.8	147.3	147.6	148.0	148.1	148.5	148.9	149.1	149.7
13 Goods-producing, total	102.2	100.1	106.1	107.5	107.5	107.6	107.5	107.3	107.2	107.3	107.1	107.5
14 Manufacturing, total	96.6	94.8	99.8	100.6	100.4	100.1	99.9	99.7	99.5	99.6	99.1	99.4
15 Manufacturing, production-worker	89.1	87.9	94.0	93.3	93.0	92.6	92.3	92.0	91.8	91.9	91.4	91.8
16 Service-producing	154.7	157.3	164.1	168.3	169.1	169.5	170.3	170.5	171.1	171.7	172.2	172.9
17 Personal income, total	410.3	435.6	478.1	499.4	501.0	505.5	502.2	504.1	506.2	507.4	509.1	511.2
18 Wages and salary disbursements	367.4	388.6	422.5	440.5	443.7	445.7	446.8	449.8	450.4	452.6	455.6	457.3
19 Manufacturing	285.5	294.7	323.6	332.9	334.8	333.5	333.9	334.7	334.6	335.9	336.1	337.9
20 Disposable personal income[5]	398.0	427.1	470.3	484.7	481.3	496.3	504.5	492.1	494.0	494.6	495.7	497.4
21 Retail sales (1977 = 100)[6]	148.1	162.0	179.0	186.1	185.7	191.5	190.7	188.8	189.9	194.2	198.4	190.1
Prices[7]												
22 Consumer	289.1	298.4	311.1	317.4	318.8	320.1	321.3	322.3	322.8	323.5	324.5	325.5
23 Producer finished goods	280.7	285.2	291.1	292.6	292.1	293.1	294.1	293.9	294.8	293.5	290.2	294.8

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	1982	1983	1984	1985							
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**174,450**	**176,414**	**178,602**	**179,891**	**180,024**	**180,171**	**180,322**	**180,492**	**180,657**	**180,831**	**181,011**
2 Labor force (including Armed Forces)[1]	112,383	113,749	115,763	117,738	117,596	117,600	117,009	117,543	117,551	118,077	118,400
3 Civilian labor force	110,204	111,550	113,544	115,514	115,371	115,373	114,783	115,314	115,299	115,818	116,159
Employment											
4 Nonagricultural industries[2]	96,125	97,450	101,685	103,757	103,517	103,648	103,232	103,737	104,080	104,568	104,841
5 Agriculture	3,401	3,383	3,321	3,362	3,428	3,312	3,138	3,126	3,092	2,976	3,026
Unemployment											
6 Number	10,678	10,717	8,539	8,396	8,426	8,413	8,413	8,451	8,127	8,274	8,291
7 Rate (percent of civilian labor force)	9.7	9.6	7.5	7.3	7.3	7.3	7.3	7.3	7.0	7.1	7.1
8 Not in labor force	62,067	62,665	62,839	62,153	62,428	62,571	63,313	62,949	63,106	62,754	62,611
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**89,566**	**90,196**	**94,461**	**96,910**	**97,120**	**97,421**	**97,473**	**97,707**	**97,977r**	**98,115**	**98,529**
10 Manufacturing	18,781	18,434	19,412	19,526	19,467	19,426	19,398	19,351	19,362r	19,272r	19,332
11 Mining	1,128	952	974	977	982	982	974	969	965r	960r	958
12 Contract construction	3,905	3,948	4,345	4,553	4,641	4,658	4,638	4,660	4,688r	4,723r	4,755
13 Transportation and public utilities	5,082	4,954	5,171	5,269	5,278	5,301	5,295	5,302	5,282r	5,319r	5,315
14 Trade	20,457	20,881	22,134	22,963	23,013	23,140	23,193	23,226	23,305r	23,339r	23,448
15 Finance	5,341	5,468	5,682	5,835	5,858	5,888	5,906	5,932	5,959r	5,985r	6,002
16 Service	19,036	19,694	20,761	5,274	5,278	5,270	5,276	5,284	5,314	5,338	5,356
17 Government	15,837	15,870	15,987	16,143	16,158	16,213	16,213	16,341	16,343r	16,380r	16,433

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2. Includes self-employed, unpaid family, and domestic service workers.

3. Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1984 benchmark and only seasonally adjusted data are available at this time. Based on data from *Employment and Earnings* (U.S. Department of Labor).

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1984	1985			1984	1985			1984	1985		
	Q4	Q1	Q2	Q3[r]	Q4	Q1	Q2	Q3	Q4	Q1	Q2[r]	Q3[r]
	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)			
1 **Total industry**	**123.1**	**123.8**	**124.2**	**124.7**	**151.7**	**152.8**	**154.0**	**155.1**	**81.2**	**81.0**	**80.7**	80.4
2 Mining	108.3	110.1	110.0	108.5	133.1	133.4	133.6	133.9	81.3	82.6	82.3	81.0
3 Utilities	111.1	114.2	113.6	111.0	133.0	133.7	134.5	135.4	83.5	85.5	84.4	82.0
4 **Manufacturing**	**125.8**	**126.0**	**126.6**	**127.7**	**155.2**	**156.5**	**157.7**	**158.9**	**81.0**	**80.5**	**80.3**	80.3
5 Primary processing	107.0	107.5	108.1	109.4	131.4	131.6	132.0	132.4	81.5	81.6	81.9	82.6
6 Advanced processing	137.0	137.1	137.9	138.7	169.6	171.4	173.2	174.9	80.8	80.0	79.6	79.3
7 **Materials**	**114.5**	**115.4**	**114.5**	**114.0**	**140.7**	**141.6**	142.5	**143.4**	**81.4**	**81.5**	**80.4**	79.5
8 Durable goods	123.7	123.6	121.4	120.7	154.4	155.9	157.4	158.9	80.1	79.3	77.1	75.9
9 Metal materials	80.4	80.6	80.2	79.4	117.8	117.3	117.3	117.3	68.2	68.7	68.4	67.7
10 Nondurable goods	110.9	110.9	111.2	113.0	136.8	137.3	137.8	138.2	81.0	80.7	80.7	81.7
11 Textile, paper, and chemical	110.7	111.6	111.0	113.4	136.2	136.7	137.0	137.4	81.3	81.7	81.0	82.5
12 Paper	126.2	126.3	121.8	123.9	135.3	136.1	136.2	136.3	93.3	92.8	89.4	90.9
13 Chemical	110.9	113.2	112.6	113.9	141.1	141.5	142.0	142.6	78.6	80.0	79.3	79.9
14 Energy materials	101.3	105.0	105.2	103.1	119.7	120.0	120.3	120.6	84.6	87.5	87.5	85.5

Series	Previous cycle[1]		Latest cycle[2]		1984	1985								
	High	Low	High	Low	Oct.	Feb.	Mar.	Apr.	May	June[r]	July[r]	Aug.[r]	Sept.[r]	Oct.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.6**	**72.1**	**86.9**	**69.5**	**81.1**	**80.9**	**81.0**	**80.8**	**80.6**	**80.5**	**80.2**	**80.6**	**80.4**	**80.2**
16 Mining	92.8	87.8	95.2	76.9	80.6	82.1	82.8	82.1	82.2	82.7	81.2	81.1	80.7	79.6
17 Utilities	95.6	82.9	88.5	78.0	82.4	86.7	85.0	84.6	84.5	84.1	81.9	81.4	82.7	82.4
18 **Manufacturing**	**87.7**	**69.9**	**86.5**	**68.0**	**81.1**	**80.4**	**80.5**	**80.5**	**80.3**	**80.1**	**80.1**	**80.6**	**80.3**	**80.1**
19 Primary processing	91.9	68.3	89.1	65.1	81.8	81.5	81.8	82.1	81.5	82.0	82.3	82.8	82.6	82.7
20 Advanced processing	86.0	71.1	85.1	69.5	80.7	79.8	79.8	79.7	79.8	79.3	79.1	79.6	79.2	78.9
21 **Materials**	**92.0**	**70.5**	**89.1**	**68.4**	**81.3**	**81.5**	**81.4**	**80.9**	**80.1**	**80.1**	**79.5**	**79.7**	**79.3**	**79.0**
22 Durable goods	91.8	64.4	89.8	60.9	80.3	79.1	78.9	78.3	76.6	76.5	75.8	76.4	75.5	75.3
23 Metal materials	99.2	67.1	93.6	45.7	68.1	68.2	69.8	69.9	66.2	69.0	66.4	69.0	67.7	68.5
24 Nondurable goods	91.1	66.7	88.1	70.6	81.4	81.1	80.2	80.2	80.8	81.0	81.7	81.7	81.8	81.8
25 Textile, paper, and chemical	92.8	64.8	89.4	68.6	82.0	82.0	81.4	80.7	80.9	81.4	82.7	82.3	82.6	82.7
26 Paper	98.4	70.6	97.3	79.9	93.7	92.6	92.1	89.1	88.8	90.5	91.7	90.6	90.3	n.a.
27 Chemical	92.5	64.4	87.9	63.3	78.6	80.2	79.5	79.2	79.5	79.2	80.1	79.5	80.1	n.a.
28 Energy materials	94.6	86.9	94.0	82.2	83.5	87.4	88.4	87.6	87.5	87.3	85.8	85.2	85.4	84.6

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

Grouping	1977 proportion	1984 avg.	1984 Oct.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July[r]	1985 Aug.	1985 Sept.[p]	1985 Oct.[e]
			Index (1977 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**121.8**	**122.7**	**123.4**	**123.3**	**123.6**	**123.7**	**124.0**	**124.1**	**124.1**	**124.3**	**124.1**	**125.0**	**124.9**	**124.9**
2 Products	57.72	127.1	129.0	129.9	129.8	129.6	129.8	130.3	130.8	131.4	131.6	131.6	132.9	132.9	133.1
3 Final products	44.77	127.8	129.9	130.7	130.6	130.4	130.4	130.8	131.3	131.7	131.6	131.8	133.2	133.4	133.4
4 Consumer goods	25.52	118.2	118.5	119.6	119.7	118.8	119.1	119.8	119.5	120.0	120.4	120.1	121.4	121.5	121.8
5 Equipment	19.25	140.5	145.0	145.5	144.9	145.7	145.3	145.4	146.9	147.1	146.6	147.3	149.0	149.1	148.9
6 Intermediate products	12.94	124.9	126.2	127.2	127.3	126.8	127.7	128.6	129.3	130.3	131.4	130.7	131.8	131.4	131.8
7 Materials	42.28	114.6	114.2	114.6	114.6	115.4	115.4	115.5	115.0	114.2	114.3	113.8	114.2	113.9	113.7
Consumer goods															
8 Durable consumer goods	6.89	112.6	111.4	113.3	113.1	112.8	112.8	113.5	111.5	111.8	112.0	111.3	114.0	113.2	112.5
9 Automotive products	2.98	109.8	104.2	110.2	111.6	114.2	115.4	115.1	113.1	113.6	113.4	115.0	120.0	118.1	114.2
10 Autos and trucks	1.79	103.0	95.0	103.1	104.7	112.5	111.7	110.5	109.0	109.6	109.4	113.7	120.2	116.6	110.7
11 Autos, consumer	1.16	93.2	84.0	89.7	95.6	102.5	100.7	101.3	100.5	98.1	97.0	101.1	101.3	98.8	92.3
12 Trucks, consumer	.63	121.2	115.4	127.8	121.5	131.1	132.0	127.5	124.7	130.9	132.3	137.2	155.4	149.7	.....
13 Auto parts and allied goods	1.19	120.1	118.1	121.1	122.1	116.8	121.1	122.0	119.4	119.6	119.4	116.8	119.6	120.4	119.5
14 Home goods	3.91	114.8	116.9	115.8	114.3	111.6	110.9	112.2	110.2	110.4	110.9	108.4	109.5	109.4	111.1
15 Appliances, A/C and TV	1.24	136.2	140.5	137.4	137.2	126.1	127.1	131.8	126.9	129.3	131.5	121.6	124.5	123.7	128.1
16 Appliances and TV	1.19	137.5	142.2	138.4	138.2	126.6	127.2	131.8	127.1	128.7	131.7	123.2	125.5	125.6	.....
17 Carpeting and furniture	.96	117.6	118.1	118.1	114.1	112.7	117.9	117.7	118.1	116.9	119.6	122.2	119.5	120.0	.....
18 Miscellaneous home goods	1.71	97.8	99.3	99.0	97.9	100.6	95.1	95.0	93.7	93.1	91.2	91.2	93.0	93.1	.....
19 Nondurable consumer goods	18.63	120.2	121.0	121.8	122.1	121.1	121.4	122.1	122.5	123.1	123.5	123.4	124.1	124.6	125.2
20 Consumer staples	15.29	125.0	126.7	127.4	127.7	126.6	126.9	127.9	128.5	129.0	129.6	129.3	130.1	130.6	131.2
21 Consumer foods and tobacco	7.80	126.2	128.2	127.6	129.1	127.1	127.8	128.0	129.4	128.9	130.5	130.1	130.7	131.3	.....
22 Nonfood staples	7.49	123.9	125.4	127.5	126.5	126.0	126.0	127.7	127.6	129.1	128.7	128.5	129.5	130.0	130.6
23 *Consumer chemical products*	2.75	137.4	141.3	143.3	142.7	142.9	143.2	145.1	145.1	147.3	145.4	145.4	148.1	148.4	.....
24 Consumer paper products	1.88	138.4	140.0	141.5	141.8	141.2	138.1	141.7	142.0	143.7	144.6	144.9	144.7	146.5	.....
25 Consumer energy	2.86	101.4	100.5	103.0	100.7	99.9	101.5	101.9	101.5	102.1	102.2	101.5	101.8	101.4	.....
26 Consumer fuel	1.44	89.3	88.8	89.9	87.7	85.1	84.9	87.0	90.0	90.2	88.8	89.2	91.1	87.1	.....
27 Residential utilities	1.42	113.7	112.4	116.3	113.9	115.0	118.4	117.1	113.2	114.4	115.9	114.0	112.7	.....	.....
Equipment															
28 Business and defense equipment	18.01	139.6	144.1	144.6	143.9	145.5	145.6	146.1	147.7	147.9	147.4	147.9	149.7	149.9	148.9
29 Business equipment	14.34	134.9	139.1	139.8	138.4	140.4	140.0	140.2	142.0	141.9	140.7	141.3	143.0	142.9	143.2
30 Construction, mining, and farm	2.08	66.6	69.5	68.2	68.5	68.8	68.3	67.1	68.4	67.4	67.7	68.6	67.2	66.1	.....
31 Manufacturing	3.27	109.4	112.7	112.4	111.5	111.6	112.3	112.0	112.4	113.1	111.9	113.5	115.1	112.8	113.0
32 Power	1.27	79.2	83.7	83.8	84.5	82.5	81.8	79.6	81.8	82.8	84.1	85.6	84.5	83.4	83.7
33 Commercial	5.22	209.2	216.4	217.1	214.5	217.4	217.0	218.9	221.8	222.8	219.6	219.5	222.8	223.4	224.0
34 Transit	2.49	98.6	98.5	102.9	100.9	106.7	104.9	104.5	106.0	102.9	103.4	103.3	105.9	108.2	107.7
35 Defense and space equipment	3.67	157.9	163.5	163.3	165.3	165.3	167.3	169.0	170.1	171.2	173.4	173.9	175.5	177.5	176.9
Intermediate products															
36 Construction supplies	5.95	114.0	114.6	115.7	114.7	116.2	115.7	116.9	117.4	118.1	119.2	119.4	121.5	121.0	121.4
37 Business supplies	6.99	134.2	136.1	137.1	138.0	135.9	137.9	138.6	139.4	140.7	141.7	140.3	140.5	140.2	.....
38 General business supplies	5.67	137.9	140.1	140.9	141.4	140.2	141.1	141.9	143.4	144.4	146.1	144.4	144.7	144.1	.....
39 Commercial energy products	1.31	118.0	118.8	120.4	122.9	117.1	124.1	124.5	122.4	124.6	122.7	122.7	122.5	.....	.....
Materials															
40 Durable goods materials	20.50	122.3	123.7	123.9	123.4	124.2	123.3	123.3	122.8	120.7	120.8	120.2	121.4	120.5	120.5
41 Durable consumer parts	4.92	98.0	98.9	99.1	99.8	102.6	102.2	102.1	101.8	100.1	98.7	98.3	99.4	98.2	96.4
42 Equipment parts	5.94	164.5	168.6	169.1	168.8	166.7	164.2	163.3	161.1	157.8	157.3	157.0	158.2	156.4	156.6
43 Durable materials n.e.c.	9.64	108.6	108.7	108.7	107.4	109.1	109.0	109.6	110.0	108.2	109.6	108.6	110.0	109.7	110.5
44 Basic metal materials	4.64	86.4	84.8	85.2	84.0	83.5	84.1	85.1	86.6	82.0	85.0	82.5	84.6	83.4	.....
45 Nondurable goods materials	10.09	111.2	111.2	110.7	110.7	110.9	111.4	110.3	110.4	111.3	111.8	112.8	112.9	113.2	113.4
46 Textile, paper, and chemical materials	7.53	111.6	111.5	110.5	110.1	111.5	112.1	111.3	110.5	110.9	111.7	113.5	113.1	113.6	113.9
47 *Textile materials*	1.52	101.5	98.5	93.7	91.2	90.3	93.5	93.0	94.1	95.0	97.3	100.2	101.8	101.3	.....
48 Pulp and paper materials	1.55	126.5	126.2	125.1	127.2	127.5	126.0	125.4	121.3	120.9	123.3	125.0	123.5	123.1	.....
49 Chemical materials	4.46	109.9	110.8	111.1	110.6	113.3	113.5	112.7	112.3	112.9	112.6	114.0	113.4	114.4	.....
50 Miscellaneous nondurable materials	2.57	109.8	109.9	111.1	112.1	109.2	109.4	107.2	110.1	112.5	112.0	110.8	112.3	112.2	.....
51 Energy materials	11.69	104.0	99.9	101.5	102.4	103.9	104.9	106.2	105.3	105.3	105.1	103.5	102.8	103.1	102.2
52 Primary energy	7.57	107.5	101.4	104.1	106.0	107.0	107.6	110.2	107.9	107.8	109.0	107.4	106.6	106.1	.....
53 Converted fuel materials	4.12	97.6	97.1	96.8	96.0	98.2	100.0	99.0	100.6	100.6	98.1	96.2	95.8	97.8	.....

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Grouping	SIC code	1977 proportion	1984 avg.	1984 Oct.	1984 Nov.	1984 Dec.	1985 Jan.	1985 Feb.	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July[r]	1985 Aug.	1985 Sept.[p]	1985 Oct.[e]
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	15.79	110.9	108.0	110.1	109.9	111.4	111.9	111.8	111.1	111.3	111.6	109.4	109.2	109.7	108.7
2 Mining	......	9.83	110.9	107.2	108.8	108.9	110.5	109.5	110.5	109.6	109.8	110.6	108.7	108.6	108.1	106.7
3 Utilities	......	5.96	110.9	109.4	112.1	111.6	113.0	115.8	113.9	113.6	113.7	113.4	110.7	110.2	112.2	112.0
4 Manufacturing	......	84.21	123.9	125.5	126.0	125.8	125.9	125.8	126.3	126.6	126.6	126.7	126.9	128.1	127.9	127.9
5 Nondurable	......	35.11	122.5	123.3	123.8	123.4	123.2	123.8	123.9	124.3	124.7	125.5	125.6	126.6	126.8	127.0
6 Durable	......	49.10	124.8	127.0	127.5	127.4	127.8	127.2	128.0	128.2	127.9	127.6	127.9	129.3	128.7	128.5
Mining																
7 Metal	10	.50	77.0	75.3	75.5	69.3	70.5	74.5	83.6	81.2	78.3	77.5	60.9	73.1	71.8	.....
8 Coal	11,12	1.60	127.6	102.0	113.1	116.2	118.5	121.5	131.9	128.5	128.7	134.0	128.0	127.7	126.3	123.2
9 Oil and gas extraction	13	7.07	109.1	110.1	109.8	109.8	110.7	108.2	106.8	106.5	106.9	106.9	106.9	105.8	105.5	104.5
10 Stone and earth minerals	14	.66	116.1	114.2	115.3	113.2	118.5	119.8	118.7	118.5	118.7	117.9	116.6	119.0	119.1	.....
Nondurable manufactures																
11 Foods	20	7.96	127.1	129.1	128.7	129.0	128.2	129.4	128.5	130.8	131.4	131.8	132.2	132.5	133.1	.....
12 Tobacco products	21	.62	100.7	103.1	102.7	107.4	97.2	103.8	103.4	98.4	95.7	98.9	96.0	97.7	97.3	.....
13 Textile mill products	22	2.29	103.7	100.3	97.1	94.7	93.6	98.5	99.4	99.0	100.0	103.3	104.1	106.2	104.8	.....
14 Apparel products	23	2.79	102.8	100.5	101.1	102.5	102.6	103.1	101.3	100.2	100.3	99.2	100.6	100.4	101.9	.....
15 Paper and products	26	3.15	127.3	127.6	127.7	128.8	128.3	126.4	126.9	125.1	124.1	127.1	129.0	128.1	129.3	.....
16 Printing and publishing	27	4.54	147.9	149.5	153.5	151.2	150.4	150.3	152.6	154.2	155.4	156.7	154.3	156.2	155.6	155.6
17 Chemicals and products	28	8.05	121.7	123.5	124.3	123.4	125.7	125.8	126.5	125.8	126.7	126.4	126.4	128.0	128.2	.....
18 Petroleum products	29	2.40	87.4	85.4	86.2	84.7	84.1	84.0	84.7	87.3	87.4	87.1	88.3	88.2	87.4	88.0
19 Rubber and plastic products	30	2.80	143.2	146.0	146.6	146.6	145.9	145.7	144.1	144.9	144.3	145.5	145.6	148.0	149.1	.....
20 Leather and products	31	.53	76.7	70.9	71.5	71.4	69.1	69.2	69.4	69.9	71.0	71.5	72.2	72.6	72.9	.....
Durable manufactures																
21 Lumber and products	24	2.30	109.1	110.2	109.5	109.4	109.2	109.1	109.5	110.9	112.2	113.5	113.0	114.8	.....	.....
22 Furniture and fixtures	25	1.27	136.7	139.9	139.8	138.0	136.5	139.0	139.2	141.0	142.0	141.9	145.3	144.3	144.5	.....
23 Clay, glass, stone products	32	2.72	112.3	113.3	113.6	111.8	112.7	110.5	111.4	114.5	116.3	116.1	115.1	116.0	116.1	.....
24 Primary metals	33	5.33	82.4	81.3	80.9	78.4	81.7	80.2	81.8	81.4	76.4	78.3	79.0	81.6	80.8	81.1
25 Iron and steel	331.2	3.49	73.5	71.0	71.1	68.9	71.0	68.5	73.2	71.9	65.4	67.6	68.7	71.6	70.6	.....
26 Fabricated metal products	34	6.46	102.8	104.8	105.4	105.9	106.4	107.6	108.6	109.1	108.3	107.4	107.3	107.8	107.5	107.3
27 Nonelectrical machinery	35	9.54	142.0	146.6	145.8	144.6	145.0	144.9	146.5	148.9	149.1	145.6	147.5	149.2	148.7	148.9
28 Electrical machinery	36	7.15	172.4	178.4	178.9	180.2	176.0	173.2	173.1	168.9	169.3	169.5	165.7	165.7	164.5	165.8
29 Transportation equipment	37	9.13	113.6	113.4	116.0	117.8	120.4	120.5	120.8	120.7	120.9	121.8	123.7	126.8	126.3	123.8
30 Motor vehicles and parts	371	5.25	105.6	103.1	107.5	109.5	113.0	112.5	111.3	110.9	110.5	110.5	112.8	116.8	115.1	110.0
31 Aerospace and miscellaneous transportation equipment	372–6.9	3.87	124.4	127.3	127.5	129.0	130.5	131.4	133.7	134.1	134.9	137.1	138.5	140.4	141.5	142.5
32 Instruments	38	2.66	136.9	138.6	138.6	138.9	138.7	138.7	139.0	138.5	139.9	140.7	141.1	141.8	140.5	139.9
33 Miscellaneous manufactures	39	1.46	98.0	98.6	98.6	97.2	99.0	96.4	96.0	98.3	98.3	96.8	95.9	97.2	96.4	.....
Utilities																
34 Electric	......	4.17	116.8	116.8	118.7	117.5	118.9	121.9	119.5	119.1	119.5	119.4	117.5	116.7	119.5	119.1
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
35 Products, total	......	**596.0**	**745.6**	**753.7**	**759.2**	**756.5**	**761.3**	**764.2**	**769.5**	**773.3**	**774.4**	**773.4**	**769.0**	**778.0**	**777.8**	**780.0**
36 Final	......	472.7	593.7	600.4	605.2	601.8	606.5	608.7	613.3	616.2	616.2	613.9	610.1	618.1	618.8	620.1
37 Consumer goods	......	309.2	356.5	355.5	359.0	360.0	358.8	360.9	364.6	364.7	365.1	364.0	361.7	365.7	365.1	366.2
38 Equipment	......	163.5	237.6	245.4	246.7	242.3	247.6	247.8	248.7	251.4	251.1	249.9	248.4	252.4	253.7	253.9
39 Intermediate	......	123.3	151.8	153.2	154.0	154.6	154.9	155.5	156.3	157.1	158.2	159.5	158.9	159.9	159.0	159.9

▲ 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	1982	1983	1984	1984	1985								
				Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.[r]	Sept.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,000	1,605	1,682	1,599	1,635	1,624	1,741	1,704	1,778	1,712	1,694	1,784	1,804
2 1-family	546	902	922	843	903	927	993	948	933	961	967	990	949
3 2-or-more-family	454	703	759	756	732	697	748	756	845	751	727	794	855
4 Started	1,062	1,703	1,749	1,630	1,849	1,647	1,889	1,933	1,681	1,701	1,663	1,740	1,589
5 1-family	663	1,067	1,084	1,112	1,060	1,135	1,168	1,155	1,039	1,031	1,062	1,059	970
6 2-or-more-family	400	635	665	518	789	512	721	778	642	670	601	681	619
7 Under construction, end of period[1]	720	1,003	1,051	1,073	1,071	1,066	1,063	1,088	1,089	1,075	1,073	1,086	1,066
8 1-family	400	524	556	579	572	580	578	583	582	575	578	583	568
9 2-or-more-family	320	479	494	495	499	485	485	505	507	500	495	503	498
10 Completed	1,005	1,390	1,652	1,635	1,719	1,794	1,685	1,641	1,627	1,789	1,725	1,703	1,769
11 1-family	631	924	1,025	985	1,107	1,082	1,043	1,074	1,020	1,097	1,048	1,015	1,095
12 2-or-more-family	374	466	627	650	612	712	642	567	607	692	677	688	674
13 Mobile homes shipped	240	296	295	282	273	276	283	287	287	270	286	290	278
Merchant builder activity in 1-family units													
14 Number sold	413	622	639	604	634	676	699	649	682	710[r]	739	699	681
15 Number for sale, end of period[1]	255	304	358	356	356	360	357	356	356	354	353	352	353
Price (thousands of dollars)[2]													
Median													
16 Units sold	69.3	75.5	80.0	78.3	82.5	82.0	84.2	85.6	80.1	86.3[r]	81.7	83.0	83.8
Average													
17 Units sold	83.8	89.9	97.5	96.3	98.3	96.2	100.9	104.7	98.1	99.6[r]	99.1	98.6	103.6
EXISTING UNITS (1-family)													
18 Number sold	1,991	2,719	2,868	2,870	3,000	2,880	3,030	3,040	3,040	3,060	3,140	3,500	3,450
Price of units sold (thousands of dollars)[2]													
19 Median	67.7	69.8	72.3	72.1	73.8	73.5	74.2	74.5	75.0	76.2	77.4	76.9	75.5
20 Average	80.4	82.5	85.9	85.9	87.7	87.2	88.6	89.7	90.1	91.5	93.5	93.0	91.1
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**236,935**	**268,730**	**312,989**	**310,062**	**341,038**	**334,254**	**333,723**	**341,861**	**339,943**	**343,837**	**344,833**	**343,899**	**350,434**
22 Private	186,091	218,016	257,802	254,547	283,688	276,452	274,575	281,988	276,420	278,939	280,321	279,838	286,422
23 Residential	80,609	121,309	145,058	134,296	155,260	146,042	146,195	146,539	142,254	147,158	149,180	147,294	149,893
24 Nonresidential, total	105,482	96,707	112,744	120,251	128,428	130,410	128,380	135,449	134,166	131,781	131,141	132,544	136,529
Buildings													
25 Industrial	17,346	12,863	13,746	14,440	15,195	15,815	14,585	17,283	16,443	15,170	15,428	15,203	16,072
26 Commercial	37,281	35,787	48,102	54,528	58,524	58,922	59,382	61,219	60,064	58,290	58,104	59,908	62,974
27 Other	10,507	11,660	12,298	12,150	11,889	12,054	11,245	12,663	12,929	12,786	12,657	13,000	13,313
28 Public utilities and other	40,348	36,397	38,598	39,133	42,820	43,619	43,168	44,284	44,730	45,535	44,952	44,433	44,170
29 Public	50,843	50,715	55,186	55,514	57,350	57,802	59,148	59,873	63,523	64,897	64,513	64,060	64,012
30 Military	2,205	2,544	2,839	2,952	2,969	3,036	3,078	3,166	3,349	3,426	3,182	3,022	2,866
31 Highway	13,293	14,143	16,295	16,888	17,759	18,416	19,176	19,920	22,314	21,093	19,726	20,319	19,910
32 Conservation and development	5,029	4,822	4,656	4,654	4,645	4,674	4,727	4,393	5,051	5,410	5,201	4,763	5,301
33 Other	30,316	29,206	31,396	31,020	31,977	31,676	32,167	32,394	32,809	34,968	36,404	35,956	35,935

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

NOTE. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 16,000 jurisdictions beginning with 1978.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	Change from 12 months earlier		Change from 3 months earlier (at annual rate)				Change from 1 month earlier					Index level Oct. 1985 (1967 = 100)[1]
	1984 Oct.	1985 Oct.	1984	1985			1985					
			Dec.	Mar.	June^r	Sept.^r	June	July	Aug.	Sept.	Oct.	
CONSUMER PRICES[2]												
1 All items	**4.2**	**3.2**	**3.0**	**4.1**	**3.3**	**2.3**	**.2**	.2	.2	.2	.3	325.5
2 Food	3.9	1.8	3.7	2.6	−.9	1.8	.1	.1	.0	.3	.2	309.8
3 Energy items	.4	.1	−.7	−.8	9.6	−4.3	.2	−.3	−.6	−.2	−.8	427.1
4 All items less food and energy	4.9	4.2	3.5	5.5	3.4	3.5	.3	.3	.3	.2	.5	318.9
5 Commodities	3.7	2.0	.9	6.6	−1.4	.8	−.2	−.2	.1	.3	.4	262.0
6 Services	5.7	5.5	5.0	5.0	6.4	5.0	.5	.5	.5	.2	.6	382.5
PRODUCER PRICES												
7 Finished goods	1.4	1.1	1.1	.5	1.7	−2.4	−.2	.3	−.3	−.6	.9	294.8
8 Consumer foods	2.8	−.9	3.3	−3.0	−8.1	−1.6	.0^r	1.2^r	−.7	−.9	1.4	268.7
9 Consumer energy	−5.7	−3.7	5.6	−21.3	27.3	−12.8	−2.8^r	−1.7^r	−1.6	−.1	−.2	716.1
10 Other consumer goods	2.2	3.0	−.2	6.5	1.4	−.2	.3^r	.4	.0	−.5	.8	254.9
11 Capital equipment	2.1	2.6	−1.1	6.2	1.6	−1.2	.1^r	.1^r	.2	−.6	1.0	303.7
12 Intermediate materials[3]	1.8	−.5	1.2	−2.5	1.1	−1.2	−.4	−.3	−.1	.1	.0	324.3
13 Excluding energy	2.6	.0	1.5	−1.0	1.2	−1.2	.2	−.1	−.1	−.1	.0	304.6
Crude materials												
14 Foods	−3.5	−8.3	10.6	−24.9	−20.4	−19.9	−.2^r	−1.0^r	−3.8	−.7	6.3	224.5
15 Energy	1.0	−5.6	−7.6	−13.1	4.4	−4.7	−.8^r	−.7^r	−.9	.4	−.3	743.4
16 Other	−.6	−4.2	−10.7	−13.3	3.1	−4.2	.2^r	.8^r	−1.2	−.6	.5	247.2

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	1982	1983	1984	1984		1985		
				Q3	Q4	Q1	Q2	Q3r
GROSS NATIONAL PRODUCT								
1 Total	**3,069.3**	**3,304.8**	**3,662.8**	**3,694.6**	**3,758.7**	**3,810.6**	**3,853.1**	**3,915.9**
By source								
2 Personal consumption expenditures	1,984.9	2,155.9	2,341.8	2,361.4	2,396.5	2,446.5	2,493.0	2,539.0
3 Durable goods	245.1	279.8	318.8	317.2	326.3	334.8	339.2	356.8
4 Nondurable goods	757.5	801.7	856.9	861.4	866.5	877.3	891.9	896.8
5 Services	982.2	1,074.4	1,166.1	1,182.8	1,203.8	1,234.4	1,261.9	1,285.3
6 Gross private domestic investment	414.9	471.6	637.8	662.8	637.8	646.8	643.2	631.5
7 Fixed investment	441.0	485.1	579.6	591.0	601.1	606.1	625.3	631.8
8 Nonresidential	349.6	352.9	425.7	435.7	447.7	450.9	467.3	468.6
9 Structures	142.1	129.7	150.4	151.4	157.9	162.9	168.3	168.8
10 Producers' durable equipment	207.5	223.2	275.3	284.2	289.7	288.0	299.0	299.8
11 Residential structures	91.4	132.2	153.9	155.3	153.5	155.2	158.0	163.2
12 Nonfarm	86.6	127.6	148.8	150.1	148.3	150.0	152.4	157.4
13 Change in business inventories	−26.1	−13.5	58.2	71.8	36.6	40.7	17.9	−.3
14 Nonfarm	−24.0	−3.1	49.6	63.7	27.2	34.1	11.4	−.9
15 Net exports of goods and services	19.0	−8.3	−64.2	−90.6	−56.0	−74.5	−94.0	−104.0
16 Exports	348.4	336.2	364.3	368.6	367.2	360.7	347.7	346.8
17 Imports	329.4	344.4	428.5	459.3	423.2	435.2	441.6	450.8
18 Government purchases of goods and services	650.5	685.5	747.4	761.0	780.5	791.9	810.9	849.5
19 Federal	258.9	269.7	295.4	302.0	315.7	319.9	324.2	350.6
20 State and local	391.5	415.8	452.0	458.9	464.8	472.0	486.7	498.8
By major type of product								
21 Final sales, total	3,095.4	3,318.3	3,604.6	3,622.8	3,722.1	3,770.0	3,835.2	3,916.2
22 Goods	1,276.7	1,355.7	1,542.9	1,549.1	1,579.8	1,583.8	1,579.6	1,595.0
23 Durable	499.9	555.3	655.6	654.7	687.7	677.1	669.6	670.7
24 Nondurable	776.9	800.4	887.3	894.4	892.1	906.7	910.0	921.6
25 Services	1,510.8	1,639.3	1,763.3	1,783.3	1,813.7	1,857.2	1,888.8	1,927.6
26 Structures	281.7	309.8	356.5	362.1	365.2	369.6	384.8	396.0
27 Change in business inventories	−26.1	−13.5	58.2	71.8	36.6	40.7	17.9	−.3
28 Durable goods	−18.0	−2.1	30.4	41.7	26.7	29.0	3.7	−10.7
29 Nondurable goods	−8.1	−11.3	27.8	30.1	9.9	11.7	14.2	10.3
30 MEMO: **Total GNP in 1972 dollars**	**1,480.0**	**1,534.7**	**1,639.3**	**1,645.2**	**1,662.4**	**1,663.5**	**1,671.3**	**1,688.9**
NATIONAL INCOME								
31 Total	**2,446.8**	**2,646.7**	**2,959.9**	**2,984.9**	**3,036.3**	**3,076.5**	**3,106.5**	**3,147.2**
32 Compensation of employees	1,864.2	1,984.9	2,173.2	2,191.9	2,228.1	2,272.7	2,305.9	2,335.6
33 Wages and salaries	1,568.7	1,658.8	1,804.1	1,819.1	1,848.2	1,882.8	1,909.5	1,933.6
34 Government and government enterprises	306.6	328.2	349.8	352.0	357.2	365.5	370.7	376.3
35 Other	1,262.2	1,331.1	1,454.2	1,467.1	1,490.9	1,517.3	1,538.9	1,557.2
36 Supplement to wages and salaries	295.5	326.2	369.0	372.8	380.0	389.8	396.3	402.1
37 Employer contributions for social insurance	140.0	153.1	173.5	174.7	177.5	183.6	186.1	188.3
38 Other labor income	155.5	173.1	195.5	198.1	202.5	206.3	210.2	213.7
39 Proprietors' income[1]	111.1	121.7	154.4	153.7	159.1	159.8	160.7	153.4
40 Business and professional[1]	89.2	107.9	126.2	126.4	129.7	134.0	137.3	141.9
41 Farm[1]	21.8	13.8	28.2	27.3	29.4	25.7	23.4	11.6
42 Rental income of persons[2]	51.5	58.3	62.5	63.0	64.1	64.8	66.7	68.3
43 Corporate profits[1]	159.1	225.2	285.7	282.8	291.6	292.3	298.5	321.4
44 Profits before tax[3]	165.5	203.2	235.7	224.8	228.7	222.3	221.0	232.8
45 Inventory valuation adjustment	−9.5	−11.2	−5.7	−.2	−1.6	.9	2.5	7.2
46 Capital consumption adjustment	3.1	33.2	55.7	58.3	64.5	69.1	75.0	81.4
47 Net interest	260.9	256.6	284.1	293.5	293.4	287.0	274.7	268.5

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	1982	1983	1984	1984		1985		
				Q3	Q4	Q1	Q2	Q3[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,584.6**	**2,744.2**	**3,012.1**	**3,047.3**	**3,096.2**	**3,143.8**	**3,174.7**	**3,197.4**
2 Wage and salary disbursements	1,568.7	1,659.2	1,804.0	1,819.5	1,847.6	1,882.7	1,910.6	1,933.6
3 Commodity-producing industries	509.3	519.3	569.3	573.3	580.9	590.9	594.2	597.0
4 Manufacturing	382.9	395.2	433.9	436.4	442.4	447.9	447.9	450.0
5 Distributive industries	378.6	398.6	432.0	436.4	443.1	449.0	455.7	460.2
6 Service industries	374.3	413.1	452.9	457.3	466.9	477.4	489.0	500.0
7 Government and government enterprises	306.6	328.2	349.8	352.4	356.7	365.4	371.7	376.3
8 Other labor income	155.5	173.1	195.5	198.1	202.5	206.3	210.2	213.7
9 Proprietors' income[1]	111.1	121.7	154.4	153.7	159.1	159.8	160.7	153.4
10 Business and professional[1]	89.2	107.9	126.2	126.4	129.7	134.0	137.3	141.9
11 Farm[1]	21.8	13.8	28.2	27.3	29.4	25.7	23.4	11.6
12 Rental income of persons[2]	51.5	58.3	62.5	63.0	64.1	64.8	66.7	68.3
13 Dividends	66.5	70.3	77.7	78.5	80.2	81.4	82.5	83.2
14 Personal interest income	366.6	376.3	433.7	449.3	456.1	456.0	453.0	450.0
15 Transfer payments	376.1	405.0	416.7	418.6	421.8	439.2	439.5	445.4
16 Old-age survivors, disability, and health insurance benefits	204.5	221.6	237.3	238.2	243.5	249.6	249.9	254.9
17 LESS: Personal contributions for social insurance	111.4	119.6	132.5	133.4	135.2	146.4	148.4	150.3
18 EQUALS: Personal income	2,584.6	2,744.2	3,012.1	3,047.3	3,096.2	3,143.8	3,174.7	3,197.4
19 LESS: Personal tax and nontax payments	404.1	404.2	435.3	440.9	451.7	489.0	448.2	486.7
20 EQUALS: Disposable personal income	2,180.5	2,340.1	2,576.8	2,606.4	2,644.5	2,654.8	2,726.5	2,710.7
21 LESS: Personal outlays	2,044.5	2,222.0	2,420.7	2,442.3	2,481.5	2,536.2	2,587.1	2,636.9
22 EQUALS: Personal saving	136.0	118.1	156.1	164.1	163.0	118.6	139.4	73.9
MEMO								
Per capita (1972 dollars)								
23 Gross national product	6,369.7	6,543.4	6,926.1	6,943.2	6,998.3	6,989.0	7,007.9	7,047.3
24 Personal consumption expenditures	4,145.9	4,302.8	4,488.7	4,498.4	4,527.1	4,575.7	4,621.2	4,664.8
25 Disposable personal income	4,555.0	4,670.0	4,939.0	4,965.0	4,996.0	4,965.0	5,054.0	4,986.0
26 Saving rate (percent)	6.2	5.0	6.1	6.3	6.2	4.5	5.1	2.7
GROSS SAVING								
27 **Gross saving**	**408.8**	**437.2**	**551.8**	**556.4**	**556.0**	**550.7**	**532.6**	**506.7**
28 Gross private saving	524.0	571.7	674.8	689.4	698.2	662.1	696.3	658.2
29 Personal saving	136.0	118.1	156.1	164.1	163.0	118.6	139.4	73.9
30 Undistributed corporate profits[1]	29.2	76.5	115.4	118.4	120.8	122.5	129.3	146.8
31 Corporate inventory valuation adjustment	-9.5	-11.2	-5.7	-.2	-1.6	.9	2.5	7.2
Capital consumption allowances								
32 Corporate	221.8	231.2	246.2	248.1	252.8	257.4	261.6	266.8
33 Noncorporate	137.1	145.9	157.0	158.8	161.5	163.7	166.1	170.7
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (−), national income and product accounts	-115.3	-134.5	-122.9	-133.0	-142.2	-111.4	-163.8	-151.4
36 Federal	-148.2	-178.6	-175.8	-180.6	-197.8	-165.1	-214.1	-201.0
37 State and local	32.9	44.1	52.9	47.6	55.6	53.7	50.3	49.6
38 Capital grants received by the United States, net	.0	.0	.0	.0	.0	.0	.0	.0
39 **Gross investment**	**408.3**	**437.7**	**544.4**	**543.4**	**546.1**	**542.6**	**518.9**	**498.0**
40 Gross private domestic	414.9	471.6	637.8	662.8	637.8	646.8	643.2	631.5
41 Net foreign	-6.6	-33.9	-93.4	-119.4	-91.6	-104.2	-124.3	-133.5
42 **Statistical discrepancy**	-.5	.5	-7.4	-13.0	-9.9	-8.1	-13.7	-8.8

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	1982	1983	1984	1984 Q2	1984 Q3	1984 Q4	1985 Q1	1985 Q2p
1 Balance on current account	−8,051	−40,790	−101,532	−24,493	−32,500	−25,477	−30,325	−31,811
2 Not seasonally adjusted	....	....	....	−24,654	−35,724	−22,759	−29,416	−32,066
3 Merchandise trade balance[2]	−36,444	−62,012	−108,281	−25,649	−32,507	−24,557	−29,532	−33,001
4 Merchandise exports	211,198	200,745	220,316	54,677	55,530	56,355	55,707	53,245
5 Merchandise imports	−247,642	−262,757	−328,597	−80,326	−88,037	−80,912	−85,239	−86,246
6 Military transactions, net	−318	−163	−1,765	−593	−250	−575	−212	−566
7 Investment income, net[3]	29,493	25,401	19,109	3,618	3,256	4,003	2,537	5,582
8 Other service transactions, net	7,353	4,837	819	363	−123	−253	54	−474
9 Remittances, pensions, and other transfers	−2,633	−2,566	−2,891	−710	−669	−782	−934	−841
10 U.S. government grants (excluding military)	−5,501	−6,287	−8,522	−1,522	−2,207	−3,313	−2,238	−2,511
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−6,131	−5,006	−5,516	−1,353	−1,369	−734	−850	−849
12 Change in U.S. official reserve assets (increase, −)	−4,965	−1,196	−3,130	−565	−799	−1,109	−233	−356
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−1,371	−66	−979	−288	−271	−194	−264	−180
15 Reserve position in International Monetary Fund	−2,552	−4,434	−995	−321	−331	−143	281	72
16 Foreign currencies	−1,041	3,304	−1,156	44	−197	−772	−250	−248
17 Change in U.S. private assets abroad (increase, −)[3]	−108,121	−48,842	−11,800	−17,070	20,532	−13,003	718	−1,657
18 Bank-reported claims	−111,070	−29,928	−8,504	−20,186	17,725	−4,933	135	4,350
19 Nonbank-reported claims	6,626	−6,513	6,266	1,908	2,099	970	1,201	n.a.
20 U.S. purchase of foreign securities, net	−8,102	−7,007	−5,059	−756	−1,313	−3,663	−2,494	−1,862
21 U.S. direct investments abroad, net[3]	4,425	−5,394	−4,503	1,964	2,021	−5,377	1,876	−4,145
22 Change in foreign official assets in the United States (increase, +)	3,672	5,795	3,424	−224	−686	7,119	−11,204	8,154
23 U.S. Treasury securities	5,779	6,972	4,690	−274	−575	5,814	−7,219	8,521
24 Other U.S. government obligations	−694	−476	167	146	85	−67	−307	136
25 Other U.S. government liabilities[4]	684	552	453	555	−139	−197	−462	503
26 Other U.S. liabilities reported by U.S. banks	−1,747	545	663	328	430	2,052	−3,099	−185
27 Other foreign official assets[5]	−350	−1,798	−2,549	−979	−487	−483	−117	−821
28 Change in foreign private assets in the United States (increase, +)[3]	90,775	78,527	93,895	41,816	3,825	26,191	24,915	17,636
29 U.S. bank-reported liabilities	65,922	49,341	31,674	20,970	−5,125	4,481	13,345	326
30 U.S. nonbank-reported liabilities	−2,383	−118	4,284	4,566	−2,939	−1,863	−2,655	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	7,052	8,721	22,440	6,485	5,058	9,501	2,633	5,291
32 Foreign purchases of other U.S. securities, net	6,392	8,636	12,983	506	1,603	9,380	9,510	7,117
33 Foreign direct investments in the United States, net[3]	13,792	11,947	22,514	9,289	5,228	4,692	2,082	4,902
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	32,821	11,513	24,660	1,889	10,997	7,013	16,979	8,883
36 Owing to seasonal adjustments	....	....	....	−606	−3,170	4,200	−305	−578
37 Statistical discrepancy in recorded data before seasonal adjustment	32,821	11,513	24,660	2,495	14,167	2,813	17,284	9,461
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−4,965	−1,196	−3,131	−566	−799	−1,110	−233	−356
39 Foreign official assets in the United States (increase, +)	2,988	5,243	2,971	−779	−547	7,316	−10,742	7,651
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	7,291	−8,283	−4,143	−2,097	−453	812	−2,021	−1,862
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	585	194	190	44	45	61	10	15

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

Millions of dollars; monthly data are seasonally adjusted.

Item	1982	1983	1984	1985 Mar.	Apr.	May	June	July	Aug.	Sept.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	212,193	200,486	19,142	18,446	17,779	17,414	17,438	17,411	17,423	17,732
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	243,952	258,048	25,933	28,129	28,295	28,685	29,425	26,630	26,083	31,764
3 **Trade balance**	**−31,759**	**−57,562**	**−6,791**	**−9,683**	**−10,516**	**−11,271**	**−11,987**	**−9,219**	**−8,660**	**−14,032**

NOTE. The data through 1981 in this table are reported by the Bureau of Census data of a free-alongside-ship (f.a.s.) value basis—that is, value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table. Beginning with 1982 data, the value of imports are on a customs valuation basis.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, for reasons of coverage and timing. On the *export side*, the largest adjustments are: (1) the addition of exports to Canada not covered in Census statistics, and (2) the exclusion of military sales (which are combined with other military transactions and reported separately in the "service account" in table 3.10, line 6). On the *import side*, additions are made for gold, ship purchases, imports of electricity from Canada, and other transactions; military payments are excluded and shown separately as indicated above.

SOURCE. FT900 "Summary of U.S. Export and Import Merchandise Trade" (Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1982	1983	1984	1985 Apr.	May	June	July	Aug.	Sept.	Oct.
1 **Total**	**33,958**	**33,747**	**34,934**	**35,493**	**35,782**	**36,088**	**37,071**	**37,154**	**38,295**	**41,657**
2 Gold stock, including Exchange Stabilization Fund[1]	11,148	11,121	11,096	11,091	11,091	11,091	11,090	11,090	11,090	11,090
3 Special drawing rights[2,3]	5,250	5,025	5,641	5,971	6,163	6,196	6,510	6,692	6,847	6,926
4 Reserve position in International Monetary Fund[2]	7,348	11,312	11,541	11,382	11,370	11,394	11,513	11,478	11,686	11,843
5 Foreign currencies[4]	10,212	6,289	6,656	7,049	7,158	7,408	7,958	7,894	8,672	11,798

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	1982	1983	1984	1985 Apr.	May	June	July	Aug.	Sept.	Oct.
1 Deposits	328	190	253	348	204	310	274	223	535	267
Assets held in custody										
2 U.S. Treasury securities[1]	112,544	117,670	118,267	115,184	116,989	121,755	124,400	123,321	120,978	118,000
3 Earmarked gold[2]	14,716	14,414	14,265	14,264	14,265	14,262	14,251	14,251	14,245	14,242

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	1982	1983	1984	1985						
				Mar.	Apr.	May	June	July	Aug.	Sept.^{p}
				All foreign countries						
1 **Total, all currencies**	**469,712**	**477,090**	**453,656r**	**463,379r**	**461,636r**	**459,416r**	**458,243r**	**464,000r**	**457,553**	**456,405**
2 Claims on United States	91,805	115,542	113,449r	119,943r	121,823r	121,140r	121,284r	119,393r	122,932	119,403
3 Parent bank	61,666	82,026	78,165r	86,825r	86,907r	85,609r	85,272r	84,045r	86,779	85,447
4 Other banks in United States[2] }	30,139	33,516	13,664	13,092	14,199	14,101	14,461	14,739	14,058	13,092
5 Nonbanks[2] }			21,620	20,026	20,717	21,430	21,551	20,609	22,095	20,864
6 Claims on foreigners	358,493	342,689	320,106r	323,008r	319,749r	317,589r	316,081r	322,749r	313,073	314,754
7 Other branches of parent bank	91,168	96,004	95,128r	93,397r	91,302r	90,826r	89,833r	91,172r	89,640	87,658
8 Banks	133,752	117,668	100,397r	105,514r	104,350r	102,312r	101,500r	104,813r	99,032	102,172
9 Public borrowers	24,131	24,517	23,343r	22,648r	23,195r	23,128r	23,051r	23,124r	22,863	23,277
10 Nonbank foreigners	*109,442*	*107,785*	*101,238r*	*101,449r*	*100,902r*	*101,323r*	*101,697r*	*103,640r*	*101,538*	*101,647*
11 Other assets	19,414	18,859	20,101r	20,428r	20,064r	20,687r	20,878r	21,858r	21,548	22,248
12 **Total payable in U.S. dollars**	**361,982**	**371,508**	**350,636r**	**355,810r**	**352,428r**	**350,609r**	**350,136r**	**346,109r**	**341,871**	**335,021**
13 Claims on United States	90,085	113,436	111,482r	117,572r	119,228r	118,687r	118,726r	116,422r	120,184	116,512
14 Parent bank	61,010	80,909	77,285r	85,743r	85,775r	84,640r	84,286r	82,895r	85,850	84,236
15 Other banks in United States[2] }	29,075	32,527	13,500	12,786	13,840	13,705	14,019	14,115	13,451	12,536
16 Nonbanks[2] }			20,697	19,043	19,613	20,342	20,421	19,412	20,883	19,740
17 Claims on foreigners	259,871	247,406	228,544r	228,169r	223,383r	221,989r	221,478r	219,824r	212,023	208,696
18 Other branches of parent bank	73,537	78,431	78,690r	77,636r	75,057r	75,067r	74,593r	74,471r	72,437	69,226
19 Banks	106,447	93,332	76,940r	79,014r	76,926r	75,706r	75,337r	75,339r	70,973	70,922
20 Public borrowers	18,413	17,890	17,626r	17,155r	17,316r	17,331r	17,220r	17,033r	17,037	17,274
21 Nonbank foreigners	61,474	60,977	55,288r	54,364r	54,084r	53,885r	54,328r	52,981r	51,576	51,274
22 Other assets	12,026	10,666	10,610r	10,069r	9,817r	9,933r	9,932r	9,863r	9,664	9,813
				United Kingdom						
23 **Total, all currencies**	**161,067**	**158,732**	**144,385**	**150,705**	**148,711**	**148,285**	**149,599**	**151,455**	**151,117**	**150,276**
24 Claims on United States	27,354	34,433	27,731	29,675	29,930	30,314	31,322	31,140	35,300	32,630
25 Parent bank	23,017	29,111	21,918	23,250	23,236	23,554	23,930	24,368	28,200	25,813
26 Other banks in United States[2] }	4,337	5,322	1,429	1,511	1,649	1,613	1,691	1,525	1,474	1,329
27 Nonbanks[2] }			4,384	4,914	5,045	5,147	5,701	5,247	5,626	5,488
28 Claims on foreigners	127,734	119,280	111,772	115,886	113,689	112,829	113,192	114,827	110,475	112,519
29 Other branches of parent bank	37,000	36,565	37,897	35,857	34,036	33,948	34,188	33,539	32,616	32,403
30 Banks	50,767	43,352	37,443	41,010	41,242	39,905	39,850	40,546	37,796	40,509
31 Public borrowers	6,240	5,898	5,334	4,949	4,967	4,932	4,973	5,056	5,054	5,112
32 Nonbank foreigners	33,727	33,465	31,098	34,070	33,444	34,044	34,181	35,686	35,009	34,495
33 Other assets	5,979	5,019	4,882	5,144	5,092	5,142	5,085	5,488	5,342	5,127
34 **Total payable in U.S. dollars**	**123,740**	**126,012**	**112,809**	**114,122**	**111,498**	**111,305**	**112,686**	**110,451**	**110,972**	**108,731**
35 Claims on United States	26,761	33,756	26,924	28,833	28,998	29,389	30,368	30,087	34,251	31,520
36 Parent bank	22,756	28,756	21,551	22,910	22,906	23,261	23,625	23,995	27,897	25,342
37 Other banks in United States[2] }	4,005	5,000	1,363	1,462	1,572	1,488	1,604	1,415	1,355	1,247
38 Nonbanks[2] }			4,010	4,461	4,520	4,640	5,139	4,677	4,999	4,931
39 Claims on foreigners	92,228	88,917	82,889	82,441	79,509	79,029	79,464	77,446	73,769	74,286
40 Other branches of parent bank	31,648	31,838	33,551	31,331	29,056	29,230	29,364	28,623	26,993	26,581
41 Banks	36,717	32,188	26,805	28,184	27,803	27,184	27,317	26,349	24,382	25,458
42 Public borrowers	4,329	4,194	4,030	3,534	3,503	3,500	3,587	3,538	3,599	3,633
43 Nonbank foreigners	19,534	20,697	18,503	19,392	19,147	19,115	19,196	18,936	18,795	18,614
44 Other assets	4,751	3,339	2,996	2,848	2,991	2,887	2,854	2,918	2,952	2,925
				Bahamas and Caymans						
45 **Total, all currencies**	**145,156**	**152,083**	**146,811**	**147,041**	**145,096**	**144,033**	**143,549**	**140,785**	**138,510**	**135,214**
46 Claims on United States	59,403	75,309	77,296	78,886	79,150	78,849	78,049	75,275	74,448	72,611
47 Parent bank	34,653	48,720	49,449	53,937	52,996	51,886	51,171	48,669	47,815	47,299
48 Other banks in United States[2] }	24,750	26,589	11,544	10,761	11,647	11,723	11,999	12,381	11,725	10,977
49 Nonbanks[2] }			16,303	14,188	14,507	15,240	14,879	14,225	14,908	14,335
50 Claims on foreigners	81,450	72,868	65,598	64,339	62,164	61,604	61,959	62,209	60,964	59,309
51 Other branches of parent bank	18,720	20,626	17,661	15,685	14,716	15,271	15,645	15,669	16,479	15,428
52 Banks	42,699	36,842	30,246	31,481	29,887	28,942	28,501	29,240	27,601	26,996
53 Public borrowers	6,413	6,093	6,089	6,349	6,683	6,604	6,642	6,505	6,432	6,486
54 Nonbank foreigners	13,618	12,592	11,602	10,824	10,878	10,787	11,171	10,795	10,452	10,399
55 Other assets	4,303	3,906	3,917	3,816	3,782	3,580	3,541	3,301	3,098	3,294
56 **Total payable in U.S. dollars**	**139,605**	**145,641**	**141,562**	**141,534**	**139,926**	**138,724**	**138,581**	**135,472**	**133,521**	**129,830**

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.

2. Data for assets vis-à-vis other banks in the United States and vis-à-vis nonbanks are combined for dates before June 1984.

3.14 Continued

Liability account	1982	1983	1984	1985 Mar.	Apr.	May	June	July	Aug.	Sept.p
						All foreign countries				
57 **Total, all currencies**	**469,712**	**477,090**	**453,656r**	**463,379r**	**461,636r**	**459,416r**	**458,243r**	**464,000r**	**457,553**	**456,405**
58 Negotiable CDs[3]	n.a.	n.a.	37,725	40,889	38,940	37,188	37,952	37,683	37,885	39,676
59 To United States	179,015	188,070	147,583r	146,041r	145,511r	145,610r	147,424r	146,389r	144,408	143,452
60 Parent bank	75,621	81,261	78,739r	76,355r	76,385r	78,419r	79,846r	80,656r	77,484	78,415
61 Other banks in United States	33,405	29,453	18,409	17,777	18,834	18,782	19,430	17,032	16,087	17,206
62 Nonbanks	69,989	77,356	50,435	51,909	50,292	48,409	48,148	48,701	50,837	47,831
63 To foreigners	270,853	269,685	247,907r	254,846r	255,632r	254,535r	251,572r	256,769r	252,717	250,144
64 Other branches of parent bank	90,191	90,615	93,909r	94,857r	92,502r	91,967r	91,110r	92,984r	90,483	87,752
65 Banks	96,860	92,889	78,203	82,670	83,614	81,537	80,496	82,777	80,940	82,528
66 Official institutions	19,614	18,896	20,281	20,831	21,854	21,827	21,703	20,937	21,234	21,015
67 Nonbank foreigners	64,188	68,845	55,514r	56,488r	57,662r	59,204r	58,263r	60,071r	60,060	58,849
68 Other liabilities	19,844	19,335	20,441r	21,603r	21,553r	22,083r	21,295r	23,159r	22,543	23,133
69 **Total payable in U.S. dollars**	**379,270**	**388,291**	**367,145r**	**370,281r**	**366,525r**	**364,590r**	**365,812r**	**361,403r**	**357,182**	**350,122**
70 Negotiable CDs[3]	n.a.	n.a.	35,227	38,199	35,958	34,216	34,637	33,716	34,030	35,695
71 To United States	175,528	184,305	143,571r	141,702r	140,855r	140,958r	142,499r	141,145r	138,786	136,813
72 Parent bank	73,295	79,035	75,254r	73,932r	73,786r	75,795r	77,040r	77,543r	74,176	74,562
73 Other banks in United States	33,040	28,936	17,935	17,228	18,270	18,209	18,869	16,446	15,466	16,281
74 Nonbanks	69,193	76,334	49,382	50,542	48,799	46,954	46,590	47,156r	49,144	45,970
75 To foreigners	192,510	194,139	178,260r	180,137r	179,488r	179,567r	179,353r	177,144r	174,645	167,617
76 Other branches of parent bank	72,921	73,522	77,770	79,182r	76,650r	76,107r	75,930r	76,386r	73,770	69,510
77 Banks	57,463	57,022	45,123	44,863	45,167	44,413	44,694	43,691	42,859	41,312
78 Official institutions	15,055	13,855	15,773	16,049	17,178	17,407	17,278	15,935	16,238	16,221
79 Nonbank foreigners	47,071	51,260	39,594	40,033r	40,493r	41,640r	41,451r	41,132r	41,778	40,574
80 Other liabilities	11,232	9,847	10,087	10,243r	10,224r	9,849r	9,323r	9,398r	9,721	9,997
						United Kingdom				
81 **Total, all currencies**	**161,067**	**158,732**	**144,385**	**150,705**	**148,711**	**148,285**	**149,599**	**151,455**	**151,117**	**150,276**
82 Negotiable CDs[3]	n.a.	n.a.	34,413	37,350	35,326	33,661	34,437	34,094	34,156	35,819
83 To United States	53,954	55,799	25,250	23,735	23,986	24,811	25,480	24,167	25,158	25,747
84 Parent bank	13,091	14,021	14,651	14,507	14,033	14,278	14,910	13,434	14,336	14,592
85 Other banks in United States	12,205	11,328	3,125	2,673	2,665	2,735	3,571	2,853	2,839	3,726
86 Nonbanks	28,658	30,450	7,474	6,555	7,288	7,798	6,999	7,880	7,983	7,429
87 To foreigners	99,567	95,847	77,424	80,966	80,913	81,033	81,004	83,480	82,317	79,471
88 Other branches of parent bank	18,361	19,038	21,631	23,699	21,887	21,784	22,565	23,647	22,348	20,233
89 Banks	44,020	41,624	30,436	32,003	32,259	31,573	30,852	32,389	31,518	32,041
90 Official institutions	11,504	10,151	10,154	10,305	11,590	11,260	11,240	10,180	10,823	10,824
91 Nonbank foreigners	25,682	25,034	15,203	14,959	15,177	16,416	16,347	17,264	17,628	16,373
92 Other liabilities	7,546	7,086	7,298	8,654	8,486	8,780	8,678	9,714	9,486	9,239
93 **Total payable in U.S. dollars**	**130,261**	**131,167**	**117,497**	**117,984**	**116,128**	**115,742**	**117,333**	**114,123**	**115,064**	**112,816**
94 Negotiable CDs[3]	n.a.	n.a.	33,070	35,721	33,763	32,140	32,721	31,743	31,911	33,380
95 To United States	53,029	54,691	24,105	22,232	22,281	23,206	23,729	22,254	23,119	23,529
96 Parent bank	12,814	13,839	14,339	14,127	13,569	13,869	14,472	12,777	13,773	13,995
97 Other banks in United States	12,026	11,044	2,980	2,503	2,500	2,550	3,387	2,687	2,628	3,509
98 Nonbanks	28,189	29,808	6,786	5,602	6,212	6,787	5,870	6,790	6,718	6,025
99 To foreigners	73,477	73,279	56,923	56,574	56,473	56,885	57,504	56,783	56,208	52,045
100 Other branches of parent bank	14,300	15,403	18,294	20,127	18,451	18,375	19,053	19,640	18,241	15,999
101 Banks	28,810	29,320	18,356	17,191	17,497	17,417	17,175	17,249	16,975	15,787
102 Official institutions	9,668	8,279	8,871	8,734	9,989	9,687	9,648	8,430	9,005	9,055
103 Nonbank foreigners	20,699	20,277	11,402	10,522	10,536	11,406	11,628	11,464	11,987	11,204
104 Other liabilities	3,755	3,197	3,399	3,457	3,611	3,511	3,379	3,343	3,826	3,862
						Bahamas and Caymans				
105 **Total, all currencies**	**145,156**	**152,083**	**146,811**	**147,041**	**145,096**	**144,033**	**143,549**	**140,785**	**138,510**	**135,214**
106 Negotiable CDs[3]	n.a.	n.a.	615	779	634	436	344	320	356	686
107 To United States	104,425	111,299	102,955	103,046	100,489	99,379	99,856	98,682	95,793	94,071
108 Parent bank	47,081	50,980	47,162	45,391	43,749	45,557	45,740	47,147	43,384	44,431
109 Other banks in United States	18,466	16,057	13,938	13,959	15,112	14,545	14,748	12,979	12,153	12,081
110 Nonbanks	38,878	44,262	41,855	43,696	41,628	39,277	39,368	38,566	40,256	37,559
111 To foreigners	38,274	38,445	40,320	40,367	41,102	41,437	40,621	39,081	39,679	37,667
112 Other branches of parent bank	15,796	14,936	16,782	16,744	17,179	17,759	16,615	16,645	17,638	16,023
113 Banks	10,166	11,876	12,405	12,562	13,469	12,879	13,600	12,329	11,452	11,423
114 Official institutions	1,967	1,919	2,054	1,884	1,598	2,194	1,866	1,941	1,687	1,760
115 Nonbank foreigners	10,345	11,274	9,079	9,177	8,856	8,605	8,540	8,166	8,902	8,461
116 Other liabilities	2,457	2,339	2,921	2,849	2,871	2,781	2,728	2,702	2,682	2,790
117 **Total payable in U.S. dollars**	**141,908**	**148,278**	**143,582**	**143,215**	**140,945**	**139,909**	**139,648**	**136,820**	**134,623**	**130,921**

3. Before June 1984, liabilities on negotiable CDs were included in liabilities to the United States or liabilities to foreigners, according to the address of the initial purchaser.

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1983	1984	1985						
			Mar.r	Apr.r	Mayr	Juner	Julyr	Aug.	Sept.p
1 **Total**[1]	**177,950**	**180,525r**	**169,891**	**170,609**	**173,725**	**177,780**	**180,766**	**181,105**	**180,246**
By type									
2 Liabilities reported by banks in the United States[2]	25,534	26,089	23,050	22,771	23,153	22,915	22,101	23,154	25,826
3 U.S. Treasury bills and certificates[3]	54,341	59,976	54,685	57,226	56,691	58,589	60,727	60,921	56,493
U.S. Treasury bonds and notes									
4 Marketable	68,514	69,029	67,647	67,022	70,552	73,265	75,053	75,157	76,221
5 Nonmarketable[4]	7,250	5,800	5,300	4,900	4,500	4,500	4,500	3,550	3,550
6 U.S. securities other than U.S. Treasury securities[5]	22,311	19,631r	19,209	18,690	18,829	18,511	18,385	18,323	18,156
By area									
7 Western Europe[1]	67,645	69,789	63,746	65,660	67,948	70,346	73,378	75,156	74,431
8 Canada	2,438	1,528	1,715	1,403	1,558	1,571	2,010	1,664	1,561
9 Latin America and Caribbean	6,248	8,554	7,518	7,528	8,072	8,467	8,846	9,524	10,529
10 Asia	92,572	93,920r	90,749	89,965	90,181	91,406	90,834	89,485	88,287
11 Africa	958	1,264	1,200	1,403	1,262	1,299	1,259	1,110	1,447
12 Other countries[6]	8,089	5,470	4,963	4,650	4,704	4,691	4,439	4,166	3,991

1. Includes the Bank for International Settlements.
2. Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3. Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4. Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5. Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.
6. Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

3.16 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1981	1982	1983	1984		1985	
				Sept.r	Dec.r	Mar.	June
1 Banks' own liabilities	3,523	4,844	5,219	6,216	8,578	8,012	10,150
2 Banks' own claims	4,980	7,707	7,231	9,279	11,874	12,639	14,012
3 Deposits	3,398	4,251	2,731	3,610	4,998	6,148	7,437
4 Other claims	1,582	3,456	4,501	5,669	6,876	6,491	6,575
5 Claims of banks' domestic customers[1]	971	676	1,059	281	569	440	243

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.

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

Millions of dollars, end of period

Holder and type of liability	1982	1983	1984	1985						
				Mar.	Apr.	May	June	July	Aug.	Sept.p
1 **All foreigners**	**307,056**	**369,607**	**407,133r**	**413,430r**	**410,976r**	**411,297r**	**412,861r**	**416,420r**	**417,536**	**420,560**
2 Banks' own liabilities	227,089	279,087	306,499r	317,302r	313,018r	315,608r	317,062r	318,944r	318,718	323,191
3 Demand deposits	15,889	17,470	19,571	18,114r	18,295	17,705	19,423r	17,662r	17,735	20,953
4 Time deposits[1]	68,797	90,632	110,286r	119,361r	117,872r	120,792r	116,331r	116,069r	119,070	115,664
5 Other[2]	23,184	25,874	26,002r	25,057r	24,392r	25,614	25,782r	25,875r	25,686	29,617
6 Own foreign offices[3]	119,219	145,111	150,640r	154,770r	152,459r	151,496r	155,526r	159,338r	156,227	156,957
7 Banks' custody liabilities[4]	79,967	90,520	100,634r	96,128	97,958	95,690	95,799r	97,477r	98,818	97,369
8 U.S. Treasury bills and certificates[5]	55,628	68,669	76,368r	71,552	73,078	71,597	73,061	75,396	75,797	73,398
9 Other negotiable and readily transferable instruments[6]	20,636	17,467	18,747r	18,099	18,337	17,690	16,207	16,165r	16,547	17,110
10 Other	3,702	4,385	5,518r	6,477	6,543	6,403	6,532r	5,916r	6,475	6,861
11 **Nonmonetary international and regional organizations[7]**	**4,922**	**5,957**	**4,083**	**5,905**	**6,166r**	**6,694**	**5,709**	**5,019r**	**7,353**	**7,467**
12 Banks' own liabilities	1,909	4,632	1,644	2,333	3,137r	4,389	3,928	3,243r	5,569	3,275
13 Demand deposits	106	297	254	191	167	264	164	134	252	243
14 Time deposits[1]	1,664	3,584	1,102	1,488	2,276	3,747	3,023	2,556r	4,366	2,261
15 Other[2]	139	750	288	654	694r	377	740	553	951	771
16 Banks' custody liabilities[4]	3,013	1,325	2,440	3,572	3,029	2,305	1,782	1,777	1,784	4,192
17 U.S. Treasury bills and certificates	1,621	463	916	2,082	1,434	775	642	767	742	2,759
18 Other negotiable and readily transferable instruments[6]	1,392	862	1,524	1,490	1,593	1,531	1,140	1,010	1,042	1,433
19 Other	0	0	0	0	2	0	0	0	1	0
20 **Official institutions[8]**	**71,647**	**79,876**	**86,065**	**77,734r**	**79,997r**	**79,844r**	**81,504r**	**82,828r**	**84,075**	**82,320**
21 Banks' own liabilities	16,640	19,427	19,039	16,836r	16,631r	17,652r	17,795r	17,256r	17,650	20,205
22 Demand deposits	1,899	1,837	1,823	1,923	1,975	1,630	1,891	1,546	1,538	2,166
23 Time deposits[1]	5,528	7,318	9,374	8,518r	9,176r	8,728r	9,050r	9,070r	9,274	8,951
24 Other[2]	9,212	10,272	7,842	6,395r	5,481	7,294	6,853r	6,640r	6,839	9,089
25 Banks' custody liabilities[4]	55,008	60,448	67,026	60,898	63,366	62,192	63,710	65,572r	66,425	62,114
26 U.S. Treasury bills and certificates[5]	46,658	54,341	59,976	54,685	57,226	56,691	58,589	60,727	60,921	56,493
27 Other negotiable and readily transferable instruments[6]	8,321	6,082	6,966	6,109	6,007	5,451	5,042	4,725r	5,291	5,486
28 Other	28	25	84	105	133	50	78	120	213	135
29 **Banks[9]**	**185,881**	**226,887**	**248,897r**	**257,656r**	**253,040r**	**251,784r**	**254,045r**	**257,113r**	**254,070**	**257,537**
30 Banks' own liabilities	169,449	205,347	225,372r	235,223r	230,607r	229,858r	232,319r	235,488r	231,826	234,954
31 Unaffiliated foreign banks	50,230	60,236	74,732r	80,452r	78,149	78,361r	76,793r	76,150r	75,599	77,997
32 Demand deposits	8,675	8,759	10,556	9,137r	9,266	8,714	9,847	8,647	8,594	10,478
33 Time deposits[1]	28,386	37,439	47,155r	54,250r	51,610	52,674r	49,968r	49,919r	49,975	49,276
34 Other[2]	13,169	14,038	17,021r	17,064r	17,273	16,973	16,977r	17,584r	17,030	18,244
35 Own foreign offices[3]	119,219	145,111	150,640r	154,770r	152,459r	151,496r	155,526r	159,338r	156,227	156,957
36 Banks' custody liabilities[4]	16,432	21,540	23,525r	22,433	22,432	21,926	21,727r	21,625	22,244	22,583
37 U.S. Treasury bills and certificates	5,809	10,178	11,448r	10,602	10,446	10,216	9,745	9,934	9,966	9,952
38 Other negotiable and readily transferable instruments[6]	7,857	7,485	7,236r	6,206	6,235	6,104	6,231	6,390r	6,506	6,418
39 Other	2,766	3,877	4,841r	5,625	5,751	5,606	5,751r	5,301r	5,772	6,214
40 **Other foreigners**	**44,606**	**56,887**	**68,087r**	**72,135r**	**71,774r**	**72,976r**	**71,602r**	**71,460r**	**72,038**	**73,235**
41 Banks' own liabilities	39,092	49,680	60,444r	62,911r	62,643r	63,710r	63,020r	62,957r	63,673	64,756
42 Demand deposits	5,209	6,577	6,938r	6,863	6,888	7,098	7,520r	7,335r	7,351	8,066
43 Time deposits	33,219	42,290	52,655r	55,105r	54,810r	55,643r	54,290r	54,524r	55,455	55,177
44 Other[2]	664	813	851	943	945	969	1,211	1,098r	867	1,513
45 Banks' custody liabilities[4]	5,514	7,207	7,642r	9,224	9,131	9,266	8,581	8,503r	8,365	8,479
46 U.S. Treasury bills and certificates	1,540	3,686	4,029r	4,182	3,973	3,915	4,085	3,968	4,169	4,193
47 Other negotiable and readily transferable instruments[6]	3,065	3,038	3,021r	4,294	4,501	4,604	3,793	4,040	3,708	3,774
48 Other	908	483	593r	748	657	746	704	495r	489	513
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	14,307	10,346	10,476	9,412	9,145	9,081	8,679	8,567	8,903	9,177

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	1982	1983	1984	1985 Mar.	1985 Apr.	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.p
1 **Total**	**307,056**	**369,607**	**407,133r**	**413,430r**	**410,976r**	**411,297r**	**412,861**	**416,420r**	**417,536**	**420,560**
2 **Foreign countries**	**302,134**	**363,649**	**403,049r**	**407,525r**	**404,811r**	**404,603r**	**407,152**	**411,401r**	**410,183**	**413,092**
3 Europe	117,756	138,072	153,212r	151,763r	149,218r	151,219	153,718	156,132r	160,215	157,019
4 Austria	519	585	615	670	537	627	563	567	711	767
5 Belgium-Luxembourg	2,517	2,709	4,114	4,797	4,795	4,619	4,889	5,743	5,416	5,710
6 Denmark	509	466	438	452	557	494	727	684	617	778
7 Finland	748	531	418	804	476	604	325	349	377	351
8 France	8,171	9,441	12,701	12,782	13,627	14,178	13,849	15,237	15,626	15,664
9 Germany	5,351	3,599	3,358	2,923	3,539	3,727	4,003	4,389	5,359	5,218
10 Greece	537	520	699	730	649	585	605	588	531	603
11 Italy	5,626	8,462	10,762r	8,412	7,895	8,467	9,276	9,624	9,537	9,088
12 Netherlands	3,362	4,290	4,799	5,037r	4,558r	4,685	4,386	4,689	4,691	4,569
13 Norway	1,567	1,673	1,548	1,889	2,138	1,994	1,397	1,183	1,156	1,043
14 Portugal	388	373	597	715	698	665	635	658	672	640
15 Spain	1,405	1,603	2,082	2,079	2,000	2,030	2,015	2,113	2,034	2,140
16 Sweden	1,390	1,799	1,676	1,667	1,901	1,689	2,277	2,559	2,008	1,668
17 Switzerland	29,066	32,246	31,740r	30,421	30,059	29,706	29,547	29,835r	29,535	29,309
18 Turkey	296	467	584	527	506	384	631	598	404	516
19 United Kingdom	48,172	60,683	68,671r	70,289	68,239	69,779	70,958	70,208r	73,557	70,487
20 Yugoslavia	499	562	602	671	648	585	729	626	622	647
21 Other Western Europe[1]	7,006	7,403	7,192r	6,286	5,790	5,877	6,261	6,004r	6,814	7,302
22 U.S.S.R.	50	65	79	94	125	67	31	72	45	37
23 Other Eastern Europe[2]	576	596	537	517	480	458	614	406	504	483
24 Canada	12,232	16,026	16,048	17,228	17,006	16,214	15,874	16,284	16,739	17,363
25 Latin America and Caribbean	114,163	140,088	153,516r	157,687r	156,823r	157,092r	158,310	159,011r	154,895	157,470
26 Argentina	3,578	4,038	4,394r	4,528r	4,664	4,912	5,081	5,322	5,283	5,639
27 Bahamas	44,744	55,818	56,897	59,600	59,069	58,195	57,406	55,858	55,446	53,660
28 Bermuda	1,572	2,266	2,370	2,799	3,159	3,192	2,503	2,380	2,741	2,124
29 Brazil	2,014	3,168	5,275r	4,599r	4,743	5,376	5,187	5,602r	5,910	5,873
30 British West Indies	26,381	34,545	36,773r	36,593	35,765	35,489	38,965	40,965r	35,654	38,891
31 Chile	1,626	1,842	2,001	1,897	1,909	1,922	1,870	1,910	1,966	1,992
32 Colombia	2,594	1,689	2,514	2,540	2,401	2,452	2,526	2,421	2,543	2,599
33 Cuba	9	8	10	6	6	7	6	10	9	13
34 Ecuador	455	1,047	1,092	1,024	1,022	987	1,004	1,046	1,043	1,251
35 Guatemala	670	788	896	950	955	979	963	972	995	1,005
36 Jamaica	126	109	183	163	154	146	123	194	152	144
37 Mexico	8,377	10,392	12,506	13,293r	13,222r	13,678r	13,533	13,123r	13,381	13,809
38 Netherlands Antilles	3,597	3,879	4,153	4,582r	4,383	4,439	4,200	4,025	4,261	4,973
39 Panama	4,805	5,924	6,951	7,488	7,584	7,570	7,427	7,462	7,447	7,163
40 Peru	1,147	1,166	1,266	1,132	1,077	1,162	1,168	1,113	1,133	1,159
41 Uruguay	759	1,244	1,394	1,443	1,461	1,492	1,415	1,460	1,557	1,576
42 Venezuela	8,417	8,632	10,545	10,649	10,791	10,696	10,471	10,853	10,940	11,086
43 Other Latin America and Caribbean	3,291	3,535	4,297	4,401	4,458	4,396	4,460	4,297	4,435	4,515
44 Asia	48,716	58,570	71,192r	72,219r	73,370r	71,641r	70,477	71,715r	70,513	73,291
China										
45 Mainland	203	249	1,153	980	912	698	886	939	1,135	1,973
46 Taiwan	2,761	4,051	4,975	5,306	5,242	5,381	5,545	5,849	6,047	6,268
47 Hong Kong	4,465	6,657	6,594	6,937	7,091	7,360	7,989	7,831r	8,012	7,906
48 India	433	464	507	738	554	546	569	555	484	646
49 Indonesia	857	997	1,033	1,175r	1,241r	1,164r	1,264	1,463	1,337	1,358
50 Israel	606	1,722	1,268	941	873	988	1,053	1,011	885	1,190
51 Japan	16,078	18,079	21,652r	24,540	22,683	22,688	21,103	22,913r	22,537	23,583
52 Korea	1,692	1,648	1,724	1,526	1,595	1,598	1,705	1,493	1,584	1,657
53 Philippines	770	1,234	1,383	1,102	1,223	1,305	1,443	1,335	1,694	1,606
54 Thailand	629	747	1,257	1,384	1,141	1,167	1,063	984	1,073	1,029
55 Middle-East oil-exporting countries[3]	13,433	12,976	16,804	16,391	16,373	16,316	15,052	15,410	14,812	15,343
56 Other Asia	6,789	9,748	12,841r	11,200	14,441	12,430	12,805	11,932r	10,915	10,733
57 Africa	3,124	2,827	3,396	3,476	3,517	3,429	3,920	3,384	3,501	3,641
58 Egypt	432	671	647	715	747	618	745	881	737	932
59 Morocco	81	84	118	167	155	189	161	98	162	157
60 South Africa	292	449	328	244	339	273	332	181	420	370
61 Zaire	23	87	153	100	128	124	170	87	103	115
62 Oil-exporting countries[4]	1,280	620	1,189	1,346	1,177	1,114	1,497	1,099	1,092	1,049
63 Other Africa	1,016	917	961	903	969	1,112	1,015	1,037	986	1,018
64 Other countries	6,143	8,067	5,684	5,152	4,877	5,009	4,854	4,876	4,319	4,308
65 Australia	5,904	7,857	5,300	4,743	4,456	4,608	4,462	4,364	3,850	3,768
66 All other	239	210	384	409	422	401	392	511	469	540
67 Nonmonetary international and regional organizations	4,922	5,957	4,083	5,905	6,166r	6,694	5,709	5,019r	7,353	7,467
68 International	4,049	5,273	3,376	5,132	5,301r	5,636	4,698	3,967r	6,458	6,542
69 Latin American regional	517	419	587	632	706	834	808	782	739	796
70 Other regional[5]	357	265	120	141	159	224	203	270	156	129

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	1982	1983	1984	1985 Mar.	Apr.	May	June	July	Aug.	Sept.p
1 **Total**	**355,705**	**391,312**	**398,845r**	**397,317r**	**391,432r**	**391,355r**	**396,253**	**390,368r**	**387,407**	**392,629**
2 **Foreign countries**	**355,636**	**391,148**	**398,251r**	**397,067r**	**390,295r**	**390,540r**	**395,543**	**390,094r**	**386,969**	**392,247**
3 Europe	85,584	91,927	98,151r	101,962r	99,630r	100,205r	100,953	100,377r	100,897	105,865
4 Austria	229	401	433	484	519	552	536	815	703	762
5 Belgium-Luxembourg	5,138	5,639	4,794	5,233	5,161	5,264	5,219	5,740	5,496	6,147
6 Denmark	554	1,275	648	638	601	560	474	498	492	615
7 Finland	990	1,044	898	826	804	700	896	875	738	906
8 France	7,251	8,766	9,142r	10,042	10,278r	10,462	9,969	10,001r	10,226	11,119
9 Germany	1,876	1,284	1,313	1,072	1,008	1,015	1,223	1,115r	933	999
10 Greece	452	476	817	848	907	921	1,002	947	959	1,014
11 Italy	7,560	9,018	9,119r	8,711	8,256	7,798	7,520	7,623	6,522	7,421
12 Netherlands	1,425	1,267	1,351	1,348	1,401	1,040	1,339	1,137r	1,188	1,281
13 Norway	572	690	675	621	748	753	750	710	683	856
14 Portugal	950	1,114	1,243	1,186	1,151	1,158	1,156	1,151	1,181	1,211
15 Spain	3,744	3,573	2,884	2,978	2,890	2,587	2,700	2,387	2,146	2,440
16 Sweden	3,038	3,358	2,220	2,342	2,338	2,177	2,067	2,698	2,478	2,470
17 Switzerland	1,639	1,863	2,123	1,921	1,843	1,631	2,231	2,669	2,629	3,091
18 Turkey	560	812	1,130	1,172	1,147	1,162	1,208	1,313	1,234	1,303
19 United Kingdom	45,781	47,364	55,352r	58,585r	56,396r	58,020r	58,377	56,437r	59,270	60,186
20 Yugoslavia	1,430	1,718	1,886	1,793	1,892	1,940	1,958	1,972	1,954	1,899
21 Other Western Europe[1]	368	477	596	642	640	760	775	679	629	692
22 U.S.S.R	263	192	142	203	245	312	297	250	239	199
23 Other Eastern Europe[2]	1,762	1,598	1,382	1,317	1,404	1,393	1,255	1,358r	1,198	1,256
24 Canada	13,678	16,341	16,093r	18,816r	18,383r	17,926r	17,889	16,696	17,015	16,944
25 Latin America and Caribbean	187,969	205,491	207,649r	202,940r	199,130r	201,180r	203,974	200,765r	196,806	196,292
26 Argentina	10,974	11,749	11,043	11,162	11,163	11,346	11,416	11,456	11,293	11,850
27 Bahamas	56,649	59,633	57,949r	57,638r	55,554r	56,781r	59,477	55,610	53,435	53,091
28 Bermuda	603	566	592	464	633	506	563	405	503	564
29 Brazil	23,271	24,667	26,315	26,124	26,207	26,434	26,549	26,559r	26,431	26,010
30 British West Indies	29,101	35,527	38,120r	36,396r	35,571r	36,107r	36,372	37,436	35,857	35,259
31 Chile	5,513	6,072	6,839	6,775	6,676	6,634	6,680	6,663	6,476	6,524
32 Colombia	3,211	3,745	3,499	3,313	3,246	3,270	3,207	3,210	3,195	3,251
33 Cuba	3	0	0	0	0	0	0	0	0	0
34 Ecuador	2,062	2,307	2,420	2,470	2,467	2,487	2,493	2,450	2,430	2,486
35 Guatemala[3]	124	129	158	154	154	149	145	153	149	168
36 Jamaica[3]	181	215	252	233	223	237	227	234	228	228
37 Mexico	29,552	34,802	34,824	33,410	32,554	32,748	32,384	32,129r	32,363	32,338
38 Netherlands Antilles	839	1,154	1,350	1,259r	1,319	1,386	1,249	1,110	1,135	1,139
39 Panama	10,210	7,848	7,707	7,083	7,039	6,751	6,856	6,985	6,923	7,055
40 Peru	2,357	2,536	2,384	2,345	2,353	2,310	2,286	2,237	2,221	2,206
41 Uruguay	686	977	1,088	1,019	1,014	1,013	1,013	1,007	1,018	1,035
42 Venezuela	10,643	11,287	11,017	10,956	10,804	10,947	10,996	10,992	11,028	11,082
43 Other Latin America and Caribbean	1,991	2,277	2,091	2,139	2,154	2,072	2,060	2,129r	2,122	2,005
44 Asia	60,952	67,837	66,296r	63,619r	63,450r	61,833r	63,470	63,242r	63,544	64,356
China										
45 Mainland	214	292	710	650	572	543	358	635	560	1,171
46 Taiwan	2,288	1,908	1,849	1,954	1,937	1,641	1,718	1,540	1,517	1,514
47 Hong Kong	6,787	8,489	7,283	6,644r	6,897	7,290	7,237	7,473r	7,989	7,705
48 India	222	330	425	284	307	270	310	385r	460	462
49 Indonesia	348	805	724r	780	704	701	682	631	623	718
50 Israel	2,029	1,832	2,088	1,941	2,004	2,038	2,598	2,053	1,927	1,875
51 Japan	28,379	30,354	29,066r	27,996r	26,614r	25,429r	26,529	26,336	27,662	26,952
52 Korea	9,387	9,943	9,285	9,329r	9,434	9,127	9,158	9,707	9,291	9,092
53 Philippines	2,625	2,107	2,550	2,435	2,360	2,384	2,448	2,454	2,487	2,443
54 Thailand	643	1,219	1,125	1,005	939	852	862	746r	755	791
55 Middle East oil-exporting countries[4]	3,087	4,954	5,044	4,708	5,509	5,546	5,120	5,315	4,116	4,845
56 Other Asia	4,943	5,603	6,147r	5,895	6,171	6,012r	6,449	5,967	6,158	6,786
57 Africa	5,346	6,654	6,615	6,221	6,299	6,203	6,075	5,957r	5,718	5,701
58 Egypt	322	747	728	674	629	612	626	606	585	634
59 Morocco	353	440	583	584	595	577	592	596	598	592
60 South Africa	2,012	2,634	2,795	2,420	2,508	2,497	2,524	2,402	2,214	2,094
61 Zaire	57	33	18	24	24	24	24	24	25	22
62 Oil-exporting countries[5]	801	1,073	842	819	893	871	740	743	722	835
63 Other	1,802	1,727	1,649	1,700	1,651	1,621	1,569	1,587r	1,574	1,525
64 Other countries	2,107	2,898	3,447r	3,510	3,403	3,194	3,183	3,057	2,988	3,090
65 Australia	1,713	2,256	2,769r	2,824	2,755	2,536	2,498	2,320	2,225	2,303
66 All other	394	642	678	686	648	658	685	737	764	787
67 Nonmonetary international and regional organizations[6]	68	164	594r	250r	1138r	815	710	275	438	382

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

NOTE. Data for period before April 1978 include claims of banks' domestic customers on foreigners.

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	1982	1983	1984r	1985						
				Mar.r	Apr.r	Mayr	June	Julyr	Aug.	Sept.p
1 **Total**	**396,015**	**426,215**	**431,761**	**430,963**	....	....	**425,692**	....	....	**392,629**
2 Banks' own claims on foreigners	355,705	391,312	398,845	397,317	391,432	391,355	396,253	390,368	387,407	392,629
3 Foreign public borrowers	45,422	57,569	61,595	61,811	62,114	61,673	61,241	61,239	60,907	61,981
4 Own foreign offices[1]	127,293	146,393	156,174	157,798	155,070	157,026	162,840	158,164	155,533	159,342
5 Unaffiliated foreign banks	121,377	123,837	123,967	122,601	119,696	119,435	118,493	117,446	117,674	118,344
6 Deposits	44,223	47,126	48,379	50,032	47,990	48,459	48,135	48,786	49,357	48,679
7 Other	77,153	76,711	75,588	72,568	71,706	70,976	70,358	68,660	68,316	69,665
8 All other foreigners	61,614	63,514	57,109	55,107	54,552	53,222	53,679	53,520	53,294	52,961
9 Claims of banks' domestic customers[2]	40,310	34,903	32,916	33,646	....	....	29,439	....	....	....
10 Deposits	2,491	2,969	3,380	3,806	....	....	2,870	....	....	....
11 Negotiable and readily transferable instruments[3]	30,763	26,064	23,805	24,641	....	....	21,064	....	....	....
12 Outstanding collections and other claims	7,056	5,870	5,732	5,198	....	....	5,505	....	....	....
13 MEMO: Customer liability on acceptances	38,153	37,715	37,103	35,496	....	....	31,699	....	....	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	42,499	46,217	40,508	39,703	39,407	37,484	35,943r	37,336	38,068	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	1981▲	1982	1983	1984		1985	
				Sept.r	Dec.r	Mar.r	June
1 **Total**	**154,590**	**228,150**	**243,715**	**240,752**	**243,409**	**239,521**	**231,713**
By borrower							
2 Maturity of 1 year or less[1]	116,394	173,917	176,158	162,974	166,381	165,185	158,641
3 Foreign public borrowers	15,142	21,256	24,039	21,216	22,758	23,615	23,899
4 All other foreigners	101,252	152,661	152,120	141,758	143,623	141,570	134,742
5 Maturity of over 1 year[1]	38,197	54,233	67,557	77,779	77,027	74,335	73,072
6 Foreign public borrowers	15,589	23,137	32,521	38,695	39,247	38,164	37,425
7 All other foreigners	22,608	31,095	35,036	39,084	37,780	36,171	35,647
By area							
Maturity of 1 year or less[1]							
8 Europe	28,130	50,500	56,117	56,824	58,398	60,391	55,656
9 Canada	4,662	7,642	6,211	5,853	6,015	7,531	6,135
10 Latin America and Caribbean	48,717	73,291	73,660	61,495	61,653	60,162	63,545
11 Asia	31,485	37,578	34,403	32,297	33,484	30,690	27,537
12 Africa	2,457	3,680	4,199	4,798	4,442	4,109	4,003
13 All other[2]	943	1,226	1,569	1,705	2,388	2,301	1,764
Maturity of over 1 year[1]							
14 Europe	8,100	11,636	13,576	11,250	9,605	8,545	8,628
15 Canada	1,808	1,931	1,857	1,801	1,890	2,181	2,116
16 Latin America and Caribbean	25,209	35,247	43,888	56,627	57,069	55,372	53,507
17 Asia	1,907	3,185	4,850	5,079	5,323	5,221	5,203
18 Africa	900	1,494	2,286	1,871	2,033	1,963	1,996
19 All other[2]	272	740	1,101	1,150	1,107	1,053	1,622

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

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]

Billions of dollars, end of period

Area or country	1981	1982	1983			1984				1985	
			June	Sept.	Dec.	Mar.	June[7]	Sept.	Dec.	Mar.	June[p]
1 Total	**415.2**	**438.7**	**439.9**	**431.0**	**437.3**	**435.1**	**430.6**	**410.1**	**407.7**	**409.3**	**400.6**
2 G-10 countries and Switzerland	175.5	179.7	177.1	168.8	168.0	166.0	157.7	148.0	147.6	152.4	146.7
3 Belgium-Luxembourg	13.3	13.1	13.3	12.6	12.4	11.0	10.9	9.8	8.8	9.4	9.0
4 France	15.3	17.1	17.1	16.2	16.3	15.9	14.2	14.3	14.1	14.6	13.6
5 Germany	12.9	12.7	12.6	11.6	11.3	11.7	10.9	10.0	9.0	8.9	9.6
6 Italy	9.6	10.3	10.5	9.9	11.4	11.2	11.5	9.7	10.1	10.0	8.9
7 Netherlands	4.0	3.6	4.0	3.6	3.5	3.4	3.0	3.4	3.9	3.7	3.7
8 Sweden	3.7	5.0	4.7	4.9	5.1	5.2	4.3	3.5	3.2	3.1	2.9
9 Switzerland	5.5	5.0	4.8	4.2	4.3	4.3	4.2	3.9	3.9	4.2	4.0
10 United Kingdom	70.1	72.1	70.8	67.8	65.4	65.1	60.5	57.4	59.8	64.8	65.2
11 Canada	10.9	10.4	10.8	8.9	8.3	8.6	8.9	8.1	7.8	9.0	8.0
12 Japan	30.2	30.2	28.5	29.0	29.9	29.7	29.3	27.9	27.2	24.7	21.9
13 Other developed countries	28.4	33.7	34.5	34.3	36.1	35.7	37.1	36.3	33.8	33.0	32.4
14 Austria	1.9	1.9	2.1	1.9	1.9	2.0	1.9	1.8	1.6	1.6	1.6
15 Denmark	2.3	2.4	3.4	3.3	3.4	3.4	3.1	2.9	2.2	2.1	1.9
16 Finland	1.7	2.2	2.1	1.8	2.4	2.1	2.3	1.9	1.9	1.8	1.8
17 Greece	2.8	3.0	2.9	2.9	2.8	3.0	3.3	3.2	2.9	2.9	2.9
18 Norway	3.1	3.3	3.4	3.2	3.3	3.2	3.2	3.2	3.0	2.9	2.9
19 Portugal	1.1	1.5	1.4	1.4	1.5	1.4	1.7	1.6	1.4	1.4	1.3
20 Spain	6.6	7.5	7.2	7.1	7.1	7.1	7.3	6.9	6.5	6.5	5.9
21 Turkey	1.4	1.4	1.4	1.5	1.7	1.9	2.0	2.0	1.9	1.9	2.0
22 Other Western Europe	2.1	2.3	2.0	2.1	1.8	1.8	1.9	1.7	1.7	1.7	1.8
23 South Africa	2.8	3.7	3.9	4.7	4.7	4.8	4.7	5.0	4.5	4.2	3.9
24 Australia	2.5	4.4	4.5	4.4	5.5	5.2	5.7	6.2	6.1	6.2	6.3
25 OPEC countries[2]	24.8	27.4	28.3	27.2	28.9	28.6	26.7	25.0	25.6	25.2	23.6
26 Ecuador	2.2	2.2	2.2	2.1	2.2	2.1	2.1	2.1	2.2	2.2	2.3
27 Venezuela	9.9	10.5	10.4	9.8	9.9	9.7	9.5	9.2	9.3	9.3	9.3
28 Indonesia	2.6	3.2	3.2	3.4	3.8	4.0	4.0	3.8	3.7	3.6	3.4
29 Middle East countries	7.5	8.7	9.5	9.1	10.0	9.8	8.4	7.4	8.2	7.8	6.5
30 African countries	2.5	2.8	3.0	2.8	3.0	3.0	2.7	2.5	2.3	2.3	2.1
31 Non-OPEC developing countries	96.3	107.1	108.8	109.8	111.6	112.2	112.8	111.9	112.2	111.3	110.4
Latin America											
32 Argentina	9.4	8.9	9.4	9.5	9.5	9.5	9.2	9.1	8.7	8.6	8.6
33 Brazil	19.1	22.9	22.7	23.1	23.1	25.1	25.4	26.3	26.3	26.4	26.6
34 Chile	5.8	6.3	5.8	6.3	6.4	6.5	6.7	7.1	7.0	7.0	6.9
35 Colombia	2.6	3.1	3.2	3.2	3.2	3.1	3.0	2.9	2.9	2.8	2.7
36 Mexico	21.6	24.5	25.3	25.9	26.1	25.6	26.0	26.1	25.8	25.7	25.6
37 Peru	2.0	2.6	2.6	2.4	2.4	2.3	2.3	2.2	2.2	2.2	2.1
38 Other Latin America	4.1	4.0	4.3	4.2	4.2	4.4	4.1	3.9	3.9	3.7	3.6
Asia											
China											
39 Mainland	.2	.2	.2	.2	.3	.3	.6	.5	.7	.7	.3
40 Taiwan	5.1	5.3	5.1	5.2	5.3	4.9	5.3	5.2	5.1	5.3	5.5
41 India	.3	.6	.7	.8	1.0	1.0	1.0	1.1	1.0	1.0	1.0
42 Israel	2.1	2.3	2.3	1.7	1.9	1.6	1.9	1.7	1.8	1.7	2.3
43 Korea (South)	9.4	10.9	10.9	10.9	11.3	11.1	11.2	10.3	10.8	10.5	10.1
44 Malaysia	1.7	2.1	2.6	2.8	2.9	2.8	2.7	3.0	2.8	2.8	2.8
45 Philippines	6.0	6.3	6.4	6.2	6.2	6.7	6.3	5.9	6.0	6.1	5.9
46 Thailand	1.5	1.6	1.8	1.8	2.2	2.1	1.9	1.8	1.8	1.7	1.5
47 Other Asia	1.0	1.1	1.2	1.0	1.0	.9	1.1	.9	1.1	1.1	.9
Africa											
48 Egypt	1.1	1.2	1.3	1.4	1.5	1.4	1.4	1.2	1.2	1.1	1.0
49 Morocco	.7	.7	.8	.8	.8	.8	.8	.8	.8	.8	.8
50 Zaire	.2	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
51 Other Africa[3]	2.3	2.4	2.2	2.4	2.3	2.2	1.9	1.9	2.1	2.2	2.0
52 Eastern Europe	7.8	6.2	5.8	5.3	5.3	4.9	4.9	4.5	4.4	4.3	4.3
53 U.S.S.R.	.6	.3	.4	.2	.2	.2	.2	.2	.1	.2	.3
54 Yugoslavia	2.5	2.2	2.3	2.3	2.4	2.3	2.3	2.3	2.3	2.2	2.2
55 Other	4.7	3.7	3.0	2.8	2.8	2.5	2.4	2.1	2.0	1.9	1.8
56 Offshore banking centers	63.7	66.8	69.3	68.7	70.5	71.4	74.1	66.9	66.8	66.2	65.9
57 Bahamas	19.0	19.0	20.7	21.6	21.8	24.6	27.5	23.7	21.5	21.6	21.5
58 Bermuda	.7	.9	.8	.8	.9	.7	.7	1.0	.9	.7	.9
59 Cayman Islands and other British West Indies	12.4	12.9	12.7	10.5	12.2	12.0	12.2	11.1	11.7	12.3	12.4
60 Netherlands Antilles	3.2	3.3	2.6	4.1	4.2	3.3	3.3	3.1	3.4	3.3	3.2
61 Panama[4]	7.7	7.6	6.6	5.7	6.0	6.3	6.6	5.7	6.8	5.7	5.5
62 Lebanon	.2	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
63 Hong Kong	11.8	13.9	14.5	15.2	15.0	14.4	13.5	12.7	12.5	12.4	12.6
64 Singapore	8.7	9.2	11.2	10.5	10.3	10.0	10.2	9.5	9.8	10.0	9.6
65 Others[5]	.1	.0	.0	.1	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[6]	18.8	17.9	16.2	16.9	17.0	16.3	17.3	17.3	17.3	16.9	17.5

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. Besides the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

7. 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.

3.22 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	1981	1982	1983	1984			1985	
					June	Sept.	Dec.	Mar.	June[p]
1	Total	28,618	27,512	25,236r	34,269	30,759	28,808r	25,594	24,456
2	Payable in dollars	24,909	24,280	22,216r	31,071	27,954	25,935r	22,915	21,898
3	Payable in foreign currencies	3,709	3,232	3,020	3,198	2,804	2,873	2,679	2,558
	By type								
4	Financial liabilities	12,157	11,066	10,462r	18,595	15,900	13,951r	11,073	11,353
5	Payable in dollars	9,499	8,858	8,683r	16,553	14,103	12,084r	9,322	9,485
6	Payable in foreign currencies	2,658	2,208	1,779	2,043	1,797	1,868	1,751	1,868
7	Commercial liabilities	16,461	16,446	14,774	15,674	14,859	14,857	14,521	13,103
8	Trade payables	10,818	9,438	7,765	7,897	6,900	6,990	7,052	5,854
9	Advance receipts and other liabilities	5,643	7,008	7,009	7,776	7,959	7,867	7,469	7,249
10	Payable in dollars	15,409	15,423	13,533	14,518	13,852	13,851	13,593	12,413
11	Payable in foreign currencies	1,052	1,023	1,241	1,155	1,007	1,006	928	690
	By area or country								
	Financial liabilities								
12	Europe	6,825	6,501	5,742	7,335	6,679	6,798	6,100	5,893
13	Belgium-Luxembourg	471	505	302	359	428	471	298	348
14	France	709	783	843	900	910	995	896	865
15	Germany	491	467	502	571	521	489	506	474
16	Netherlands	748	711	621	595	595	578	602	597
17	Switzerland	715	792	486	563	514	569	541	566
18	United Kingdom	3,565	3,102	2,839	4,097	3,463	3,389	3,028	2,801
19	Canada	963	746	764	735	825	863	840	850
20	Latin America and Caribbean	3,356	2,751	2,596r	9,038	6,800	4,576r	2,652	3,106
21	Bahamas	1,279	904	751	3,642	2,606	1,423	853	1,107
22	Bermuda	7	14	13	13	11	13	25	10
23	Brazil	22	28	32	25	33	35	29	27
24	British West Indies	1,241	1,027	1,041r	4,567r	3,271	2,103r	1,521	1,734
25	Mexico	102	121	213	237	260	367	25	32
26	Venezuela	98	114	124	124	130	137	3	3
27	Asia	976	1,039	1,332	1,462	1,566	1,682	1,460	1,478
28	Japan	792	715	898	1,013	1,085	1,121	945	877
29	Middle East oil-exporting countries[2]	75	169	170	180	144	147	116	147
30	Africa	14	17	19	16	16	14	12	14
31	Oil-exporting countries[3]	0	0	0	0	1	0	0	0
32	All other[4]	24	12	10	9	14	19	10	13
	Commercial liabilities								
33	Europe	3,770	3,831	3,245	3,409	3,961	3,987	3,519	3,485
34	Belgium-Luxembourg	71	52	62	45	34	48	37	53
35	France	573	598	437	525	430	438	401	425
36	Germany	545	468	427	501	558	619	590	431
37	Netherlands	220	346	268	265	239	245	272	284
38	Switzerland	424	367	241	246	405	257	233	353
39	United Kingdom	880	1,027	732	794	1,133	1,082	752	740
40	Canada	897	1,495	1,841	1,840	1,906	1,975	1,727	1,494
41	Latin America and Caribbean	1,044	1,570	1,473	1,705	1,758	1,871	1,717	1,244
42	Bahamas	2	16	1	17	1	7	11	12
43	Bermuda	67	117	67	124	110	114	112	77
44	Brazil	67	60	44	31	68	124	101	90
45	British West Indies	2	32	6	5	8	32	21	1
46	Mexico	340	436	585	568	641	586	654	492
47	Venezuela	276	642	432	630	628	636	395	309
48	Asia	9,384	8,144	6,741	6,989	5,569	5,307	5,721	5,259
49	Japan	1,094	1,226	1,247	1,235	1,429	1,256	1,241	1,232
50	Middle East oil-exporting countries[2,5]	7,008	5,503	4,178	4,190	2,364	2,372	2,786	2,396
51	Africa	703	753	553	684	597	588	765	633
52	Oil-exporting countries[3]	344	277	167	217	251	233	294	265
53	All other[4]	664	651	921	1,046	1,068	1,128	1,070	988

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	1981	1982	1983	1984			1985	
				June	Sept.	Dec.	Mar.	June[p]
1 **Total**	**36,185**	**28,725**	**34,790**	**32,099**	**30,626**	**29,570**	**28,415**	**26,554**
2 Payable in dollars	32,582	26,085	31,695	29,118	27,835	26,973	25,843	23,935
3 Payable in foreign currencies	3,603	2,640	3,096	2,982	2,792	2,597	2,571	2,619
By type								
4 Financial claims	21,142	17,684	23,660	21,646	20,227	18,980	18,118	16,067
5 Deposits	15,081	13,058	18,375	16,498	15,419	14,347	14,126	12,183
6 Payable in dollars	14,456	12,628	17,872	15,977	14,979	13,927	13,629	11,637
7 Payable in foreign currencies	625	430	503	522	439	420	497	546
8 Other financial claims	6,061	4,626	5,284	5,148	4,808	4,633	3,992	3,884
9 Payable in dollars	3,599	2,979	3,328	3,387	3,116	3,190	2,427	2,403
10 Payable in foreign currencies	2,462	1,647	1,956	1,761	1,693	1,442	1,565	1,480
11 Commercial claims	15,043	11,041	11,131	10,454	10,399	10,591	10,297	10,487
12 Trade receivables	14,007	9,994	9,721	9,111	8,896	9,110	8,784	9,121
13 Advance payments and other claims	1,036	1,047	1,410	1,343	1,503	1,481	1,513	1,367
14 Payable in dollars	14,527	10,478	10,494	9,754	9,740	9,856	9,787	9,895
15 Payable in foreign currencies	516	563	637	699	659	735	510	592
By area or country								
Financial claims								
16 Europe	4,596	4,873	6,452	6,485	5,703	5,643	5,691	5,293
17 Belgium-Luxembourg	43	15	37	37	15	15	29	15
18 France	285	134	150	151	151	126	86	46
19 Germany	224	178	163	166	192	224	196	168
20 Netherlands	50	97	71	158	62	66	72	37
21 Switzerland	117	107	38	61	64	66	46	16
22 United Kingdom	3,546	4,064	5,781	5,660	4,988	4,745	4,974	4,737
23 Canada	6,755	4,377	5,974	5,302	4,492	4,006	3,945	3,790
24 Latin America and Caribbean	8,812	7,546	10,164	8,615	8,859	8,045	7,427	6,158
25 Bahamas	3,650	3,279	4,745	3,269	3,392	3,270	2,992	2,156
26 Bermuda	18	32	102	11	5	6	4	5
27 Brazil	30	62	53	83	84	100	98	96
28 British West Indies	3,971	3,255	4,163	4,415	4,495	3,905	3,745	3,341
29 Mexico	313	274	293	230	232	215	201	205
30 Venezuela	148	139	134	124	128	125	101	100
31 Asia	758	698	764	977	900	961	856	620
32 Japan	366	153	297	321	371	353	509	281
33 Middle East oil-exporting countries[2]	37	15	4	8	7	13	6	6
34 Africa	173	158	147	158	160	210	101	111
35 Oil-exporting countries[3]	46	48	55	35	37	85	32	25
36 All other[4]	48	31	159	109	113	114	97	95
Commercial claims								
37 Europe	5,405	3,826	3,670	3,555	3,570	3,812	3,360	3,707
38 Belgium-Luxembourg	234	151	135	142	128	138	149	224
39 France	776	474	459	408	411	440	375	410
40 Germany	561	357	349	447	370	374	358	373
41 Netherlands	299	350	334	306	303	340	340	301
42 Switzerland	431	360	317	250	289	271	253	376
43 United Kingdom	985	811	809	812	891	1,063	885	952
44 Canada	967	633	829	933	1,026	1,021	1,248	1,065
45 Latin America and Caribbean	3,479	2,526	2,695	2,042	1,976	1,973	1,973	2,137
46 Bahamas	12	21	8	4	14	8	9	11
47 Bermuda	223	261	190	89	88	115	164	65
48 Brazil	668	258	493	310	219	214	210	193
49 British West Indies	12	12	7	8	10	7	6	6
50 Mexico	1,022	775	884	577	595	583	493	616
51 Venezuela	424	351	272	241	245	206	192	224
52 Asia	3,959	3,050	3,063	3,091	2,895	3,086	2,985	2,720
53 Japan	1,245	1,047	1,114	1,183	1,089	1,191	1,154	968
54 Middle East oil-exporting countries[2]	905	751	737	710	703	688	666	593
55 Africa	772	588	588	536	595	470	510	522
56 Oil-exporting countries[3]	152	140	139	128	135	134	141	139
57 All other[4]	461	417	286	297	338	229	221	337

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	1983	1984	1985 Jan.–Sept.	1985 Mar.	Apr.r	Mayr	June	July	Aug.	Sept.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	69,770	60,704r	55,035	6,342r	5,147	6,520	6,471	7,181	6,366	4,813
2 Foreign sales	64,360	63,628r	54,263	6,771r	5,104	6,423	6,069	6,522	5,721	4,690
3 Net purchases, or sales (−)	**5,410**	**−2,924r**	**772**	**−429r**	**44**	**97**	**402**	**659**	**645**	**123**
4 Foreign countries	**5,312**	**−3,039r**	**790**	**−386r**	**35**	**140**	**404**	**559**	**644**	**174**
5 Europe	3,979	−2,975	−859	−583r	−160	−285	72	336	364	170
6 France	−97	−405	−170	−13	24	17	26	−3	−41	−120
7 Germany	1,045	−50	−58	−113	23	39	5	126	76	29
8 Netherlands	−109	−315	−322	−129	16	−51	−86	42	18	20
9 Switzerland	1,325	−1,490	−580	−122	−48	−90	49	38	−28	−87
10 United Kingdom	1,799	−647	88	−195	−191	−219	49	104	295	293
11 Canada	1,151	1,672r	364	0r	34	7	−62	66	68	35
12 Latin America and Caribbean	529	493	1,085	80	169	247	132	119	109	−25
13 Middle East[1]	−808	−2,006r	177	131r	−90	53	106	53	35	54
14 Other Asia	395	−372	−30	−41	91	101	174	−23	58	−26
15 Africa	42	−23	17	−13	−1	−8	13	25	9	0
16 Other countries	24	171	36	39	−6	25	−31	−16	1	−34
17 Nonmonetary international and regional organizations	**98**	**115**	**−17**	**−43**	**8**	**−44**	**−1**	**100**	**1**	**−51**
BONDS[2]										
18 Foreign purchases	24,000	39,853r	57,901	5,546r	4,562	6,789	5,319	8,502	5,498	7,491
19 Foreign sales	23,097	26,612r	31,897	2,634r	3,135	3,697	3,943	4,254	3,741	3,638
20 Net purchases, or sales (−)	**903**	**13,241r**	**26,004**	**2,912r**	**1,427**	**3,092**	**1,376**	**4,249**	**1,757**	**3,853**
21 Foreign countries	**888**	**12,944r**	**25,945**	**2,962r**	**1,402**	**3,230**	**1,243**	**3,597**	**2,069**	**4,179**
22 Europe	909	11,793	24,243	2,951	1,622	2,752	1,199	3,210	1,785	3,949
23 France	−89	207	221	−10	18	0	−35	−2	169	42
24 Germany	344	1,731	393	−113r	162	−17	13	182	103	152
25 Netherlands	51	93	52	8	−9	−11	−9	−2	25	−4
26 Switzerland	583	644	1,927	483	65	71	93	492	243	154
27 United Kingdom	434	8,520	20,970	2,550	1,294	2,398	1,039	2,391	1,320	3,520
28 Canada	123	−76r	32	−6r	0	44	4	−4	−24	−31
29 Latin America and Caribbean	100	390	223	69	−83	178	27	39	−81	−62
30 Middle East[1]	−1,161	−1,026r	−2,005	−139r	−509	−119	−507	−265	−80	−187
31 Other Asia	865	1,862	3,426	89	381	372	518	610	465	508
32 Africa	0	1	6	0	0	1	0	3	1	0
33 Other countries	52	0	19	−2r	−9	2	1	3	3	1
34 Nonmonetary international and regional organizations	**15**	**297**	**59**	**−50**	**25**	**−138**	**133**	**651**	**−312**	**−326**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−3,765	−1,219r	−3,138	−462r	−145	100	−174	−550	−213	−224
36 Foreign purchases	13,281	14,597r	13,896	1,395r	1,446	1,764	1,632	1,580	1,689	1,538
37 Foreign sales	17,046	15,816r	17,034	1,857r	1,591	1,665	1,806	2,130	1,902	1,762
38 Bonds, net purchases, or sales (−)	−3,239	−4,131r	−3,928	−926r	−674	−1,059	−261	−589r	−295	−496
39 Foreign purchases	36,333	57,312	57,990	5,698r	5,674	7,448	6,691	7,147r	6,359	8,249
40 Foreign sales	39,572	61,443r	61,919	6,624r	6,348	8,507	6,952	7,736r	6,654	8,745
41 Net purchases, or sales (−), of stocks and bonds	**−7,004**	**−5,350r**	**−7,066**	**−1,388r**	**−819**	**−959**	**−434**	**−1,139r**	**−508**	**−720**
42 Foreign countries	**−6,559**	**−4,961r**	**−7,584**	**−1,198r**	**−728**	**−1,123**	**−386**	**−1,368r**	**−298**	**−955**
43 Europe	−5,492	−8,740r	−8,350	−1,185r	−827	−2,024	−680	−1,185r	−858	−762
44 Canada	−1,328	404r	−1,395	−70r	22	−96	−157	−783	36	1
45 Latin America and Caribbean	1,120	2,472	1,681	8r	136	810	73	150	178	189
46 Asia	−855	1,252r	396	99	−18	201	353	418	387	−400
47 Africa	141	−107	1	−26	−5	2	13	18	9	−2
48 Other countries	−144	−242r	84	−23r	−36	−15	14	13	−51	19
49 Nonmonetary international and regional organizations	**−445**	**−389**	**518**	**−190**	**−91**	**164**	**−49**	**229**	**−210**	**235**

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	1983	1984	1985	1985						
			Jan.–Sept.	Mar.	Apr.	May^r	June	July	Aug.	Sept.^p
	Transactions, net purchases or sales (–) during period[1]									
1 **Estimated total[2]**	**3,693**	**21,447^r**	**21,838**	**–4,387^r**	**–4,294^r**	**3,069**	**5,757**	**4,786**	**–3,345**	**6,905**
2 Foreign countries[2]	3,162	16,444^r	24,408	–4,742^r	2,219^r	4,337	5,757	5,364	1,027	4,357
3 Europe[2]	6,226	11,081^r	5,477	–1,439^r	1,798^r	686	1,025	975	953	958
4 Belgium-Luxembourg	–431	289	483	0	80	101	17	21	92	49
5 Germany[2]	2,450	2,958	1,704	–1,538	293^r	838	415	725	937	294
6 Netherlands	375	454	329	–201	–7	–73	10	148	386	127
7 Sweden	170	46	1,100	1	30	157	775	119	–89	–33
8 Switzerland[2]	–421	635	913	315^r	183	–135	143	–21	72	25
9 United Kingdom	1,966	5,234^r	–909	287^r	174^r	–865	–96	–761	–82	283
10 Other Western Europe	2,118	1,466	1,858	–303	1,045	663	–239	743	–363	214
11 Eastern Europe	0	0	0	0	0	0	0	0	0	0
12 Canada	699	1,526	110	38	334	113	6	7	–144	106
13 Latin America and Caribbean	–212	1,413	3,308	–77^r	467^r	581	205	156	524	562
14 Venezuela	–124	14	112	2	10	–9	80	0	33	2
15 Other Latin America and Caribbean	60	528	1,554	69^r	179^r	463	123	–7	95	556
16 Netherlands Antilles	–149	871	1,642	–149	278	126	2	163	397	4
17 Asia	–3,535	2,377	15,145	–3,285^r	–343^r	2,891	4,516	4,307	–416	2,594
18 Japan	2,315	6,062	13,659	179^r	1,731^r	1,060	2,666	3,752	875	2,253
19 Africa	3	–67	93	1	13	57	10	10	–1	0
20 All other	–17	114	275	20^r	–51	9	–6	–91	111	137
21 Nonmonetary international and regional organizations	535	5,001^r	–2,571	355	2,075	–1,268	–1	–577	–4,372	2,547
22 International	218	4,610^r	–2,937	338	1,792	–1,057	–105	–219	–4,400	1,885
23 Latin American regional	0	0	2	0	–3	5	0	0	0	–1
MEMO										
24 Foreign countries[2]	3,162	16,444^r	24,408	–4,742^r	2,219^r	4,337	5,757	5,364	1,027	4,357
25 Official institutions	779	515	7,192	–5,268^r	–625^r	3,530	2,713	1,788	104	1,064
26 Other foreign[2]	2,382	15,930^r	17,215	526^r	2,844^r	807	3,045	3,575	923	3,293
Oil-exporting countries										
27 Middle East[3]	–5,419	6,277	–1,090	554	–851^r	52	1,422	–1	–1,132	–838
28 Africa[4]	–1	–101	1	0	0	0	0	0	0	0

1. Estimated official and private transactions in marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.
2. Includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Oct. 31, 1985		Country	Rate on Oct. 31, 1985		Country	Rate on Oct. 31, 1985	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria	4.0	Aug. 1985	France[1]	9.13	Oct. 1985	Norway	8.0	June 1983
Belgium	9.0	Oct. 1985	Germany, Fed. Rep. of	4.0	Aug. 1984	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	15.5	Jan. 1985	United Kingdom[2]	....	....
Canada	8.77	Oct. 1985	Japan	5.0	Oct. 1983	Venezuela	8.0	Oct. 1985
Denmark	7.0	Oct. 1983	Netherlands	5.0	Aug. 1985			

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	1982	1983	1984	1985						
				Apr.	May	June	July	Aug.	Sept.	Oct.
1 Eurodollars	12.24	9.57	10.75	8.74	8.13	7.60	7.89	8.02	8.14	8.08
2 United Kingdom	12.21	10.06	9.91	12.70	12.61	12.38	12.01	11.42	11.49	11.49
3 Canada	14.38	9.48	11.29	10.15	9.77	9.58	9.33	9.16	9.10	8.73
4 Germany	8.81	5.73	5.96	5.99	5.87	5.66	5.31	4.75	4.64	4.77
5 Switzerland	5.04	4.11	4.35	5.35	5.15	5.14	5.07	4.64	4.59	4.53
6 Netherlands	8.26	5.58	6.08	6.82	6.90	6.58	6.29	5.80	5.72	5.89
7 France	14.61	12.44	11.66	10.49	10.15	10.18	9.97	9.79	9.57	9.29
8 Italy	19.99	18.95	17.08	15.15	14.91	15.00	14.37	14.36	13.95	14.16
9 Belgium	14.10	10.51	11.41	10.09	9.35	8.96	8.95	9.50	9.33	8.97
10 Japan	6.84	6.49	6.32	6.26	6.26	6.30	6.29	6.30	6.31	6.47

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	1982	1983	1984	1985 May	June	July	Aug.	Sept.	Oct.
1 Australia/dollar[1]	101.65	90.14	87.937	67.68	66.51	69.95	70.70	68.96	70.25
2 Austria/schilling	17.060	17.968	20.005	21.868	21.532	20.446	19.632	19.949	18.569
3 Belgium/franc	45.780	51.121	57.749	62.572	61.719	58.626	56.543	57.395	53.618
4 Brazil/cruzeiro	179.22	573.27	1841.50	5239.00	5786.00	6236.19	6714.00	7453.33	8203.57
5 Canada/dollar	1.2344	1.2325	1.2953	1.3756	1.3676	1.3526	1.3575	1.3703	1.3667
6 China, P.R./yuan	1.8978	1.9809	2.3308	2.8556	2.8693	2.8809	2.9093	2.9722	3.0782
7 Denmark/krone	8.3443	9.1483	10.354	11.2244	10.9962	10.456	10.1459	10.2906	9.5880
8 Finland/markka	4.8086	5.5636	6.0007	6.4641	6.3660	6.0798	5.9464	6.0140	5.6836
9 France/franc	6.5793	7.6203	8.7355	9.4829	9.3414	8.8513	8.5323	8.6599	8.0641
10 Germany/deutsche mark	2.428	2.5539	2.8454	3.1093	3.0636	2.9083	2.7937	2.8381	2.6446
11 Greece/drachma	66.872	87.895	112.73	137.239	136.00	131.75	131.75	136.74	145.74
12 Hong Kong/dollar	6.0697	7.2569	7.8188	7.7766	7.7698	7.7527	7.7906	7.8043	7.7908
13 India/rupee	9.4846	10.1040	11.348	12.5004	12.441	12.031	11.898	12.126	12.033
14 Ireland/pound[1]	142.05	124.81	108.64	100.71	102.19	107.79	111.43	109.55	117.00
15 Israel/shekel	24.407	55.865	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16 Italy/lira	1354.00	1519.30	1756.10	1984.45	1953.92	1900.33	1873.51	1903.42	1785.43
17 Japan/yen	249.06	237.55	237.45	251.73	248.84	241.14	237.46	236.53	214.68
18 Malaysia/ringgit	2.3395	2.3204	2.3448	2.4759	2.4685	2.4696	2.4644	2.4841	2.4529
19 Mexico/peso	72.990	155.01	192.31	254.8182	294.22	346.70	339.78	373.02	407.30
20 Netherlands/guilder	2.6719	2.8543	3.2083	3.5097	3.4535	3.2732	3.1429	3.1921	2.9819
21 New Zealand/dollar[1]	75.101	66.790	57.837	45.197	45.949	49.826	53.564	53.285	56.931
22 Norway/krone	6.4567	7.3012	8.1596	8.9442	8.8255	8.4338	8.2487	8.3337	7.9099
23 Philippines/peso	8.5324	11.0940	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
24 Portugal/escudo	80.101	111.610	147.70	177.545	176.15	169.77	167.34	172.5	164.59
25 Singapore/dollar	2.1406	2.1136	2.1325	2.2228	2.2291	2.2109	2.2191	2.2268	2.1387
26 South Africa/rand[1]	92.297	89.85	69.534	50.18	50.54	51.07	43.07	39.49	38.38
27 South Korea/won	731.93	776.04	807.91	792.56	875.00	876.46	885.09	847.46	894.49
28 Spain/peseta	110.09	143.500	160.78	175.397	173.42	167.97	164.49	168.91	161.712
29 Sri Lanka/rupee	20.756	23.510	25.428	27.404	27.433	27.327	27.377	27.430	27.421
30 Sweden/krona	6.2838	7.6717	8.2706	8.9895	8.8565	8.4703	8.3106	8.3907	7.9557
31 Switzerland/franc	2.0327	2.1006	2.3500	2.6150	2.5721	2.4060	2.2962	2.3749	2.1692
32 Taiwan/dollar	n.a.	n.a.	39.633	39.906	39.857	40.136	40.501	40.465	40.195
33 Thailand/baht	23.014	22.991	23.582	27.554	27.433	27.053	26.889	27.050	26.569
34 United Kingdom/pound[1]	174.80	151.59	133.66	124.83	128.08	138.07	138.40	136.42	142.15
35 Venezuela/bolivar	4.2981	10.6840	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MEMO									
36 United States/dollar[2]	116.57	125.34	138.19	149.92	147.71	140.94	137.55	139.14	130.71

1. Value in U.S. cents.
2. Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on p. 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable 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.

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

SPECIAL TABLES

Published Irregulary, with Latest Bulletin Reference

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1985[1]

Millions of dollars

Item	All states[2]			New York		California, total[4]	Illinois, branches	Other states[2]	
	Total	Branches[3]	Agencies	Branches[3]	Agencies			Branches	Agencies
1 **Total assets[5]**	**284,847**	**226,934**	**57,913**	**202,854**	**5,464**	**47,712**	**14,260**	**5,948**	**8,609**
2 Cash and due from depository institutions	65,051	58,952	6,099	55,064	117	6,024	2,943	311	593
3 Currency and coin (U.S. and foreign)	22	20	2	16	0	2	2	1	1
4 Balances with Federal Reserve Banks	1,349	1,293	56	1,168	26	32	66	41	15
5 Balances with other central banks	64	55	10	53	4	0	1	0	5
6 Demand balances with commercial banks in United States	1,114	935	178	848	24	114	44	22	62
7 All other balances with depository institutions in United States and with banks in foreign countries	62,249	56,407	5,842	52,752	61	5,867	2,821	245	504
8 Time and savings balances with commercial banks in United States	33,607	30,184	3,422	28,061	37	3,431	1,676	150	252
9 Balances with other depository institutions in United States	200	144	55	139	2	1	0	5	53
10 Balances with banks in foreign countries	28,443	26,079	2,364	24,551	22	2,435	1,145	90	200
11 *Foreign branches of U.S. banks*	2,171	2,109	62	2,068	5	45	40	0	13
12 Other banks in foreign countries	26,272	23,970	2,302	22,483	17	2,390	1,105	90	187
13 Cash items in process of collection	253	241	12	228	0	10	9	2	4
14 **Total securities, loans, and lease financing receivables**	**159,273**	**123,345**	**35,927**	**107,013**	**4,166**	**28,364**	**10,223**	**3,422**	**6,084**
15 Total securities, book value	13,314	11,522	1,792	10,820	117	1,609	488	43	237
16 U.S. Treasury	3,908	3,704	204	3,460	75	61	194	19	100
17 Obligations of other U.S. government agencies and corporations	571	558	13	542	0	17	0	12	0
18 *Obligations of states and political subdivisions in* United States	86	75	12	62	0	0	12	1	11
19 Other bonds, notes, debentures, and corporate stock	8,749	7,185	1,564	6,758	42	1,530	283	11	126
20 Federal funds sold and securities purchased under agreements to resell	8,379	6,848	1,531	6,558	928	509	221	42	122
By holder									
21 Commercial banks in United States	6,578	5,610	968	5,388	508	419	153	42	68
22 Others	1,801	1,237	563	1,170	419	90	67	0	54
By type									
23 One-day maturity or continuing contract	8,031	6,501	1,530	6,258	928	508	174	42	122
24 Securities purchased under agreements to resell	104	54	50	43	50	0	0	12	0
25 *Other*	7,927	6,447	1,480	6,215	878	508	174	30	122
26 Other securities purchased under agreements to resell	348	346	1	300	0	1	47	0	0
27 Total loans, gross	146,079	111,908	34,171	96,269	4,053	26,788	9,740	3,380	5,849
28 LESS: Unearned income on loans	120	85	35	76	4	33	4	1	2
29 EQUALS: Loans, net	145,958	111,823	34,136	96,193	4,049	26,755	9,735	3,378	5,847
Total loans, gross, by category									
30 Real estate loans	5,368	3,286	2,081	2,429	11	1,296	376	195	1,060
31 Loans to financial institutions	54,432	41,593	12,838	36,757	902	11,869	3,459	571	874
32 Commercial banks in United States	27,957	20,323	7,634	17,843	312	7,760	1,555	299	189
33 U.S. branches and agencies of other foreign banks	23,638	16,293	7,345	13,968	309	7,481	1,480	246	155
34 Other commercial banks	4,320	4,030	290	3,875	3	279	76	53	34
35 *Banks in foreign countries*	23,326	18,271	5,055	16,624	569	3,945	1,263	271	653
36 Foreign branches of U.S. banks	1,522	1,279	243	1,168	109	149	96	0	0
37 Other	21,803	16,992	4,811	15,456	460	3,796	1,168	271	653
38 Other financial institutions	3,149	2,999	149	2,290	22	165	640	1	32
39 Loans for purchasing or carrying securities	2,215	2,135	80	2,063	0	151	0	2	0
40 Commercial and industrial loans	67,392	52,146	15,246	43,137	2,019	11,438	5,410	2,353	3,036
41 U.S. addressees (domicile)	43,951	33,599	10,351	25,920	200	8,839	4,881	1,740	2,372
42 Non-U.S. addressees (domicile)	23,442	18,547	4,895	17,218	1,819	2,599	529	613	664
43 Loans to individuals for household, family, and other personal expenditures	303	266	36	225	2	34	12	21	9
44 All other loans	16,369	12,481	3,889	11,659	1,119	2,000	483	237	871
45 Loans to foreign governments and official institutions	15,205	11,493	3,712	10,803	1,105	1,863	446	168	819
46 Other	1,164	988	177	856	14	138	37	69	51
47 Lease financing receivables	0	0	0	0	0	0	0	0	0
48 All other assets	52,144	37,789	14,356	34,219	253	12,814	874	2,174	1,810
49 Customers' liability on acceptances outstanding	19,755	14,715	5,040	14,149	23	5,054	227	225	78
50 U.S. addressees (domicile)	12,679	8,339	4,340	7,943	6	4,413	222	71	25
51 Non-U.S. addressees (domicile)	7,076	6,376	700	6,206	17	642	5	154	53
52 Net due from related banking institutions[6]	26,057	18,129	7,928	15,672	89	6,643	316	1,832	1,504
53 Other	6,332	4,945	1,388	4,398	141	1,117	331	118	228

4.30 Continued

Millions of dollars

Item	All states[2]			New York		California, total[4]	Illinois, branches	Other states[2]	
	Total	Branches[3]	Agencies	Branches[3]	Agencies			Branches	Agencies
54 **Total liabilities[5]**	**284,847**	**226,934**	**57,913**	**202,854**	**5,464**	**47,712**	**14,260**	**5,948**	**8,609**
55 Total deposits and credit balances	154,167	132,020	22,146	121,615	1,917	18,615	5,067	3,308	3,644
56 Individuals, partnerships, and corporations	43,625	39,491	4,133	33,623	126	1,726	2,168	2,735	3,248
57 U.S. addressees (domicile)	23,514	23,417	97	18,470	10	430	1,953	2,615	37
58 Non-U.S. addressees (domicile)	20,111	16,074	4,037	15,153	116	1,296	215	120	3,211
59 U.S. government, states, and political subdivisions in United States	66	66	0	23	0	2	12	29	0
60 All other	110,476	92,463	18,013	87,968	1,792	16,887	2,888	545	396
61 Foreign governments and official institutions	7,522	7,048	474	6,872	273	157	25	31	164
62 Commercial banks in United States	46,913	35,951	10,962	33,679	846	10,648	1,416	258	66
63 U.S. branches and agencies of other foreign banks	37,847	29,013	8,833	27,240	471	8,857	1,051	196	31
64 Other commercial banks in United States	9,066	6,938	2,128	6,439	374	1,790	365	62	35
65 Banks in foreign countries	55,711	49,170	6,542	47,161	661	6,051	1,437	249	154
66 Foreign branches of U.S. banks	7,539	6,031	1,508	5,450	265	1,389	338	81	15
67 Other banks in foreign countries	48,173	43,139	5,034	41,711	396	4,661	1,099	168	138
68 Certified and officers' checks, travelers checks, and letters of credit sold for cash	330	295	35	256	12	31	10	7	13
69 Demand deposits	3,595	3,364	231	3,065	12	92	129	109	189
70 Individuals, partnerships, and corporations	2,195	2,055	140	1,837	0	55	113	68	123
71 U.S. addressees (domicile)	1,298	1,298	0	1,101	0	27	109	61	0
72 Non-U.S. addressees (domicile)	897	757	140	735	0	28	3	7	123
73 U.S. government, states, and political subdivisions in United States	4	4	0	3	0	0	0	0	0
74 All other	1,396	1,304	91	1,225	12	37	16	41	66
75 Foreign governments and official institutions	297	290	6	256	0	1	2	31	5
76 Commercial banks in United States	116	91	25	87	0	1	1	2	25
77 U.S. branches and agencies of other foreign banks	8	8	0	8	0	0	0	1	0
78 Other commercial banks in United States	107	82	25	80	0	1	1	1	25
79 Banks in foreign countries	653	629	24	625	0	4	2	0	23
80 Certified and officers' checks, travelers checks, and letters of credit sold for cash	330	295	35	256	12	31	10	7	13
81 Time deposits	148,987	127,476	21,511	117,602	1,743	18,379	4,849	3,114	3,301
82 Individuals, partnerships, and corporations	40,054	36,366	3,688	30,948	49	1,529	1,965	2,581	2,982
83 U.S. addressees (domicile)	21,509	21,509	1	16,951	0	323	1,759	2,476	1
84 Non-U.S. addressees (domicile)	18,544	14,857	3,687	13,997	49	1,206	206	105	2,981
85 U.S. government, states, and political subdivisions in United States	62	62	0	20	0	2	11	28	0
86 All other	108,871	91,048	17,823	86,634	1,694	16,848	2,872	504	319
87 Foreign governments and official institutions	7,145	6,737	408	6,595	225	155	22	0	147
88 Commercial banks in United States	46,776	35,852	10,923	33,585	833	10,646	1,415	256	41
89 U.S. branches and agencies of other foreign banks	37,837	29,005	8,832	27,232	471	8,857	1,051	195	31
90 Other commercial banks in United States	8,939	6,848	2,091	6,352	362	1,789	365	61	10
91 Banks in foreign countries	54,950	48,458	6,492	46,454	636	6,047	1,434	248	130
92 Savings deposits	1,136	998	137	768	0	90	90	86	102
93 Individuals, partnerships, and corporations	1,135	998	137	768	0	90	90	86	102
94 U.S. addressees (domicile)	570	570	0	378	0	29	84	78	0
95 Non-U.S. addressees (domicile)	566	428	137	390	0	61	5	8	102
96 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
97 All other	0	0	0	0	0	0	0	0	0
98 Credit balances	450	182	267	180	163	54	0	0	53
99 Individuals, partnerships, and corporations	240	72	168	70	77	52	0	0	41
100 U.S. addressees (domicile)	136	41	96	40	9	51	0	0	36
101 Non-U.S. addressees (domicile)	104	31	73	31	67	1	0	0	5
102 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
103 All other	209	110	99	110	86	1	0	0	12
104 Foreign governments and official institutions	80	20	60	20	48	1	0	0	12
105 Commercial banks in United States	21	8	13	7	13	1	0	0	0
106 U.S. branches and agencies of other foreign banks	1	0	1	0	0	0	0	0	0
107 Other commercial banks in United States	20	7	13	7	12	1	0	0	0
108 Banks in foreign countries	108	82	25	82	25	0	0	0	0

For notes see end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, June 30, 1985[1]—Continued
Millions of dollars

Item	All states[2]			New York		California, total[4]	Illinois, branches	Other states[2]	
	Total	Branches[3]	Agencies	Branches[3]	Agencies			Branches	Agencies
109 Federal funds purchased and securities sold under agreements to repurchase	29,897	23,340	6,556	21,872	530	6,082	994	264	154
By holder									
110 Commercial banks in United States	25,528	19,392	6,135	18,142	247	5,969	787	264	118
111 Others	4,369	3,948	421	3,730	283	113	207	0	37
By type									
112 One-day maturity or continuing contract	28,610	22,055	6,555	20,708	530	6,078	876	264	154
113 Securities sold under agreements to repurchase	2,668	2,569	99	2,553	89	19	7	0	0
114 Other	25,942	19,486	6,456	18,155	441	6,059	869	264	154
115 Other securities sold under agreements to repurchase	1,287	1,286	1	1,164	0	4	118	0	0
116 Other liabilities for borrowed money	38,289	23,919	14,371	21,657	1,695	12,062	1,333	473	1,068
117 Owed to banks	36,031	21,887	14,143	19,778	1,684	11,845	1,189	466	1,068
118 U.S. addressees (domicile)	34,812	20,973	13,839	18,916	1,630	11,836	1,170	432	827
119 Non-U.S. addressees (domicile)	1,219	915	304	862	54	9	19	34	241
120 Owed to others	2,259	2,031	228	1,879	11	217	145	7	0
121 U.S. addressees (domicile)	2,082	1,864	218	1,712	11	207	145	7	0
122 Non-U.S. addressees (domicile)	177	167	10	167	0	10	0	0	0
123 All other liabilities	62,494	47,654	14,840	37,710	1,321	10,952	6,865	1,903	3,742
124 Acceptances executed and outstanding	22,198	16,923	5,275	16,334	10	5,301	229	244	79
125 Net due to related banking institutions[6]	35,590	26,881	8,708	17,878	1,169	4,988	6,431	1,569	3,554
126 Other	4,706	3,850	856	3,498	142	663	204	90	109
MEMO									
127 Time deposits of $100,000 or more	113,505	94,070	19,435	84,530	107	18,166	4,787	2,993	2,923
128 Certificates of deposit (CDs) in denominations of $100,000 or more	33,906	31,819	2,087	26,576	0	1,310	2,019	2,504	1,497
129 Other	79,599	62,252	17,348	57,954	107	16,856	2,768	489	1,425
130 Savings deposits authorized for automatic transfer and NOW accounts	96	58	38	40	0	14	6	8	28
131 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	0	0	0	0	0	0	0	0	0
132 Time certificates of deposit in denominations of $100,000 or more with remaining maturity of more than 12 months	11,581	11,552	29	9,828	0	194	515	1,019	25
133 Acceptances refinanced with a U.S.-chartered bank	3,117	2,155	962	1,880	73	992	0	172	0
134 Statutory or regulatory asset pledge requirement	48,357	46,882	1,475	46,211	1,393	143	552	21	36
135 Statutory or regulatory asset maintenance requirement	20,649	20,390	259	5,863	0	105	11,916	2,508	256
136 Commercial letters of credit	9,844	7,007	2,837	6,381	137	2,596	213	278	239
137 Standby letters of credit, total	39,632	33,456	6,177	28,767	112	5,387	3,235	702	1,430
138 U.S. addressees (domicile)	36,030	30,526	5,504	26,090	17	4,935	3,067	673	1,248
139 Non-U.S. addressees (domicile)	3,602	2,930	673	2,677	95	451	169	29	182
140 Standby letters of credit conveyed to others through participations (included in total standby letters of credit)	6,350	6,011	339	5,248	0	384	502	114	102
141 Holdings of commercial paper included in total gross loans	443	218	225	190	3	237	0	0	14
142 Holdings of acceptances included in total commercial and industrial loans	4,635	3,309	1,325	3,202	45	1,283	76	18	10
143 Immediately available funds with a maturity greater than one day (included in other liabilities for borrowed money)	28,528	18,666	9,862	16,816	1,366	8,593	1,147	313	293
144 Gross due from related banking institutions[6]	105,285	85,416	19,869	78,577	900	16,944	3,199	2,949	2,716
145 U.S. addressees (domicile)	25,642	18,286	7,356	14,236	159	6,222	1,377	2,385	1,262
146 Branches and agencies in the United States	24,933	17,828	7,105	13,815	137	5,979	1,358	2,383	1,261
147 In the same state as reporter	2,996	2,151	846	2,107	59	760	0	0	70
148 In other states	21,937	15,678	6,259	11,708	78	5,219	1,358	2,383	1,191
149 U.S. banking subsidiaries[7]	709	458	251	422	21	244	19	2	1
150 Non-U.S. addressees (domicile)	79,643	67,130	12,513	64,341	741	10,721	1,821	564	1,454
151 Head office and non-U.S. branches and agencies	77,434	65,375	12,059	62,624	736	10,441	1,786	564	1,283
152 Non-U.S. banking companies and offices	2,209	1,755	454	1,717	5	280	36	0	171
153 Gross due to related banking institutions[6]	114,818	94,169	20,649	80,783	1,980	15,289	9,314	2,685	4,766
154 U.S. addressees (domicile)	25,969	18,844	7,125	11,544	54	4,094	4,524	2,038	3,715
155 Branches and agencies in the United States	25,338	18,401	6,937	11,223	54	3,969	4,413	2,027	3,653
156 In the same state as reporter	2,718	1,947	770	1,904	29	722	0	1	63
157 In other states	22,621	16,454	6,167	9,319	25	32,47	4,413	2,027	3,590
158 U.S. banking subsidiaries[7]	630	443	188	322	0	126	110	10	62
159 Non-U.S. addressees (domicile)	88,849	75,325	13,524	69,238	1,927	11,194	4,790	648	1,051
160 Head office and non-U.S. branches and agencies	86,008	72,691	13,317	66,943	1,863	11,106	4,478	645	973
161 Non-U.S. banking companies and offices	2,841	2,634	207	2,296	64	88	313	2	78

4.30 Continued

Millions of dollars

Item	All states[2]			New York		California, total[4]	Illinois, branches	Other states[2]	
	Total	Branches[3]	Agencies	Branches[3]	Agencies			Branches	Agencies
Average for 30 calendar days (or calendar month) ending with report date									
162 Total assets	283,997	225,150	58,847	200,714	5,498	48,738	14,416	6,082	8,549
163 Cash and due from depository institutions	63,664	57,627	6,037	53,600	123	6,130	2,985	310	517
164 Federal funds sold and securities purchased under agreements to resell	7,423	6,185	1,239	5,876	815	347	230	55	101
165 Total loans	140,718	106,915	33,802	91,144	3,952	26,516	9,907	3,382	5,818
166 Loans to banks in foreign countries	23,062	18,198	4,864	16,525	482	3,833	1,316	246	660
167 Total deposits and credit balances	153,455	131,457	21,998	120,908	1,738	18,651	5,206	3,401	3,552
168 Time CDs in denominations of $100,000 or more	34,585	32,485	2,100	27,064	0	1,321	2,057	2,637	1,506
169 Federal funds purchased and securities sold under agreements to repurchase	25,836	19,651	6,185	17,981	482	5,888	1,088	271	126
170 Other liabilities for borrowed money	38,526	23,867	14,659	21,665	1,755	12,086	1,307	459	1,254
171 Number of reports filed[8]	463	294	169	188	24	121	45	32	53

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." This form was first used for reporting data as of June 30, 1980. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.
2. Includes the District of Columbia.
3. Includes all offices that have the power to accept deposits from U.S. residents, including any such offices that are considered agencies under state law.
4. Agencies account for almost all of the assets and liabilities reported in California.
5. Total assets and total liabilities include *net* balances, if any, due from or due to related banking institutions in the United States and in foreign countries (see footnote 6). On the former monthly branch and agency report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.
6. "Related banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly). Gross amounts due from and due to related banking institutions are shown as memo items.
7. "U.S. banking subsidiaries" refers to U.S. banking subsidiaries majority-owned by the foreign bank and by related foreign banks and includes U.S. offices of U.S.-chartered commercial banks, of Edge Act and Agreement corporations, and of New York State (Article XII) investment companies.
8. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

Federal Reserve Board of Governors

PAUL A. VOLCKER, *Chairman*
PRESTON MARTIN, *Vice Chairman*

HENRY C. WALLICH
J. CHARLES PARTEE

OFFICE OF BOARD MEMBERS

JOSEPH R. COYNE, *Assistant to the Board*
DONALD J. WINN, *Assistant to the Board*
STEVEN M. ROBERTS, *Assistant to the Chairman*
ANTHONY F. COLE, *Special Assistant to the Board*
BOB STAHLY MOORE, *Special Assistant to the Board*
NAOMI P. SALUS, *Special Assistant to the Board*

LEGAL DIVISION

MICHAEL BRADFIELD, *General Counsel*
J. VIRGIL MATTINGLY, JR., *Deputy General Counsel*
RICHARD M. ASHTON, *Associate General Counsel*
OLIVER IRELAND, *Associate General Counsel*
RICKI TIGERT, *Assistant General Counsel*
MARYELLEN A. BROWN, *Assistant to the General Counsel*

OFFICE OF THE SECRETARY

WILLIAM W. WILES, *Secretary*
BARBARA R. LOWREY, *Associate Secretary*
JAMES MCAFEE, *Associate Secretary*

DIVISION OF CONSUMER AND COMMUNITY AFFAIRS

GRIFFITH L. GARWOOD, *Director*
JERAULD C. KLUCKMAN, *Associate Director*
GLENN E. LONEY, *Assistant Director*
DOLORES S. SMITH, *Assistant Director*

DIVISION OF BANKING SUPERVISION AND REGULATION

WILLIAM TAYLOR, *Director*
THOMAS E. CIMENO, JR., *Deputy Director*[1]
FREDERICK R. DAHL, *Associate Director*
DON E. KLINE, *Associate Director*
FREDERICK M. STRUBLE, *Associate Director*
HERBERT A. BIERN, *Assistant Director*
ANTHONY CORNYN, *Assistant Director*
ROBERT S. PLOTKIN, *Assistant Director*
STEPHEN C. SCHEMERING, *Assistant Director*
RICHARD SPILLENKOTHEN, *Assistant Director*
SIDNEY M. SUSSAN, *Assistant Director*
LAURA M. HOMER, *Securities Credit Officer*

OFFICE OF STAFF DIRECTOR FOR MONETARY AND FINANCIAL POLICY

STEPHEN H. AXILROD, *Staff Director*
DONALD L. KOHN, *Deputy Staff Director*
STANLEY J. SIGEL, *Assistant to the Board*
NORMAND R.V. BERNARD, *Special Assistant to the Board*

DIVISION OF RESEARCH AND STATISTICS

JAMES L. KICHLINE, *Director*
EDWARD C. ETTIN, *Deputy Director*
MICHAEL J. PRELL, *Deputy Director*
JOSEPH S. ZEISEL, *Deputy Director*
JARED J. ENZLER, *Associate Director*
DAVID E. LINDSEY, *Associate Director*
ELEANOR J. STOCKWELL, *Associate Director*
THOMAS D. SIMPSON, *Deputy Associate Director*
LAWRENCE SLIFMAN, *Deputy Associate Director*
HELMUT F. WENDEL, *Deputy Associate Director*
MARTHA BETHEA, *Assistant Director*
ROBERT M. FISHER, *Assistant Director*
DAVID B. HUMPHREY, *Assistant Director*
SUSAN J. LEPPER, *Assistant Director*
RICHARD D. PORTER, *Assistant Director*
PETER A. TINSLEY, *Assistant Director*
LEVON H. GARABEDIAN, *Assistant Director (Administration)*

DIVISION OF INTERNATIONAL FINANCE

EDWIN M. TRUMAN, *Director*
LARRY J. PROMISEL, *Senior Associate Director*
CHARLES J. SIEGMAN, *Senior Associate Director*
DAVID H. HOWARD, *Deputy Associate Director*
ROBERT F. GEMMILL, *Staff Adviser*
PETER HOOPER III, *Assistant Director*
KAREN H. JOHNSON, *Assistant Director*
RALPH W. SMITH, JR., *Assistant Director*

1. On loan from the Federal Reserve Bank of Boston.

and Official Staff

EMMETT J. RICE

MARTHA R. SEGER

OFFICE OF STAFF DIRECTOR FOR MANAGEMENT

S. DAVID FROST, *Staff Director*
EDWARD T. MULRENIN, *Assistant Staff Director*
CHARLES L. HAMPTON, *Senior Technical Adviser*
PORTIA W. THOMPSON, *Equal Employment Opportunity Programs Officer*

DIVISION OF PERSONNEL

DAVID L. SHANNON, *Director*
JOHN R. WEIS, *Assistant Director*
CHARLES W. WOOD, *Assistant Director*

OFFICE OF THE CONTROLLER

GEORGE E. LIVINGSTON, *Controller*
BRENT L. BOWEN, *Assistant Controller*

DIVISION OF SUPPORT SERVICES

ROBERT E. FRAZIER, *Director*
WALTER W. KREIMANN, *Associate Director*
GEORGE M. LOPEZ, *Assistant Director*

OFFICE OF COMPUTING AND INFORMATION SERVICES

ALLEN E. BEUTEL, *Executive Director*

DIVISION OF COMPUTING SERVICES

BRUCE M. BEARDSLEY, *Director*
THOMAS C. JUDD, *Assistant Director*
ELIZABETH B. RIGGS, *Assistant Director*
ROBERT J. ZEMEL, *Assistant Director*

DIVISION OF INFORMATION SERVICES

WILLIAM R. JONES, *Director*
STEPHEN R. MALPHRUS, *Assistant Director*
RICHARD J. MANASSERI, *Assistant Director*
WILLIAM C. SCHNEIDER, JR., *Assistant Director*

OFFICE OF STAFF DIRECTOR FOR FEDERAL RESERVE BANK ACTIVITIES

THEODORE E. ALLISON, *Staff Director*
JOSEPH W. DANIELS, SR., *Adviser, Equal Employment Opportunity Programs, Federal Reserve System*

DIVISION OF FEDERAL RESERVE BANK OPERATIONS

CLYDE H. FARNSWORTH, JR., *Director*
ELLIOTT C. MCENTEE, *Associate Director*
DAVID L. ROBINSON, *Associate Director*
C. WILLIAM SCHLEICHER, JR., *Associate Director*
WALTER ALTHAUSEN, *Assistant Director*
CHARLES W. BENNETT, *Assistant Director*
ANNE M. DEBEER, *Assistant Director*
JACK DENNIS, JR., *Assistant Director*
EARL G. HAMILTON, *Assistant Director*
WILLIAM E. PASCOE III, *Assistant Director*
FLORENCE M. YOUNG, *Adviser*

Federal Open Market Committee

FEDERAL OPEN MARKET COMMITTEE

PAUL A. VOLCKER, *Chairman*

E. GERALD CORRIGAN, *Vice Chairman*

ROBERT P. BLACK
ROBERT P. FORRESTAL
SILAS KEEHN
PRESTON MARTIN
J. CHARLES PARTEE
EMMETT J. RICE
MARTHA R. SEGER
HENRY C. WALLICH

STEPHEN H. AXILROD, *Staff Director and Secretary*
NORMAND R.V. BERNARD, *Assistant Secretary*
NANCY M. STEELE, *Deputy Assistant Secretary*
MICHAEL BRADFIELD, *General Counsel*
JAMES H. OLTMAN, *Deputy General Counsel*
JAMES L. KICHLINE, *Economist*
EDWIN M. TRUMAN, *Economist (International)*

J. ALFRED BROADDUS, *Associate Economist*
RICHARD G. DAVIS, *Associate Economist*
DONALD L. KOHN, *Associate Economist*
DAVID E. LINDSEY, *Associate Economist*
MICHAEL J. PRELL, *Associate Economist*
KARL A. SCHELD, *Associate Economist*
CHARLES J. SIEGMAN, *Associate Economist*
SHEILA L. TSCHINKEL, *Associate Economist*

PETER D. STERNLIGHT, *Manager for Domestic Operations, System Open Market Account*
SAM Y. CROSS, *Manager for Foreign Operations, System Open Market Account*

FEDERAL ADVISORY COUNCIL

LEWIS T. PRESTON, *President*
PHILIP F. SEARLE, *Vice President*
WILLIAM H. BOWEN AND N. BERNE HART, *Directors*

ROBERT L. NEWELL, First District
LEWIS T. PRESTON, Second District
GEORGE A. BUTLER, Third District
JULIEN L. MCCALL, Fourth District
JOHN G. MEDLIN, JR., Fifth District
PHILIP F. SEARLE, Sixth District
HAL C. KUEHL, Seventh District
WILLIAM H. BOWEN, Eighth District
LLOYD P. JOHNSON, Ninth District
N. BERNE HART, Tenth District
NAT S. ROGERS, Eleventh District
G. ROBERT TRUEX, JR., Twelfth District

HERBERT V. PROCHNOW, *Secretary*
WILLIAM J. KORSVIK, *Associate Secretary*

and Advisory Councils

CONSUMER ADVISORY COUNCIL

TIMOTHY D. MARRINAN, Minneapolis, Minnesota, *Chairman*
THOMAS L. CLARK, JR., New York, New York, *Vice Chairman*

RACHEL G. BRATT, Medford, Massachusetts
JONATHAN BROWN, Washington, D.C.
JEAN A. CROCKETT, Philadelphia, Pennsylvania
THERESA FAITH CUMMINGS, Springfield, Illinois
STEVEN M. GEARY, Jefferson City, Missouri
RICHARD M. HALLIBURTON, Kansas City, Missouri
CHARLES C. HOLT, Austin, Texas
EDWARD N. LANGE, Seattle, Washington
KENNETH V. LARKIN, Berkeley, California
FRED S. MCCHESNEY, Atlanta, Georgia
FREDERICK H. MILLER, Norman, Oklahoma
MARGARET M. MURPHY, Columbia, Maryland
ROBERT F. MURPHY, Detroit, Michigan
HELEN NELSON, Mill Valley, California
LAWRENCE S. OKINAGA, Honolulu, Hawaii
JOSEPH L. PERKOWSKI, Centerville, Minnesota
ELVA QUIJANO, San Antonio, Texas
BRENDA L. SCHNEIDER, Detroit, Michigan
PAULA A. SLIMAK, Cleveland, Ohio
GLENDA G. SLOANE, Washington, D.C.
HENRY J. SOMMER, Philadelphia, Pennsylvania
TED L. SPURLOCK, New York, New York
MEL STILLER, Boston, Massachusetts
CHRISTOPHER J. SUMNER, Salt Lake City, Utah
WINNIE F. TAYLOR, Gainesville, Florida
MICHAEL M. VAN BUSKIRK, Columbus, Ohio
MERVIN WINSTON, Minneapolis, Minnesota
MICHAEL ZOROYA, St. Louis, Missouri

THRIFT INSTITUTIONS ADVISORY COUNCIL

THOMAS R. BOMAR, Miami, Florida, *President*
RICHARD H. DEIHL, Los Angeles, California, *Vice President*

ELLIOTT G. CARR, Harwich Port, Massachusetts
M. TODD COOKE, Philadelphia, Pennsylvania
J. MICHAEL CORNWALL, Dallas, Texas
HAROLD W. GREENWOOD, JR., Minneapolis, Minnesota
JOHN A. HARDIN, Rock Hill, South Carolina
FRANCES LESNIESKI, East Lansing, Michigan
JOHN T. MORGAN, New York, New York
SARAH R. WALLACE, Newark, Ohio
MICHAEL R. WISE, Denver, Colorado

Federal Reserve Board Publications

Copies are available from PUBLICATIONS SERVICES, Mail Stop 138, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. *When a charge is indicated, remittance should accompany request and be made payable to the order of the Board of Governors of the Federal Reserve System. Remittance from foreign residents should be drawn on a U.S. bank. Stamps and coupons are not accepted.*

THE FEDERAL RESERVE SYSTEM—PURPOSES AND FUNCTIONS. 1984. 120 pp.
ANNUAL REPORT.
FEDERAL RESERVE BULLETIN. Monthly. $20.00 per year or $2.00 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $18.00 per year or $1.75 each. Elsewhere, $24.00 per year or $2.50 each.
BANKING AND MONETARY STATISTICS. 1914–1941. (Reprint of Part I only) 1976. 682 pp. $5.00.
BANKING AND MONETARY STATISTICS. 1941–1970. 1976. 1,168 pp. $15.00.
ANNUAL STATISTICAL DIGEST
1974–78. 1980. 305 pp. $10.00 per copy.
1981. 1982. 239 pp. $ 6.50 per copy.
1982. 1983. 266 pp. $ 7.50 per copy.
1983. 1984. 264 pp. $11.50 per copy.
1984. 1985. 254 pp. $12.50 per copy.
FEDERAL RESERVE CHART BOOK. Issued four times a year in February, May, August, and November. Subscription includes one issue of Historical Chart Book. $7.00 per year or $2.00 each in the United States, its possessions, Canada, and Mexico. Elsewhere, $10.00 per year or $3.00 each.
HISTORICAL CHART BOOK. Issued annually in Sept. Subscription to the Federal Reserve Chart Book includes one issue. $1.25 each in the United States, its possessions, Canada, and Mexico; 10 or more to one address, $1.00 each. Elsewhere, $1.50 each.
SELECTED INTEREST AND EXCHANGE RATES—WEEKLY SERIES OF CHARTS. Weekly. $15.00 per year or $.40 each in the United States, its possessions, Canada, and Mexico; 10 or more of same issue to one address, $13.50 per year or $.35 each. Elsewhere, $20.00 per year or $.50 each.
THE FEDERAL RESERVE ACT, as amended through August 31, 1985, with an appendix containing provisions of certain other statutes affecting the Federal Reserve System. 576 pp. $7.00.
REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.
REAPPRAISAL OF THE FEDERAL RESERVE DISCOUNT MECHANISM. *Vol. 1.* 1971. 276 pp. *Vol. 2.* 1971. 173 pp. Each volume, $3.00; 10 or more to one address, $2.50 each.
THE ECONOMETRICS OF PRICE DETERMINATION CONFERENCE, October 30–31, 1970, Washington, D.C. 1972. 397 pp. Cloth ed. $5.00 each; 10 or more to one address, $4.50 each. Paper ed. $4.00 each; 10 or more to one address, $3.60 each.
ANNUAL PERCENTAGE RATE TABLES (Truth in Lending—Regulation Z) *Vol. I* (Regular Transactions). 1969. 100 pp. *Vol. II* (Irregular Transactions). 1969. 116 pp. Each volume $2.25; 10 or more of same volume to one address, $2.00 each.
FEDERAL RESERVE MEASURES OF CAPACITY AND CAPACITY UTILIZATION. 1978. 40 pp. $1.75 each; 10 or more to one address, $1.50 each.
THE BANK HOLDING COMPANY MOVEMENT TO 1978: A COMPENDIUM. 1978. 289 pp. $2.50 each; 10 or more to one address, $2.25 each.
FLOW OF FUNDS ACCOUNTS. 1949–1978. 1979. 171 pp. $1.75 each; 10 or more to one address, $1.50 each.
INTRODUCTION TO FLOW OF FUNDS. 1980. 68 pp. $1.50 each; 10 or more to one address, $1.25 each.
PUBLIC POLICY AND CAPITAL FORMATION. 1981. 326 pp. $13.50 each.
SEASONAL ADJUSTMENT OF THE MONETARY AGGREGATES: REPORT OF THE COMMITTEE OF EXPERTS ON SEASONAL ADJUSTMENT TECHNIQUES. 1981. 55 pp. $2.75 each.
FEDERAL RESERVE REGULATORY SERVICE. Looseleaf; updated at least monthly. (Requests must be prepaid.)
Consumer and Community Affairs Handbook. $60.00 per year.
Monetary Policy and Reserve Requirements Handbook. $60.00 per year.
Securities Credit Transactions Handbook. $60.00 per year.
Federal Reserve Regulatory Service. 3 vols. (Contains all three Handbooks plus substantial additional material.) $175.00 per year.
Rates for subscribers outside the United States are as follows and include additional air mail costs:
Federal Reserve Regulatory Service, $225.00 per year.
Each Handbook, $75.00 per year.
THE U.S. ECONOMY IN AN INTERDEPENDENT WORLD: A MULTICOUNTRY MODEL, May 1984. 590 pp. $14.50 each.
WELCOME TO THE FEDERAL RESERVE.
PROCESSING AN APPLICATION THROUGH THE FEDERAL RESERVE SYSTEM. August 1985. 30 pp.
THE MONETARY AUTHORITY OF THE FEDERAL RESERVE, May 1984. (High School Level.)
WRITING IN STYLE AT THE FEDERAL RESERVE. August 1984. 93 pp. $2.50 each.
REMARKS BY CHAIRMAN PAUL A. VOLCKER, AT XIII AMERICAN-GERMAN BIENNIAL CONFERENCE, March 1985.
REMARKS BY CHAIRMAN PAUL A. VOLCKER, TO THE EMPIRE CLUB OF CANADA AND THE CANADIAN CLUB OF TORONTO, October 28, 1985.

CONSUMER EDUCATION PAMPHLETS

Short pamphlets suitable for classroom use. Multiple copies available without charge.

Alice in Debitland
Consumer Handbook on Adjustable Rate Mortgages
Consumer Handbook to Credit Protection Laws
The Equal Credit Opportunity Act and . . . Credit Rights in Housing
Fair Credit Billing
Federal Reserve Glossary
Guide to Federal Reserve Regulations
How to File A Consumer Credit Complaint
If You Borrow To Buy Stock
If You Use A Credit Card
Instructional Materials of the Federal Reserve System
Series on the Structure of the Federal Reserve System
The Board of Governors of the Federal Reserve System
The Federal Open Market Committee
Federal Reserve Bank Board of Directors
Federal Reserve Banks
Organization and Advisory Committees
U.S. Currency
What Truth in Lending Means to You

STAFF STUDIES: Summaries Only Printed in the Bulletin

Studies and papers on economic and financial subjects that are of general interest. Requests to obtain single copies of the full text or to be added to the mailing list for the series may be sent to Publications Services.

Staff Studies 115–125 are out of print.

114. MULTIBANK HOLDING COMPANIES: RECENT EVIDENCE ON COMPETITION AND PERFORMANCE IN BANKING MARKETS, by Timothy J. Curry and John T. Rose. Jan. 1982. 9 pp.
126. DEFINITION AND MEASUREMENT OF EXCHANGE MARKET INTERVENTION, by Donald B. Adams and Dale W. Henderson. August 1983. 5 pp.
127. U.S. EXPERIENCE WITH EXCHANGE MARKET INTERVENTION: JANUARY–MARCH 1975, by Margaret L. Greene. August 1984. 16 pp.
128. U.S. EXPERIENCE WITH EXCHANGE MARKET INTERVENTION: SEPTEMBER 1977–DECEMBER 1979, by Margaret L. Greene. October 1984. 40 pp.
129. U.S. EXPERIENCE WITH EXCHANGE MARKET INTERVENTION: OCTOBER 1980–OCTOBER 1981, by Margaret L. Greene. August 1984. 36 pp.
130. EFFECTS OF EXCHANGE RATE VARIABILITY ON INTERNATIONAL TRADE AND OTHER ECONOMIC VARIABLES: A REVIEW OF THE LITERATURE, by Victoria S. Farrell with Dean A. DeRosa and T. Ashby McCown. January 1984. *Out of print.*
131. CALCULATIONS OF PROFITABILITY FOR U.S. DOLLAR–DEUTSCHE MARK INTERVENTION, by Laurence R. Jacobson. October 1983. 8 pp.
132. TIME-SERIES STUDIES OF THE RELATIONSHIP BETWEEN EXCHANGE RATES AND INTERVENTION: A REVIEW OF THE TECHNIQUES AND LITERATURE, by Kenneth Rogoff. October 1983. 15 pp.
133. RELATIONSHIPS AMONG EXCHANGE RATES, INTERVENTION, AND INTEREST RATES: AN EMPIRICAL INVESTIGATION, by Bonnie E. Loopesko. November 1983. *Out of print.*
134. SMALL EMPIRICAL MODELS OF EXCHANGE MARKET INTERVENTION: A REVIEW OF THE LITERATURE, by Ralph W. Tryon. October 1983. 14 pp.
135. SMALL EMPIRICAL MODELS OF EXCHANGE MARKET INTERVENTION: APPLICATIONS TO CANADA, GERMANY, AND JAPAN, by Deborah J. Danker, Richard A. Haas, Dale W. Henderson, Steven A. Symansky, and Ralph W. Tryon. April 1985. 27 pp.
136. THE EFFECTS OF FISCAL POLICY ON THE U.S. ECONOMY, by Darrell Cohen and Peter B. Clark. January 1984. 16 pp. *Out of print.*
137. THE IMPLICATIONS FOR BANK MERGER POLICY OF FINANCIAL DEREGULATION, INTERSTATE BANKING, AND FINANCIAL SUPERMARKETS, by Stephen A. Rhoades. February 1984. *Out of print.*
138. ANTITRUST LAWS, JUSTICE DEPARTMENT GUIDELINES, AND THE LIMITS OF CONCENTRATION IN LOCAL BANKING MARKETS, by James Burke. June 1984. 14 pp.
139. SOME IMPLICATIONS OF FINANCIAL INNOVATIONS IN THE UNITED STATES, by Thomas D. Simpson and Patrick M. Parkinson. August 1984. 20 pp.
140. GEOGRAPHIC MARKET DELINEATION: A REVIEW OF THE LITERATURE, by John D. Wolken. November 1984. 38 pp.
141. A COMPARISON OF DIRECT DEPOSIT AND CHECK PAYMENT COSTS, by William Dudley. November 1984. 15 pp.
142. MERGERS AND ACQUISITIONS BY COMMERCIAL BANKS, 1960–83, by Stephen A. Rhoades. December 1984. 30 pp.
143. COMPLIANCE COSTS AND CONSUMER BENEFITS OF THE ELECTRONIC FUND TRANSFER ACT: RECENT SURVEY EVIDENCE, by Frederick J. Schroeder. April 1985. 23 pp.
144. SCALE ECONOMIES IN COMPLIANCE COSTS FOR CONSUMER CREDIT REGULATIONS: THE TRUTH IN LENDING AND EQUAL CREDIT OPPORTUNITY LAWS, by Gregory E. Elliehausen and Robert D. Kurtz. May 1985. 10 pp.
145. SERVICE CHARGES AS A SOURCE OF BANK INCOME AND THEIR IMPACT ON CONSUMERS, by Glenn B. Canner and Robert D. Kurtz. August 1985. 31 pp.
146. THE ROLE OF THE PRIME RATE IN THE PRICING OF BUSINESS LOANS BY COMMERCIAL BANKS, 1977–84, by Thomas F. Brady. November 1985. 25 pp.
147. REVISIONS IN THE MONETARY SERVICES (DIVISIA) INDEXES OF THE MONETARY AGGREGATES, by Helen T. Farr and Deborah Johnson. December 1985. 42 pp.
148. THE MACROECONOMIC AND SECTORAL EFFECTS OF THE ECONOMIC RECOVERY TAX ACT: SOME SIMULATION RESULTS, by Flint Brayton and Peter B. Clark. December 1985. 17 pp.

REPRINTS OF BULLETIN ARTICLES

Most of the articles reprinted do not exceed 12 pages.

The Commercial Paper Market since the Mid-Seventies. 6/82.
Foreign Experience with Targets for Money Growth. 10/83.
Intervention in Foreign Exchange Markets: A Summary of Ten Staff Studies. 11/83.
A Financial Perspective on Agriculture. 1/84.
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.
U.S. International Transactions in 1984. 5/85.
A Revision of the Index of Industrial Production. 7/85.
Financial Innovation and Deregulation in Foreign Industrial Countries. 10/85.

Index to Statistical Tables

References are to pages A3–A73 although the prefix "A" is omitted in this index

Federal Reserve Banks, Branches, and Offices

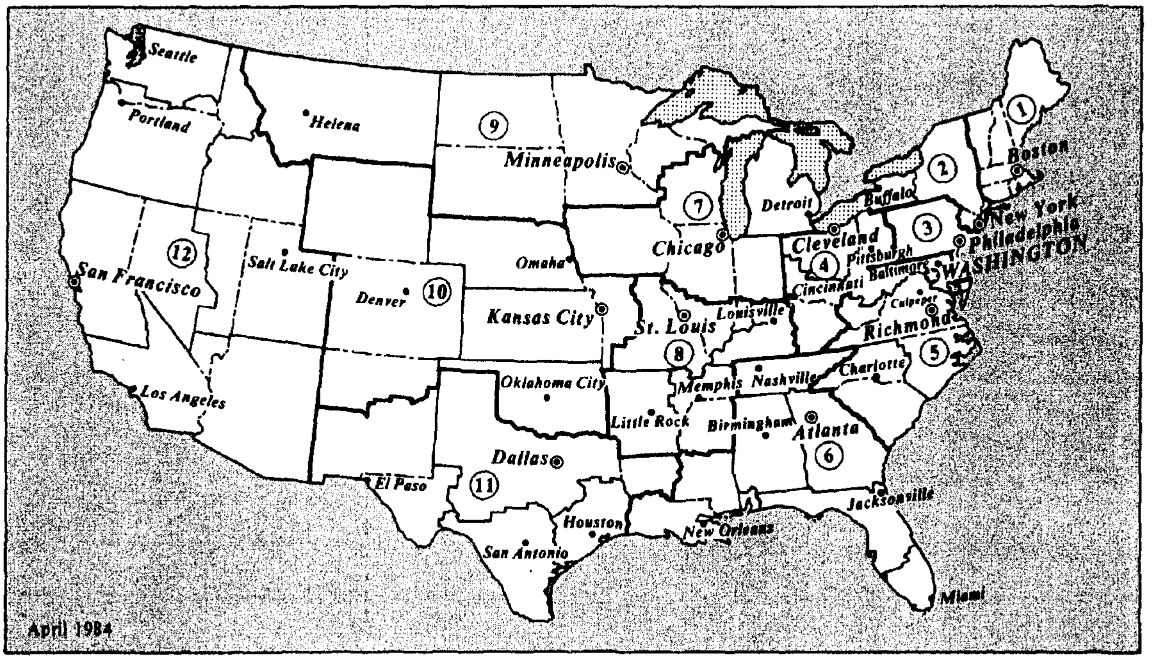
FEDERAL RESERVE BANK, branch, or *facility* Zip	Chairman Deputy Chairman	President First Vice President	Vice President in charge of branch
BOSTON*.................02106	Joseph A. Baute George N. Hatsopoulos	Frank E. Morris Robert W. Eisenmenger	
NEW YORK*.............10045	John Brademas Clifton R. Wharton, Jr.	E. Gerald Corrigan Thomas M. Timlen	
Buffalo....................14240	Mary Ann Lambertsen		John T. Keane
PHILADELPHIA........19105	Robert M. Landis Nevius M. Curtis	Edward G. Boehne Richard L. Smoot	
CLEVELAND*...........44101	William H. Knoell E. Mandell de Windt	Karen N. Horn William H. Hendricks	
Cincinnati................45201	Robert E. Boni		Charles A. Cerino
Pittsburgh................15230	(†)		Harold J. Swart
RICHMOND*.............23219	Leroy T. Canoles, Jr. Robert A. Georgine	Robert P. Black Jimmie R. Monhollon	
Baltimore................21203	Robert L. Tate		Robert D. McTeer, Jr.
Charlotte.................28230	Wallace J. Jorgenson		Albert D. Tinkelenberg
Culpeper Communications and Records Center 22701			John G. Stoides
ATLANTA................30301	John H. Weitnauer, Jr. Bradley Currey, Jr.	Robert P. Forrestal Jack Guynn	
Birmingham.............35283	A. G. Trammell		Fred R. Herr
Jacksonville.............32231	JoAnn Smith		James D. Hawkins
Miami.....................33152	Sue McCourt Cobb		Patrick K. Barron
Nashville.................37203	Patsy R. Williams		Jeffrey J. Wells
New Orleans............70161	Sharon A. Perlis		Henry H. Bourgaux
CHICAGO*................60690	Robert J. Day (†)	Silas Keehn Daniel M. Doyle	
Detroit....................48231	Robert E. Brewer		Roby L. Sloan
ST. LOUIS.................63166	W.L. Hadley Griffin Mary P. Holt	Thomas C. Melzer Joseph P. Garbarini	
Little Rock..............72203	Sheffield Nelson		John F. Breen
Louisville................40232	William C. Ballard, Jr.		James E. Conrad
Memphis.................38101	J. Rives Neblett		Paul I. Black, Jr.
MINNEAPOLIS..........55480	John B. Davis, Jr. Michael W. Wright	Gary H. Stern Thomas E. Gainor	
Helena....................59601	(†)		Robert F. McNellis
KANSAS CITY...........64198	Irvine O. Hockaday, Jr. Robert G. Lueder	Roger Guffey Henry R. Czerwinski	
Denver....................80217	James E. Nielson		Wayne W. Martin
Oklahoma City.........73125	Patience S. Latting		William G. Evans
Omaha....................68102	Kenneth L. Morrison		Robert D. Hamilton
DALLAS...................75222	Robert D. Rogers Bobby R. Inman	Robert H. Boykin William H. Wallace	
El Paso...................79999	(†)		Joel L. Koonce, Jr.
Houston..................77252	(†)		J.Z. Rowe
San Antonio.............78295	(†)		Thomas H. Robertson
SAN FRANCISCO......94120	Alan C. Furth Fred W. Andrew	John J. Balles Richard T. Griffith	
Los Angeles.............90051	Richard C. Seaver		Robert M. McGill
Portland..................97208	Paul E. Bragdon		Angelo S. Carella
Salt Lake City..........84125	Don M. Wheeler		E. Ronald Liggett
Seattle....................98124	John W. Ellis		Gerald R. Kelly

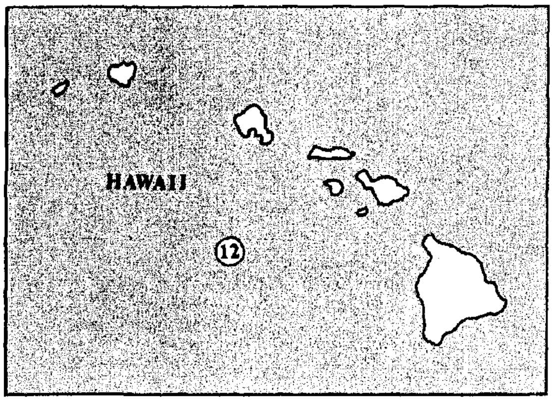
*Additional offices of these Banks are located at Lewiston, Maine 04240; Windsor Locks, Connecticut 06096; Cranford, New Jersey 07016; Jericho, New York 11753; Utica at Oriskany, New York 13424; Columbus, Ohio 43216; Columbia, South Carolina 29210; Charleston, West Virginia 25311; Des Moines, Iowa 50306;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

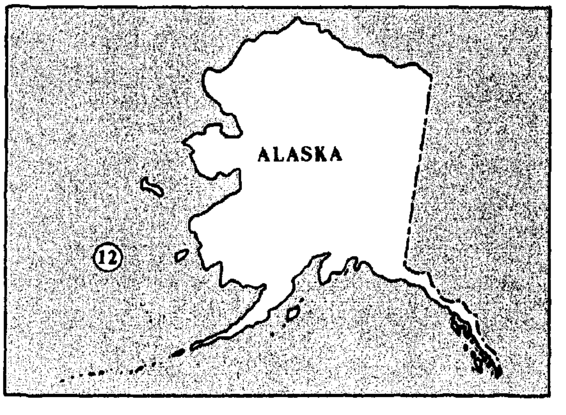
†One deputy chairmanship and several branch chairmanships had not been determined at the time the BULLETIN went to press.

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