VOLUME 72 □ NUMBER 5 □ MAY 1986

FEDERAL RESERVE BULLETIN

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

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U.S. International Transactions in 1985

Robert A. Johnson of the Board's Division of International Finance prepared this article.

The U.S. current account deficit reached a record level in 1985 that is attributable largely to the deterioration in the international price competitiveness of U.S. industry that has marked the first half of this decade. That deterioration in turn has resulted from forces that contributed to the sustained large increase of the foreign exchange value of the dollar, which peaked in the first quarter of 1985. The appreciation of the dollar since the late 1970s was associated with anti-inflationary monetary policies throughout the industrial world; relatively faster growth of demand in the United States because it has pursued a more stimulative fiscal policy than have other countries; and substantial differences in the attractiveness between financial instruments denominated in dollars and securities denominated in other currencies.

Several factors have recently combined to lay a foundation for improvement in the U.S. current account balance in the latter part of 1986: convergence in real rates of economic growth here and abroad; a reduction of the exchange value of the dollar over the past year; efforts to rectify imbalances in the global distribution of fiscal stimulus, particularly through a reduction of the U.S. federal budget deficit; and a marked reduction in world oil prices.

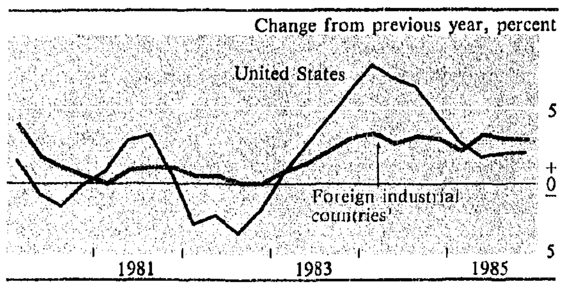
INFLUENCES ON U.S. INTERNATIONAL TRANSACTIONS

In recent years the U.S. current account has responded to movements in exchange rates, growth of economic activity that has been relatively more rapid in the United States than in many of its trading partners, changes in the dollar price of oil, and a sharp reduction in imports by developing countries experiencing acute difficulties in servicing their external debt. Of these factors, the cumulative increase in the real value of the dollar over the past five years appears to have been the proximate cause of the continued deterioration of the U.S. current account balance in 1985.

Some other factors that have influenced the current account in the past do not appear to have been so important in 1985. In particular, during 1983 and 1984, when the U.S. current account deficit expanded most rapidly, the rate of growth of real gross national product in the United States was substantially higher than that in other industrial countries. In 1985, despite the convergence of the rates of growth of economic activity here and abroad (chart 1), the U.S. current account deficit again increased, though at a lesser rate.

That the U.S. current account deficit expanded further in 1985 appears to reflect primarily the continuing effects of the high dollar on the price competitiveness of U.S. industry in international markets. The price-adjusted weighted-average exchange value of the dollar rose nearly 80 percent against major foreign currencies from the

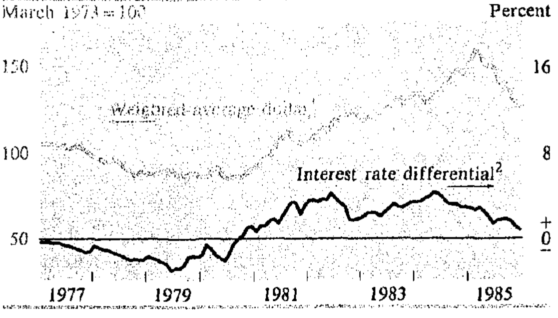
1. Growth of real GNP



Seasonally adjusted quarterly data.

1. The GNP of foreign industrial countries is the weighted-average GNP for the Group of Ten countries besides the United States and Switzerland. Weights are proportional to each country's share in world exports plus imports during 1972–76. The same countries and weights are used throughout this article in weighted-average indexes of consumer prices and interest rates in foreign industrial countries and in indexes of the exchange value of the dollar against the currencies of foreign industrial economies.

2. Foreign exchange value of the U.S. dollar and real long-term interest rate differential



1. The exchange value of the U.S. dollar is the index of its weighted-average exchange value against currencies of the other Group of Ten countries plus Switzerland, using 1972–76 total trade weights.

2. Interest rates are those on long-term government or public authority bonds adjusted for the expected rate of inflation estimated by a 36-month centered moving average of actual inflation (staff estimates have been made when needed). The differential is calculated by subtracting from the U.S. rate the trade-weighted average rate for the other Group of Ten countries plus Switzerland.

beginning of 1980 through February 1985, when the dollar peaked. Since, over the same period, consumer prices on average have risen only slightly more abroad than in the United States, the prices of U.S. goods relative to foreign goods have risen in line with the rise in the exchange rate.

Beginning in March 1985, the dollar has depreciated, with several interruptions, through the early part of 1986. Between February and the end of 1985, the nominal and the price-adjusted values of the dollar both fell nearly 20 percent. The eventual effect on the U.S. current account of this improvement in the international price competitiveness of U.S. producers is likely to be delayed, according to the widely held belief that changes in prices affect international trade only after some time. In the short run, foreign producers may choose to narrow their profit margins, which have been ample in recent years, in order to maintain their competitive position in the U.S. market. Thus even with the drop in dollar prices owing to the depreciation, U.S. producers may not at first be able to improve their share of either domestic or international markets.

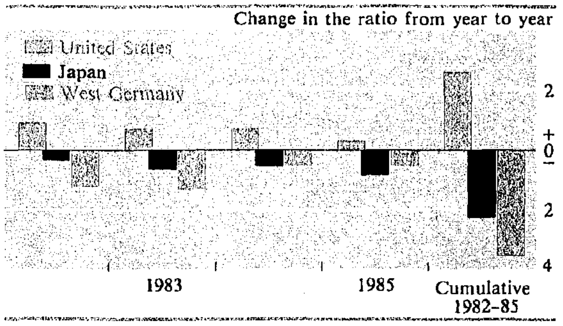
The prolonged real appreciation of the dollar and its recent depreciation are difficult to explain fully, but several factors clearly have been at work. First of all, the rise in the dollar that began in 1980 coincided roughly with the emergence of a positive differential between U.S. long-term real interest rates and a weighted average of comparable foreign interest rates (chart 2). This differential was associated, in the first instance, with monetary restraint exercised by the Federal Reserve and subsequently with an expansionary U.S. fiscal policy. The decline of the dollar in 1985 and a narrowing in the long-term real interest rate differential accompanied a slowing of U.S. economic activity and the expected easing of domestic credit demands in the face of continued large federal budget deficits. On the measure shown in the chart, the long-term real interest rate differential declined from more than 275 basis points in February 1985 to about 75 basis points at year-end. The relationship between the exchange rate and real interest rate differentials has not always been dominant, however. From the latter half of 1982 to the end of 1984, the dollar continued to appreciate as the real interest differential narrowed.

The belief of investors that the United States was a safe haven for the accumulation of wealth may have accounted for some of the appreciation of the dollar in the first half of the 1980s. Measuring variations in the market's assessments of the relative safety of investing in the United States is difficult; but such variations appear to have contributed to the dollar's strength at times. For example, residents of developing countries that have experienced deteriorating macroeconomic conditions may have feared that conditions for domestic investment would deteriorate further or that restrictions might be imposed on their ability to relocate capital. At the same time this version of the "safe haven" hypothesis is not a complete explanation of the dollar's appreciation. One must also explain why investors chose to invest in dollar instruments rather than in instruments denominated in the currencies of other industrial nations, whose investment climate did not show a marked deterioration.

The Influence of Macroeconomic Policy

Those factors that directly influence U.S. international transactions, such as prices, interest rates, output growth, and the exchange rate,

3. Fiscal stimulus

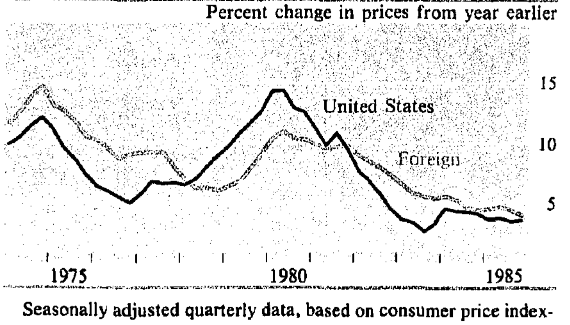


The fiscal stimulus is defined as the change from year to year in the ratio of the structural budget deficit to GNP.
SOURCE. Organisation for Economic Co-operation and Development, *Economic Outlook*, vol. 38 (December 1985).

themselves reflect economic policies in the United States and abroad. In the early 1980s, monetary policy in the industrial countries generally sought to reduce inflation, while fiscal policy was expansionary in the United States and contractionary in most foreign industrial countries (chart 3). This constellation of policies produced a period of high real interest rates, a lessening in worldwide inflation (chart 4), and an appreciation of the dollar. In addition, the divergence in fiscal policies between the United States and other large industrial countries contributed to the differentials in real GNP growth—particularly in 1983 and 1984, when the tax cuts of the Economic Recovery Tax Act of 1981 began to take hold and the buildup of U.S. defense expenditure gathered momentum.

From the last quarter of 1984 through the end of 1985, real interest rate differentials narrowed; moreover, the real growth rates of economic

4. U.S. and foreign inflation rates



Seasonally adjusted quarterly data, based on consumer price indexes.

activity converged as the fiscal impulse, defined as the change in the ratio of the structural budget deficit to GNP, diminished in the United States while the fiscal contraction in West Germany decelerated and Japanese deficit reduction proceeded steadily.

A sustained period of lower inflation rates in the industrial countries and the recent weakness in commodity prices have alleviated concern over the credibility of disinflationary policies, and policymakers throughout the industrial world have increasingly focused on the structural imbalances in the world economy. The announcement by the Group of Five finance ministers and central bank governors in late September 1985 made clear their high priority on adjustment of the exchange value of the dollar as a means of fostering external balance. They also emphasized the need to reduce fiscal stimulus in the United States as a step toward this goal. In December, legislation was enacted to eliminate the federal budget deficit in stages by 1991. Since then, long-term dollar interest rates have fallen further and so has the exchange value of the dollar.

THE CURRENT ACCOUNT: MERCHANDISE TRADE

The U.S. merchandise trade deficit reached nearly $125 billion in 1985, following deficits of $114 billion in 1984 and $67 billion in 1983 (table 1). The value of shipments of nonagricultural exports increased slightly, largely because prices rose; volume was roughly unchanged. The volume of exports of civilian aircraft and shipments of automotive products to Canada increased somewhat in 1985. Excluding those exports, the volume of nonagricultural exports fell, particularly because of declines in industrial supplies, business machinery, and consumer goods. Much of those declines reflected the lagged effect of the high exchange value of the dollar on the price competitiveness of U.S. goods.

The value of nonagricultural exports is expected to increase beginning in 1986 as a decline in the foreign-currency price of U.S. exports (reflecting the depreciation of the dollar since the first quarter of 1985) induces foreign purchasers

1. U.S. merchandise trade

Billions of dollars, seasonally adjusted annual rate

Item	1982	1983	1984	1985				
				Total	Q1	Q2	Q3	Q4
Exports								
Total	211.2	201.7	219.9	214.0	220.8	214.1	209.1	211.9
Agricultural	37.2	37.2	38.3	29.2	32.8	28.6	26.1	29.3
Nonagricultural	174.0	164.5	181.6	184.8	187.9	185.5	183.0	182.6
Imports								
Total	247.6	268.9	334.0	338.3	314.3	328.1	340.9	369.9
Oil	61.3	55.0	57.5	50.4	41.8	52.2	50.1	57.4
Non-oil	186.4	13.9	276.5	287.9	272.4	275.9	290.8	312.5
Trade balance	**−36.4**	**−67.2**	**−114.1**	**−124.3**	**−93.5**	**−113.9**	**−131.8**	**−157.9**

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis.

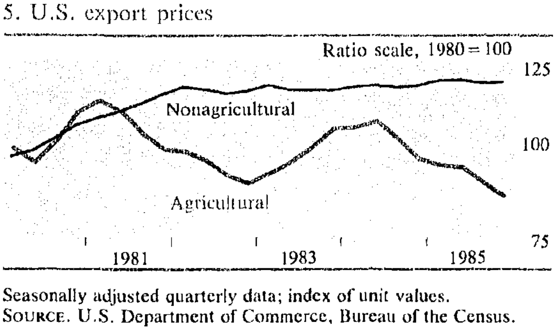
to increase their purchases of tradable goods produced in the United States.

The value of U.S. agricultural exports declined nearly 25 percent in 1985 as prices fell 10 percent and volume dropped 15 percent. Ample foreign supplies, a relatively high level of U.S. government price supports for some crops, and the strength of the dollar combined to hamper U.S. farmers in marketing their goods abroad (charts 5 and 6).

Non-oil imports rose to more than $287 billion in 1985. This increase was significantly smaller than the one between 1983 and 1984 and reflected a slowing in the growth of demand in the United States associated with the decline in the growth of real GNP from more than 6 percent in 1984 to a little over 2 percent in 1985. The volumes of imports of industrial supplies, capital goods, and foods were roughly unchanged from the previous year. The leveling off of imported capital goods was largely a consequence of a decline in the rate of growth of producers' durable equipment purchases; the deceleration of imports of industrial supplies was especially influenced by an actual decline in steel, which was in part a response to negotiated restrictions on foreign exports of steel to the U.S. market. Virtually all of the 6 percent rise in the volume of total non-oil imports resulted from increases in automotive imports from Japan and Western Europe and from increases in other consumer goods.

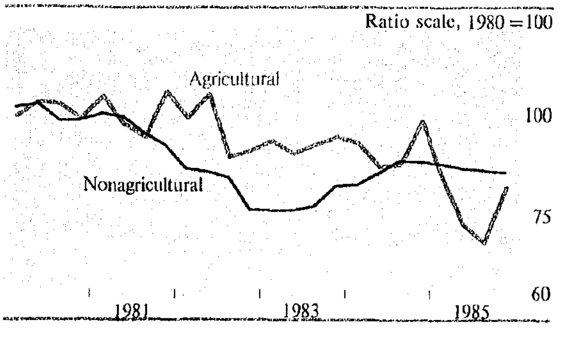
The unit value of non-oil imports declined slightly between 1984 and 1985 (chart 7). Toward the end of 1985, prices of imported manufactured goods turned up after declining for more than a year. They are expected to maintain this trend, reflecting the depreciation of the dollar during the past 12 months; and the growth of non-oil imports is expected to continue to slow as U.S. purchasers reduce their demand for foreign commodities in reaction to their rising prices.

5. U.S. export prices



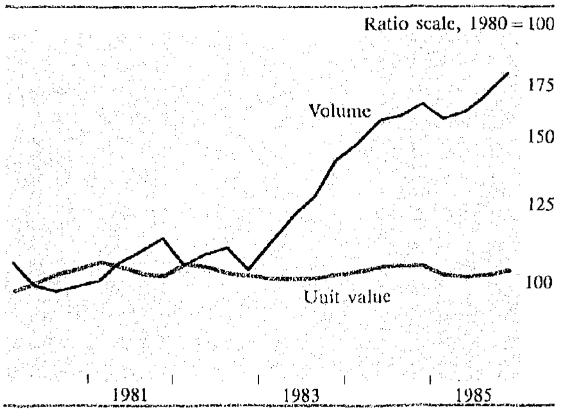
Seasonally adjusted quarterly data; index of unit values.
SOURCE. U.S. Department of Commerce, Bureau of the Census.

6. Volume of U.S. exports



Seasonally adjusted quarterly data.
SOURCES. U.S. Department of Commerce, Bureau of Economic Analysis and Bureau of the Census.

7. U.S. non-oil imports



Seasonally adjusted quarterly data.
SOURCES. U.S. Department of Commerce, Bureau of Economic Analysis and Bureau of the Census.

Import Penetration

The recent trends in the growth of non-oil imports into the United States are more fully illuminated by examination of the sectoral pattern of import-penetration ratios over the last five years (table 2).

The ratio of capital goods imports to total U.S. expenditures for producers' durable equipment (the import-penetration ratio for that sector) increased markedly over the period, especially in the latter half of 1983 and in the first part of 1984. A similar pattern is evident in the ratio of consumer goods imports to total personal consumption expenditures: it increased 3 percentage points from the first quarter of 1983 to the fourth quarter of 1984.

Changes in both of these measures of the significance of imports can be viewed in relation to the proximate determinants of imports—namely, the rate of real growth in domestic demand and the real exchange rate (table 2, columns 1 and 2). The deepening of import penetration in 1983 and 1984 coincides with an acceleration of the rate of growth of real economic activity from the recession of 1982. An import ratio need not rise with economic activity because imports could increase as well as total expenditures, leaving the ratio unchanged. However, the sustained real appreciation of the dollar over this period was a strong inducement to U.S. residents to switch from domestic to foreign goods.

In addition to the direct competitive effects of exchange rates, several potential factors may have been responsible for the deeper import penetration in 1983 and 1984. First, some evidence suggests that imports are unusually responsive to increases in demand, such as were occurring at the time as part of the recovery from the 1982 recession. Second, the inability of U.S. import-competing industries to respond promptly to changes in demand may have limited the domestic production of importable goods. Third, the relatively slack pace of economic activity abroad may have improved the ability of foreigners to meet the increment in U.S. demand.

2. Import penetration

Year and quarter	Growth rate of real GNP (percent)	Real exchange value of the dollar[1]	Penetration ratio[2]	
			Capital goods	Consumer goods
1980: 1	1.6	100.0	13.7	6.9
2	–.7	101.2	14.5	7.1
3	–1.5	98.4	14.8	6.6
4	–.1	103.0	15.3	6.8
1981: 1	.9	109.5	15.9	7.1
2	3.8	119.1	16.3	7.2
3	3.3	128.2	17.4	7.4
4	.6	121.9	18.3	8.0
1982: 1	–2.8	125.8	19.3	7.8
2	–2.2	129.7	20.6	7.5
3	–3.4	136.8	20.2	7.9
4	–1.9	137.6	18.7	7.5
1983: 1	.6	132.8	21.1	8.0
2	2.5	136.6	21.9	8.4
3	4.4	142.8	28.9	8.9
4	6.3	143.7	26.5	9.5
1984: 1	8.1	145.0	28.2	9.9
2	7.2	146.2	29.1	10.7
3	6.6	156.7	30.9	11.0
4	4.7	162.1	30.3	11.0
1985: 1	2.9	171.1	29.7	10.3
2	1.9	162.7	27.4	10.4
3	2.1	152.5	29.9	11.2
4	2.5	140.6	30.1	11.3

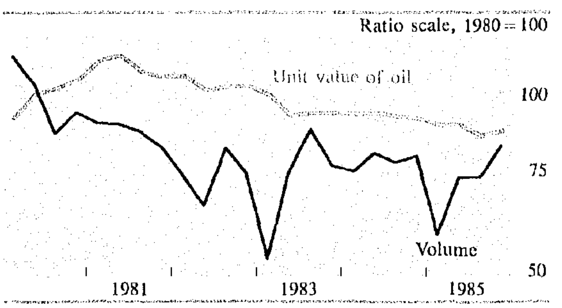
1. These data are indexes of the foreign exchange value of the dollar (1980 = 100). The indexes are priced-adjusted: the weighted-average index of the nominal exchange value of the dollar against the currencies of the G-10 foreign industrial countries are multiplied by relative consumer prices. The relative consumer prices are constructed by dividing the U.S. consumer price index by a weighted-average index of foreign consumer prices.

2. The capital goods import-penetration ratio is constructed by dividing merchandise imports of capital goods, excluding autos and trucks, by producers' durable equipment expenditures. The import-penetration ratio for consumer goods is constructed by dividing imports of consumer goods, excluding food and autos, by personal consumption expenditures less food and motor vehicle expenditures.

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis.

Finally, in the medium term, the expansion of U.S. capacity may have been impeded by high real interest rates, by concern that the strength of the dollar would reinforce the switch to foreign products, and by fears of U.S. producers that the expected increase in the competitiveness of foreign firms would be permanent. The establishment of distribution facilities in the U.S. market and the cultivation of customer relationships in this country by foreign firms that have entered or broadened their presence in the United States in recent years ensure stiff competition for U.S. producers even after the recent fall in the dollar begins to have its beneficial effects.

8. Oil imports



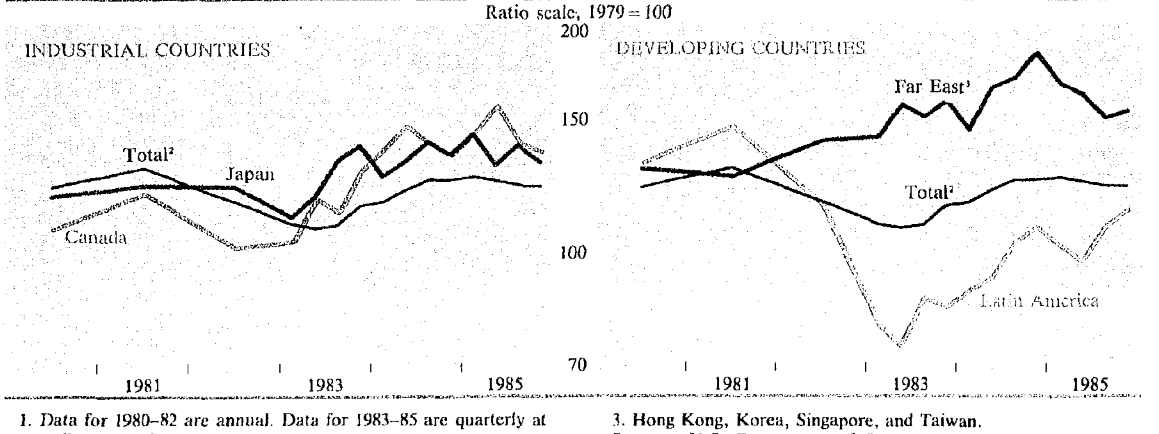
Seasonally adjusted quarterly data.
SOURCES. U.S. Department of Commerce, Bureau of Economic Analysis and Bureau of the Census.

Oil Imports

Oil imports totaled $50 billion in 1985, down $7.5 billion from 1984. The average price of imported oil fell during 1985 and has fallen further since December, when Saudi Arabia refused to continue to guarantee oil prices by limiting its output because doing so left it with inadequate revenues. The value of oil imports was also lower in 1985, largely because import volume declined, primarily in the first quarter (chart 8). This drop appeared to be the effect of a temporary rise in price after a reduction in supply to world markets by the Soviet Union coupled with an increase in demand in Western Europe due to a particularly severe winter. In response, firms may have postponed their purchases for inventory because they anticipated a fall in prices.

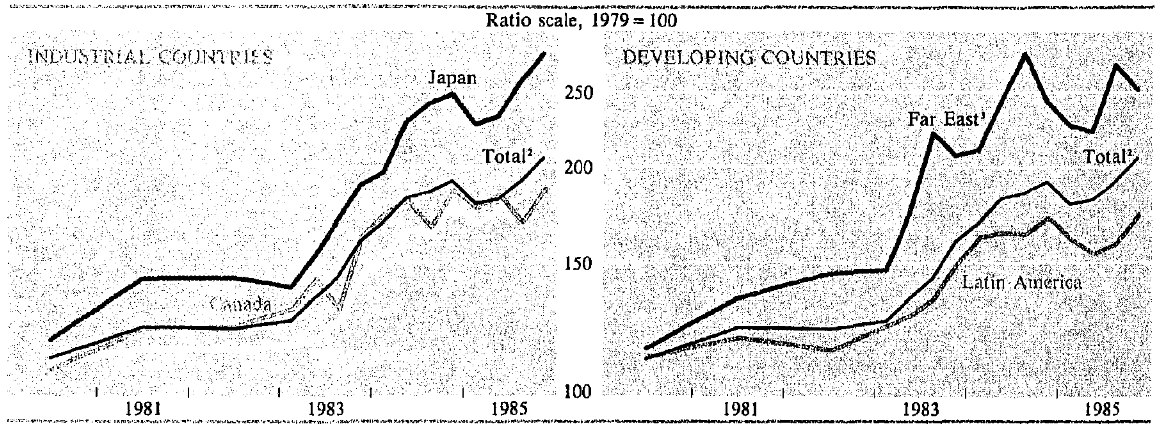
The direct effect of the recent decline in oil prices on the U.S. current account is likely to be significant. It will, however, be partially offset by a higher volume of imports for several reasons. First, higher consumption may result from a shift to oil in response to its falling price. Second, domestic production may decrease in response to lower prices. Finally, lower oil prices may reduce production costs and stimulate economic activity, and with it an increase in demand that cannot be fully met by domestic suppliers. At the same time, inflation should ease as prices of petroleum products for both personal and industrial use fall. The decline in the price of oil thus may offset some, if not all, of the rise in consum-

9. U.S. nonagricultural exports, by area[1]



1. Data for 1980–82 are annual. Data for 1983–85 are quarterly at seasonally adjusted annual rates.
2. Total U.S. nonagricultural exports to all countries.
3. Hong Kong, Korea, Singapore, and Taiwan.
SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis.

10. U.S. non-oil imports, by area[1]



1. Data for 1980–82 are annual. Data for 1983–85 are quarterly at seasonally adjusted annual rates.
2. Total U.S. non-oil imports from all countries.
3. Hong Kong, Korea, Singapore, and Taiwan.
SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis.

er and producer prices that is expected from the depreciation of the dollar.

Regional Analysis

In the first half of the decade, the regional pattern of U.S. nonagricultural exports displayed a variety of changes. Shipments to Canada, Japan, and developing countries in the Far East increased as domestic demand in each of those regions expanded. Shipments to Western Europe changed little in value, reflecting the slackening in economic activity in that region (chart 9). Exports to Latin America rebounded in 1983 and 1984 after a steep decline in 1982, when several countries in the region experienced debt-servicing difficulties. In 1985, shipments to Canada, Western Europe, and Latin America increased slightly while those to developing countries in Asia declined a little. U.S. exports of nonagricultural products to Japan rose a bit, but that advance was offset by a decline in agricultural exports. Nonagricultural exports to Mexico increased nearly $2 billion during the year.

Over the past five years, the United States has expanded its non-oil imports from all of the areas considered here, especially so during 1983 and 1984, when real GNP growth in the United States increased sharply (chart 10). During that period, the United States exported growth in economic activity to its trading partners via strong import demand. Most notable were the increases in imports from Japan and the developing countries in the Far East. The expansion of imports from Latin America was clearly beneficial to countries in that region that were struggling to service their external debt.

In 1985, the growth of U.S. imports slackened as economic activity in the United States slowed. Imports from Japan rose $5.3 billion during the year, less than a third of the advance in 1984. Similarly, imports from Western Europe increased $5.1 billion in 1985, compared with $16.5 billion the previous year. Imports from developing countries in the Far East leveled in 1985, at $37.5 billion, after increasing $8.9 billion the year before. As the lagged effects of the decline in the dollar reinforce these trends, foreign countries, which have relied on exports to the United States to stimulate economic activity, will need to expand domestic demand to sustain their growth rates.

THE U.S. INTERNATIONAL INVESTMENT POSITION AND THE NONTRADE CURRENT ACCOUNT

The U.S. current account deficits of the last three years have brought about a net transfer of financial wealth abroad, thereby rapidly eroding the recorded U.S. position as a net creditor (table 3). According to official statistics, the United States has become a net debtor for the first time since World War I. The deterioration in the overall U.S. net investment position has been concentrated in portfolio investments. This development corresponds to the increase in the importance of securities transactions in the financing of the U.S. capital account surplus, a theme explored later.

The net recorded U.S. international investment position may be a serious misestimate—one way or the other—of the true magnitude of U.S. net indebtedness. Difficulties in measuring international trade and financial flows require the inclusion of a statistical discrepancy, which compensates for incomplete or incorrect reporting of current account transactions, capital account transactions, or both, and serves to balance the account. If the cumulative unrecorded transactions result entirely from unreported capital flows, then U.S. net indebtedness is significantly greater than is specifically reported in the account and the United States became a net debtor earlier (see table 3).

3. International investment position of the United States[1]

Billions of dollars

Item	1982	1983	1984	1985[e]
Total, net international investment position	**147.0**	**106.2**	**28.2**	**-60.0**
Net direct investment	97.1	89.9	73.8	75.0
Other recorded portfolio, net	26.1	-11.2	-73.9	-165.0
Gold, SDRs, and IMF	23.7	27.5	28.3	30.0
Cumulative unrecorded transactions[2]	-109.0	-120.5	-145.2	-175.0
Recorded position plus cumulative unrecorded transactions	38.0	-14.3	-117.0	-235.0

1. Components may not add to totals because of rounding. Positive figures denote U.S. investment abroad; negative figures indicate foreign investment in the United States. All data except those for 1985 include estimates for gains or losses on assets denominated in foreign currency due to their revaluation at current exchange rates, as well as estimates for price changes in stocks, bonds, and other assets. Other adjustments to the value of assets relate to changes in coverage, statistical discrepancies, and the like.

2. This item is the statistical discrepancy from the U.S. international transactions account, which is cumulated beginning in 1959 with a base of zero. A positive discrepancy in the international transactions account appears here with a negative sign, on the assumption that it represents a net accumulation of claims by foreigners.

3. This item is equivalent to the cumulative U.S. current account position plus valuation adjustments (note 1).

SOURCES. 1981–84, net recorded position—*Survey of Current Business*, vol. 64 (June 1985), p. 27; 1981–84, other data—U.S. Department of Commerce, Bureau of Economic Analysis. All data for 1985 are estimates by Federal Reserve staff. Estimates do not include valuation adjustments (note 1).

e Estimate.

4. U.S. nontrade current account transactions[1]

Billions of dollars, seasonally adjusted annual rate

Account	1982	1983	1984	1985
Total, nontrade current account transactions	**28.4**	**21.2**	**6.7**	**6.6**
Service transactions, net	36.5	30.1	18.2	21.4
Net investment income	29.5	25.4	19.1	24.7
Net direct investment income	19.4	15.7	12.9	26.3
Other, net	10.1	9.7	6.2	-1.6
Net military	-.3	-.2	-1.8	-2.0
Other services, net	7.3	4.8	.8	-1.2
Unilateral transfers	-8.1	-8.9	-11.4	-14.8
Private transfers	-1.2	-1.0	-1.3	-1.9
U.S. government grants and pensions	-7.0	-7.9	-10.1	-12.9

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

SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis.

Other inaccuracies may introduce an overstatement of U.S. net indebtedness. For instance, U.S. gold holdings are valued at the official price of $42 per ounce rather than at market prices, which are currently near $350 per ounce. Similarly, foreign direct investment in the United States is relatively more recent than U.S. direct investment abroad, and the United States is a sizable net creditor in direct investment. Therefore, the practice of recording direct investment at book value rather than market value may act to overstate the extent of U.S. net indebtedness.

The significant changes in the U.S. net investment position in recent years have also influenced the balance of nontrade current account transactions, shown in table 4. The value of "other net investment income" fell $7.8 billion from 1984 to 1985, largely because of a fall in net interest receipts on portfolio investments. The increase in net direct investment receipts of $13.4 billion in 1985 includes significant unrealized capital gains resulting from the revaluation of some foreign components of firms' balance sheets at lower dollar exchange rates.

Income from nonmilitary service transactions other than investment income has fallen steadily, from net receipts of $7.3 billion in 1982 to a net payment of $1 billion in 1985. This shift results in part from the decline in net receipts from tourism as the high value of the dollar made it less costly for U.S. citizens to travel abroad and more expensive for foreigners to travel in the United States.

The Capital Account

The counterpart to the large U.S. current account deficit in 1985 was a net capital inflow of nearly $85 billion and a statistical discrepancy of more than $32 billion. Net private capital inflows totaled an estimated $93.3 billion in 1985, up from $82 billion the year before. There was a small net outflow—$8.4 billion—of official capital (table 5).

Net private foreign purchases of securities reached record levels in 1985, and bank-intermediated capital flows have been less important than they were in previous years, for several reasons. First, the longstanding advantage to banks of lower funding cost has eroded, in part because of investors' concern about the riskiness of bank assets. Second, widespread financial deregulation and innovation have broadened direct access to funding sources for many borrowers. Finally, in 1985, corporations decided to lengthen the maturity structure of their liabilities in response to a fall in long-term interest rates.

Net bank-reported capital inflows expanded to more than $34 billion during 1985. One contributing factor was a contraction in bankers acceptances done with foreign customers as many large U.S. banks sought to cut back on assets with low profit margins after coming under pressure to improve their captial positions.

The $44 billion of captial inflows through foreign net purchases of U.S. corporate bonds may reflect a general increase in the issuance of bonds by U.S. corporations in both the domestic market and the Euromarket in response to a fall in long-term interest rates. As U.S. corporations restructured their borrowing in 1985 to lengthen the average maturity of their liabilities, the volume of Euromarket issues expanded markedly, though the percentage of total publicly offered securities sold abroad was the same (24 percent) in 1984 and 1985. The lessened reliance on short-term liabilities resulting from restructuring of corporate maturities is also consistent with the reduction in the importance of bank-intermediated capital inflows, which tend to have shorter maturities.

Recent innovations in financial instruments have offered both borrowers and investors great flexibility and have enhanced the attractiveness of arranging financing via the issuance of securities. Over 20 percent of the nearly $38 billion of the Eurobonds issued by U.S. corporations in 1985 were denominated in foreign currencies or were dual-currency instruments. This sharp increase from the previous year may have reflected efforts to exploit the mixed expectations about the future value of the dollar in order to diminish the cost of financing. The more likely explanation lies in the reduced costs of hedging currency risk associated with the maturing of the swap market and the concomitant attempts by issuers of different nationalities to circumvent regulations that inhibit international capital mobility.

The shift to financial channels other than banks to carry the large net capital inflow continued to be evident in government securities markets in 1985 as foreign net purchases of U.S. Treasury securities accounted for over $20 billion for the second straight year. This inflow was dominated by Japanese net purchases, which accounted for more than $17.5 billion of the total, or 83 percent compared with less than 20 percent in 1984.

Net official capital outflows were $8.4 billion for 1985, marking a decline that in large part reflected the third consecutive annual shrinkage in the reserves of OPEC countries in the United

5. Summary of U.S. international capital transactions[1]

Billions of dollars; + = net inflow

Item	1983	1984	1985
Private capital, net	**29.7**	**82.1**	**93.3**
Bank-reported	19.4	23.2	34.7
Securities, net	14.2	33.7	61
U.S. net purchases of foreign securities	−7.0	−5.1	−7.9
Foreign net purchases of U.S. corporate securities[2]	12.5	16.3	47.9
Foreign net purchases of U.S. Treasury obligations	8.7	22.4	20.9
Other nonbank, net	−6.6	10.6	−2.3
Direct investment, net[2]	2.7	14.7	0
Official capital, net	**−.4**	**−5.2**	**−8.4**
Total reported capital flows, net	29.3	77.9	84.9
Statistical discrepancy	**16.7**	**30.5**	**32.7**
Current account balance	**−46.0**	**−107.4**	**−117.7**

1. Components may not add to totals because of rounding.
2. Transactions with finance affiliates of U.S. companies in the Netherlands Antilles have been excluded from direct investment outflows and added to net foreign purchases of U.S. securities because they are largely the result of Eurobond sales or redemptions.
SOURCE. U.S. Department of Commerce, Bureau of Economic Analysis.

States. In addition, the concerted intervention sales of dollars by foreign governments, after the meeting of officials from the Group of Five countries, involved a drawdown of the reserve holdings of many industrial countries in the fourth quarter of 1985, although for the year as a whole, the reserves of the G-10 countries held in the United States did not change. In addition, U.S. holdings of foreign currencies increased in 1985 as a result of official U.S. intervention late in the year.

EXCHANGE RATES, OIL PRICES, AND THE FUTURE OF THE U.S. CURRENT ACCOUNT

The record U.S. current account deficit in 1985 reflects the sustained deterioration in the international price competitiveness of U.S. producers, which itself reflects more than four years of almost continuous appreciation of the dollar. The dollar's climb has been associated with an uneven distribution of fiscal stimulus among the leading industrial countries, the emergence of sizable differentials in real interest rates, and an expansion in U.S. imports associated with vigorous growth.

As the U.S. current account deficit continued to widen despite the convergence of growth rates in the industrial world, pressure developed to protect some import-competing industries in the United States from the challenge of foreign competition. Because protectionist policies, once in place, have proven difficult to remove and because, if sustained, they promote inefficient use of domestic resources by interfering with the free exchange of goods and services, it is generally considered preferable to address directly the underlying causes of deteriorating international competitiveness.

The benefits of resisting protectionist measures may become evident as improvements in the competitiveness of U.S. industry resulting from the depreciation of the dollar alleviate the need to shelter U.S. producers from the pressures of the international market. Nevertheless, pressures for protection may not cease as the aggregate U.S. external position improves, for some industries in the United States are experiencing secular contraction owing to changes in long-run patterns of comparative advantage.

The short- and medium-term prognosis for the U.S. external account depends primarily upon the timing of the effects of the dollar's depreciation on the merchandise trade balance. In the short run, the fall in the dollar over the past year may tend to exacerbate the U.S. trade deficit because of the so-called "J curve" effect. This effect is felt because neither supply nor demand responds fully to price changes in the very short run. Specifically, the devaluation increases the price of imports in the home currency (in this case, dollars) before responses of the quantities supplied and demanded can occur. Over time, the adjustments to quantity stimulated by the change in relative prices tend to dominate the deterioration in the relative prices and the trade balance improves. How much it does and in what time frame are difficult to estimate precisely because these matters will also depend fundamentally upon the strength of demand both in the United States and abroad.

The response of the producers of tradable goods, both here and abroad, to the recent change in dollar exchange rates will tend to raise the price of imports to U.S. consumers and decrease the quantity of imports; but the extent of each adjustment and its effect on profit margins and market shares may represent more than a simple reversal of the developments over the last few years as the dollar rose. Furthermore, producers of U.S. importable goods do not appear to have adopted a common pattern of price and quantity adjustments.

Another factor that may influence the near-term outlook for the U.S. current account is the recent sharp decline in oil prices. In the short run, the effects of the fall in price should dominate and produce an improvement in the U.S. trade balance. In the medium to long term, the quantity of oil imported may increase for several reasons: consumers will tend to shift to oil from other forms of energy that have become relatively more expensive and may consume more energy in total. Domestic production of oil will decline. Also, the increases in profitability and wealth expected from reductions in oil prices should stimulate economic growth.

Sustained longer-run improvement in the U.S. external balance will depend upon U.S. firms being sufficiently competitive to invest in productive capacity at home with confidence and upon the strength of demand for U.S. goods abroad. The success of efforts to reduce the large U.S. federal government deficit is of foremost importance to this readjustment. At the same time, the reduction of real dollar interest rates that would accompany a reduction in U.S. government demands for credit would facilitate investment to upgrade productive facilities and further improve the competitiveness of U.S. industries.

A reduction in dollar interest rates would also alleviate some of the difficulties developing countries face in servicing their debt. However, a decline in their exports as U.S. economic growth attenuates would exacerbate their difficulties. As a result, other industrial economies, particularly those with a substantial current account surplus, must assume some of the responsibility for maintaining global aggregate demand sufficient to minimize the costs of transition to a sustainable international configuration of external positions.

Treasury and Federal Reserve Foreign Exchange Operations

This quarterly report, covering the period November 1985 through January 1986, provides information on Treasury and System foreign exchange operations. It was prepared by Sam Y. Cross, Manager of Foreign Operations of the System Open Market Account and Executive Vice President in charge of the Foreign Group of the Federal Reserve Bank of New York.[1]

The dollar declined substantially against most currencies during the three months ended January 1986, falling 9 percent against both the German mark and the Japanese yen.

The dollar moved lower with little exchange market intervention by central banks of the five largest industrial countries. While there was less central bank selling of dollars than during the six weeks after the G-5 meeting on September 22, market participants remembered the G-5 commitment to adopt additional specific measures to achieve a more balanced economic expansion. They were therefore sensitive to the possibility that policy actions might be taken to support a declining dollar.

Sentiment toward the dollar became decidedly more cautious during the three months. At times during the period, market participants thought that the dollar would stabilize. But by the end of the period they generally believed the authorities either would favor or at least not strongly resist further declines in the dollar. In this context, they came to view developments that occurred in a negative light for the dollar. Also, figures showing that the trade imbalances of the United States, Germany, and Japan were continuing to widen were seen as maintaining pressure on governments to further the exchange rate movements.

1. Federal Reserve reciprocal currency arrangements

Millions of dollars

Institution	Amount of facility, January 31, 1986
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
German Federal Bank	6,000
Bank of Italy	3,000
Bank of Japan	5,000
Bank of Mexico	700
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	4,000
Bank for International Settlements:	
Swiss francs–dollars	600
Other authorized European currencies–dollars	1,250
Total	30,100

At the end of January, the dollar was about 20 percent below the levels at which it had been trading against the Japanese yen and the German mark during the week before the September G-5 announcement. It was down about 30 percent from its peaks of early 1985 against those currencies. Given the normal and expected lags to trade flows, the favorable effects of these large changes in exchange rates on the trade position of the United States had not yet shown up in reported trade figures.

THE OVERALL DEPRECIATION OF THE DOLLAR DURING THE PERIOD

During November and December, the exchange markets tended to react to evidence that the U.S. economy was not growing as rapidly as had previously been forecast. Business statistics

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

published at the time showed that the modest acceleration of U.S. growth that occurred in the third quarter was not being sustained in the final quarter of 1985. In Germany, by contrast, output appeared to be expanding more rapidly than before, while official and private forecasts for 1986 were repeatedly revised upward.

At the same time, U.S. trade and current account deficits continued to mount. Release of monthly trade statistics drew attention to the drag the external sector was exerting on domestic output. These figures served to remind market participants of the magnitude of the adjustment needed to restore more balance to the U.S. expansion and to redress protectionist pressures at home. Meanwhile, the current account surpluses of Germany and Japan were approaching record levels in 1985.

The fact that the initiative for the September G-5 agreement had come from the United States also had a continuing influence on exchange markets throughout the three-month period. The G-5 agreement was interpreted by market participants as reducing the likelihood that the Federal Reserve would tighten reserve conditions. Many market participants expected the U.S. authorities to act to lower U.S. interest rates, either in concert with other G-5 countries or alone, to reduce the incentive to invest in dollar-denominated assets and thereby encourage an appreciation of nondollar currencies.

This expectation was particularly strong as the period opened early in November. The Bank of Japan had just allowed Japanese money market interest rates to rise sharply. In response, the yen rose strongly against both the dollar and European currencies in the first days of November. Market participants were impressed with what they saw as evidence of the willingness of the Japanese authorities to boost the yen. But they questioned whether the rise in Japanese interest rates was consistent with the overall objective of achieving a more balanced global expansion. Domestic demand in Japan had been subdued. Some small- and medium-sized exporters were already expressing concern about the adverse effects of the yen's appreciation on the profitability of their sales abroad. Any slowdown in export sales was seen as having a potentially significant and negative effect on future production gains. Under these circumstances, many market participants believed that the rise of Japanese interest rates would have to be quickly reversed lest the internal Japanese economy be weakened any more. They thought this reversal was most likely to occur in the context of joint action to lower interest rates in the United States and other countries.

When several days passed without any evidence of an easing in the Federal Reserve's monetary policy, market participants began to question whether the monetary authorities wished to see the dollar fall further. As a result, bidding for dollars reappeared and the dollar rose markedly against the yen and European currencies. The Trading Desk of the Federal Reserve Bank of New York conducted its only intervention operation of the period on November 7, selling $77.2 million against Japanese yen and $25 million against German marks. The purchases were split equally between the U.S. Treasury and the Federal Reserve.

For the balance of November, the dollar fell rather steadily, especially against the German mark. The improving outlook for Germany's growth and its near-record trade surplus contrasted with the lackluster pace of business activity and the growing trade deficit of the United States. The mark gained support from press and market attention to comments by officials that gave the impression the U.S. administration remained dissatisfied with the extent of the mark's rise.

During the first half of December, the dollar's depreciation stalled as market participants again questioned the willingness of the monetary authorities in other countries to accept a further rise of their currencies. As November reserve figures were published, they indicated that the G-5 countries were again increasing their foreign exchange holdings. The dollar steadied first against the yen—then trading near ¥200, some 17½ percent above the levels prevailing before the G-5 agreement. Market participants noted that Japanese interest rates were easing back again and interpreted a Japanese official's comments supporting a managed float of major currencies as indicating a desire for the yen to stabilize. The dollar then steadied against the German mark. With the mark then at DM2.50, some 14 percent above mid-September levels, market participants were sensitive to any indication of the German authorities' views about the scope for further appreciation of their currency. Accordingly, when rumors circulated that the German central bank had purchased dollars in the exchange market, professionals temporarily became wary of selling dollars.

But the dollar shortly resumed its decline in December. The report of an upward revision of gross national product for the final quarter of 1985 failed to alter perceptions that economic growth in the United States had slowed toward the end of the year. The passage of legislation aimed at reducing the U.S. fiscal deficit over coming years was seen as at least beginning to address a fundamental problem facing the United States. Yet, in the near term, the prospect of declining fiscal deficits contributed to an easing of long-term U.S. interest rates, narrowing differentials in favor of the dollar. Thus, the dollar moved below DM2.50 after midmonth as the mark again led the rise of currencies against the dollar.

As the mark rose against the dollar during November and December, it also moved up against its partner currencies in the European Monetary System (EMS). Although inflation has slowed in all EMS countries, the rise of prices in Germany had remained consistently smaller than in the others. The cumulative effects of the inflation differentials since the last major realignment of EMS parities in 1983 were seen as having implications for the competitiveness of industry in individual member countries. Thus, as EMS currencies as a group strengthened, questions arose about the sustainability of the system's parity rates.

The renewed rise of the mark against the dollar starting late in December intensified pressures within the EMS. Market participants were sensitive to the possibility that many EMS countries would seek early adjustments to their currencies—similar to that already made for the lira in July 1985—to avoid a protracted period of speculation over EMS currency relationships. Regularly scheduled meetings of European Community officials were viewed by some as providing a forum for negotiating a realignment of joint float parity rates. These pressures were mirrored in a sharp widening in the forward market discounts of the currencies of Italy, France, and Belgium relative to the German mark. In the spot market, selling of these currencies typically built up before weekends when the opportunity for a currency realignment was viewed as the greatest, and then eased when no realignment occurred.

In response to these pressures within the EMS, the authorities in both Belgium and Italy acted to stem speculative capital outflows by raising money market interest rates. The central banks whose currencies were under pressure intervened regularly, and at times substantially, to sell dollars and marks out of official reserves. Belgium, along with several other countries, stepped up its borrowings in the Eurocurrency markets to replenish international reserves. Then in mid-January, the Italian authorities acted to protect the lira against speculation by raising interest rates more, imposing a ceiling on the growth of bank credit, and tightening or reintroducing exchange controls affecting commercial leads and lags.

Meanwhile, during January, the bearish sentiment toward the U.S. economy began to lift following a series of U.S. economic statistics—starting with an unexpectedly strong gain in December employment—that caused analysts to revise upward their estimates of growth for the coming year. In response, U.S. interest rates moved up briefly, causing interest differentials in favor of the dollar to widen again. But, unlike previous occasions during this economic expansion when evidence of a stronger-than-expected U.S. economy and rising interest rates boosted the dollar, the exchange market reaction was muted. Before a January 18 meeting of G-5 monetary officials in London, anticipations persisted that some joint action to lower the dollar by interest rate changes or other means would be taken. When no policy statements were issued from that meeting, these expectations subsided.

At the same time, an unexpectedly sharp drop in oil prices had become the dominant factor in the exchange markets. Oil prices had started to plunge after members of the Organization of Petroleum Exporting Countries, faced with a growing abundance of oil supplies, chose to defend their market share rather than to support oil prices by curtailing production. With the supply of oil outstripping demand, spot oil prices dropped, closing January nearly 40 percent below the levels recorded three months earlier.

The decline in world oil prices greatly enhanced the likelihood that the world's economic expansion would continue without reaccelerating inflation soon. To be sure, the United States was expected to benefit from the slowing of inflation and a reduction in imports. But market participants saw the possibility that relatively greater benefits would accrue to major competitors and trading partners of the United States because they are more dependent on imported sources of energy. Moreover, the sharp fall in oil prices raised questions about the exposure of U.S. banks to borrowers in the energy sector and in the developing countries that are major oil producers. Thus, each successive report of lower oil prices tended to cause the dollar to weaken relative to the yen and some continental European currencies. These pressures were not limited to the dollar: the pound sterling and the Canadian dollar also were vulnerable to developments in the oil market.

The prospect of declining commodity prices, together with reduced fiscal deficits, fostered renewed rallies in the U.S. stock and bond markets in January. As a consequence, long-term U.S. interest rates fell late in the month. Thus, long-term interest rate differentials became progressively less favorable to the dollar, contributing to uncertainties about whether capital inflows would continue to support the dollar as they had in recent years.

Against this background, market participants scrutinized statements by U.S. and foreign officials for any indication of changes in their views or intentions about dollar exchange rates. At the time the yen was holding around the key level of ¥200. Market participants noted that Japanese interest rates were being allowed to ease back toward levels prevailing before the runup of late October and early November, and talk spread of a cut in the Bank of Japan's discount rate. They wondered therefore if the Japanese authorities would resist a renewed rise in their currency. But some private forecasters were suggesting that the fall in oil prices might permit more scope for a higher yen. When a Japanese official was quoted late in January as agreeing that a further rise might be acceptable, the yen broke through ¥200 and led other foreign currencies sharply higher against the dollar. It continued to strengthen even after the Bank of Japan announced a cut in its discount rate of half a percentage point, to 4½ percent, on January 29 to be effective the following day.

Meanwhile, protectionist pressures in the United States, which had subsided somewhat after the September G-5 meeting, resurfaced. An unexpected jump in the December U.S. trade deficit to a record level contrasted with Japan's record trade surplus for the same month. Market participants noted that some U.S. government officials were still talking about the need for a stronger yen. Press reports in advance of the President's annual State of the Union address, saying that the administration would propose to discuss with other countries the role and relationship of currencies, contributed to the sense that the United States would welcome a further depreciation of the dollar.

In response, the dollar was falling at the end of January. It dropped to a seven-year low of ¥191.35 and to a three-year low of DM2.3645 and closed near those lows on the last day of January.

The Appreciation of the Dollar Against a Few Currencies

The only major currencies against which the dollar rose during the period under review were the pound sterling and the Canadian dollar. Early in November, the pound was still benefiting from its role as a principal investment alternative to the dollar. As the dollar declined, investors moving out of dollar assets showed a preference for placing funds in the liquid sterling markets. But after touching a two-year high of $1.50¼ against the dollar at the beginning of December, sterling came under intense selling pressure as the market weighed the implications of falling oil prices. The drop was expected to lower British oil export revenues, thereby exacerbating a negative trend in the country's balance of payments. An associated decline in oil royalty payments to the government was expected to undermine progress in reducing Britain's fiscal deficit. As a result, the government's strategy of using tax cuts in the coming year to support economic growth came into question. In these circumstances, the pound declined despite continuing favorable interest differentials. It reached record lows against the German mark and gave up its earlier gains against the dollar to close the period at $1.4115, down 2¼ percent on balance.

The fall of sterling contributed to the decline of the Irish pound within the EMS alignment toward the end of the period under review. Speculation against the Irish currency mounted as traders anticipated it would be devalued in any EMS realignment, given the fall of the British pound and Ireland's close economic ties with the United Kingdom. As a result, the Irish currency fell to join the Belgian franc at the bottom of the EMS band by the end of January while money market interest rates firmed in Ireland.

The Canadian dollar also weakened substantially during the period, falling to record lows against the U.S. dollar. After the September G-5 meeting the Canadian dollar, alone among the currencies of the major trading partners of the United States, had not appreciated against the U.S. dollar. The policy issues surrounding the problems of some small Canadian banks last fall were seen as unsettling by market participants. News of a current account deficit in the third quarter, the first deficit recorded in Canada since 1983, added to market participants' disquiet. In addition, the fall in oil prices, while having little net effect on Canada's external position, was expected to result in sharply lower government revenues and to create dislocations in some sectors and in some regions of the economy. Market observers also expressed disappointment in the degree to which the government had been able to cut Canada's fiscal deficit. Under these circumstances, the currency came on offer in the face of speculative selling and recurring rumors that foreign investors were liquidating investments in Canadian securities.

In response to these pressures, the Bank of Canada intervened forcefully late in the period and for a time afterward, replenishing foreign currency reserves by drawing nearly $1.5 billion from its two standby credit facilities with commercial banks. During the last four weeks of January the central bank also acted to tighten money market conditions. Interest rates in Canada rose markedly and, with comparable rates in the United States either steady or declining, the interest differentials favoring the Canadian dollar widened to 3 percentage points, the highest level in more than three years. On balance, the Canadian dollar declined 4¼ percent against the dollar during the three-month period under review.

2. Net profits or losses (−) on U.S. Treasury and Federal Reserve current foreign exchange operations[1]

Millions of dollars

Period	Federal Reserve	U.S. Treasury Exchange Stabilization Fund
Nov. 1, 1985–Jan. 31, 1986...	0	0
Valuation profits and losses on outstanding assets and liabilities as of Jan. 31, 1986[2]	152.2	296.7

1. Data are on a value-date basis.

2. Valuation gains represent the increase in the dollar value of outstanding currency assets valued at end-of-period exchange rates, compared with the rates prevailing at the time the foreign currencies were acquired.

CHANGES IN ESF BALANCES

In the period from November through January, the Federal Reserve and the Exchange Stabilization Fund (ESF) realized no profits or losses from foreign exchange transactions. As of January 31, cumulative bookkeeping or valuation gains on outstanding foreign currency balances were $152 million for the Federal Reserve and $297 million for the Treasury's Exchange Stabilization Fund. This is the first reported valuation gain for the Federal Reserve since October 31, 1980. □

Staff Studies

The staffs of the Board of Governors of the Federal Reserve System and of the Federal Reserve Banks undertake studies that cover a wide range of economic and financial subjects. From time to time the results of studies that are of general interest to the professions and to others are summarized in the FEDERAL RESERVE BULLETIN.

The analyses and conclusions set forth are those of the authors and do not necessarily indicate concurrence by the Board of Governors, by the Federal Reserve Banks, or by the members of their staffs.

Single copies of the full text of each of the studies or papers summarized in the BULLETIN *are available without charge. The list of Federal Reserve Board publications at the back of each* BULLETIN *includes a separate section entitled "Staff Studies" that lists the studies that are currently available.*

STUDY SUMMARY

STATISTICAL COST ACCOUNTING MODELS IN BANKING: A REEXAMINATION AND AN APPLICATION

John T. Rose—Baylor University

John D. Wolken—Staff, Board of Governors
Prepared as a staff paper in the spring of 1984

Statistical cost accounting models have been widely applied to the study of bank earnings and costs. These models derive from early work in transportation and were first applied to banking in the mid-1960s. Statistical cost accounting models use least squares regression to relate a firm's revenue and costs to the composition of its balance sheet. Under certain behavioral assumptions, these models can provide estimates of the implicit rates of return on individual portfolio items. In banking, such models have been used in a variety of contexts, including estimating absolute rates of return on various assets and liabilities when interest rate ceilings distort market-revealed price information or when banks have traditionally paid for such items with services in kind; examining differences in rates of return on various loan and deposit types; studying the time path of earnings; and exploring differences in profitability among various groups of banks and other financial institutions.

Despite the widespread application of statistical cost accounting models to banking, most studies using this approach have failed to incorporate correctly the balance sheet identity between assets and liabilities. The models estimated with this error are misspecified, their coefficient estimates biased, and the interpretation given to these estimates incorrect. This study reexamines the statistical cost accounting model, discusses the implications of the balance sheet identity, and discusses the importance of testing for heteroskedasticity. As others have noted, the balance sheet identity must be incorporated into the statistical cost accounting model in order to eliminate perfect collinearity. As a result, however, the interpretation of the estimated coefficients differs from that given to the parameters of the theoretical model. To identify the estimates of the parameters of the underlying model, which represent absolute rates of return on each asset and liability, additional restrictions must be imposed. However, the only satisfactory identifying restriction is not testable within the model. Consequently, such a restriction should be imposed only if it can be justified by theoretical or empirical evidence.

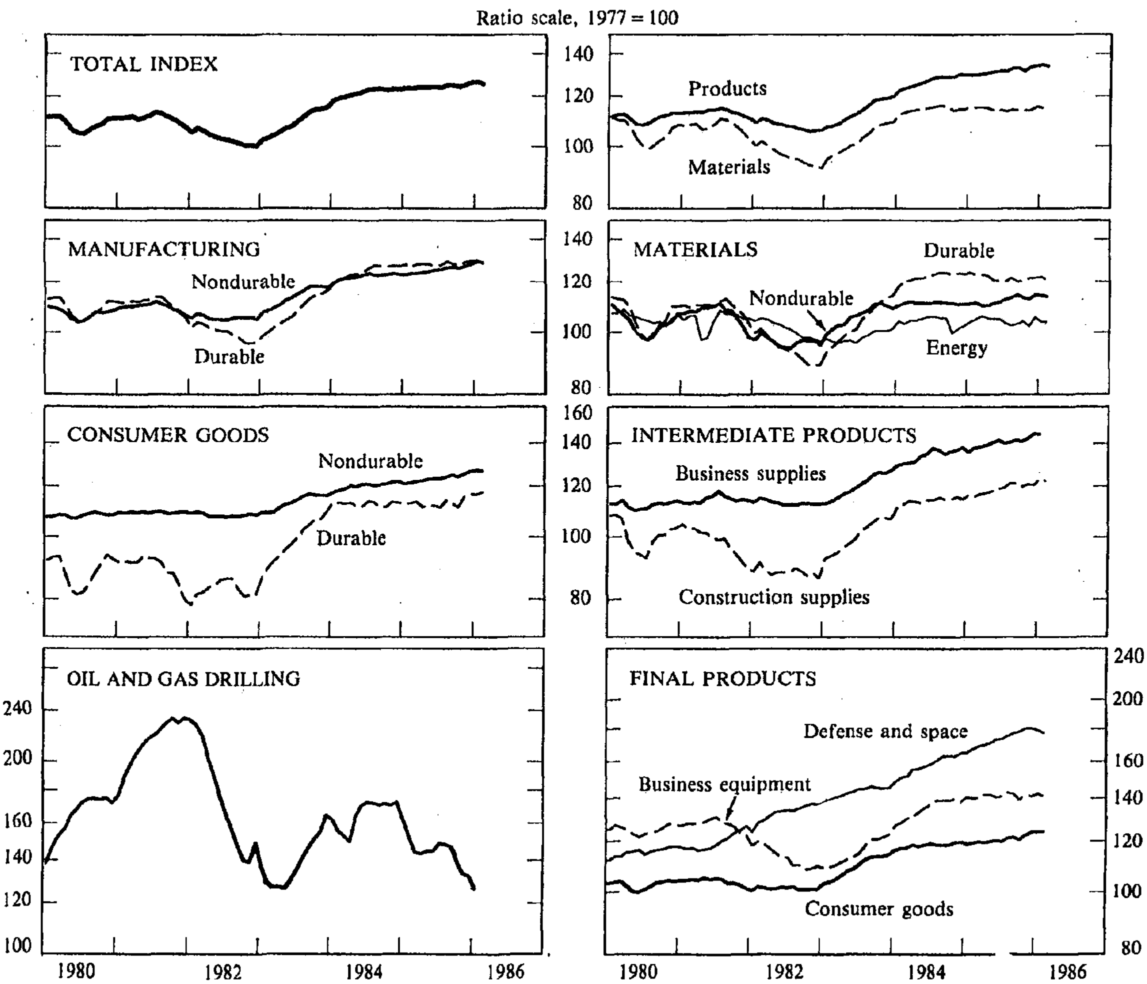
These points are illustrated through an application of the statistical cost accounting model to a sample of 146 commercial banks drawn from 11 states. Interestingly, in this sample neither the usual adjustment for heteroskedasticity nor the usual identifying restriction is appropriate. Had the usual restriction been imposed in this instance, the resulting misspecification would have biased the estimated rates of return by as much as 500 basis points. □

Industrial Production

Released for publication March 14

Industrial production declined an estimated 0.6 percent in February following a downward revised increase of 0.1 percent in January. Output of durable consumer goods and business supplies posted gains in February, but declines were widespread in other major groups. At 125.7 percent of the 1977 average, the total index in February was 1.6 percent higher than that of a year earlier.

In market groups, output of total consumer goods was unchanged in February as durable consumer goods rose 0.7 percent and nondurables edged down 0.2 percent. In February, auto assemblies increased to a seasonally adjusted annual rate of 8.7 million units from a rate of 8.4 million units in January. Output of home goods



All series are seasonally adjusted. Latest figures: February.

Group	1977 = 100		Percentage change from preceding month					Percentage change, Feb. 1985 to Feb. 1986
	1986		1985			1986		
	Jan.	Feb.	Oct.	Nov.	Dec.	Jan.	Feb.	
	Major market groups							
Total industrial production	**126.5**	**125.7**	**−.6**	**.8**	**.8**	**.1**	**−.6**	**1.6**
Products, total	134.6	133.9	−1.0	1.3	.5	.4	−.5	3.2
Final products	134.6	133.6	−1.1	1.4	.4	.2	−.7	2.5
Consumer goods	124.3	124.4	−.8	1.6	1.1	.2	.0	4.4
Durable	116.7	117.6	−1.4	3.7	1.2	−.1	.7	4.2
Nondurable	127.2	126.9	−.6	.9	1.0	.4	−.2	4.5
Business equipment	142.4	141.3	−1.8	1.5	−.4	.9	−.8	.9
Defense and space	179.5	177.6	.6	1.2	.0	−.7	−1.1	6.2
Intermediate products	134.8	134.8	−.7	.9	.8	.8	.0	5.6
Construction supplies	123.3	122.5	−1.1	.7	−.2	2.2	−.6	5.9
Materials	115.4	114.5	.0	.1	1.2	−.3	−.8	−.8
	Major industry groups							
Manufacturing	129.7	128.8	−.4	1.0	.6	.4	−.6	2.4
Durable	129.8	128.8	−.4	1.1	.4	.1	−.8	1.2
Nondurable	129.4	128.9	−.4	.7	.8	.8	−.4	4.1
Mining	107.5	104.3	.0	−1.5	.6	.0	−3.0	−4.7
Utilities	112.8	114.4	−.7	−.2	2.1	−1.6	1.4	−1.2

NOTE. Indexes are seasonally adjusted.

declined further after having risen sharply in November and December.

Production of business equipment fell 0.8 percent in February, retracing most of the January increase. All major components of business equipment registered declines in February. Defense and space equipment fell again but was still more than 6 percent above the level of a year earlier. The production of construction supplies fell 0.6 percent in February following a rise of 2.2 percent in January, while business supplies gained 0.4 percent in February after having edged down the previous month. Output of materials was reduced 0.8 percent in February and has changed little over the past two years.

In industry groups, manufacturing output declined 0.6 percent in February as durable manufacturing fell 0.8 percent and nondurables declined 0.4 percent. Mining output was down 3.0 percent in February, primarily reflecting drastically curtailed oil and gas well drilling activity.

Production by utilities increased 1.4 percent following a decline of 1.6 percent in January.

Statements to Congress

Statement by Frederick R. Dahl, Associate Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, before the Subcommittee on Commerce, Consumer, and Monetary Affairs of the Committee on Government Operations, U.S. House of Representatives, March 4, 1986.

I appreciate the opportunity to appear before this subcommittee on behalf of the Board of Governors to discuss the role of the Federal Reserve in implementing the Bank Export Services Act. The Board has asked me to emphasize that it fully supports both the efforts to assure that the United States has a strong and expanding export sector encompassing a broad range of industries and firms, as well as the specific role that banking organizations, through export trading companies, can play in this effort. Increasing exports is a critical element of a healthy economy. Recognizing this principle, the Board has administered the Bank Export Services Act as the Congress intended, to optimize the usefulness of export trading companies in promoting the export of goods and services from the United States.

As you are aware, the Bank Export Services Act (BESA), which is Title II of the Export Trading Company Act of 1982, authorizes bank holding companies to acquire equity interests in export trading companies (ETCs), subject to review by the Federal Reserve Board. The BESA was designed to permit banking organizations to participate in promoting the export of U.S. goods and services in a manner consistent with maintaining bank safety and soundness and also consistent with avoiding the risks, conflicts, and other adverse effects that the Congress has sought to prevent through limitations on the combination of banking and commerce. To this end, the BESA requires the Board to review each proposal for potential adverse effects, such as unsafe or unsound banking practices, undue concentration of resources, decreased or unfair competition, conflicts of interest, and for a material adverse effect on the safety and soundness of affiliated banks.

Having established these safeguards, the Congress permitted these ETCs to engage in a broad range of activities and services that assist in conducting international trade. These activities and services include international market research, consulting, insurance, transportation, product research and design, product modification, taking title to goods, and many others.

In October 1984, the Board submitted a report to the Congress that described the Board's implementation of the BESA to that date. It is my intention today to provide the subcommittee with an update of that report, including a description of the extent and nature of current operations of ETCs in which banking organizations have invested, and an assessment of their performance. The subcommittee has also asked us to discuss the report prepared by the General Accounting Office (GAO) on ETCs.

The draft report prepared by the GAO, on which the Board commented, was a neutral presentation of issues raised by bank-affiliated ETCs, and it also discussed the nature and purpose of the Board's regulation of investments by banking organizations in ETCs. Since the Board reviewed the report, the GAO has added one page of policy recommendations, which I will address later in this testimony.

The Board's approach has been to establish regulations that further the chief purpose of the act—promotion of exports from the United States—while maintaining the safety and soundness of the investing banking organizations. I believe that the Board's regulations have met these objectives while keeping its procedures for such investments to a minimum.

Investments by Banking Organizations

At the time of the Board's Report to the Congress submitted in October 1984, two years after passage of the Export Trading Company Act, the System had acted on 29 notifications to establish export trading companies. As of February 28, 1986, the Federal Reserve System had acted on 40 notifications to make initial investments in export trading companies. As can be seen, most of the activity in investments by banking organizations in ETCs occurred between mid-1983 and early 1985. In the past year, there has been a noticeable decline in such investments. Currently one notification is pending in the Federal Reserve System.

In addition, the System has acted on eight notices to make additional investments in ETCs or to expand the scope of their activities. The Board has not objected to any notification to establish ETCs or to expand the scope of their activities.

These numbers, however, do not accurately reflect involvement of current bank holding companies in ETC activity. Eleven of those ETCs on which the Board acted are not currently operational. Accordingly, as of February 28, 1986, there were 29 operating ETCs owned by bank holding companies. (Tables attached as an appendix to this testimony show the status of each ETC notification acted upon by the Federal Reserve System.[1])

The performance of operating ETCs has been tracked in a number of ways, including the annual reports by, and regular inspections of, bank holding companies, and frequent, informal contacts that the Reserve Banks have with bank holding companies in their Districts. Drawing on these sources of information, it is clear that the operations of these ETCs have not lived up to expectations. In a number of instances ETCs have scaled back their operations significantly since they opened. All but a few of the active companies have had operating losses.

Many of the difficulties that ETCs have experienced have been those normally associated with the start-up of new lines of business. These start-up difficulties have, of course, not been limited to those ETCs owned by banking organizations. Besides those difficulties, some of the problems that we have seen are peculiar to the activities of trading companies, regardless of how long they have been operating. For example, one ETC encountered substantial difficulties because a major customer broke the terms of its trade agreement; another ETC had its capital wiped out because of its inability to deliver on a major contract; and a third was closed after having encountered significant losses because of the holding company's inability to control the trading activities of its ETC. Besides these cases, at least four bank holding companies have discontinued the operations of their ETCs, either temporarily or permanently because the operating losses were found to be unacceptable.

More fundamentally, the fact that ETC performance has not met expectations is attributable to the generally bad export climate that has existed for several years as illustrated by the U.S. trade deficit, which increased from $25 billion in 1980 to an estimated $125 billion in 1985. As is generally well known, the weakness of U.S. exports reflects a number of macroeconomic developments that took place in the early to mid-1980s and that have continued until fairly recently: (1) the very substantial rise of the dollar against foreign currencies; (2) the relatively sluggish growth of real activity in foreign industrial countries; and (3) the drop of imports by countries experiencing debt-burden difficulties, especially Mexico and other Latin American countries.

The appreciation of the dollar until early 1985 has had a particularly severe effect on the international price competitiveness of U.S. products. A large part of the dollar's appreciation has been reversed over the past several months, but we cannot expect any immediate improvement in U.S. export performance. In fact, increased trade volumes as a result of the lower dollar are not expected to materialize until well into 1986. Notwithstanding the unfavorable environment for U.S. exports, the normal difficulties of starting new businesses, and bank inexperience with ETCs, a reasonable start has been made in meeting the purpose of the Congress to promote U.S. exports. With improved prospects for U.S. export performance and more experience, it is reasonable to expect the outlook for bank-affiliated ETCs to get better.

The factors just mentioned have been the major force delaying development of ETCs affiliated with banking organizations. The Board's

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

administration of the BESA has not been a barrier to accomplishing the goals of the act. All of the notifications have been acted on within the 60-day time period set forth in the statute, and no notification by a bank to invest in an ETC has been disapproved. Moreover, to expedite review of notifications the Board has decentralized the process and given the Reserve Banks authority to act on most ETC notifications. Fifteen of the 24 notifications to establish ETCs filed after adoption of the delegation procedures were processed by the Reserve Banks with no Board review. In addition, when the Board has reviewed notifications, it has not placed specific limitations or restrictions as a condition of permitting an investment, although it has taken note of, and commented on, the scope of some of the proposals.

General Accounting Office Report

You have asked the Board to comment on various aspects of the report prepared by the GAO on implementation of the Export Trading Company Act of 1982. I will discuss four issues described in the GAO report on the Board's implementation of Title II of the act, which I have previously referred to as the BESA. Those issues, which were discussed at length in the Board's 1984 report to the Congress on implementation of the BESA, are the following: (1) the revenues test for ETCs; (2) leveraging of ETCs; (3) exemption of transactions by banks with affiliated ETCs from the requirements of section 23A; and (4) the export of services by ETCs and their affiliated companies.

1. *Calculation of Export Revenues.* At the outset I must emphasize that the chief purpose of the BESA was the promotion of U.S. exports. The BESA was not designed to promote international trade outside the United States or imports into this country. The BESA defines an ETC as a company that is "exclusively engaged in activities related to international trade" and that is "organized and operated principally for purposes of exporting [or facilitating the export of] goods and services produced in the United States. . . ." This definition reflects the goal of the Congress of using the facilities and expertise of U.S. banking organizations to improve the export performance of U.S. manufacturing and servicing firms. In accordance with this purpose, the Board's regulations establish that a banking organization may invest in an ETC that derives more than one-half of its revenues over a two-year period from U.S. exports or from facilitating U.S. exports.

This revenues test was designed to ensure that the chief efforts of an ETC are directed to exporting U.S. goods and services, as the Congress intended, rather than to trading outside the United States. This position is fully supported by the legislative history of the BESA. The Conference Report states the following:

> [W]hile it is understood that ETCs will periodically have to engage in importing, barter, third party trade, and related activities, the managers intend that such activity be conducted only to further the purposes of the Act.

According to the GAO report, some bank-affiliated ETCs have advocated excluding from the revenues test those revenues generated from trade outside the United States. They claim that counting those revenues as nonexport revenues restricts the ability of ETCs to compete with foreign-owned trading companies. The GAO has also recently revised its draft report to recommend that the Board modify its regulation to exclude from the calculation of export revenues any revenues that come from trade outside the United States.

The reason that the Board has not taken this approach is that it would permit an ETC to engage almost exclusively in trade outside the United States with little or no benefit to U.S. export performance and yet would subject the affiliated U.S. banking organization to all the risks of the trading activity. Such a result is not consistent with the intent of the Congress in enacting the BESA—which, as I have stated, permits banking organizations to invest only in ETCs "organized and operated principally *for the purpose of exporting* goods and services produced in the United States."

2. *Leveraging.* In reviewing notices by banking organizations to invest in ETCs, the Board considers the assets-to-equity ratio of each proposed ETC on a case-by-case basis. In this

review, the Board takes into account the riskiness of the proposed activities of the ETC. The Board examines carefully the capital structure and proposed leveraging ratios of bank-affiliated ETCs to carry out its duty to preserve the safe and sound operation of bank holding companies and their affiliated banks.

In the International Lending Supervision Act, the Congress required the bank regulatory agencies to "cause banking institutions to achieve and maintain adequate capital by establishing minimum levels of capital for such banking institutions." In response, bank regulators have moved decisively to improve the capital position of banking organizations. In this process, capital is assessed on a consolidated basis and the capital adequacy of subsidiary organizations must be taken into account. This approach is necessary because the capitalization of affiliated organizations can have an important effect on their related banks.

Capital adequacy is a critical determinant of the financial strength of an ETC and of its ability to withstand unexpected adverse developments. This capital cushion is necessary to prevent an ETC's difficulties from affecting the financial resources of the parent holding company or the safety and soundness of affiliated banks.

In general, the Board is still in the process of assessing the capital needs of ETCs. This process of assessment must remain flexible, and therefore the Board has not established capital, or leveraging, requirements. To the extent that ETCs engage in activities posing greater risk, we feel it is not unreasonable to expect ETCs to maintain higher capital ratios than banks. As a general matter, capital levels should be commensurate with the risk of the company's activities.

To streamline ETC notifications, the Board has delegated the authority to review a banking organization's notice of intent to invest in an ETC to the appropriate Federal Reserve Bank. If, however, the proposed leveraging ratio of the ETC exceeds 10:1, then Board review is required. In either case the proposed leveraging ratio and other facts pertaining to the proposal are evaluated on a case-by-case basis.

In this regard, the Board recently received a request from a bank holding company that had established its ETC under the delegated procedures. The bank holding company sought to adopt a leveraging ratio for its ETC that was higher than the 10:1 ratio that it had proposed to the Reserve Bank earlier. After having evaluated the nature and riskiness of the activities proposed for the ETC, the Board approved a leveraging ratio of 17:1. The Board has not conditioned approval of any ETC notice on a specific leveraging ratio.

3. *Exemption of Transactions by Banks with Affiliated ETCs from the Requirements of Section 23A.* The BESA provides that transactions between a bank and its affiliated ETC are covered by section 23A of the Federal Reserve Act. Section 23A generally limits the amount of credit that banks may extend to a nonbank affiliate and subjects such credit extensions to certain collateral requirements. The purpose of Section 23A is to protect the safety and soundness of the bank on a general basis by identifying and restricting those classes of affiliate transactions that could result in losses to a bank because the affiliate relationship may have colored the bank's objectivity in evaluating the creditworthiness of the borrower.

Experience over the years has demonstrated that limitations on self-dealing between a bank and its affiliates are essential to prevent abuses, to maintain bank safety and soundness, and to prevent excessive risk to the federal safety net. Accordingly, the Board as a matter of policy has generally not granted exemptions from section 23A. With respect to ETCs, however, the Board has nevertheless included in its regulations a waiver from the strict collateralization standards of section 23A for those transactions in which the ETC takes title to goods against a firm order and the lending bank maintains a security interest in those goods. The Board has determined that a waiver from section 23A in these circumstances would permit ETCs to obtain financing for transactions in goods without creating undue risk to the affiliated bank. In addition, the Board has stated that it would consider granting ETCs additional waivers from the collateral requirements of section 23A based on specific requests.

The experience to date, though limited, reinforces the desirability of maintaining the protections afforded by section 23A. In at least one instance that we are aware of, a bank lent to its affiliated ETC in violation of section 23A. The loan went bad because of misjudgments on the trading side, and significantly affected the condition of the bank. Therefore, we question the wisdom of a total exemption from section 23A for transactions with an ETC, as some bank-affiliated ETCs are reported by the GAO to have suggested. Especially in the area of extensions of credit, it is important to strike the balance between encouraging the growth of ETCs and preventing imprudent banking practices.

4. *Exporting Services*. The BESA requires that a bank-affiliated ETC engage "exclusively" in activities related to international trade and "principally" in exporting or facilitating exports from the United States. The Congress permitted an exception to the traditional separation between banking and commerce for investments by banking organizations in ETCs because it viewed banks as "the best intermediary between the potential U.S. exporter and the foreign buyer because they already have offices (branches) at both ends of the chain, and are already communicating with business people on both ends." To further this purpose, the Board's regulations provide that an ETC in which a banking organization may invest must derive more than one-half its revenues from exporting or facilitating the export of goods and services produced in the United States *by persons other than the ETC or its subsidiary*.

Under the BESA and the Board's regulations, a banking organization may invest in a company that offers any of a variety of services that in one way or another facilitate trade. A banking organization, however, may not invest in any company of its choice simply because that company has foreign customers. Such an interpretation would have the effect of substantially increasing the scope of activities in which a bank holding company could engage both in the United States and abroad. It not only would deviate from the purpose of the BESA but would disrupt the framework that the Congress has established in the Bank Holding Company Act for investments by bank holding companies in other nonbanking companies. It would permit banking organizations to invest in an ETC engaged in an otherwise prohibited nonbanking activity simply on the grounds that the company had foreign customers.

The Board's regulations do not limit the ability of bank-affiliated ETCs to provide trade services. On the contrary, the BESA and the Board's regulations permit bank-affiliated ETCs to offer a broad range of trade-related services both in the United States and abroad. For example, the BESA and the regulations permit ETCs to provide consulting, market research, marketing, insurance, product research and design, legal assistance, transportation including freight forwarding, warehousing, foreign exchange, financing and taking title to goods, when provided to facilitate the trade in goods and services produced by others. According to the notifications to the Federal Reserve, a number of ETCs are providing many of the trade services listed in the statute. Moreover, the Board has recognized that this list of services is not exhaustive. As an example, upon demonstrating that the activities were related to international trade, one ETC has acquired a company in England that engages in customs bonding services and in certain types of inventory control services related to cross-border trade.

A bank-affiliated ETC may provide these and other trade services to any of its affiliates (other than a subsidiary), including its parent bank holding company and its bank and nonbank affiliates, and to its customers to facilitate the export from the United States of the services of the affiliate or the customer. Revenues derived from such services would be considered export revenues under the Board's regulations. A bank-affiliated ETC could also form a joint venture with a manufacturing or a service company to export the goods or services of the joint venture partner. Revenues derived from these activities are also considered export-related and count toward meeting the revenues test in the Board's regulations.

SUMMARY

In sum, we believe that the Board's regulations appropriately implement the BESA by furthering the purpose of the statute to promote the export of U.S. goods and services while maintaining the safety and soundness of the banking organizations that invest in ETCs. The Board has sought to maintain flexibility in its approach to such investments because of the difficult export environment and because there is still little experience with the industry generally. The Board expects to continue to review its policies in light of increased experience regulating investments in ETCs and in response to individual requests.

Statement by Preston Martin, Vice Chairman, Board of Governors of the Federal Reserve System, before the Senate Committee on Banking, Housing, and Urban Affairs, March 11, 1986.

I am pleased to appear before this committee today to review the problems being experienced by banks in our agricultural communities and to discuss various proposals that have been advanced to ease the strains resulting from these problems. Chairman Volcker recently sent you a letter that presented the Federal Reserve Board's views on these matters, and in conjunction with that letter a rather extensive study by our staff of farm credit conditions and their impact on farm banks was forwarded to the staff of your committee. Accordingly, I intend to structure my remarks this morning to highlight the main points made in those documents.

The problems currently afflicting the agricultural sector of our economy are more serious than any encountered since the Great Depression of the 1930s. Farm incomes and farm asset values have declined sharply over the current decade as crop prices—responding to a major increase in world supplies of farm products relative to demand—have dropped substantially from boom-time levels of the late 1970s. All of our farmers have been adversely affected by these developments, but not to the same degree. Farmers that are relatively debt free generally continue to have strong financial positions although significantly less so than a few years ago. In contrast, farmers who entered the 1980s substantially in debt have experienced an erosion in their financial health that generally is the more serious the greater the degree of their leveraging.

Our staff estimates suggest that perhaps a third of the full-time producers on commercial-sized family farms are experiencing moderate to severe financial stress. This group owes about one-half of the farm debt of all such operators. The problems of these farmers, of course, have been compounded by the relatively high interest rates that have prevailed over the current decade. In addition, their efforts to restructure debt, or to reduce it by selling some of their assets, have been hampered greatly by the decline in farm asset values.

The great proportion of farm debt is owed to the Farm Credit System, the Farmers Home Administration, and individuals. But about one-quarter of the total is provided by commercial banks, and the banks that have concentrations of such loans have been experiencing increasing strains in recent years. For example, loans delinquent 30 days or more at agricultural banks amounted to 7¼ percent of total loans at the end of last year, up from 6¼ percent a year earlier. This increase took place even as these banks charged off more than 2 percent of their total loans over 1985. These loan losses and the need to add to loan-loss reserves because of the increasing volume of poorly performing and nonperforming loans have substantially reduced the earnings of many farm banks. Indeed, in all too many cases earnings have turned negative and capital has been eroded, sometimes substantially so. The result has been that an increasing number of farm banks have failed (68 last year) and the number of seriously troubled banks has risen substantially.

It is important to keep the present situation in proper perspective, however. More than 95 percent of the total loans at all agricultural banks are performing, and one-half of these banks reported earnings equal to at least 10 percent of their equity. Also, agricultural banks generally have a substantial capital cushion to absorb loan losses. The capital–asset ratio for all agricultural banks averaged 9¾ percent in September last year, higher than it was at the start of the decade and well above the 7½ percent ratio for the entire banking system.

There are a number of recent developments that should work to assist the farm economy, including the recent dramatic fall in energy prices and the substantial declines in interest rates and in the exchange value of the dollar that have occurred over the past year or so. The recently enacted farm bill also offers an additional source of support for farm incomes. At the same time, however, prospective supply conditions for farm products both at home and internationally, suggest that a substantial rebound in crop prices, and thus in farm incomes, is not likely to take place over the foreseeable future. Certainly it would appear unwise to base public policy on the assumption that such a rebound will take place. Accordingly, while farmers that are now financially healthy should be able to avoid serious problems, and many borderline farm operators may be able to work out of their current difficulties, many other farmers with relatively heavy debt loads face a continuation of serious difficulties. That continuation means, of course, that a sizable number of farm banks will also continue to experience severe strains.

It is altogether understandable, that the Congress is seeking to identify approaches by which appropriate assistance can be provided to troubled farm banks to aid them and their farmer customers to get through this period. As I indicated at the beginning of my remarks, the Board, at the request of the Congress, has reviewed a number of proposals that are under consideration by the Congress to accomplish this goal. In my remaining time I will summarize the Board's assessment of these proposals and review certain supervisory policies that the Board intends to employ to provide assistance to basically sound, well-managed farm banks.

Debt Restructuring

One approach that can be taken to deal with the present debt problems of farm banks and their farmer customers is to restructure that debt. Traditionally, when borrowers have been unable to meet their debt service obligations but appeared to have a reasonably good prospect of eventually repaying a loan, lenders have been willing to practice forbearance by changing the terms of loan agreements to make them more compatible with the altered economic circumstances of the borrower. Also, in some cases, lenders have extended additional credit to troubled borrowers when it appeared that that credit might significantly improve their prospects of ultimately returning to economic health and repaying all their indebtedness.

In considering voluntarily arranged loan restructurings, the treatment of such restructurings by Generally Accepted Accounting Principles (GAAP) deserves special emphasis. In particular, Financial Accounting Standards No. 15 specifies that in cases in which the total of cash receipts that can reasonably be expected to be received under the terms of a restructured loan are at least equal to the original principal value of the loan, a lender need not change the value of the loan shown on its books.

Given the seriousness of the existing problems in the agricultural sector, the Federal Reserve believes that regulatory policies that are followed by examiners in classifying loans should give full consideration to GAAP accounting procedures.

Besides debt restructurings that are undertaken voluntarily by both lender and borrower without governmental assistance, there are, of course, a number of proposals for restructuring the terms of farm debt that would involve the government in a decidedly more active way. Some have proposed that a moratorium be imposed on loan foreclosures (by either the federal or state governments). This moratorium amounts to a kind of forced restructuring of debt because over the moratorium period farmers would retain title to and use of their land while being relieved of the drain that interest and principal payments place on cash flow. Such a restructuring would clearly assist farm borrowers, at least in the short run. But such help would come at the expense of farm lenders and could prove particularly detrimental to the financial health of already weakened farm lenders. The imposition of such arrangements, moreover, would cast a long shadow over future credit extensions.

Other proposals for government-assisted debt restructuring arrangements would induce voluntary participation by both borrowers and lenders through the provision of government subsidies or guarantees. Such governmental arrangements—as for example those offered by the Farmers Home Administration—have the quality of generally assisting both farmers and farm banks. At the same time, such assistance does not come free; its provision would add to government costs either immediately or in the future and thus present yet another obstacle to achieving a much required reduction of the federal deficit.

Net Worth Certificates and Loan-Loss Write-off Deferrals

Other proposals under consideration by the Congress—the stretch-out of loan-loss write-offs and the issuance of net worth certificates—would not result in an immediate expenditure of public funds, although both likely would add to the Federal Deposit Insurance Corporation's (FDIC's) costs over the longer run. Both these devices would boost regulatory capital without injecting real capital, the basic objective being to buy time to enable a bank to restore its real capital. This end would be accomplished with the net worth certificate approach through an exchange of promissory notes between the troubled bank and the FDIC (or possibly its primary regulator) and with the loan-loss deferral approach by permitting a write-off of loan losses over an extended period of time.

One important difference between the two approaches, as they have generally been proposed, is that loan-loss stretch-outs would be available to all banks meeting specified qualifications while net worth certificates could be issued to selected institutions on a more discretionary basis. While in theory a loan-loss deferral program could be structured to provide more targeted assistance, in practice this might be difficult.

In its letter to this committee, the Board expressed strong reservations about the use of either net worth certificates or loan-loss stretch-outs. In particular, the Board noted that they raise the question of whether regulatory accounting practices should differ significantly from Generally Accepted Accounting Principles. Since under these proposals regulatory accounting statements would show levels of capital that substantially exceeded those levels reported on financial statements prepared under GAAP, this would tend to cause public confusion and impair the usefulness and credibility of regulatory financial statements.

In addition, the Board noted that such techniques do not address a bank's fundamental financial situation. While these techniques buy time for a bank to improve its condition, they do not in themselves provide a direct means for achieving that end. Consequently, in the Board's view, these approaches are likely to be largely ineffective for most seriously troubled institutions whose real capital has been wiped out or greatly depleted by loan losses and whose earnings prospects are poor. In these cases the Board believes it would be far better to seek a permanent solution to the bank's problem by having it obtain new capital or, if its problems are too severe, by merging it with a stronger institution.

There are, of course, less extreme situations in which a bank has suffered setbacks but retains a sizable amount of capital—although considerably less than normally maintained or perhaps even less than required to meet minimum regulatory standards—and has reasonably good prospects for recovery over time. In these situations, however, a more straightforward way of buying time for institutions would be simply for supervisors to permit them to operate for some interval with capital at levels below supervisory standards. The Federal Reserve already follows this capital forbearance approach in applying its capital guidelines. We recognize that an important function of capital is to absorb unexpected losses, and that a bank that has recently utilized its capital for this purpose may not be in a position to replenish its capital resources immediately, although its long-run prospects may be quite favorable.

One problem that does arise when a bank's capital is temporarily depleted is that its single borrower loan limit is reduced commensurately because this limit is based on a percentage of capital (15 percent in the case of national banks). Thus, although a loan may have been within the single borrower limit at inception, a reduction in capital that results from loan losses will lower the bank's loan limit, thereby precluding the restructuring of loans that are above the reduced single borrower limit. This reduction would occur even though the absolute amount of the loan would not be increased. It is our view that if this problem could be dealt with and if the agencies would agree to utilize the provisions of existing generally accepted accounting standards as set out in Financial Accounting Standards Board (FASB) No. 15, it would not be necessary nor would there be any advantage to issuing net worth certificates or endorsing the deferral of loan losses.

In your letter to Chairman Volcker you also asked for comment on the March 6 testimony of Charles Sethness, Assistant Secretary of the

Treasury, and that of the American Bankers Association (ABA) and the Independent Bankers Association of America (IBAA). First, regarding the testimony of Mr. Sethness, I believe it is clear from my remarks that his views on the various proposals for assisting farm banks reviewed here today parallel those of the Board. On the other hand, the ABA and the IBAA have endorsed the stretching out of loan losses over a number of years. The Board, as I reviewed earlier, has reservations regarding this approach, for the reasons I stated.

To sum up, it is clear that a substantial number of farm families and farm banks are experiencing difficulty of greater or lesser degree at the present time. In light of this situation, the Board believes that the Congress and the banking agencies should take actions that will provide assistance to the agricultural sector while, at the same time, not undercutting effective and appropriate supervision of and accounting for the activities of farm banks. In particular, the Congress and the state legislators could make a much-needed contribution by helping to maintain the provision of banking services to small communities. The Garn–St Germain Act of 1982 presently prohibits acquisitions of troubled banks across state lines before they have failed and acquisitions of failed banks with assets of less than $500 million. The banking agencies believe that these two constraints should be eased by allowing failing bank acquisitions across state lines and by reducing the size criterion so as to maintain the banking services in farm communities. An easing of state restrictions on branchings could also help maintain banking services in small towns in cases when a separately organized and capitalized bank might not be viable.

There are also important things that can and should be done by the banking regulators in these difficult times.

1. Reaffirm the policy of not discouraging banks from exercising forbearance on farm loans that are being restructured when there is a reasonable prospect that this action will work to the mutual benefit of the bank as well as to the borrower.

2. Consistent with this general policy on forbearance the agencies should be forthcoming in applying the principles of FASB No. 15. That is, the agencies should not require that a loss be recognized on a farm loan unless the anticipated cash receipts of the restructured debt are insufficient to cover the principal amount of the loan.

3. Also, in keeping with the spirit of that approach the agencies should modify regulatory reporting requirements so that loans appropriately restructured no longer need be classified as nonperforming loans.

4. The single borrower limit should be changed or interpreted to prevent restructured loans from being held in violation of the limit based solely on the temporary decline in the bank's capital.

5. The agencies should offer a clear statement of their intention to employ a simple policy of capital forbearance. □

Statement by Frank E. Morris, President, Federal Reserve Bank of Boston, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, March 19, 1986.

I will comment briefly on our view of the national scene and on the outlook for the New England economy.

We expect 1986 to be a strong year for the American economy. There are four reasons for our optimism:

1. The inventory adjustment, which was a drag on our 1985 performance, should be behind us.

2. The dramatic decline in long-term interest rates and the accompanying rise in stock prices will strengthen both the housing industry and business plant and equipment spending.

3. Consumer spending will be supported through the wealth effect of higher stock and bond prices and by the drop in the price of imported oil, which is equivalent to an increase of $20 billion in disposable income.

4. The decline in the dollar will gradually stimulate our manufacturing industries. A few New England companies have already reported higher export orders from European buyers.

When the employment and unemployment statistics show conflicting signals, as they did in January and February, I place the greatest weight on the payroll employment series. Statistically, it is much easier to measure employment than unemployment. Of the two employment series, the payroll survey is more reliable than the household survey.

The January payroll survey showed an unusually large rise in employment—421,000. Some of this rise undoubtedly reflected errors in seasonal adjustment caused by unusually mild weather. The February increase was much smaller—226,000—which reflected more normal weather conditions plus flooding in some parts of the country. The January and February figures probably ought to be averaged to get a reliable picture. The average gain in payroll employment in these two months was 324,000—30 percent higher than the average monthly gain in 1985. This is not a signal of weakness.

The outlook for the New England economy continues to be strong despite a slowdown in our high tech industries. In 1985, unemployment in Massachusetts and New Hampshire averaged only 3.9 percent. All of the other New England states had employment rates below 5 percent except Maine, which averaged 5.4 percent. The resilience of our economy is shown in the employment figures for Massachusetts. Employment in high tech industry has declined almost 4 percent during the past year, with the greatest weakness in the computer industry, but this weakness was more than offset by strength in nonmanufacturing employment, particularly in construction and financial services.

There are three reasons why the outlook for the New England economy in 1986–87 is very strong.

1. The decline in interest rates and the rise in stock prices will stimulate plant and equipment investment, which, in turn, will revive our computer and other high tech industries.

2. The decline in the dollar will have a disproportionate impact on New England, since we export more of our manufacturing production than most other parts of the country.

3. The decline in the price of oil will be more stimulative for New England than for the rest of the country, since we are more dependent on oil and we will be spared the adverse consequences of the decline. Because these sources of future strength will have an impact on an area with already low unemployment rates, I expect there to be a serious labor shortage in New England a year from now. □

Statement by Robert H. Boykin, President, Federal Reserve Bank of Dallas, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, March 19, 1986.

The Texas unemployment rate jumped 2 percentage points—from 6.4 percent to 8.4 percent—between January and February. It seems likely that this increase reflects the volatility of the unemployment rate series more than a fundamental deterioration in the Texas economy. Without discounting the less than robust nature of the state's economy, at least compared with the recent past, it seems likely that the Texas unemployment rate should fall back toward 7 percent rather than stay where it is. There are four reasons behind this conclusion.

1. The Texas unemployment rate has always been more volatile than the national unemployment rate. Its movement is often independent of economic conditions in the state.

2. The extremely large increase in Hispanic unemployment in Texas raises questions as to whether a change in the way Hispanics are counted may have contributed unduly to the recorded increase in their unemployment.

3. Other information suggests that labor market conditions have not deteriorated as much as the rise in the unemployment rate would indicate.

4. Declines in energy have been blamed for much of the rise in the unemployment rate. In the past, changes in energy industry employment have not matched up well with changes in the state unemployment rate.

It would seem that some of the February rise in the national unemployment rate is also the result of temporary or random factors that do not reflect underlying weakness in the nation's economy. However, I will concentrate here on what I believe the sharp rise in the unemployment rate in Texas in February 1986 indicates.

The Volatility of State Unemployment Rates

Texas is one of the ten large states whose unemployment rate is calculated from the Current Population Survey (CPS) conducted by the U.S. Bureau of the Census (BLS). From a sample of 60,000 households nationally, the CPS estimates each month the number of people employed, unemployed, and in the labor force. Because the estimates are based on a sample, rather than on a comprehensive census of the population, they will vary because of random (and unavoidable) factors. The larger the sample, the less serious will be the random variation in the series. Because estimates of the unemployment rate in Texas are based on a subset of the national CPS, and thus on a smaller sample, the estimates for Texas (or any of the other CPS states) will be more variable than the national estimate. Chart 1 illustrates this point.[1]

In the past 20 years, the unemployment rate in Texas has increased or decreased 1 percentage point or more 14 times. The February increase is the tenth such change since the beginning of 1980. All but two of the previous increases were preceded or followed by offsetting changes of 1 percentage point or more within two months. A recent example occurred in October and November 1985, when the unemployment rate increased from 7.1 percent to 8.1 percent, then fell to 6.9 percent.

The Hispanic Population and Possible Statistical Problems

In February the number of unemployed persons in Texas increased about 150,000, while the number of Hispanics who were unemployed increased about 67,000. Thus, Hispanics accounted for 45 percent of the total rise in unemployment. In contrast, Hispanics represent somewhat less than 15 percent of the population in Texas. This disproportionate increase in unemployment among Hispanics calls into question the reported unemployment rate. If a significant change has occurred in labor market conditions in Texas, it is most likely a consequence of the decline in oil prices. Hispanics are heavily concentrated in construction and agriculture, not in the energy-dependent part of our state's economy. Our construction industry is slowing down, but we have no evidence that it dropped precipitously enough in February to produce the increase in Hispanic unemployment reported in the statistics. Also, at this time we are unaware of any major deterioration in agricultural employment.

Some of the increase in Hispanic unemployment may be attributable to revisions in estimates of the Texas population. The CPS data are adjusted so that the estimates conform to known population characteristics. For example, if a certain racial group comprises 10 percent of the CPS sample but makes up 12 percent of the actual population, then the survey results for that group will be weighted more heavily. The Census Bureau recently revised its estimates of the Hispanic population in Texas to account for illegal immigration. This revision increased the estimate of the number of Hispanics in Texas about 3 percent. It is possible, although both the Census and the BLS discount its importance, that this increase in the weight accorded to Hispanics affected the Texas unemployment rate.

Other Labor Market Information

Although other labor market indicators point to some worsening of economic and labor market conditions in Texas, these data are not consistent with a rise of 2 percentage points in the unemployment rate. Month-to-month growth of total nonagricultural employment has been slower in 1985 and early 1986 than in the previous two years. The energy sector has been declining, but total nonagricultural employment growth, as measured by the BLS establishment survey, is still positive. Nevertheless, the recent employ-

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

ment growth has not kept pace with labor force growth. Quarterly average unemployment rates for Texas have risen from 6.7 to 7.3 percent between the first and fourth quarters of 1985.

For information on more recent developments, we have to rely on personal contacts in the Texas business community. An informal sampling of manufacturers and retailers that we contacted in early March suggests that employment has changed little since January. Although people in or dependent on the energy sector reported falling business activity, other respondents reported that sales to customers outside the state of Texas have risen. Such comments reflect the importance of national conditions for Texas. This kind of anecdotal evidence should be interpreted with caution. Over time, however, our contacts have provided information that broadly matches other state economic indicators, but this anecdotal information does not always correspond with short-term changes in the unemployment rate. For some time these surveys have suggested sluggishness in the Texas economy, even during months when the unemployment rate was falling.

THE ROLE OF THE ENERGY INDUSTRY

Although overall employment is growing, the same cannot be said for such energy industries as oil and gas extraction, oil field machinery, and petroleum refining. Despite declining employment in the energy sector for more than a year, neither its rate of decline nor its share of total employment is large enough to induce such a large rise in the unemployment rate. In the past, changes in energy employment have been only loosely related to the unemployment rate in the state. Some of those who lose or leave their jobs in the energy sector find employment in other industries; thus, they may not be unemployed long enough to show up in the unemployment statistics. Others leave the state in search of work.

Finally, those who watch economic conditions in the state have noted with particular interest the estimates of the employment effect in Texas associated with declines in the price of oil. Some analysts put this effect as high as 25,000 jobs lost for each dollar that oil prices decline. There is evidence that the effect is not as large as that. In any case, these estimates should not be interpreted as the immediate effect of oil price drops. These numbers reflect the long-run effect on the Texas economy, after it has had at least a year to adjust to these shocks. Such estimates provide no evidence that recent oil price declines have as yet had as severe a negative impact on the state's economy as may seem to be the case from the February unemployment rate in Texas.

SUMMARY

The Texas economy is certainly weakening, in large part because of the decline in oil prices, so that the unemployment rate in March is unlikely to fully recover from the February increase. Nevertheless, economic conditions are not worsening as rapidly as an increase of 2 percentage points would indicate. There are ample explanations, including random variation, to account for at least part of the increase. □

Statement by Robert T. Parry, President, Federal Reserve Bank of San Francisco, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, March 19, 1986.

I am pleased to speak on the California employment picture before this subcommittee. I wish to state at the outset, however, that I am not an expert on the intricacies of employment and unemployment data. For detailed analyses of monthly variations in these series I rely on the U.S. Bureau of Labor Statistics, which is the agency that compiles these data.

Much of what I have to say implies that we should not rely on month-to-month variations in state employment and unemployment data. I will speak broadly of a few national trends before I turn to the California experience and a comparison of California with the nation.

The National Labor Market

The national civilian unemployment rate declined from 6.9 percent in December to 6.7 percent in January before increasing sharply in February to 7.3 percent. According to testimony by Commissioner Norwood of the Bureau of Labor Statistics (statement on March 7 before the Joint Economic Committee), two-thirds of the increase in February, or 0.4 percentage point, was due to increases in California, Texas, and Illinois.

National civilian employment, as measured in the household survey, declined 394,000 in February, after having posted a similar gain in January. According to the household survey, slightly more than half (203,000) of the February decline in employment was in agriculture and slightly less than half (190,000) was in nonagricultural employment. Unlike the household survey, however, the establishment survey, which does not include agriculture, showed a national increase of 226,000 in nonagricultural employment.

The erratic changes in national labor market statistics in January and February make it difficult to assess the current state of the national labor market on the basis of data for a single month. It probably is more informative to look at movements over the past four months by averaging the January and February data and comparing the results with the average for November and December 1985. In doing this, both the household data, adjusted for the revised population estimates, and the establishment data show that employment gains were fairly substantial for the average of January and February as compared with the average for November and December. National employment between these two periods increased by 320,000 jobs, as measured by the household survey, and by 677,000 jobs, as measured by the establishment survey. By comparison, during 1985 the average two-month change in employment was 326,000 in the household survey and 499,000 in the establishment survey. I am led to the conclusion from this comparison that moderate improvement in national employment continued in early 1986. I do not conclude that the sharp drop in household employment in the single month of February is a signal of a decline in aggregate economic activity.

California's Unemployment Rate

California's unemployment rate has been highly variable over the past three months. On a seasonally adjusted basis, it was 6.7 percent in December, then 5.8 percent in January, and finally 7.2 percent in February. Many economic analysts were surprised when California's unemployment rate dropped so sharply in January. Although January's unemployment rate represented the lowest level it had reached in 16 years, many analysts cautioned against taking the one-month drop too seriously. That caution now appears well placed: the reversal in February reminds us again that we should be wary of relying too heavily on monthly movements in state unemployment rates.

If we examine monthly changes in the California unemployment rate over the past 10 years (since January 1976) and compare them with monthly changes in the national unemployment rate over the same period, we find that the average monthly change in the California rate is slightly more than twice as large as the average monthly change in the national rate. (The mean absolute change in the California rate is 0.34 percentage point, compared with 0.16 percentage point for the national rate.)

There are several reasons why monthly changes in California's unemployment rate may not give an accurate picture of changes in California's labor market or economy. Because of the small sample size for California compared with that for the nation (4,200 compared with 57,000 nationally) the state's monthly unemployment rate is subject to larger sampling errors than is the national unemployment rate. Moreover, the statistical process necessary to seasonally adjust the raw data can introduce further noise into the seasonally adjusted data. Because of the potential importance of statistical variation in the monthly state figures, most experts on unemployment rely on changes in unemployment rates over periods longer than a month (usually at least three months) in which statistical errors are more likely to cancel.

Besides sampling and seasonal noise in the monthly data, there can be survey errors. I understand that there appears to have been a "coding error" in January's data that may have contributed somewhat to January's low national and state unemployment rates. According to Commissioner Norwood in a statement before the Joint Economic Committee on March 7, this factor may have understated January's national unemployment rate by 0.1 percentage point and thus may have overstated the rise in reported unemployment between January and February by the same amount. I do not know to what extent the coding error affected the rise in February's unemployment rate for California. I would have to rely on the Bureau of Labor Statistics for such an estimate.

Although California's seasonally adjusted unemployment rate rose from 5.8 percent to 7.2 percent between January and February, California's recorded employment actually grew at a seasonally adjusted annualized rate of 2.1 percent on the basis of the household survey while nonagricultural employment rose 2.6 percent on the basis of the establishment survey. This difference in rates suggests that the February jump in California's unemployment rate was caused by an increase in California's recorded labor force rather than an underlying weakness in California employment. Indeed, data for California's seasonally adjusted labor force indicate that it increased 221,000 between January and February, which is equivalent to a seasonally adjusted annual rate of 22.5 percent. A monthly increase of this magnitude is not indicative of the underlying trend. The average (mean absolute) monthly change during the past five years was only 53,000 and average annual labor force growth in California during the past five years was 2.3 percent. Clearly, California's labor force registered an unusually large increase in February.

One factor mentioned in Commissioner Norwood's March 7 statement as an explanation of the increase in California's unemployment rate in February is the flooding that occurred after severe storms during mid-February. However, we can find little support for this contention. If weather had been a significant factor, then we would have expected state employment to decline, which it did not. Moreover, agriculture and construction should have performed significantly worse than other sectors in the state. Construction employment, which accounts for about 4 percent of state employment, did decline at a seasonally adjusted annual rate of 2.9 percent between January and February. However, a survey of agricultural employment conducted by the California Economic Development Department indicates that California agricultural employment, which accounts for about 3 percent of state employment, increased at a seasonally adjusted rate of 12.7 percent. These figures, together with the fact that the rise in February's California unemployment rate is associated with a rise in the recorded labor force rather than with a decline in employment, make it difficult to explain the February rise in California's unemployment rate on the basis of weather-related factors.

Another potential explanation is that the recent plunge in oil prices may have caused oil-related employment to fall. Employment in what is termed the "fuel mining" industry did decline at a seasonally adjusted annual rate of about 3 percent in February, and employment in the manufacture of petroleum and coal products fell at a seasonally adjusted annual rate of about 4 percent. However, these two sectors taken together account for only six-tenths of 1 percent of all of California's jobs. Thus, the oil price drop is also not a convincing explanation of the sudden change in California's unemployment rate.

California Perspective

California generally has posted stronger employment growth than has the nation over extended periods. The most recent economic expansion has been no exception. Over the three-year period from the trough of the recession in December 1982 to December 1985, California employment increased 10.9 percent (3.5 percent annually) while national employment increased 9.2 percent (3.0 percent annually). During the same period the unemployment rates in California and the nation declined from their peaks of 11.1 percent and 10.7 percent respectively to 6.7 percent and 6.9 percent respectively.

These numbers indicate that California's labor market has made impressive strides over the past three years. In assessing where California is headed in 1986, it is helpful to gain some perspective from economic forecasts of the California economy. Virtually all forecasts of the California economy are relatively optimistic. In a survey of four forecasts of the state economy for 1986, estimates of growth in real personal income from the fourth quarter of 1985 to the fourth quarter of 1986 ranged from a low of 2.1 percent to a high of 4.4 percent, with an average value of 2.5 percent. State civilian employment (fourth quarter to fourth quarter) is forecast to rise between 2.2 percent and 3.7 percent, with an average value of 2.8 percent, which is an improvement over the 1.8 percent growth recorded in 1985. The range of forecasts for the California unemployment rate in the fourth quarter of 1986 is 6.5 percent to 7.2 percent, with an average of 6.9 percent. Thus, these forecasts indicate expectations of a fairly strong state economy in 1986. Telephone calls last week to state economic forecasters revealed that not one of these persons interpreted the February unemployment rate as a signal that the California economy is in trouble—a rare instance of unanimity among economists. Just as I have cautioned you about taking this single number too seriously, these economists cautioned against interpreting the one-month change as a sign of worse things to come.

CONCLUSIONS

To sum up, it is my view, and that of the Bank's research staff, that the sharp jump in the California unemployment number in February is giving a misleading signal of the underlying strength of the California economy—and, just as importantly, of the national economy. As I am sure you are aware, California represents a large part of the U.S. economy. California accounts for 11 percent of the nation's jobs, and Californians earn 12 percent of personal income received in this country. It is estimated that the total volume of goods and services produced by the California economy exceeds that of all but seven of the largest countries in the world. Against this background, evidence that California—and other important regions of the country—are experiencing economic difficulty would be legitimate cause for concern about the economic prospects for the United States as a whole.

As I have described to you, however, prospects for California are good. To an important extent, this is because the California economy will be responding to the same positive fundamentals that will be shaping the national outlook. In particular, I refer to the sizable declines in interest rates that we have experienced since mid-1984, the appreciable decline in the dollar that began last year, and prospects for continued low inflation in the face of declining oil prices. All of these factors point toward a higher rate of economic growth in this year than in last year, and some moderate declines in the unemployment rate. Nothing in the California picture to date would lead me to alter that conclusion. □

Announcements

PRESTON MARTIN: RESIGNATION AS A MEMBER OF THE BOARD OF GOVERNORS

At a press conference on March 21, Vice Chairman Preston Martin announced his resignation as a member of the Board of Governors, effective April 30, 1986. Mr. Martin sent the following letter of resignation to President Reagan:

Washington, D.C.
March 21, 1986

President Ronald Wilson Reagan
The White House

Dear Mr. President:

It has been my honor and privilege to have served on the Board of the nation's central bank for some forty-eight months. For the last hundred days I have agonized over whether to serve four more years as Vice Chairman of the Federal Reserve System.

In this long process I have benefitted from the advice and counsel of my wife, my colleagues here, members of your Administration and many in the financial communities. The support and encouragement I received therefrom was substantial and I am deeply grateful.

However in the end any decision is a very personal one based upon the individual's goals and objectives. On that basis, and with real regret, I have come to tender my resignation from this Board, to take place at the end of April, 1986.

Respectfully yours,

Preston Martin

After the announcement by Mr. Martin, Chairman Volcker issued the following statement:

March 21, 1986

Mr. Martin has brought a wide experience and background in public and private life to the nation and to the Federal Reserve. He is a man of strong and independent views as befits the Board. He has played a leadership role in many aspects of the System's work, bringing to bear his special insights into financial institutions, the financial system and markets, and carrying particular responsibility for relationships with the Reserve Banks. His contributions will be missed, but we are glad he will be available for counsel in the future.

Vice Chairman Martin received the following reply to his letter of resignation:

The White House
Washington
April 11, 1986

Dear Pres:

It is with regret that I accept your resignation as Vice Chairman and as a Member of the Board of Governors of the Federal Reserve System, effective April 30, 1986.

Your four years of service at our Nation's central bank have been years of great economic progress for America. I believe that this is no coincidence. When our Administration came into office in 1981, it was with a recognition of the importance of stable, moderate monetary growth to the sustained health of our economy. As you know, however, deciding what constitutes wise policy in this area is not the same thing as achieving it. The challenges facing the national and international economic community today are complex, and many of them are unforeseeable. Coping with such rapidly changing conditions requires a rare blend of experience, skill, and good judgment on the part of all those charged with the public trust.

During your term as Vice Chairman of the Federal Reserve, you have consistently displayed these qualities and won the abiding respect of your colleagues both on the Board and throughout the banking system. To that I would add only that you have earned the esteem and appreciation of the American people for your contributions to our national resurgence.

You can take great pride in this latest addition to your distinguished record of public service. Nancy joins me in wishing you and your family every future happiness and success.

Sincerely,
(signed) Ron

The Honorable Preston Martin, Vice Chairman
Board of Governors of the
Federal Reserve System
Washington, D.C. 20551

Change in the Discount Rate

The Federal Reserve Board announced on March 7, 1986, a reduction in the discount rate from 7½ percent to 7 percent, effective immediately.

The discount rate action was taken in the context of similar action by other important industrial countries and sizable declines in most market interest rates in recent weeks. More broadly, growth in the various monetary aggregates has been more limited this year, prospects for sustaining improved price performance and continuing restraint on costs have been further enhanced by the recent sharp declines in oil prices, and the economic expansion appears to be proceeding within the nation's growth potential.

In making the change, the Board voted on requests submitted by the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. (The Board subsequently approved a similar action by the Federal Reserve Bank of Cleveland, effective March 10, 1986.)

The discount rate is the interest rate that is charged depository institutions when they borrow from their District Federal Reserve Banks.

Amendments to Regulations D and Q

The Federal Reserve Board issued final amendments on March 19, 1986, to its Regulation D (Reserve Requirements of Depository Institutions) and Q (Interest on Deposits) that preserve the current treatment of money market deposit accounts (MMDAs) and revise minimum penalties for early withdrawal of certain deposits.

In 1980 Congress passed the Depository Institutions Deregulation and Monetary Control Act, which called for the orderly phaseout and ultimate elimination of interest rate ceilings on all deposit accounts, except for demand deposits, under the direction of the Depository Institutions Deregulation Committee (DIDC). Under present law, the DIDC terminates and all interest rate ceiling authority expires March 31, 1986, as does the authority to require early withdrawal penalties under Regulation Q and the explicit mandate to offer MMDAs.

The final amendments to Regulations D and Q adapt to the expiration of DIDC authority by continuing to exempt deposits with the existing withdrawal and transaction features of savings and MMDAs from reserve requirements on transaction accounts and from the prohibition of interest on demand deposits. That is, savings deposits and MMDAs will continue to qualify for the zero or 3 percent (nonpersonal) time deposit reserve requirement if the following conditions hold: for savings deposits, no more than three preauthorized, automatic, or telephone transfers are allowed each month; for MMDAs, no more than six transfers per month are authorized, of which three can be by check, draft, or debit card. Holders of both accounts still will be able to make unlimited withdrawals or interaccount transfers by mail, messenger, or in person at the depository institution or at an automated teller machine.

The amendments also remove the limitation of $150,000 on business savings accounts, bringing their treatment into line with MMDAs. If either savings deposits or MMDAs held by businesses are authorized to exceed the transfer limitations described above, they may be considered demand deposits on which interest could not be paid because businesses are not eligible to have negotiable order of withdrawal or automatic transfer accounts.

Certain early withdrawal penalties are retained in the revised Regulation D to help maintain distinctions between transaction accounts and time deposits, and between nonpersonal time deposits of different maturities for reserve requirement purposes. Early withdrawal penalties of at least seven days' interest are required on any withdrawal permitted within the first six days after a time deposit is made. This requirement applies to both personal and nonpersonal time deposits. For nonpersonal time deposits with original maturities or notice periods of 18 months or more that allow withdrawal within the first 18 months of the deposit, a one month's interest penalty is required.

The new early withdrawal rules are effective April 1, 1986, for most institutions. Credit unions and other depository institutions not now subject to early withdrawal penalties prescribed by regulation will have until January 1, 1987, to begin imposing such penalties on time deposits opened, renewed, or added to on or after that date.

CHANGES IN BOARD STAFF

The Board of Governors has announced the following changes in its official staff.

Walter Althausen, Assistant Director in the Division of Federal Reserve Bank Operations, retired, effective April 3, 1986.

Robert M. Fisher, Assistant Director and Chief, Mortgage and Consumer Finance Section, Division of Research and Statistics, retired, effective March 21, 1986.

Helmut F. Wendel, Deputy Associate Director, Division of Research and Statistics, retired, effective March 7, 1986.

The Board has also announced the appointment of Joe M. Cleaver to the official staff as Assistant Director in the Division of Banking Supervision and Regulation, effective April 7, 1986.

Legal Developments

AMENDMENTS TO REGULATION D

The Board of Governors is amending is Regulation D, Reserve Requirements of Depository Institutions, and is adopting a final rule amending its Regulation Q, Interest on Deposits, because of the expiration on March 31, 1986, of the Depository Institutions Deregulation Committee ("DIDC") and with it the authority to set regulatory interest rate ceilings on deposits other than demand deposits. Also, the DIDC's rules authorizing money market deposit accounts ("MMDAs") expire on that date along with the provisions in Regulation Q prescribing early withdrawal penalties. The statutory prohibition against the payment of interest on demand deposits remains in effect.

Generally, the amendments to Regulation D are intended to preserve the current scheme of reserve requirements for transaction accounts, savings deposits (including MMDAs), and time deposits. The amendments to Regulation D include revised minimum early withdrawal penalties designed to distinguish between certain types of deposits for reserve requirement purposes. The amendments also include minor changes to the definitions in Regulation D and clarification of existing requirements for classifying accounts.

At this time, the Board is also adopting other technical amendments to Regulations D and Q. The Board will be amending the advertising rule in its Regulation Q at a later date.

Effective April 1, 1986, the Board amends 12 C.F.R. Part 204 as follows:

Part 204—Reserve Requirements of Depository Institutions

1. The authority citation for 12 C.F.R. Part 204 continues to read as follows:

Authority: 12 U.S.C. § 461 *et seq.*

2. Part 204 is amended by revising sections 204.2, 204.3, and 204.4 as follows:

Section 204.2—Definitions

(b)(1) "Demand deposit" means a deposit that is payable on demand, or a deposit issued with an original maturity or required notice period of less than seven days, or a deposit representing funds for which the depository institution does not reserve the right to require at least seven days' written notice of an intended withdrawal. Demand deposits may be in the form of:

(i) checking accounts;

(ii) certified, cashier's and officer's checks (including checks issued by the depository institution in payment of dividends);

(iii) traveler's checks and money orders that are primary obligations of the issuing institution;

(iv) checks or drafts drawn by, or on behalf of, a non-United States office of a depository institution on an account maintained at any of the institution's United States offices;

(v) letters of credit sold for cash or its equivalent;

(vi) withheld taxes, withheld insurance and other withheld funds;

(vii) time deposits that have matured or time deposits upon which the contractually required notice of withdrawal was given and the notice period has expired and which have not been renewed (either by action of the depositor or automatically under the terms of the deposit agreement); and

(viii) an obligation to pay, on demand or within six days, a check (or other instrument, device, or arrangement for the transfer of funds) drawn on the depository institution, where the account of the institution's customer already has been debited.

(2) The term "demand deposit" also means deposits or accounts on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account and from which the depositor is authorized to make withdrawals or transfers in excess of the withdrawal or transfer limitations specified in section 204.2(d)(2) for such an account and the account is not a NOW account, or an ATS account or other account that meets the criteria specified in either section 204.2(b)(3)(ii) or (iii) below.

(3) "Demand deposit" does not include:

(i) any account that is a time deposit or a savings deposit under this Part;

(ii) any deposit or account on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account and either:

(A) is subject to check, draft, negotiable order of withdrawal, share draft or similar item, such as an account authorized by 12 U.S.C. 1832(a) ("NOW Account") and an MMDA as described in section 204.2(d)(2)(ii), provided that the depositor is eligible to hold a NOW account; or

(B) from which the depositor is authorized to make transfers by preauthorized transfer or telephonic (including data transmission) agreement, order or instruction to another account or to a third party, provided that the depositor is eligible to hold a NOW account;

(iii) any deposit or account on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account and from which withdrawals may be made automatically through payment to the depository institution itself or through transfer of credit to a demand deposit or other account in order to cover checks or drafts drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to such other account, such as accounts authorized by 12 U.S.C. 371a (automatic transfer account or ATS account), provided that the depositor is eligible to hold an ATS account;

(iv) any obligation that is a time deposit under section 204.2(c)(1)(iv);

(v) checks or drafts drawn by the depository institution on the Federal Reserve or on another depository institution; or

(vi) IBF time deposits meeting the requirements of section 204.8(a)(2).

(c)(1) "Time deposit" means:

(i) a deposit that the depositor does not have a right and is not permitted to make withdrawals from within six days after the date of deposit unless the deposit is subject to an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within the first six days after deposit.[1] A time deposit from which partial early withdrawals are permitted must impose additional early withdrawal penalties of at least seven days' simple interest on amounts withdrawn within six days after each partial withdrawal. If such additional early withdrawal penalties are not imposed, the account ceases to be a time deposit. The account may become a savings deposit if it meets the requirements for a saving deposit; otherwise it becomes a transaction account.[2] "Time deposit" includes funds:

(A) payable on a specified date not less than seven days after the date of deposit;

(B) payable at the expiration of a specified time not less than seven days after the date of deposit;

(C) payable only upon written notice that is actually required to be given by the depositor not less than seven days prior to withdrawal;

(D) held in "club" accounts (such as "Christmas club" accounts and "vacation club" accounts that are not maintained as "savings deposits") that are deposited under written contracts providing that no withdrawal shall be made until a certain number of periodic deposits have been made during a period of not less than three months even though some of the deposits may be made within six days from the end of the period; or

1. Accounts existing on March 31, 1986, may satisfy the early withdrawal penalties specified by this Part by meeting the Depository Institutions Deregulation Committee's early withdrawal penalties in existence on March 31, 1986. Accounts that otherwise meet the requirements for time deposits but that lack such penalties due to a lack of a regulatory requirement for such a penalty, as in the case of Federally-chartered credit unions, may continue to be classified as time deposits; however, the penalty should be included in time deposits opened, renewed or to which additional deposits are made on or after January 1, 1987.

A time deposit, or a portion thereof, may be paid before maturity without imposing the early withdrawal penalties specified by this Part:

(a) Where the time deposit is maintained in an Individual Retirement Account established in accordance with 26 U.S.C. 408 and is paid within seven days after establishment of the Individual Retirement Account pursuant to 26 C.F.R. 1.408–6(d)(4), or where it is maintained in a Keogh (H.R. 10) plan; provided that the depositor forfeits an amount at least equal to the simple interest earned on the amount withdrawn;

(b) Where the depository institution pays all or a portion of a time deposit representing funds contributed to an Individual Retirement Account or a Keogh (H.R. 10) plan established pursuant to 26 U.S.C. 408 or 26 U.S.C. 401 when the individual for whose benefit the account is maintained attains age 59-½ or is disabled (as defined in 26 U.S.C. 72(m)(7)) or thereafter;

(c) Where the depository institution pays that portion of a time deposit on which federal deposit insurance has been lost as the result of the merger of two or more federally insured banks in which the depositor previously maintained separate time deposits, for a period of one year from the date of the merger;

(d) Upon the death of any owner of the time deposit funds;

(e) When the owner of the time deposit is determined to be legally incompetent by a court or other administrative body of competent jurisdiction; or

(f) Where a time deposit is withdrawn within ten days after a specified maturity date even though the deposit contract provided for automatic renewal at the maturity date.

2. A nonpersonal time deposit with a stated maturity of one and one-half years or more may be treated as having an original maturity of one and one-half years or more for reserve requirement purposes only if it is subject to the minimum penalty described in section 204.2(f)(3).

(E) share certificates and certificates of indebtedness issued by credit unions, and certificate accounts and notice accounts issued by savings and loan associations;

(ii) a "savings deposit;"

(iii) an "IBF time deposit" meeting the requirements of section 204.8(a)(2); and

(iv) borrowings, regardless of maturity, represented by a promissory note, an acknowledgment of advance, or similar obligation described in section 204.2(a)(1)(vii) that is issued to, or any bankers' acceptance (other than the type described in 12 U.S.C. 372) of the depository institution held by:

(A) any office located outside the United States of another depository institution or Edge or agreement corporation organized under the laws of the United States;

(B) any office located outside the United States of a foreign bank;

(C) a foreign national government, or an agency or instrumentality thereof,[3] engaged principally in activities which are ordinarily performed in the United States by governmental entities;

(D) an international entity of which the United States is a member; or

(E) any other foreign, international, or supranational entity specifically designated by the Board.[4]

(2) A time deposit may be represented by a transferable or nontransferable, or a negotiable or nonnegotiable, certificate, instrument, passbook, or statement, or by book entry or otherwise.

(d)(1) "Savings deposit" means a deposit or account with respect to which the depositor is not required by the deposit contract but may at any time be required by the depository institution to give written notice of an intended withdrawal not less than seven days before withdrawal is made, and that is not payable on a specified date or at the expiration of a specified time after the date of deposit. The term "savings deposit" includes a regular share account at a credit union and a regular account at a savings and loan association.

(2) The term "savings deposit" also means:

(i) A deposit or account that otherwise meets the requirements of section 204.2(d)(1) and from which, under the terms of the account agreement, or by practice of the depository institution, the depositor is permitted or authorized to make no more than three withdrawals per calendar month, or statement cycle (or similar period) of at least four weeks, for the purpose of transferring funds to another account of the depositor at the same institution (including a "transaction account") or for making payment to a third party by means of a preauthorized or automatic transfer, or telephonic (including data transmission) agreement, order or instruction, provided that no such withdrawals may be by check, draft or similar order (including debit card) drawn by the depositor to third persons. A "preauthorized transfer" includes any arrangement by the depository institution to pay a third party from the account of a depositor upon written or oral instruction (including an order received through an automated clearing house (ACH)) or any arrangement by a depository institution to pay a third party from the account of the depositor at a predetermined time or on a fixed schedule. Such an account is not a "transaction account" by virtue of an arrangement that permits transfers for the purpose of repaying loans and associated expenses at the same depository institution (as originator or servicer) or that permits transfers of funds from the account to another account of the same depositor at the same institution or permits withdrawals (payments directly to the depositor) from the account when such transfers or withdrawals are made by mail, messenger, automated teller machine or in person or when such withdrawals are made by telephone (via check mailed to the depositor) regardless of the number of such transfers or withdrawals.[5]

(ii) A deposit or account, such as an account commonly known as a "money market deposit account" ("MMDA"), that otherwise meets the requirements of section 204.2(d)(1) and from which, under the terms of the deposit contract or by practice of the depository institution, the depositor is permitted or authorized to make no more than six transfers per calendar month or statement cycle (or similar period) of at least four

3. Other than states, provinces, municipalities, or other regional or local governmental units or agencies or instrumentalities thereof.

4. The designated entities are specified in 12 C.F.R. 217.126.

5. In order to ensure that no more than the permitted number of withdrawals or transfers are made, for an account to come within the definitions in section 204.2(d)(2), a depository institution must either:

(a) prevent withdrawals or transfers of funds in this account that are in excess of the limits established by sections 204.2(d)(2)(i) or (ii), or

(b) adopt procedures to monitor those transfers on an *ex post* basis and contact customers who exceed the limits established by sections 204.2(d)(2)(i) or 204.2(d)(2)(ii) on more than an occasional basis.

For customers who continue to violate those limits after being contacted by the depository institution, the depository institution must either close the account and place the funds in another account that the depositor is eligible to maintain or take away the account's transfer and draft capacities.

An account that authorizes withdrawals or transfers in excess of the permitted number is a transaction account regardless of whether the authorized number of transactions are actually made.

weeks to another account (including a transaction account) of the depositor at the same institution or to a third party by means of a preauthorized or automatic transfer (see section 204.2(d)(2)(i)), or telephonic (including data transmission) agreement, order or instruction and no more than three of the six such transfers may be made by check, draft, debit card or similar order made by the depositor and payable to third parties. Such an account is not a "transaction account" by virtue of an arrangement that permits transfers for the purpose of repaying loans and associated expenses at the same depository institution (as originator or servicer) or that permits transfers of funds from this account to another account of the same depositor at the same institution or permits withdrawals (payments directly to the depositor) from the account when such transfers or withdrawals are made by mail, messenger, automated teller machine or in person or when such withdrawals are made by telephone (via check mailed to the depositor) regardless of the number of such transfers or withdrawals.[6]

(3) A deposit may continue to be classified as a savings deposit even if the depository institution exercises its right to require notice of withdrawal.

(4) "Savings deposit" does not include funds deposited to the credit of the depository institution's own trust department where the funds involved are utilized to cover checks or drafts. Such funds are "transaction accounts."

(e) "Transaction account" means a deposit or account from which the depositor or account holder is permitted to make transfers or withdrawals by negotiable or transferable instrument, payment order of withdrawal, telephone transfer, or other similar device for the purpose of making payments or transfers to third persons or others or from which the depositor may make third party payments at an automated teller machine ("ATM") or a remote service unit, or other electronic device, including by debit card, but the term does not include savings deposits or accounts described in section 204.2(d)(2) even though such accounts permit third party transfers. "Transaction account" includes:

(1) Demand deposits;

(2) Deposits or accounts on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account and that are subject to check, draft, negotiable order of withdrawal, share draft, or other similar item, except accounts described in section 204.2(d)(2)(ii) (MMDAs), but including accounts authorized by 12 U.S.C. 1832(a) ("NOW accounts").

(3) Deposits or accounts on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account and from which withdrawals may be made automatically through payment to the depository institution itself or through transfer of credit to a demand deposit or other account in order to cover checks or drafts drawn upon the institution or to maintain a specified balance in, or to make periodic transfers to such accounts, except accounts described in section 204.2(d)(2), but including accounts authorized by 12 U.S.C. 371a (automatic transfer accounts or ATS accounts).

(4) Deposits or accounts on which the depository institution has reserved the right to require at least seven days' written notice prior to withdrawal or transfer of any funds in the account and under the terms of which, or by practice of the depository institution, the depositor is permitted or authorized to make more than three withdrawals per month or statement cycle (or similar period) of at least four weeks for purposes of transferring funds to another account of the depositor at the same institution (including a "transaction account") or for making payment to a third party by means of preauthorized transfer, or telephonic (including data transmission) agreement, order or instruction, except accounts described in section 204.2(d)(2). An account that authorizes more than three such withdrawals in a calendar month, or statement cycle (or similar period) of at least four weeks, is a "transaction account" whether or not more than three such transfers are made during such period. A "preauthorized transfer" includes any arrangement by the depository institution to pay a third party from the account of a depositor upon written or oral instruction (including an order received through an automated clearing house (ACH)), or any arrangement by a depository institution to pay a third party from the account of the depositor at a predetermined time or on a fixed schedule. Such an account is not a "transaction account" by virtue of an arrangement that permits transfers for the purpose of repaying loans and associated expenses at the same depository institution (as originator or servicer) or that permits transfers of funds from this account to another account of the same depositor at the same institution or permits withdrawals (payments directly to the depositor) from the account when such transfers or withdrawals are made by mail, messenger, automated teller machine or in person or when

6. See footnote 5. For accounts described in section 204.2(d)(2)(ii), the institution at its option may use on a consistent basis either the date on the check, draft or similar item or the date the item is paid in applying the limits on such items.

such withdrawals are made by telephone (via check mailed to the depositor) regardless of the number of such transfers or withdrawals.

(5) Deposits or accounts maintained in connection with an arrangement that permits the depositor to obtain credit directly or indirectly through the drawing of a negotiable or nonnegotiable check, draft, order or instruction or other similar device (including telephone or electronic order or instruction) on the issuing institution that can be used for the purpose of making payments or transfers to third persons or others, or to a deposit account of the depositor.

(6) All deposits other than time and savings deposits.

(f)(1) "Nonpersonal time deposit" means:

(i) A time deposit, including an MMDA or any other savings deposit, representing funds in which any beneficial interest is held by a depositor which is not a natural person;

(ii) A time deposit, including an MMDA or any other savings deposit, that represents funds deposited to the credit of a depositor that is not a natural person, other than a deposit to the credit of a trustee or other fiduciary if the entire beneficial interest in the deposit is held by one or more natural persons;

* * * * *

(v) A time deposit represented by a promissory note, an acknowledgment of advance, or similar obligation described in section 204.2(a)(1)(vii) that is issued to, or any bankers' acceptance (other than the type described in 12 U.S.C. 372) of the depository institution held by:

(A) any office located outside the United States of another depository institution or Edge or agreement corporation organized under the laws of the United States,

(B) any office located outside the United States of a foreign bank,

(C) a foreign national government, or an agency or instrumentality thereof,[7] engaged principally in activities which are ordinarily performed in the United States by governmental entities,

(D) an international entity of which the United States is a member, or

(E) any other foreign, international, or supranational entity specifically designated by the Board.[8]

* * * * *

(3) Any nonpersonal time deposit with a stated maturity or notice period of one and one-half years or more that permits any early withdrawal must be subject to a minimum early withdrawal penalty equal to at least thirty days' simple interest on the amount withdrawn for any withdrawal that occurs more than six days but within one and one-half years after the date of deposit. Any such account not subject to this minimum early withdrawal penalty will be regarded as a nonpersonal time deposit with an original maturity or notice period of from seven days to less than one and one-half years from the date of the deposit.[9]

* * * * *

Section 204.2 is amended as follows:

(a) By redesignating the first footnote 1 in paragraph (h)(1)(ii)(A) as footnote 10.

(b) By redesignating the second footnote 1 in paragraph (h)(2)(ii) as footnote 11 and revising the footnote to read, "See footnote 10."

(c) By redesignating footnote 2 in paragraph (t) footnote 12.

Section 204.3 is amended by revising paragraphs (a)(3)(i) and (h) to read:

Section 204.3 [amended]

(a) * * *

(3) * * *

(i) In determining the reserve requirements of a depository institution, the exemption provided for in section 204.9(a) shall apply in the following order of priorities:

(A) first, to net transaction accounts that are first authorized by federal law in any state after April 1, 1980;

(B) second, to other net transaction accounts; and

(C) third, to nonpersonal time deposits (including MMDAs and other savings deposits) and Eurocurrency liabilities starting with those with the highest reserve ratio under section 204.9(a) and then to succeeding lower reserve ratios.

* * * * *

(h) *Carryover of Excesses or Deficiencies*. Any excess or deficiency in a required reserve balance for any maintenance period that does not exceed the greater of two percent of the institution's required reserves (in-

7. Other than states, provinces, municipalities, or other regional or local governmental units or agencies or instrumentalities thereof.

8. The designated entities are specified in 12 C.F.R. 217.126.

9. See footnote 1 for treatment of accounts existing on March 31, 1986 and for exceptions to the imposition of the early withdrawal penalties imposed by this Part. The penalty required by this section 204.2(f)(3) and that required by section 204.2(c)(1) need not be aggregated.

cluding required clearing balances and net of the required clearing balance penalty free band where applicable) or $25,000, shall be carried forward to the next maintenance period. Any carryover not offset during the next period may not be carried forward to subsequent periods.

* * * * *

Section 204.4 is amended as follows:
(a) By revising the last sentence of paragraph (a) by deleting the language after "1980" and replacing it with a period.
(b) By removing paragraphs (b) and (c).
(c) By redesignating paragraph (d) as paragraph (b) and deleting the phrase "or (c), as applicable,".
(d) By redesignating paragraph (e) as paragraph (c) and in new paragraph (c)(2)(ii) replacing "eight" with "seventeen".
(e) By redesignating paragraph (f) as paragraph (d) and by removing from new paragraph (d)(2) the language ", including deposits or accounts issued pursuant to 12 C.F.R. 1204.122,".
(f) By redesignating paragraph (g) as paragraph (e) and changing the references in subparagraphs (1) and (2) from "(a) through (f)" to "(a) through (d)" and the reference in subparagraph (2)(iii) from "(g)" to "(e)".

Section 204.8 is amended as follows:
(a) By revising paragraph (a)(2)(i)(B)(5) to read: a foreign national government, or an agency or instrumentality thereof,[13] engaged principally in activities which are ordinarily performed in the United States by governmental entities; an international entity of which the United States is a member; or any other foreign international or supranational entity specifically designated by the Board;[14] or
(b) By revising paragraph (a)(3)(v) to read: a foreign national government, or an agency or instrumentality thereof,[15] engaged principally in activities which are ordinarily performed in the United States by governmental entities; an international entity of which the United States is a member; or any other foreign international or supranational entity specifically designated by the Board;[16] or
(c) By revising paragraph (e) by removing the phrase "and to interest payment limitations that may be applicable under Regulation Q (12 C.F.R. Part 217) on its IBF time deposits,".

* * * * *

13. Other than states, provinces, municipalities, or other regional or local governmental units or agencies or instrumentalities thereof.
14. The designated entities are specified in 12 C.F.R. 217.126.
15. See footnote 13.
16. See footnote 14.

Amendments to Regulation Q

The Board of Governors is amending its Regulation Q, Interest on Deposits, due to the expiration on March 31, 1986, of the statutory authority to set interest rate ceilings on time and savings deposits and to prescribe rules regarding early withdrawals from time deposits. All regulations of the Board issued under this authority and all regulations of the Depository Institutions Deregulaton Committee ("DIDC") also expire on that date.

These amendments rely on the definitions of "deposit" and "demand deposit" in the Board's Regulation D—Reserve Requirements of Depository Institutions (12 C.F.R. Part 204) for the purposes of Regulation Q. The amendments eliminate the sections of Regulation Q that govern withdrawals from time deposits and savings deposits, set early withdrawal penalties, and establish account characteristics and interest rate ceilings. Rules regarding early withdrawal penalties for reserve requirement purposes (rather than for enforcement of interest rate limitations) and definitions of the various categories of "deposit" now appear in Regulation D.

This final rule does not address advertising of deposits by member banks (Section 217.6 of Regulation Q) which will be adopted at a later date.

Effective April 1, 1986, the Board amends 12 C.F.R. Part 217 as follows:

Part 217—Interest on Deposits

1. The authority citation for 12 C.F.R. Part 217 is revised to read:

Authority: 12 U.S.C. 248, 371, 461, 1828, and 3105.

2. Part 217 is revised by rescinding sections 217.3, 217.4, 217.5, and 217.7.

3. Sections 217.0 through 217.2 are renumbered as sections 217.1 through 217.3 and are revised to read:

Section 217.1—Authority, Purpose and Scope

(a) *Authority*. This regulation is issued under the authority of section 19 of the Federal Reserve Act (12 U.S.C. 371, 371a, 371b, 461), section 7 of the International Banking Act of 1978 (12 U.S.C. 3105), and section 11 of the Federal Reserve Act (12 U.S.C. 248), unless otherwise noted.
(b) *Purpose*. This regulation prohibits the payment of interest on demand deposits by member banks and other depository institutions within the scope of this regulation and sets forth requirements concerning the advertisement of interest on deposits by member banks and these other institutions.

(c) *Scope.*

(1) This regulation applies to state chartered banks that are members of the Federal Reserve under section 9 of the Federal Reserve Act (12 U.S.C. 321, *et seq.*) and to all national banks. The regulation also applies to any Federal branch or agency of a foreign bank and to a State uninsured branch or agency of a foreign bank in the same manner and to the same extent as if the branch or agency were a member bank, except as may be otherwise provided by the Board, if:

(i) its parent foreign bank has total worldwide consolidated bank assets in excess of $1 billion;

(ii) its parent foreign bank is controlled by a foreign company which owns or controls foreign banks that in the aggregate have total worldwide consolidated bank assets in excess of $1 billion; or

(iii) its parent foreign bank is controlled by a group of foreign companies that own or control foreign banks that in the aggregate have total worldwide consolidated bank assets in excess of $1 billion.

(2) For deposits held by a member bank or a foreign bank, this regulation does not apply to "any deposit that is payable only at an office located outside of the United States" (*i.e.*, the States of the United States and the District of Columbia) as defined in section 204.2(t) of the Board's Regulation D—Reserve Requirements of Depository Institutions (12 C.F.R. Part 204).

Section 217.2—Definitions

For purposes of this part, the following definitions apply unless otherwise specified:

(a) "Demand deposit" means any deposit that is considered to be a "demand deposit" under section 204.2(b) of the Board's Regulation D—Reserve Requirements of Depository Institutions (12 C.F.R. Part 204).

(b) "Deposit" means any liability of a member bank that is considered to be a "deposit" under section 204.2(a) of the Board's Regulation D—Reserve Requirements of Depository Institutions (12 C.F.R. Part 204).

(c) "Foreign bank" means any bank that is considered to be a "foreign bank" under section 204.2(o) of the Board's Regulation D—Reserve Requirements of Depository Institutions (12 C.F.R. Part 204).

(d) "Interest" means any payment to or for the account of any depositor as compensation for the use of funds constituting a deposit. A member bank's absorption of expenses incident to providing a normal banking function or its forbearance from charging a fee in connection with such a service is not considered a payment of interest.

Section 217.3—Interest on demand deposits.

No member bank of the Federal Reserve System shall, directly or indirectly, by any device whatsoever, pay any interest on any demand deposit.[1]

4. A new section 217.4 is added as follows:

Section 217.4—Miscellaneous

(a) *Early withdrawal penalty.* At the time a depositor enters into a time deposit contract with a member bank, the bank shall provide a written statement of the effect of any early withdrawal penalty which shall

(1) state clearly that the customer has contracted to keep the funds on deposit for the stated maturity, and

(2) describe fully and clearly how such penalty provisions apply to time deposits in such bank, in the event the bank, notwithstanding the contract provisions, permits payment before maturity. Such statement shall be expressly called to the attention of the customer.

(b) *Payment of interest.* On each automatically renewable certificate, passbook, or other document representing a time deposit, the bank shall have printed or stamped a conspicuous statement indicating that the contract will be renewed automatically upon maturity and indicating the terms of such renewal.

* * * * *

Orders Issued Under Bank Holding Company Act, Bank Merger Act, Bank Service Corporation Act, and Federal Reserve Act

Orders Issued Under Section 3 of the Bank Holding Company Act

NKB, Inc.
North Miami Beach, Florida

Order Approving Formation of Bank Holding Company

NKB, Inc., North Miami Beach, Florida, has applied for the Board's approval pursuant to section 3(a)(1) of

1. A member bank may continue to pay interest on a time deposit for not more than ten calendar days; (1) where the member bank has provided in the time deposit contract that, if the deposit or any portion thereof is withdrawn not more than ten calendar days after a maturity date (one business day for "IBF time deposits" as defined in section 204.8(a)(2) of Regulation D), interest will continue to be paid for such period; or (2) for a period between a maturity date and the date of renewal of the deposit, provided that such certificate is renewed within ten calendar days after maturity.

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 Skylake Bancshares, Inc., North Miami Beach, Florida ("Skylake"), thereby indirectly acquiring The Skylake State Bank, North Miami Beach, Florida ("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 a corporation formed under the laws of the state of Florida for the purpose of acquiring Skylake and Bank. Skylake will be liquidated after consummation of this proposal. Bank is the 102d largest commercial banking organization in the state of Florida, controlling deposits of $123 million, representing 0.2 percent of total deposits in commercial banking organizations in the state.[1]

Bank operates in the Miami/Fort Lauderdale banking market[2] where it is the 26th largest of 76 commercial banks.[3] Neither Applicant nor its principal is associated with any other banking organization in this market. Consummation of the proposed acquisition would not result in any adverse effect upon competition or increase the concentration of banking resources in any relevant area.

With respect to the effect of this proposal on the financial and managerial resources of Applicant, Skylake and Bank, the Board has stated and continues to believe that capital adequacy is an especially important factor in the analysis of bank holding company proposals, and that it will consider the implications of a significant level of intangible assets in evaluating an application. In its Capital Adequacy Guidelines,[4] the Board has stated that, in reviewing acquisition proposals, the Board will take into consideration both the stated primary capital ratio and the primary capital ratio after deducting intangible assets. In acting on applications under these guidelines, the Board also will take into account the nature and amount of intangible assets and will, as appropriate, adjust capital ratios to include intangible assets on a case-by-case basis.

1. All banking data are as of June 30, 1985.
2. The Miami/Fort Lauderdale banking market consists of Broward and Dade Counties in Florida.
3. Market structure data are as of June 30, 1984.
4. Capital Adequacy Guidelines, 71 FEDERAL RESERVE BULLETIN 445 (1985).

In its assessment of Bank's capital adequacy, the Board has considered the fact that at the time of consummation of this proposal, Bank would meet the minimum capital requirements in the Board's guidelines without undue reliance on intangible assets. Bank's capital currently contains a high percentage of intangible assets, represented by mortgage servicing contracts. Applicant has committed to reduce significantly the percentage of the capital of Bank represented by intangible assets at the time of consummation of this proposal. Based on these facts and other facts of record, the Board concludes that the financial and managerial resources and future prospects of Applicant and Bank are consistent with approval of the proposal. Considerations relating to the convenience and needs of the communities to be served also are consistent with approval of the proposal.

Based on the foregoing and other facts of record, including the commitment made by Applicant, 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 Atlanta, acting pursuant to delegated authority.

By order of the Board of Governors, effective March 12, 1986.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Rice, Seger, Angell, and Johnson.

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

Overseas Finance Holdings Proprietary Limited
Melbourne, Australia

Ormside Proprietary Limited
Melbourne, Australia

Aylworth Proprietary Limited
Melbourne, Australia

Costa Mesa Limited
London, England

Costa Mesa Holdings N.V.
Curacao, Netherlands Antilles

Citizens Financial Holdings B.V.
Amsterdam, Netherlands

Citizens Holdings
Brea, California

Order Approving Formation of Bank Holding Companies

Overseas Finance Holdings Proprietary Limited, Melbourne, Australia; Ormside Proprietary Limited, Melbourne, Australia; Aylworth Proprietary Limited, Melbourne, Australia; Costa Mesa Limited, London, England; Costa Mesa Holdings N.V., Curacao, Netherlands Antilles; Citizens Financial Holdings B.V., Amsterdam, Netherlands; and Citizens Holdings, Brea, California, have each 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 bank holding companies by directly or indirectly acquiring control of at least 80 percent of the voting shares of Citizens Bank of Costa Mesa ("Bank"), Costa Mesa, California.

Notice of the applications, 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 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).

Applicants are nonoperating corporations that have been formed for the purpose of acquiring Bank. Bank is the 126th largest of 437 commercial banking organizations in California. It controls total deposits of $78.7 million,[1] which represent less than one percent of the total deposits in commercial banking organizations in California. Accordingly, consummation of the proposal would not increase the concentration of banking resources in California.

Bank operates in the Los Angeles, California banking market.[2] It is the 68th largest of 219 commercial banks in the market, and controls less than one percent of the deposits in commercial banks in the market. Principals of Applicants are not affiliated with any other depository institution in this market. Accordingly, the Board has determined that the proposal would not have a significant adverse effect on competition in the Los Angeles banking market or in any other relevant market.

Based upon the facts of record, including commitments by Applicants regarding the capital level of Bank, the Board concludes that the financial and managerial resources of Applicants and Bank are consistent with approval. Considerations related to the convenience and needs of the community to be served also are consistent with approval.

Based upon the foregoing and other facts of record, including various commitments made by Applicants, the Board has determined that consummation of the transaction would be in the public interest and 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 extended for good cause by the Board or the Federal Reserve Bank of San Francisco, pursuant to delegated authority.

By order of the Board of Governors, effective March 12, 1986.

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

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

1. Unless otherwise indicated, all deposit and market data are as of June 30, 1985.
2. The Los Angeles banking market is approximated by the Los Angeles, California RMA.

Texstar Financial Corporation, Inc.
Azle, Texas

Order Denying Formation of a Bank Holding Company

Texstar Financial Corporation, Inc., Azle, Texas, 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 99.9 percent of the outstanding voting shares of First National Bank of Azle, Azle, Texas ("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 931st largest commercial bank in Texas, holding total deposits of $14.1 million, representing less than 0.1 percent of total deposits in commercial banks in the state.[1]

1. Deposit data are as of December 31, 1984. Banking structure data are as of June 30, 1985.

Bank operates in the Fort Worth market,[2] where it is the 45th largest commercial banking organization, controlling 0.2 percent of total deposits in commercial banks. Principals of Applicant are not affiliated with any other depository organization in the 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 managerial and financial 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 this regard, the Board has cautioned against the assumption of substantial amounts of debt by a bank holding company because the Board was concerned that the bank holding company would no longer have the financial flexibility to meet unexpected problems of its subsidiary bank or would be forced to place substantial demands on its subsidiary bank to meet its debt servicing requirements. There are other risks associated with leveraging, such as a significant reduction in the parent company's ability to use the debt and capital markets to aid its subsidiary bank, should the need arise.[4]

In connection with this proposal, Applicant would incur substantial debt and would be dependent on the earnings of Bank to service this debt. Bank has experienced declining earnings in recent years. Using projections based upon Bank's past performance 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.[5] 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 the 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.

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 March 12, 1986.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Rice, Seger, Angell, and Johnson.

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

Valley Bancorporation
Appleton, Wisconsin

Order Approving Acquisition of Bank Holding Companies and Banks

Valley Bancorporation, Appleton, Wisconsin, 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 Peshtigo State Bank, Peshtigo, Wisconsin; First National Bank & Trust Company of Beaver Dam, Beaver Dam, Wisconsin ("Beaver Dam Bank"); First National Bank of Minocqua & Woodruff, Woodruff, Wisconsin ("Woodruff Bank"); The Commercial Bank, Chilton, Wisconsin; and Spring Green Bankshares, Inc., and thereby indirectly acquire Bank of Spring Green, both of Spring Green, Wisconsin.

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 (50 *Federal Register* 51,950 (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 (12 U.S.C. § 1842(c)).

2. The Fort Worth banking market is defined as Tarrant County, excluding the towns of Grapevine and Arlington; the town of Cleburne in Johnson County; the eastern half of Parker County, including the towns of Weatherford and Springtown; the towns of Boyd and Rhome in Wise County; and the town of Roanoke in Denton County, all in Texas.

3. *See Northwest Wisconsin Banco, Inc.*, 71 FEDERAL RESERVE BULLETIN 105 (1985); *Midwest Bancshares, Inc.*, 71 FEDERAL RESERVE BULLETIN 103 (1985); *Central Minnesota Bancshares, Inc.*, 70 FEDERAL RESERVE BULLETIN 877 (1984).

4. *See Spur Bancshares Inc.*, 69 FEDERAL RESERVE BULLETIN 806 (1983); *Holcomb Bancshares, Inc.*, 69 FEDERAL RESERVE BULLETIN 804 (1983).

5. 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 while maintaining adequate capital levels at its subsidiary bank. "Policy Statement for Formation of Small One-Bank Holding Companies," 12 C.F.R. Part 225, Appendix B.

Applicant is a multibank holding company that currently controls 28 subsidiary banks. Applicant is the fourth largest banking organization in Wisconsin and controls total deposits of $1.5 billion, representing approximately 5.1 percent of the total deposits in commercial banks in the state.[1] The banks to be acquired control total deposits of $166.3 million, representing less than one percent of the total deposits in commercial banks in the state. Upon consummation of the proposed transaction, Applicant would remain the fourth largest banking organization in Wisconsin, controlling 33 commercial banks with total deposits of $1.7 billion, representing 5.7 percent of the total deposits in commercial banks in the state. The proposed transaction would have no significant effect on the concentration of banking resources in Wisconsin.

Applicant's subsidiary banks compete directly with the banks to be acquired in three banking markets: the Beaver Dam, Rhinelander, and Sauk County banking markets.

In the Beaver Dam banking market,[2] Applicant is the eighth largest commercial banking organization with total deposits of $16.3 million, representing 5.2 percent of the deposits in commercial banks in the market. Beaver Dam Bank is the second largest commercial banking organization with $58.0 million in deposits, representing 18.4 percent of the total deposits in commercial banks in the market. The Beaver Dam banking market is considered to be moderately concentrated with the four largest commercial banks controlling 65.9 percent of the deposits in commercial banks in the market. The Herfindahl-Hirschman Index ("HHI") for the market is 1324 and would increase by 191 points to 1515 upon consummation of the proposal.[3]

Although the proposed acquisition would eliminate some existing competition between Applicant and Beaver Dam Bank in the Beaver Dam banking market, the market would not become highly concentrated as a result of this transaction and numerous competitors would remain in the market upon consummation. On the basis of these and other facts of record, the Board concludes that the effects of consummation of the proposal on existing competition in the Beaver Dam banking market would not be significantly adverse.

In the Rhinelander banking market, Applicant is the fifth largest commercial banking organization, with deposits of $49.4 million, representing approximately 12.2 percent of the total deposits in commercial banks in the market.[4] Woodruff Bank is the twelfth largest commercial banking organization with deposits of $9.4 million, representing approximately 2.3 percent of the total deposits in commercial banks in the market. Upon consummation of the proposal, Applicant would become the largest commercial banking organization in the market and control approximately 14.5 percent of the total deposits in commercial banks in the market. The Rhinelander market has a four-firm concentration ratio of 52.0 percent and is considered moderately concentrated. The HHI for the market is 1023 and would increase by 56 points to 1079 upon consummation of the proposal. Numerous other commercial banking organizations would remain in the market after consummation of the proposal. Accordingly, the effects of the proposal on competition in the Rhinelander market are not regarded as substantially adverse.

In the Sauk County banking market,[5] Applicant is the second largest commercial banking organization with deposits of $55.4 million, representing 15.1 percent of total deposits in commercial banks in the market. The Bank of Spring Green operates a branch in this market and is the ninth largest commercial banking organization in the market with deposits of $11.4 million, representing 3.1 percent of the total deposits in commercial banks in the market. The Sauk County banking market is moderately concentrated, with a four-firm concentration ratio of 60.8 percent. The HHI for the market is 1332 and would increase by 94 points to 1426 as a result of consummation of this transaction. Numerous commercial banking alternatives would remain in the market after consummation of this proposal. Accordingly, the Board has concluded that the effects of the proposal on competition in the Sauk County market would not be substantially adverse.

The Board has also examined the effect of the proposed acquisitions upon probable future competi-

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

2. The Beaver Dam banking market is approximated by the northwestern portion of Dodge County (Oak Grove, Beaver Dam, Calamus, Burnett, Chester, Trenton, Fox Lake and Westford townships) plus Randolph, Courtland, Fountain Prairie and Columbus townships in Columbia County, Wisconsin.

3. Under the revised Department of Justice Merger Guidelines (49 *Federal Register* 26,823 (June 29, 1984)), any market in which the post-merger HHI is 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 indicate that the merger is not likely substantially to 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 effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by at least 200 points.

4. The Rhinelander banking market is approximated by Vilas and Oneida Counties; Forest County excluding Alvin and Popple River townships and the northern half of Lincoln County, Wisconsin.

5. The Sauk County banking market is approximated by Sauk County, Wisconsin, excluding Spring Green township, and includes the Westford and Willow townships in Richland County, Wisconsin.

tion in the three geographic markets in which Peshtigo State Bank, The Commercial Bank, and Bank of Spring Green but not Applicant operate and has evaluated the proposal in light of the Board's proposed guidelines for assessing the competitive effects of market extension mergers and acquisitions. None of these markets is highly concentrated under the Board's Guidelines, and the Board has concluded that consummation of this proposal would not have any significant adverse effects on probable future competition in any relevant market. Accordingly, competitive considerations are consistent with approval of this application.

The financial and managerial resources of Applicant, its subsidiary banks, and the banks to be acquired are consistent with approval. 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 transactions would be in the public interest and that the applications should be approved.

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

By order of the Board of Governors, effective March 31, 1986.

Voting for this action: Chairman Volcker and Governors Martin, Wallich, Rice, Seger, Angell, and Johnson.

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

Orders Issued Under Section 4 of the Bank Holding Company Act

The Bank of New York Company, Inc. New York, New York

Order Approving Application to Broker Government Securities Through a Joint Venture

The Bank of New York Company, Inc., New York, New York, a bank holding company within the meaning of the Bank Holding Company Act ("Act") (12 U.S.C. § 1841 *et seq.*), has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.23 of the Board's Regulation Y (12 C.F.R. § 225.23) to acquire control of RMJ Securities Corp., New York, New York ("Company"), by acquiring at least 50.1 percent of the voting shares of RMJ Holdings, Inc., New York, New York ("Venture"), a *de novo* joint venture between Applicant and RMJ Acquisition Company, New York, New York ("Newco"). Newco, a general partnership formed by five of Company's existing managers, would own the remainder of Venture's voting shares. Venture would acquire Company from SPC Securities Services Corp., New York, New York, a subsidiary of Security Pacific Corporation, Los Angeles, California.

Through Venture and Company, Applicant seeks to act as a broker to primary dealers in securities of the U.S. Government and its agencies. The Board has determined that this activity is closely related to banking and permissible for bank holding companies. 12 C.F.R. § 225.25(b)(15)-(16); *Manufacturers Hanover Corporation,* 70 FEDERAL RESERVE BULLETIN 661 (1984).

Notice of the application, affording interested persons an opportunity to submit comments, has been duly published. 50 *Federal Register* 51,603 (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 is the twenty-eighth largest banking organization in the United States, with consolidated assets of \$16.6 billion.[1] Applicant has two subsidiary banks, The Bank of New York, New York, New York ("Bank"), and The Bank of New York (Delaware), Wilmington, Delaware. Bank is the eighth largest bank in the State of New York, with total domestic deposits of \$7.9 billion, representing 3.8 percent of all deposits in commercial banks in the state. Through nonbank subsidiaries, Applicant also engages in a variety of nonbanking activities.

Company, with assets of \$270.3 million, brokers U.S. government and agency securities for primary dealers. Company acts solely as agent for the account of its customers; it does not underwrite or deal in securities, nor does it provide investment advice or research.[2]

The proposed acquisition has been structured as a joint venture in order to give Company's current managers an equity stake as an incentive to remain with Company. As Newco's sole activity would be to hold shares of Venture, which would engage only in permissible nonbanking activities, the joint venture

1. All data are as of September 30, 1985.
2. Company's activities were approved in *Security Pacific Corporation,* 71 FEDERAL RESERVE BULLETIN 133 (1985).

would not raise concerns regarding the separation of banking and commerce. Moreover, Venture's activities would be specialized, and narrow in scope.[3]

The market for brokering U.S. Government and agency securities on behalf of primary dealers is nationwide and concentrated. Company is one of eight firms currently providing such services. Because Applicant does not currently provide such services, however, the proposed acquisition would not eliminate any existing competition.

An issue of potential competition may arise from Bank's role as a major clearing agent for government securities transactions, a role that might conceivably facilitate *de novo* entry into the market. Several factors, however, mitigate concerns regarding possible elimination of potential competition. There is no evidence of record that Applicant would enter the market *de novo*. Applicant maintains that it would not do so, citing the need for experienced personnel and specialized equipment. Numerous other large financial institutions have the resources to enter the market, and some have expressed an interest in doing so. Moreover, although the market is concentrated, a strong trend toward price competition has developed, with brokerage commissions decreasing substantially in recent years. Accordingly, the Board concludes that the proposed acquisition would have no significant adverse effect on potential competition.

Financial and managerial considerations are consistent with approval of the application. There is no evidence of record indicating that the proposed acquisition would result in conflicts of interest, undue concentration of resources, unsound banking practices, or other adverse effects.

Based on the foregoing and other facts of record, the Board concludes that the balance of the public interest factors it is required to consider under section 4(c)(8) favors approval of the application. Accordingly, the application is hereby approved. This approval is subject to all of the conditions set forth in Regulation Y, including those in sections 225.4(d) and 225.23(b) (12 C.F.R. §§ 225.4(d) and 225.23(b)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, and to prevent evasions of, the provisions and purposes of the Act and the Board's regulations and orders issued thereunder.

3. This proposal does not raise concerns of the kind expressed by the Board in cases such as *Deutsche Bank AG*, 67 FEDERAL RESERVE BULLETIN 449 (1981), in which the joint venture involved a relatively broad range of activities, and was between a bank holding company and a company extensively engaged in impermissible nonbanking activities.

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

By order of the Board of Governors, effective March 10, 1986.

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

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

BankVermont Corporation
Burlington, Vermont

Order Approving an Application to Provide Employee Benefits Consulting Services

BankVermont Corporation, Burlington, Vermont, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), 12 U.S.C. § 1841 *et seq.*, has applied for the Board's approval under section 4(c)(8) of the Act, 12 U.S.C. § 1843(c)(8), and section 225.23 of the Board's Regulation Y, 12 C.F.R. § 225.23, to retain 100 percent of the voting shares of Future Planning Associates, Inc., and Madison Group, Inc., both of Burlington, Vermont (together, known as "Companies").

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (51 *Federal Register* 3842 (1986)). 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.

BankVermont, a bank holding company by virtue of its ownership of Bank of Vermont, Burlington, Vermont, has total deposits of $502.9 million.[1] BankVermont proposes to retain Companies, which are employee benefits consulting firms that provide a full range of services with regard to employee benefits plans. The type of plans that Companies provide assistance with are defined benefit, defined contribution, deferred compensation, and 401-K plans. Company's activities can be divided into four basic types of activities:

1. *Plan Design*—designing employee benefit plans, including determining actuarial funding levels and cost estimates;

1. Data are as of December 31, 1985.

2. *Plan Implementation*—providing assistance in implementing plans, including assistance in the preparation of plan documents and the implementation of employee benefit administration systems;
3. *Administrative Services*—providing administrative services with respect to plans, including recordkeeping services, calculating and certifying employee benefits, preparing periodic, actuarial and other reports and government filings pursuant to ERISA;
4. *Employee Communications*—developing employee communication programs with respect to plans for the benefit of the client.

Applicant has also applied to act as a trustee with regard to employee benefit plans. This activity is permissible for bank holding companies pursuant to section 225.25(b)(3) of Regulation Y, 12 U.S.C. § 1843(b)(3).

The Board has previously approved an application by a bank holding company to provide employee benefits consulting services.[2] In its Order, the Board determined that banks had traditionally performed many of the services encompassed by this activity and that the provision of employee benefits consulting services is operationally or functionally related to the trust services that are provided by banks. The Board noted that employee benefits consulting involves the preparation and conveyance to a client of financial data determined by the Board to be permissible in the context of investment advisory, data processing and courier services activities. Although the activity encompasses the need to provide actuarial analysis, which is generally not performed by trust companies or banks, the actuarial services are limited in scope to ensure adequate funding of defined benefits plans, are an integral part of providing employee benefits services and are not provided as an independent service. Thus, the Board concluded that the activity of providing employee benefits consulting services is closely related to banking.[3]

In order to approve this application, the Board must also find that the performance of the proposed activity "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." With respect to the proposed employee benefits consulting activities of BankVermont, it appears from the record that authorizing the activity would enhance competition and provide greater convenience and increased efficiencies, without resulting in any adverse consequences.

As a matter of increased convenience, clients will have the option to obtain a complete package of employee benefits consulting services from a single company, including those investment and fund management services that can be provided by other subsidiaries of BankVermont. Such a system of vertical integration is likely to make Companies a more efficient competitor. Findings of greater convenience and increased competition may also be based on the increase in the number of companies that can conduct all aspects of employee benefits consulting.

There is no evidence in the record to indicate that BankVermont's engaging in the proposed activity would lead to any undue concentration of resources, decreased or unfair competition, unsound banking practices, or other adverse effects. Clients currently have the option to use any component of BankVermont's employee benefits consulting services individually as well as the entire package of services, and BankVermont has committed to continue to avoid tying any employee benefits consulting service to purchase of the entire employee benefits package or to any other service offered by BankVermont or its subsidiaries.

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 the conditions set forth in sections 225.4(d) and 225.23(b)(3) of the Board's Regulation Y, 12 C.F.R. §§ 225.4(d) and 225.23(b)(3). The approval is also subject 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 Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective March 6, 1986.

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

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

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2. *Norstar Bancorp Inc.*, 71 FEDERAL RESERVE BULLETIN 656 (1985).
3. Although the *Norstar* application proposed only to provide services with regard to defined benefits plans, the Board believes that the same conclusions that are applicable to defined benefit plans are relevant to the other types of plans that BankVermont plans to provide.

Citicorp
New York, New York

Order Approving Application to Engage in Underwriting and Reinsuring Home Mortgage Redemption Insurance

Citicorp, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act (12 U.S.C. §§ 1841 *et seq.*) ("BHC Act" or "Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to engage through its subsidiary, Family Guardian Life Insurance Company, St. Louis, Missouri ("Family Guardian"), in the underwriting and reinsuring of home mortgage redemption insurance, that is, insurance that assures repayment of loans secured by first mortgages on residential real estate made by Citicorp or its subsidiaries in the event of the death or disability of the mortgagor.

Notice of the application, affording an opportunity for interested persons to submit comments, has been duly published (50 *Federal Register* 42,598 (1985)). The time for filing comments has expired, and the Board has considered the application and all comments received with respect to home mortgage redemption insurance in light of the public interest factors set forth in section 4(c)(8) of the Act.

Citicorp, with total consolidated assets of $173.6 billion, is the largest banking organization in the nation.[1] It presently operates eight banking subsidiaries. Its lead bank, Citibank, N.A., New York, New York, accounts for approximately 79 percent of its consolidated assets and is a full-service commercial bank. Citicorp's other banking subsidiaries are located in South Dakota, Maryland, Nevada, Delaware, Maine, Utah, and Buffalo, New York. Citicorp also engages, directly and through subsidiaries, in a variety of nonbanking activities. Family Guardian, one such nonbanking subsidiary, is admitted as an insurer in 39 states to underwrite credit life insurance. It had $1.8 billion of credit life insurance in force as of December 31, 1984.

Citicorp proposes to engage on a nationwide basis in the underwriting and reinsuring of home mortgage redemption insurance in connection with extensions of credit made or purchased by Citicorp and its affiliates, where such extensions of credit are secured by first mortgages on residential real estate. The proposed insurance would assure repayment of an outstanding residential mortgage loan in the event of the death or disability of the mortgagor. The face amount of the proposed insurance would never exceed the outstanding balance of the mortgage loan and the insurance would terminate upon repayment of the loan.

The Board has not yet added this insurance activity to the list of permissible nonbanking activities in the Board's Regulation Y, 12 C.F.R. 225.25(b).[2] Consequently, in order to approve Citicorp's application under section 4(c)(8) of the BHC Act, the Board must determine that the proposed insurance activity is "so closely related to banking as to be a proper incident thereto. . . ." 12 U.S.C. § 1843(c)(8).

The Board previously considered somewhat similar applications by BankAmerica Corporation[3] and Seafirst Corporation[4] to underwrite home mortgage redemption insurance. At that time, the Board expressed concern that such insurance possessed the characteristics of life insurance rather than traditional credit life insurance, in that mortgage redemption insurance "is not group insurance, age is a factor in the premium charged, it is of higher value and longer duration and is not offered to the borrower at the time of the loan transaction." *BankAmerica Corporation,* 66 FEDERAL RESERVE BULLETIN, at 661 n. 1.

Subsequent to these decisions declining to permit bank holding companies to underwrite home mortgage redemption insurance, Congress amended section 4(c)(8) of the BHC Act through passage of the Garn–St Germain Depository Institutions Act of 1982. The Garn–St Germain Act provides that the sale or underwriting of insurance is not closely related to banking, with seven specific exemptions. One of those exemptions provides that a bank holding company may provide insurance as a principal, agent, or broker "where the insurance is limited to assuring repayment of the outstanding balance due on a specific extension of credit by a bank holding company or its subsidiary in the event of the death, disability or involuntary unemployment of the debtor . . . ." 12 U.S.C. § 1843(c)(8)(A). Citicorp's proposal to underwrite home mortgage redemption insurance falls within this exemption. Citicorp will only underwrite insurance that is limited to assuring repayment of the outstanding balance due on loans secured by first mortgages in the event of the death or disability of the mortgagor. Thus, such insurance activity is not barred for bank holding

1. Banking data are as of December 31, 1985.

2. The Board has proposed a general revision of that portion of its Regulation Y governing permissible insurance agency and underwriting activities, 12 C.F.R. 225.25(b)(8) and (b)(9). The proposed regulation would permit bank holding companies to engage in the underwriting and reinsurance of home mortgage redemption insurance. 49 *Federal Register* 9215, 9217 (March 12, 1984). The Board considered the comments filed in that rulemaking in acting upon the subject application.

3. 66 FEDERAL RESERVE BULLETIN 660 (1980).

4. 68 FEDERAL RESERVE BULLETIN 318 (1982).

companies under the general prohibition of the Garn–St Germain Act.

It has been argued that exemption A of the Garn–St Germain Act is intended to permit bank holding companies to engage in only those "credit life" insurance activities permitted by the Board prior to passage of the Garn–St Germain Act, that is, only in the underwriting and sale of "traditional credit life insurance" offered primarily in connection with consumer loans. The literal language of the exemption, however, permits the underwriting of any insurance that is written on the life of a borrower, that is limited to the outstanding balance of a loan, and that does not exceed the term of the loan. The Garn–St Germain Act thus plainly describes the relevant characteristics of permissible credit-related insurance activities, and home mortgage redemption insurance possesses those characteristics. The language of the Garn–St Germain Act does not limit the type of permissible insurance to "traditional credit life," nor does it limit the type of extension of credit on which such insurance may be sold to exclude loans secured by first mortgages. Absent clearly expressed legislative intent to the contrary or an inconsistency with the underlying purpose of the Garn–St Germain Act, the fact that an insurance activity is within the literal language of that Act's exemptions must be conclusive of the activity's lawfulness under that statute.[5]

There is nothing in the legislative history that suggests that Congress did not intend to permit the underwriting of home mortgage redemption insurance under the literal language of exemption A or, more specifically, to suggest that Congress intended the Garn–St Germain Act to codify the Board's *BankAmerica* and *Seafirst* decisions declining to permit the underwriting of home mortgage redemption insurance by bank holding companies. While the legislative history of the Garn–St Germain Act speaks of permitting the underwriting of credit life insurance previously permitted by the Board, it does not indicate that only such insurance underwriting is permitted.[6] In this regard, the Board notes that it permitted the sale of home mortgage redemption insurance prior to the passage of the Garn–St Germain Act[7] and it permitted several bank holding companies to underwrite such insurance prior to 1970.[8]

5. *See, e.g., Russello v. United States,* 464 U.S. 16, 21 (1983), *citing Consumer Product Safety Commission v. GTE Sylvania Inc.,* 447 U.S. 102, 108 (1980).

6. *See* Sen. Rep. No. 97-536, 97th Cong., 2d Sess. 38 (1982).

7. *Mellon National Corporation,* 61 FEDERAL RESERVE BULLETIN 45 (1975).

8. *Denver U.S. Bancorporation, Inc.* 54 FEDERAL RESERVE BULLETIN 234 (1968); *First Virginia Corporation,* 53 FEDERAL RESERVE BULLETIN 373 (1967); *First Oklahoma Bancorporation, Inc.,* 51 FEDERAL RESERVE BULLETIN 676 (1965).

Based upon the above considerations, the Board concludes that Citicorp's proposal to underwrite home mortgage redemption insurance is permissible under the Garn–St Germain Act.

With regard to whether this insurance activity is closely related to banking, the Board notes that home mortgage redemption insurance supports the lending function by providing for repayment of residential mortgage loans at a time when the death or disability of the borrower may delay or disrupt the scheduled repayment of such loans. Home mortgage redemption insurance in connection with residential mortgage loans, therefore, fulfills the same function as does credit life and credit accident and health insurance with respect to other types of loans. The Board recognized that such insurance functions as credit insurance in supporting a bank's lending function when it permitted the *sale* of such insurance by bank holding companies.[9] In addition, the Board has permitted bank holding companies to underwrite insurance that guarantees repayment of a loan in the event of the borrower's death or disability on the basis that such insurance supports the lending transaction sufficiently that it may be considered to be closely related to banking and permissible under section 4(c)(8) of the Act. *See, e.g., Alabama Financial Group,* 60 FEDERAL RESERVE BULLETIN 596 (1974). The courts have upheld the Board's determination that various types of insurance that support a bank's lending function are closely related to banking.[10]

In reaching its decision on whether the underwriting of home mortgage redemption insurance, like the underwriting of credit life insurance, is closely related to banking, the Board has taken into account evidence that market developments have narrowed substantially the differences between credit life insurance and home mortgage redemption insurance relied upon by the Board in its *BankAmerica* and *Seafirst* decisions. Citicorp and commenters on the Board's proposed regulation dealing with home mortgage redemption insurance presented evidence that many state laws now permit the sale of credit life insurance for longer terms and in face amounts limited only by the amount of the loan. In addition, credit life insurance on second mortgage loans, now permissible for bank holding companies, is, in many cases, the equivalent, in term and face amount, of home mortgage redemption insurance on first mortgage loans. The Board has also noted that key factors which were cited by the Board in its

9. *Mellon National Corporation,* 61 FEDERAL RESERVE BULLETIN 45 (1975).

10. *Alabama Association of Insurance Agents v. Board of Governors,* 533 F. 2d 234 (5th Cir. 1976), *modified on rehearing,* 558 F. 2d 729 (1977), *cert. denied,* 435 U.S. 904 (1978).

rejection of the BankAmerica and Seafirst applications—absence of group insurance, individual policy premiums based on the age of the insured, and the lack of a direct relationship to an extension of credit because the policy was not offered at the time the loan was made—are not present in the Citicorp application. In contrast, in almost every instance, Citicorp proposes to underwrite home mortgage redemption insurance as group insurance (without strict age-based premiums) and to offer such insurance at the time the loan is made.

Based upon the above considerations, the Board concludes that Citicorp's proposal to underwrite home mortgage redemption insurance is closely related to banking.

Before approving a bank holding company's application to engage in an activity that the Board determines is closely related to banking, the Board must also find that consummation of the proposal can reasonably be expected to produce benefits to the public that outweigh possible adverse effects (12 U.S.C. § 1843(c)(8)). With respect to Citicorp's proposal to underwrite home mortgage redemption insurance, it appears that the balance of public benefits considerations is favorable.

Citicorp's *de novo* entry into the underwriting of home mortgage redemption insurance will result in an additional significant competitor in the home mortgage redemption insurance underwriting market. Citicorp's entry into the business is also likely to result in the availability of a greater variety of product features related to home mortgage redemption insurance. For example, Citicorp has proposed to include "second home coverage," by which the prior mortgage of a previously insured individual would be covered by free insurance until the former residence is sold, provided the individual purchases similar insurance on the new residence. Citicorp would also offer "portability," which would allow a customer to obtain the same insurance at the same rate on a new home as on the existing home while paying a new higher premium rate only on the difference between the balances on the existing and new mortgages.

Citicorp has proposed rates for home mortgage redemption insurance policies that are generally lower than rates charged by many companies competing in the underwriting of such insurance. Thus, Applicant's proposal is likely to result in some additional rate competition. The availability of these lower rates and other features described above in home mortgage redemption insurance policies is likely to result in net public benefits.[11]

There is no evidence in the record, and specifically no comments in opposition to this application, to indicate that Citicorp's engaging in the proposed activity would result in undue concentration of resources, decreased or unfair competition, unsound banking practices, or other adverse effects. The Board has, by regulation, applied to bank holding companies section 106 of the BHC Act (12 U.S.C. § 1972), which prohibits the tying of services by banks, "in order to provide specific statutory assurance that the use of the economic power of a bank will not lead to a lessening of competition or other unfair competitive practices."[12] Section 225.4(d) of the Board's Regulation Y (12 C.F.R. 225.4(d)) specifically prohibits a "bank holding company and any nonbanking subsidiary" from extending credit or providing any service or from fixing or varying the consideration for such services "subject to any condition or requirement that, if imposed by a bank, would constitute an unlawful tie-in arrangement under section 106 of the Bank Holding Company Act. . . ."

Where insurance, such as home mortgage redemption insurance, is closely related to the lending transaction, it is important that Citicorp provide safeguards to prevent the tying of such insurance to an extension of credit or to any other service offered by Citicorp or its subsidiaries. In this regard, Citicorp has specifically agreed not to tie the provision of this service to any other product or service of Citicorp and has in addition agreed to inform borrowers in writing that such insurance is not required and that, if desired, it may be purchased from other sources.[13] Moreover, the borrower will be notified in writing of the right to rescind the insurance contract at any time after the loan commitment is made and prior to closing. Finally, the premiums for such insurance will be paid monthly, thus permitting the borrower to rescind the insurance contract at any time and eliminating premium financing by Citicorp as an incentive to sell the insurance. The Board has made these commitments a condition of its approval of this application.

Based upon the facts and circumstances related to the type of insurance to be underwritten here, includ-

11. Because states have not generally promulgated *prima facie* ceilings for home mortgage redemption insurance, and since other types of life insurance would serve as substitutes for home mortgage redemption insurance, such insurance does not appear to present the concerns that prompted the Board to require bank holding companies to offer credit life insurance at rates below the established state ceilings for such insurance (or to offer an increase in policy benefits) (12 C.F.R. § 225.25(b)(9) n. 7). Citicorp has committed, however, to maintain a rate schedule that is actuarially consistent with the credit life ceiling rate as modified by the Board's rate reduction requirement in each State.

12. S. Rep. 91-1084, 91st Cong. 2nd Sess. (1970), reprinted in 1970 *U.S. Code Cong. & Ad. News* 5519, 5535.

13. These requirements are contained, in part, in the Board's Regulation Z (12 C.F.R. 226.4(d)).

ing the fact that it is actuarially based, it is group insurance and it is limited to the outstanding loan balance, the Board concludes that the proposed activity presents risks to the bank holding company that are manageable. Bank holding companies, such as Citicorp, have acquired experience through the underwriting of credit life insurance in operating an actuarially sound insurance program. The record demonstrates that market developments have narrowed the differences between credit life insurance and home mortgage redemption insurance, and the experience gained in underwriting credit life insurance now appears more relevant to home mortgage redemption insurance underwriting. In this regard, the Board notes that it has permitted the underwriting not only of home mortgage redemption insurance but also of general life insurance by the subsidiaries of United States bank holding companies operating in other countries.[14]

Based upon a consideration of all the relevant facts, the Board has determined that the balance of the public interest factors that it is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved.

This determination is also subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a 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. Specifically, this approval is subject to such conditions as the Board may subsequently impose in acting on its proposed general revision of Regulation Y dealing with insurance activities.[15]

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

By order of the Board of Governors, effective March 20, 1986.

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

JAMES MCAFEE
Associate Secretary of the Board

[SEAL]

14. *Citibank Overseas Investment Corporation*, 70 FEDERAL RESERVE BULLETIN 168 (1984) and 71 FEDERAL RESERVE BULLETIN 247 and 269 (1985).

15. *See* n. 2.

First Pacific Investments Limited
Monrovia, Liberia

Hibernia Bancshares Corporation
San Francisco, California

Order Approving Acquisition of a Federal Savings Bank

First Pacific Investments Limited, Monrovia, Liberia, and its indirect subsidiary, Hibernia Bancshares Corporation ("Hibernia"),[1] San Francisco, California, bank holding companies within the meaning of the Bank Holding Company Act (the "BHC Act"), have applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)), and section 225.23(a)(3) of the Board's Regulation Y (12 C.F.R. § 225.23(a)(3)), to acquire all of the voting shares of United Savings Bank, F.S.B. ("United FSB"), San Francisco, California, a newly established federal savings bank organized for the purpose of acquiring substantially all of the assets and assuming the liabilities of United Bank, S.S.B. ("United"), San Francisco, California.

United is a state-chartered thrift institution, the deposits of which are insured by the Federal Savings and Loan Insurance Corporation ("FSLIC"). The Federal Home Loan Bank Board ("Bank Board") has advised the Board that the Bank Board has appointed the FSLIC as receiver for United pursuant to 12 U.S.C. § 1729(c)(1)(B), such appointment to take effect upon the concurrence of the California Commissioner of Savings and Loans on March 28, 1986. The Bank Board has authorized the FSLIC to transfer the assets and liabilities of United to United FSB pursuant to 12 U.S.C. § 1729(a) and (b). In addition, the Bank Board advised the Board that the Bank Board had selected Hibernia as the winning bidder for United under the emergency provisions of section 123 of the Garn–St Germain Act, codified at 12 U.S.C. § 1730a(m). The Bank Board urged the Board to act immediately on Hibernia's application in view of the financial condition of United.

Hibernia, with deposits of $1 billion as of December 31, 1985, is the forty-eighth largest banking organization in California, representing less than one percent of

1. Hibernia is the immediate parent holding company of The Hibernia Bank, San Francisco, California, a state-chartered commercial bank. First Pacific Investments Limited, Monrovia, Liberia, owns Hibernia through a chain of intermediary companies, each of which is in turn wholly owned by its parent. These companies are First Pacific Holdings Limited, Hong Kong, B.C.C., FPC Holdings, N.V., Curacao, Netherlands Antilles, First Pacific (Netherlands), B.V., Amsterdam, The Netherlands, and First Pacific Corporation, Wilmington, Delaware. Each of these entities joins in this application.

aggregate bank deposits in the state. United is a state-chartered, stock savings bank, with $489.2 million in deposits as of December 31, 1985. As a federal savings bank, United FSB is not a "bank" as that term is defined in the BHC Act. 12 U.S.C. § 1841(c).

Section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) authorizes a bank holding company to engage in nonbanking activities and acquire shares of a nonbanking company that engages in activities that are determined by the Board to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto." The Act provides that the Board may make such determinations by order or by regulation. The Board has determined previously that the operation of a thrift institution is closely related to banking, and reaffirms that determination in this Order.[2]

With respect to the "proper incident" requirement, section 4(c)(8) of the BHC Act requires the Board to consider whether the performance of the activity by an affiliate of a holding company "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."

In 1977, the Board considered the general question whether savings and loan association ("S&L") activities are a proper incident to banking. At that time, the Board determined that, as a general matter, S&L activities are not a proper incident to banking because the potential adverse effects of generally allowing affiliations of banks and S&Ls were then sufficiently strong to outweigh any public benefits that might result in individual cases. (*D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977)).

Because of the considerations elaborated in *D.H. Baldwin*, the Board has not been prepared to permit bank holding companies to acquire thrift institutions on a general basis. However, the Board has consistently regarded the BHC Act as authorizing the Board to permit such an acquisition, and the Board has approved several such proposals involving failing thrift institutions on the basis that any adverse effects of bank/thrift affiliations would be overcome by the public benefits of preserving the failing thrift institutions.[3] Moreover, Congress has recognized the need to allow and has expressly authorized bank holding companies to acquire failing federally insured thrift institutions in the Garn–St Germain Act.

The Board has reexamined, in the context of this application, the general adverse factors cited in the Board's 1977 *D.H. Baldwin* decision, including regulatory conflict, erosion of institutional rivalry, and the potential for undermining interstate banking prohibitions. The Board has also considered the adverse factors that might be associated with this particular application, including the potential for decreased or unfair competition, concentration of resources, conflicts of interests, financial risks, diversion of funds, and participation in impermissible activities.

Based upon the Board's review of the record, the Board has determined that there are substantial benefits to the public in this case that are sufficient to outweigh the generalized adverse effects found by the Board in the *D.H. Baldwin* case. The Board considers Applicant's acquisition of United to be a substantial and compelling public benefit in that Applicant will provide United with significant new capital funds sufficient to enable United to achieve and maintain a tangible primary capital to assets ratio at or above 5 percent and to permit United to continue its operations and remain a viable competitor in the markets served by United. The record establishes that Applicant has the financial and managerial resources and commitment to serving the convenience and needs of the public to achieve this result. In this regard, Applicant, with a demonstrated commitment to serving the Asian community in California, is well equipped to maintain United's services to these same communities.

The Board has stated and continues to believe that capital adequacy is an especially important factor in the analysis of bank holding company expansion proposals. In evaluating such a proposal, the Board will consider, among other factors, the effect of the acquisition on the tangible primary capital of the applicant and the acquired institution. Applicant's primary capital on a tangible basis is above levels specified in the Board's Capital Adequacy Guidelines. While the proposal will reduce Applicant's tangible primary capital, its capital position would continue to be in excess of minimum requirements under the Guidelines, and Applicant has indicated that it will improve its capital position to take into account the expansion effected through this acquisition.

In evaluating this proposal, the Board has also placed considerable emphasis on the substantial protection afforded to Hibernia by the Assistance Agreement with the FSLIC in connection with losses that may arise from United's existing assets and liabilities. In addition, the Board has relied on certain commitments by Applicants regarding the capitalization of United.

2. *See, e.g., D.H. Baldwin & Co.*, 63 FEDERAL RESERVE BULLETIN 280 (1977); *Interstate Financial Corp.*, 68 FEDERAL RESERVE BULLETIN 316 (1982); *Citicorp*, 68 FEDERAL RESERVE BULLETIN 656 (1982); *Old Stone Corporation*, 69 FEDERAL RESERVE BULLETIN 812 (1983).

3. *See, e.g., F.N.B. Corporation*, 71 FEDERAL RESERVE BULLETIN 340 (1985); *The Chase Manhattan Corporation*, 71 FEDERAL RESERVE BULLETIN 462 (1985); *Interstate Financial Corp., supra; Citicorp*, 68 FEDERAL RESERVE BULLETIN 656 (1982); and, *Citicorp*, 70 FEDERAL RESERVE BULLETIN 149 (1984).

In view of the size of the market shares involved and the condition of United, consummation of this proposal would not substantially lessen competition in the relevant market. Indeed, the proposed acquisition would have a substantial beneficial effect on competition by ensuring the continued operation of United as an effective competitor. Applicant and United both operate in the San Francisco Ranally Metro Area ("San Francisco RMA").[4] Applicant is the sixteenth largest depository institution among banks and thrift institutions in the San Francisco RMA, with 1.2 percent of deposits in the market. United ranks thirty-sixth among the 168 depository institutions in the market, with total deposits of $397.3 million, representing approximately 0.5 percent of market deposits in banks and thrift institutions.

The affiliation of Applicant and United is not likely to result in unfair competition. To guard against possible adverse effects of affiliation in this case between a banking organization and a savings and loan association, including the potential for unfair competition and diversion of funds, the Board has determined to condition its approval as follows:

1. Applicant will operate United as a federal savings bank having as its primary purpose the provision of residential housing credit. United will limit its activities to those currently permitted to thrift institutions under the Home Owners' Loan Act, but shall not engage in any activity prohibited to bank holding companies and their subsidiaries under section 4(c)(8) of the Bank Holding Company Act. As discussed below, these limitations will apply to United's wholly owned service corporations.
2. United will not establish or operate a remote service unit at any location outside California.
3. United will not establish or operate branches at locations not permissible for national or state banks located in California.
4. United will be operated as a separate, independent, profit-oriented corporate entity and shall not be operated in tandem with any other subsidiary of Applicant. Applicant and United will limit their operations to effect this condition, and will observe the following conditions:
   a. No banking or other subsidiary of Applicant will link its deposit-taking activities to accounts at United in a sweeping arrangement or similar arrangement.
   b. Neither Applicant nor any of its subsidiaries will solicit deposits or loans for United nor shall United solicit deposits or loans for any other subsidiary of Applicant.
5. Applicant will, after an appropriate transition period, alter United's name such that the public will not be confused regarding United's status as a nonbank thrift institution.[5]
6. United will not convert its charter to that of a national or state commercial bank without the Board's prior approval.
7. To the extent necessary to insure independent operation of United and prevent the improper diversion of funds, there shall be no transactions between United and Applicant or any of its subsidiaries without the prior approval of the Federal Reserve Bank of San Francisco. This limitation encompasses the transfer, purchase, sale or loan of any assets or liabilities, but does not include infusions of capital from Applicant, the payment of dividends by United to Applicant, or the sale of residential real estate loans from United to any subsidiary of Applicant.

By virtue of this proposal, Applicant also will acquire United's service corporation subsidiaries. Both United and its service corporations engage in impermissible real estate development activities. In any application by a bank holding company to acquire a nonbanking organization, the nonbanking organization ordinarily would be required to divest any impermissible assets, or to cease to engage in any impermissible activities, prior to consummation of the acquisition. In view of the emergency nature of this acquisition and the compelling public benefits provided thereby, the Board has determined to grant Applicant's request to retain United's existing direct and indirect interests in certain real estate development activities for a five-year period. This will allow for an orderly divestiture of these assets without further loss to United, and also will coincide with the terms of the assistance agreement between Applicant and the FSLIC.

The Board concludes that consummation of the proposal, subject to the conditions set out above, may reasonably be expected not to result in conflicts of interests, unsound banking practices, decreased or unfair competition, undue concentration of resources, or other adverse effects.

Based upon the foregoing and other facts and circumstances reflected in the record, the Board has determined that the acquisition of United by Applicant would result in substantial and compelling public bene-

4. All financial and market data are as of June 30, 1985. United also operates offices located in the Los Angeles, Sacramento, and Stockton, California RMAs, in which Applicant does not operate. In each instance, United controls less than one percent of the total deposits in banks and thrift institutions in those markets. The Board has determined that there would be no substantial adverse effects on potential competition in each of those markets as a result of this acquisition.

5. The Federal Reserve Bank of San Francisco is hereby delegated authority to approve any name change for United.

fits that are sufficient to outweigh any adverse effects that may reasonably be expected to result from this proposal, including any potential adverse effects of the affiliation of a commercial banking organization with a thrift institution. Accordingly, the application is approved subject to the conditions described in this Order, and the record of the application.

In its letter, the Bank Board has urged the Board to act immediately on this application in order to restore public confidence in United, maintain confidence in the savings and loan industry generally, and stabilize the daily increasing potential cost to the FSLIC. The Bank Board has based its request for immediate action on the current financial condition of United and the prior history of customer withdrawals from United, as well as the substantial public benefits of the proposal including the significant and stabilizing capital injection proposed by Applicant.

After considering all the facts and circumstances in this case, the Board has concluded that an emergency situation exists at United that requires the Board to act immediately on this application, and the Bank Board has concurred in this finding. Accordingly, the Board has, under the authority provided in section 118 of the Garn–St Germain Act, dispensed with the notice and hearing requirements of section 4(c)(8) with respect to this application.[6]

The Board's decision in this case is subject to the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b), and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with, or to prevent evasion of, the provisions and purposes of the Act and the Board's regulations and orders issued thereunder. This transaction shall not be consummated later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, pursuant to authority hereby delegated.

By order of the Board of Governors, effective March 28, 1986.

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

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

6. The Board has waived with the notice and hearing requirements of section 4(c)(8) in similar circumstances. *F.N.B. Corporation*, 71 FEDERAL RESERVE BULLETIN 340 (1985).

Hongkong and Shanghai Banking Corporation
Hong Kong

Kellett, N.V.
Curacao, Netherlands Antilles

HSBC Holdings, B.V.
Amsterdam, The Netherlands

Marine Midland Banks, Inc.
Buffalo, New York

Order Approving Application to Engage in Certain Securities Activities

The Hongkong and Shanghai Banking Corporation, Hong Kong ("HSBC"); Kellett, N.V., Curacao, Netherlands Antilles; HSBC Holdings B.V., Amsterdam, The Netherlands; and Marine Midland Banks, Inc., Buffalo, New York ("MMBI") (collectively, "Applicant"), have applied, pursuant to section 4(c)(8) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1843(c)(8)) and section 225.23(a) of the Board's Regulation Y (12 C.F.R. § 225.23(a)), for permission to acquire either directly or indirectly through a newly formed, wholly owned subsidiary, from its subsidiary, Marine Midland Bank, N.A., Buffalo, New York ("Bank"), all of the shares of CM&M Group, Inc., New York, New York ("Group"), and thereafter to engage through subsidiaries of Group, in the following activities:

(1) through Carroll McEntee and McGinley, Inc., New York, New York ("CM&M"): acting as a primary dealer in U.S. government and federal agency securities. CM&M also acts as a dealer in money market instruments, bankers' acceptances, and negotiable certificates of deposit. The activities will be conducted from offices in New York;

(2) through Intermarket Securities Corporation, New York, New York: acting as a dealer in eligible fixed income securities, certificates of deposit, bankers' acceptances and gold and silver bullion;

(3) through CM&M Futures, New York, New York: acting as a futures commission merchant in government securities, certificates of deposit and other eligible money market instruments and foreign currency options. This activity will be conducted from offices in New York, New York, and Chicago, Illinois;

(4) through Investors Arbitrage Corporation, New York, New York: acting solely as an investment advisor, pursuant to section 225.25(b)(4) of the Board's Regulation Y. This activity would be conducted from offices in New York, New York, and Tucson, Arizona;

(5) through American Interest Arbitrage Corporation, New York, New York: acting solely as an investment advisor and money manager for Group; (6) through Reavcom Services, Inc., New York, New York: engaging in equipment leasing for Group.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published (51 *Federal Register* 4240 (1986)). 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.

HSBC, a bank organized under the laws of Hong Kong, is the 16th largest banking organization in the world with total assets of approximately $61.6 billion. HSBC engages in a broad range of financial and commercial services directly and indirectly through its offices worldwide. Through Kellett and Holdings, HSBC owns 51 percent of the shares of MMBI, which is the 17th largest commercial banking organization in the United States and the 7th largest in New York with total assets of approximately $2.2 billion.[1] MMBI, through its subsidiary bank, offers a full range of banking and trust services from nearly 300 offices in the State of New York.

This application represents a corporate reorganization whereby Bank, which currently owns Group, will transfer the shares of Group to MMBI. Applicant proposes to underwrite and deal in obligations of the United States and certain money market instruments and to act as a futures commission merchant with regard to the execution and clearance on major commodity exchanges of futures contracts and options on futures contracts for bullion, foreign exchange, government securities, and money market instruments. Applicant proposes to engage in these activities to the extent these activities are permissible for bank holding companies pursuant to the Board's Regulation Y.[2] Applicant also proposes to buy and sell gold and silver bullion for its own account. The Board has previously determined that the purchase and sale of gold and silver bullion by a bank holding company for its own account is closely related to banking.[3] Applicant also proposes to engage *de novo* in the brokering of foreign currency options. The Board has determined that this activity is permissible for bank holding companies.[4] Accordingly, the Board concludes that Applicant's proposal is closely related to banking.[5]

In order to approve this application, the Board is also required to determine that the performance of the proposed activities by Applicant "can reasonably be expected to produce benefits to the public . . . 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)).

This proposal is basically a corporate reorganization, and thus consummation of this proposal should result in operational and managerial efficiencies. The Board expects that the *de novo* entry by Applicant into the market for the brokering of foreign currency options will increase the level of competition among the providers of this service already in operation. Accordingly, the Board concludes that Applicant's performance of the proposed activities can reasonably be expected to provide benefits to the public.

The Board also has considered the potential for adverse effects that may be associated with this proposal. There is no evidence in the record that consummation of the proposal would result in any adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.

Based upon a consideration of all the relevant facts, the Board concludes that the balance of the public interest factors that it is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved.

This determination is also subject to all of the conditions set forth in Regulation Y, including sections 225.4(d) and 225.23(b)(3) (12 C.F.R. §§ 225.4(d) and 225.23(b)(3)), and to the Board's authority to require such modification or termination of the activities of a 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 transaction shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, pursuant to delegated authority.

1. Banking data are as of June 30, 1985.
2. 12 C.F.R. §§ 225.25(b)(16) and (18). Applicant has committed to conduct its operations pursuant to the Board's policy statement concerning bank holding companies engaging in futures and options contracts on U.S. Government and agency securities and money market instruments, 12 C.F.R. § 225.142 (1985).
3. *Standard and Chartered Banking Group Limited*, 38 *Federal Register* 27,552 (October 4, 1973).
4. *Fidelcor, Inc.*, 70 Federal Reserve Bulletin 368 (1984).
5. Reavcom Services, Inc., owns and leases equipment such as buildings and computers to Group. American Interest Arbitrage Corporation buys and sells fixed income securities for Group. This subsidiary is currently inactive. Applicant may hold the shares of these subsidiaries pursuant to section 4(c)(1)(C) of the Act, 12 U.S.C. § 1843(c)(1)(C).

By order of the Board of Governors, effective March 5, 1986.

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

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

Sovran Financial Corporation
Norfolk, Virginia

Order Approving Application to Engage in Data Processing Activities

Sovran Financial Corporation, Norfolk, Virginia, 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 of the Board's Regulation Y (12 C.F.R. § 225.23), to acquire all of the voting shares of Suburban Service Corporation, Bethesda, Maryland ("Company"), a wholly owned subsidiary of Suburban Bancorporation, Bethesda, Maryland ("Suburban"), and thereby to engage in the installation of and provision of support services to automated teller machines ("ATMs"), and the management of an electronic funds transfer ("EFT") switch through GFS Financial Services Joint Venture ("GFS"), a joint venture with Giant Automatic Money Systems ("GAMS"), a wholly owned subsidiary of Giant Foods, Inc., Landover, Maryland ("Giant"). 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, 51 *Federal Register* 8019 (1986). 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 largest commercial banking organization in Virginia, controlling total domestic deposits of approximately $6.8 billion, representing 20.5 percent of the total deposits of commercial banks in Virginia.[1] On February 27, 1986, the Board approved Applicant's merger with Suburban, the fourth largest commercial banking organization in Maryland, controlling aggregate domestic deposits of approximately $2.4 billion.[2] The Board's approval did not include approval of this application. Upon consummation of the merger, Applicant will become the largest commercial banking organization in the Washington, D.C. banking market,[3] controlling 15.0 percent of the total deposits in commercial banks in the market.

Company currently engages in the installation of and provision of support services to ATMs in Giant Food stores located in the Baltimore, Maryland, Washington, D.C., and Northern Virginia areas. Company's activities, engaged in through its ownership of 50 percent of the shares of GFS, include the ownership, construction, and management of an EFT switch that transmits transactions performed on the ATMs to ATM networks and financial institutions. Customers of depository institutions that participate in networks utilizing the ATMs operated by GFS may use the ATMs for cash withdrawals and balance inquiries, but may not make deposits. The remaining 50 percent interest in GFS is owned by GAMS, a wholly owned subsidiary of Giant. GFS was originally structured as a joint venture to take advantage of the complementary resources and experience of Company and GAMS. Company's role in GFS is based on its expertise in installation, management, and provision of support services to ATMs, including the management of an EFT switch. Company also plans to provide ATMs to GFS.[4] GAMS provides the locations for installation of the ATMs and employee services at the locations where the ATMs are installed. The Maryland Bank Commissioner and Virginia Commissioner of Financial Institutions have not objected to the participation of Applicant, Suburban, or Giant in GFS.[5]

Because this proposal involves Applicant's acquisition 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-venturer, as well as among other current and potential competitors, in the market for ATM networks.[6] Although Applicant operates its own shared

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

2. 72 FEDERAL RESERVE BULLETIN 276 (Order of February 27, 1986).

3. The Washington, D.C. banking market is approximated by the Washington, D.C., Ranally Metropolitan area.

4. Although ownership of the ATMs provided by Company to GFS will be vested in GFS, Company will be entitled to all sales and liquidation proceeds and tax benefits with respect to such ownership.

5. Applicant has stated that the operations of GFS will be conducted at all times in compliance with all federal and state branching laws, to the extent applicable.

6. 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).

ATM network, Applicant does not engage in providing the proposed installation and servicing activities.[7] In addition, the joint venture agreement between Company and GAMS permits the parties to engage in activities in competition with those of the joint venture, or to join other switching networks. In light of these and other facts of record, the Board concludes that consummation of this proposal would not have a significant adverse effect on existing competition in the provision of ATM services in any relevant market.

The Board also has considered the effects of consummation of this proposal on probable future competition in the provision of EFT switching services. In this connection, the Board notes that numerous potential entrants into the EFT switch market exist. Moreover, it is less likely that Giant would enter this market independently than as a joint venturer with a potential entrant that has expertise in the banking and ATM areas. In addition, the Board notes that the market for the data processing and related services necessary for the operation of a shared ATM network is unconcentrated, with many competitors and few barriers to entry. Numerous national ATM networks currently operate in the Washington, D.C. Metropolitan area, and additional networks could potentially enter the area. Accordingly, the Board concludes that consummation of this proposal would not have a significant adverse affect on probable future competition.

The Board has reviewed this proposal to ensure that no unfair competitive practices or other substantially adverse effects would result from consummation of the proposal. In this regard, the Board notes that depository institutions would have nondiscriminatory access to membership in the ATM network established by GFS. Currently, 158 depository institutions participate in the ATM network established by GFS. After review of the application and other facts of record, the Board concludes that consummation of this proposal would not result in adverse effects such as unsound banking practices, unfair competition, conflicts of interest or an undue concentration of resources.

Approval of this application can reasonably be expected to produce substantial benefits to the public. Consummation of the proposal will continue to give customers of financial institutions participating in the network in Washington, D.C., and the Baltimore, Maryland and northern Virginia areas access to a large number of ATM terminals in convenient locations.

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 Richmond, pursuant to delegated authority.

By order of the Board of Governors, effective March 28, 1986.

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

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

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7. Suburban's banking subsidiary, Suburban Bank, Bethesda, Maryland, previously held a limited partnership interest in the Network Exchange/EBS 1983-1 Partnership, which operated ATMs in Safeway stores throughout the Washington, D.C. metropolitan area. As of March 14, 1986, the assets of the Network Exchange/EBS 1983-1 Partnership have been sold, and the partnership has been liquidated.

Orders Approved Under Bank Holding Company Act

By 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)
CSB Investors, Cobb, Wisconsin	Iowa-Grant Bankshares, Cobb, Wisconsin	March 3, 1986
Edgewood Bancshares, Inc., Countryside, Illinois	Horizon Bancshares, Inc., Lombard, Illinois State Bank of Lombard, Lombard, Illinois	March 31, 1986
Lone Wolf Bancshares, Inc., Lone Wolf, Oklahoma	First State Bank, Lone Wolf, Oklahoma	March 24, 1986
United Pinellas Corporation, St. Petersburg, Florida	Pinellas Bancshares Corporation, St. Petersburg, Florida	March 24, 1986

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
American Southwest Bancshares, Inc., El Paso, Texas	Western Bancshares of El Paso, Inc., El Paso, Texas	Dallas	February 27, 1986
ASB Bankcorp, Inc., Adrian, Michigan	Adrian State Bank, Adrian, Michigan	Chicago	March 19, 1986
Baker Financial Corporation, Pocahontas, Arkansas	Planters and Stockmen Bank, Pocahontas, Arkansas	St. Louis	March 14, 1986
Banc One Corporation, Columbus, Ohio	Purdue National Corporation, Lafayette, Indiana	Cleveland	February 28, 1986
Bancorp of Rantoul, Mahomet, Illinois	Bank of Rantoul, Rantoul, Illinois	Chicago	February 28, 1986
BJS, Inc., West Union, Iowa	Westmont Corporation, West Union, Iowa	Chicago	March 5, 1986
CB&T Bancshares, Inc., Columbus, Georgia	Bank of Coweta, Newnan, Georgia	Atlanta	March 14, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
The Chase Manhattan Corporation, New York, New York Chase Manhattan National Holding Corporation, Newark, Delaware	Chase Bank of Florida, N.A., St. Petersburg, Florida	New York	February 18, 1986
Central Financial Corporation, Randolph, Vermont	The Randolph National Bank, Randolph, Vermont	Boston	February 26, 1986
Chrisman Bancorp, Inc., Springfield, Illinois	The First National Bank of Chrisman, Chrisman, Illinois	Chicago	March 21, 1986
CSB Financial Corporation, Greenville, Michigan	Commercial Bank, Greenville, Michigan	Chicago	February 25, 1986
Dassel Investment Company, Minneapolis, Minnesota	Hutchinson Bancorp, Inc., Minneapolis, Minnesota	Minneapolis	February 28, 1986
F&M Bancorporation, Inc., Kaukauna, Wisconsin	The Farmers State Bank of Potter, Potter, Wisconsin	Chicago	March 6, 1986
Farmers Capital Bank Corporation, Frankfort, Kentucky	Citizens Bank of Elizabethtown, Inc., Elizabethtown, Kentucky	St. Louis	February 26, 1986
Financial Services Bancorp, Inc., Scranton, Pennsylvania	Third National Bank and Trust Company of Scranton, Scranton, Pennsylvania	Philadelphia	February 26, 1986
First Chico Bancshares, Inc., Chico, Texas	Strawn Bancshares, Inc., Strawn, Texas Strawn Security Bank, Strawn, Texas	Dallas	February 26, 1986
First Kentucky National Corporation, Louisville, Kentucky	Central Bank and Trust Company, Owensboro, Kentucky	St. Louis	March 14, 1986
First National Bancorporation of Ennis, Inc., Ennis, Texas	First National Bank of Ennis, Ennis, Texas	Dallas	February 27, 1986
First National Cincinnati Corporation, Cincinnati, Ohio	New Bancshares, Inc., Newport, Kentucky	Cleveland	February 28, 1986
First Sierra Bancshares, Inc., Truth or Consequences, New Mexico	Walz-Stuart Agency, Inc., Truth or Consequences, New Mexico First Sierra National Bank, Truth or Consequences, New Mexico	Dallas	February 26, 1986
First Union Corporation, Charlotte, North Carolina	Citizens DeKalb Bank, Clarkston, Georgia	Richmond	February 14, 1986
First United Bancorp, Franklin, Indiana	Franklin Bank and Trust Company, Franklin, Indiana	Chicago	March 11, 1986
First United Financial Services, Inc., Arlington Heights, Illinois	Acorn Bankshares, Inc., Bloomingdale, Illinois	Chicago	February 19, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First White Oak Bancshares, Inc., White Oak, Texas	White Oak Bancshares, Inc., White Oak, Texas White Oak State Bank, White Oak, Texas	Dallas	February 21, 1986
Fleetwood Bank Corporation, Fleetwood, Pennsylvania	The First National Bank in Fleetwood, Fleetwood, Pennsylvania	Philadelphia	March 12, 1986
General Bancshares, Inc., Caldwell, Texas	Peoples National Bank, Caldwell, Texas	Dallas	March 21, 1986
Hutchinson Bancorp, Inc., Minneapolis, Minnesota	Fidelity State Bank of Fairfax, Fairfax, Minnesota Fidelity State Bank of New Prague, New Prague, Minnesota Fidelity State Bank of Hector, Hector, Minnesota Dassel State Bank, Dassel, Minnesota	Minneapolis	February 28, 1986
J.R. Montgomery Bancorporation, Lawton, Oklahoma	The City National Bank and Trust Company of Lawton, Lawton, Oklahoma	Kansas City	March 19, 1986
Kaufman Bancshares, Inc., Kaufman, Texas	BancTEXAS Kaufman, N.A., Kaufman, Texas	Dallas	February 26, 1986
Lincoln County Bancorp, Inc., Troy, Missouri	Warren County Bancshares, Inc., Warrenton, Missouri	St. Louis	March 21, 1986
Mercedes Bancorp, Inc., Mercedes, Texas	Mercedes National Bank, Mercedes, Texas	Dallas	March 21, 1986
Mid-Texas Bancshares, Inc., Fort Worth, Texas	Citizens State Bank, Gorman, Texas	Dallas	February 27, 1986
Moxham Bank Corporation, Johnstown, Pennsylvania	The Moxham National Bank of Johnstown, Johnstown, Pennsylvania	Philadelphia	March 6, 1986
National Bancorp of Arizona, Inc., Tucson, Arizona	National Bank of Tucson, Tucson, Arizona	San Francisco	February 28, 1986
National City Financial Group, Inc., Coral Springs, Florida	National City Bank, Coral Springs, Florida	Atlanta	March 17, 1986
North Shore Bancorp, Inc., Northbrook, Illinois	Bank of the North Shore, Northbrook, Illinois	Chicago	March 11, 1986
Overton Financial Corporation, Overton, Texas	First State Bank, Overton, Texas	Dallas	March 6, 1986
Oxford Bank Corporation, Oxford, Indiana	State Bank of Oxford, Oxford, Indiana	Chicago	March 4, 1986
Perry County Bancshares, Inc., Perryville, Arkansas	The Perry County Bank, Perryville, Arkansas	St. Louis	March 21, 1986
Promenade Bancshares, Inc., Richardson, Texas	Plano National Bank, Plano, Texas	Dallas	March 3, 1986
PSB Bancorp, Francesville, Indiana	Peoples State Bank of Francesville, Francesville, Indiana	Chicago	March 20, 1986

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Quitman Bancorporation, Inc., Quitman, Texas	The First National Bank of Quitman, Quitman, Texas	Dallas	February 28, 1986
R&C Bancorp, Inc., Oklahoma City, Oklahoma	Rockwell Bank, N.A., Oklahoma City, Oklahoma	Kansas City	March 4, 1986
Russell State Bancshares, Inc., Russell, Kansas	Security State Bank, Great Bend, Kansas	Kansas City	March 19, 1986
Ruston Bancshares, Inc., Ruston, Louisiana	Morehouse Bancshares, Inc., Bastrop, Louisiana	Dallas	March 14, 1986
Shawnee Financial Services Corporation, Everett, Pennsylvania	The Everett Bank, Everett, Pennsylvania	Philadelphia	March 24, 1986
Shelby County Bancorp, Inc., Shelbyville, Illinois	Shelby County State Bank, Shelbyville, Illinois	Chicago	March 4, 1986
SouthTrust Corporation, Birmingham, Alabama	Citizens Bank of Hartselle, Hartselle, Alabama	Atlanta	March 17, 1986
Stratford Bancshares, Inc., Stratford, Texas	The First State Bank of Stratford, Stratford, Texas	Dallas	February 21, 1986
Stratford Bancshares, Inc., Stratford, Wisconsin	Stratford State Bank, Stratford, Wisconsin	Chicago	March 18, 1986
Success Financial Group/Indiana, Inc., Wilmington, Delaware	Industrial National Bank of East Chicago, East Chicago, Indiana	Chicago	March 17, 1986
United Virginia Bankshares Incorporated, Richmond, Virginia	Bethesda Bancorporation, Bethesda, Maryland	Richmond	February 25, 1986
Unity Bancorp, Inc., New Waterford, Ohio	The New Waterford Bank, New Waterford, Ohio	Cleveland	March 19, 1986
Warren County Bancshares, Inc., Warrenton, Missouri	Commerce Warren County Bank, Warrenton, Missouri	St. Louis	March 21, 1986
Zapata Bancshares, Inc., Zapata, Texas	Mercedes Bancorp, Inc., Mercedes, Texas Mercedes National Bank, Mercedes, Texas	Dallas	March 21, 1986

Section 4

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
Area Bancshares Corporation, Hopkinsville, Kentucky	North American Financial Services Company of Kentucky, Louisville, Kentucky L.H.F. Information Processing, Inc., Louisville, Kentucky	St. Louis	February 6, 1986
Goodhue County Financial Corporation, Red Wing, Minnesota	Red Wing Loan and Investment Company, Red Wing, Minnesota	Minneapolis	March 21, 1986

Section 4—Continued

Applicant	Bank(s)/Nonbanking Company	Reserve Bank	Effective date
First Bank System, Inc., Minneapolis, Minnesota	Niskern Agency, Inc., St. Cloud, Minnesota	Minneapolis	February 28, 1986
First of America Bank Corporation, Kalamazoo, Michigan	Securities Counsel, Inc., Jackson, Michigan	Chicago	February 27, 1986
First United Bancorp, Franklin, Indiana	Franklin Financial Corporation, Indianapolis, Indiana Franklin Mortgage Corporation, Indianapolis, Indiana	Chicago	March 11, 1986
Mid-America Bancorp, Louisville, Kentucky	North American Financial Services Company of Kentucky, Louisville, Kentucky L.H.F. Information Processing, Inc., Louisville, Kentucky	St. Louis	February 6, 1986
Norstar Bancorp Inc., Albany, New York	Intercounty Mortgagee Corp., Hempstead, New York	New York	February 21, 1986
Security Pacific Corporation, Los Angeles, California	XCEL Business Systems, Inc., Mill Valley, California	San Francisco	March 19, 1986
United Bancshares, Inc., Rosenberg, Texas	Associated Investors Life Insurance Company, Houston, Texas	Dallas	March 17, 1986

Orders Approved Under Bank Merger Act

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
The Surburban Bank, Richmond, Virginia	Virginia Capital Bank, Richmond, Virginia	Richmond	February 24, 1986

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.

St. James Bancorp v. Board of Governors, No. 86–1224 (8th Cir., filed Feb. 19, 1986).

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

Howe v. United States, et al., No. 85–4504-C (D. Mass., filed Dec. 6, 1985).

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

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

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

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

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

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

Jensen v. Wilkinson, et al., No. 85–4436-S, et al. (D. Kan., filed Oct. 10, 1985).

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

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).

McHuin v. Volcker, et al., No. 85–2170 WARB (W.D. Okl., filed Aug. 29, 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).

Urwyler, et al. v. Internal Revenue Service, et al., No. CV-F-85–402 REC (E.D. Cal., filed July 18, 1985).

Johnson v. Federal Reserve System, et al., No. S85–0958(R) and S85–1269(N) (S.D. Miss., filed July 16, 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).

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).

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).

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

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

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

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1985				1985			1986	
	Q1	Q2	Q3	Q4[r]	Oct.[r]	Nov.[r]	Dec.[r]	Jan.	Feb.
Reserves of depository institutions[2]									
1 Total	17.4	12.2	16.4	12.1	4.0	20.0	21.9	4.8[r]	11.5
2 Required	16.9	12.3	17.1	11.1	1.6	15.4	18.8	3.4[r]	12.6
3 Nonborrowed	57.3	14.1	18.2	9.9	7.0	4.9	34.6	19.9[r]	8.7
4 Monetary base[3]	8.8	7.5	9.7	8.1	5.9	10.2	8.4	8.9	7.5
Concepts of money, liquid assets, and debt[4]									
5 M1	10.1	10.5	14.5	10.6	5.1	11.5	12.6	1.1	7.3
6 M2	11.7	6.3	9.5	6.0	4.2	5.8	7.0	1.4[r]	3.6
7 M3	10.1	5.5[r]	7.8[r]	6.4	5.1	5.6	7.1	8.2[r]	6.1
8 L	9.7	6.0	8.0	9.4	6.5	12.1	11.2	n.a.	n.a.
9 Debt	13.7[r]	12.1[r]	12.9[r]	14.4	12.4	15.9	21.8	18.2	n.a.
Nontransaction components									
10 In M2[5]	12.1	5.0	8.0[r]	4.5	3.9	3.9	5.3	1.4[r]	2.4
11 In M3 only[6]	4.2	2.6[r]	.8[r]	7.7	8.5	5.2	7.0	35.7[r]	16.2
Time and savings deposits									
Commercial banks									
12 Savings[7]	−5.8	−1.0	7.6	3.2	3.9	3.9	−3.8	2.9	2.9
13 Small-denomination time[8]	.2	2.1	−3.3	−1.6	−2.2	.6	6.0	7.5	4.7
14 Large-denomination time[9,10]	2.7	6.9	−2.2	12.8	8.4	10.5	10.4	45.6	6.2
Thrift institutions									
15 Savings[7]	1.4	3.8	12.9	7.5	10.9	7.4	.7	1.3	4.0
16 Small-denomination time	3.1	1.0	−2.8	−2.9	−4.6	.0	6.1	8.2[r]	8.4
17 Large-denomination time[9]	17.2	5.5	−1.0	5.2	6.2	2.3	8.5	6.9[r]	11.4
Debt components[4]									
18 Federal	15.3[r]	12.6[r]	14.6	15.1	8.9	24.1	29.1	17.0	n.a.
19 Nonfederal	13.2[r]	12.0[r]	12.3[r]	14.2	13.4	13.4	19.6	18.5	n.a.
20 Total loans and securities at commercial banks[11]	10.3	9.7	9.6	8.8	2.0	16.4	16.6	15.3	4.1

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

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

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

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

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

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

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

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

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

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

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

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

7. Excludes MMDAs.

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

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

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

11. Changes calculated from figures shown in table 1.23.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS AND RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending							
	1985	1986		1986							
	Dec.	Jan.	Feb.	Jan. 15	Jan. 22	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26
SUPPLYING RESERVE FUNDS											
1 Reserve Bank credit	**203,644**	**206,784**	**199,811**	**205,090**	**209,038**	**208,358**	**204,048**	**198,077**	**200,179**	**198,841**
2 U.S. government securities[1]	178,242	181,208	174,309	180,533	183,223	181,944	177,656	172,271	174,534	173,935
3 Bought outright	177,120	179,076	174,088	179,955	178,833	178,904	176,333	172,271	174,534	173,935
4 Held under repurchase agreements	1,122	2,132	221	578	4,390	3,040	1,323	0	0	0
5 Federal agency obligations	8,661	8,754	8,248	8,378	9,134	9,102	8,494	8,213	8,195	8,193
6 Bought outright	8,227	8,227	8,204	8,227	8,227	8,227	8,227	8,213	8,195	8,193
7 Held under repurchase agreements	434	527	44	151	907	875	267	0	0	0
8 Acceptances	0	0	0	0	0	0	0	0	0	0
9 Loans	1,107	834	872	615	964	841	727	596	1,161	1,038
10 Float	1,176	758	1,056	506	320	979	1,432	1,131	1,046	1,159
11 Other Federal Reserve assets	14,458	15,230	15,326	15,058	15,397	15,492	15,739	15,866	15,243	14,516
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	4,718	4,718	4,718	4,718	4,718	4,718	4,718	4,718	4,718	4,718
14 Treasury currency outstanding	17,037	17,079	17,131	17,073	17,083	17,093	17,106	17,120	17,134	17,148
ABSORBING RESERVE FUNDS										
15 Currency in circulation	195,367	193,330	191,241	194,013	192,377	190,854	190,607	191,275	191,712	191,195
16 Treasury cash holdings	557	555	575	554	555	555	566	578	576	580
Deposits, other than reserve balances, with Federal Reserve Banks										
17 Treasury	3,499	10,569	7,282	5,032	13,856	17,487	12,475	6,854	6,167	6,922
18 Foreign	262	260	221	227	243	230	246	199	207	232
19 Service-related balances and adjustments	2,024	1,985	1,951	2,153	2,032	1,842	1,599	1,860	1,886	2,158
20 Other	488	486	445	433	544	443	472	411	474	425
21 Other Federal Reserve liabilities and capital	6,410	6,287	6,326	6,341	6,357	6,389	6,535	6,391	6,117	6,243
22 Reserve balances with Federal Reserve Banks[2]	27,882	26,199	24,709	29,218	25,966	23,461	24,463	23,437	25,982	24,042

Factors	End-of-month figures			Wednesday figures						
	1985	1986		1986						
	Dec.	Jan.	Feb.	Jan. 15	Jan. 22	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26
SUPPLYING RESERVE FUNDS										
23 Reserve Bank credit	**210,598**	**205,146**	**200,473**	**206,093**	**212,436**	**206,883**	**201,309**	**201,509**	**202,179**	**200,013**
24 U.S. government securities[1]	181,327	178,992	176,536	181,192	185,100	180,703	173,091	175,087	175,011	175,870
25 Bought outright	177,798	175,905	176,536	181,192	179,142	178,139	173,091	175,087	175,011	175,870
26 Held under repurchase agreements	3,529	3087	0	0	5,958	2,564	0	0	0	0
27 Federal agency obligations	9,921	8,850	8,187	8,227	9,366	8,995	8,227	8,195	8,195	8,187
28 Bought outright	8,227	8,227	8,187	8,227	8,227	8,227	8,227	8,195	8,195	8,187
29 Held under repurchase agreements	1,694	623	0	0	1,139	768	0	0	0	0
30 Acceptances	0	0	0	0	0	0	0	0	0	0
31 Loans	3,060	827	661	644	755	769	591	639	606	682
32 Float	988	663	−212	800	1,547	787	3,601	1,617	3,721	618
33 Other Federal Reserve assets	15,302	15,814	15,301	15,230	15,667	15,629	15,799	15,971	14,646	14,656
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	4,718	4,718	4,718	4,718	4,718	4,718	4,718	4,718	4,718	4,718
36 Treasury currency outstanding	17,052	17,104	17,160	17,082	17,092	17,104	17,118	17,132	17,146	17,160
ABSORBING RESERVE FUNDS										
37 Currency in circulation	197,465	190,430	191,038	193,210	191,992	190,532	190,928	191,595	191,964	191,099
38 Treasury cash holdings	550	565	604	555	553	565	566	575	580	583
Deposits, other than reserve balances with Federal Reserve Banks										
39 Treasury	9,351	16,228	5,026	5,669	19,087	17,077	7,191	5,596	7,278	4,679
40 Foreign	480	256	277	191	215	228	195	204	223	254
41 Service-related balances and adjustments	1,490	1,505	1,525	1,515	1,525	1,525	1,505	1,505	1,512	1,512
42 Other	1,041	477	436	575	412	366	431	431	541	425
43 Other Federal Reserve liabilities and capital	5,940	6,622	6,735	6,142	6,162	6,142	6,322	5,997	5,931	6,142
44 Reserve balances with Federal Reserve Banks[2]	27,141	21,975	27,799	31,126	25,390	23,360	27,097	28,546	27,104	28,287

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]									
	1983	1984	1985	1985						1986
	Dec.	Dec.	Dec.	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 Reserve balances with Reserve Banks[1]	21,138	21,738	27,620	23,503	23,415	24,972	25,431	26,385	27,620	26,373
2 Total vault cash[2]	20,755	22,316	22,956	22,530	22,839	22,465	22,724	22,457	22,956	24,245
3 Vault cash used to satisfy reserve requirements[3]	17,908	18,958	20,522	19,300	19,548	19,475	20,038	19,997	20,522	21,687
4 Surplus vault cash[4]	2,847	3,358	2,434	3,230	3,291	2,990	2,686	2,460	2,434	2,559
5 Total reserves[5]	38,894	40,696	48,142	42,803	42,963	44,447	44,469	46,382	48,142	48,060
6 Required reserves	38,333	39,843	47,085	41,948	42,135	43,782	44,716	45,454	47,085	46,949
7 Excess reserve balances at Reserve Banks[6]	561	853	1,058	855	827	666	753	928	1,058	1,111
8 Total borrowings at Reserve Banks	774	3,186	1,318	1,107	1,073	1,289	1,187	1,741	1,318	770
9 Seasonal borrowings at Reserve Banks	96	113	56	167	221	203	172	107	56	36
10 Extended credit at Reserve Banks[7]	2	2,604	499	507	570	656	629	530	499	497
	Biweekly averages of daily figures for weeks ending									
	1985 and 1986									
	Nov. 6	Nov. 20	Dec. 4	Dec. 18	Jan. 1	Jan. 15	Jan. 29	Feb. 12	Feb. 26	Mar. 12
11 Reserve balances with Reserve Banks[1]	25,643	26,242	27,029	27,503	27,928	28,282	24,710	23,924	24,989	27,110
12 Total vault cash[2]	22,151	22,528	22,543	22,464	23,612	23,591	24,684	26,078	24,348	22,577
13 Vault cash used to satisfy reserve requirements[3]	19,667	20,117	20,028	20,199	21,022	21,288	21,961	22,891	21,424	20,003
14 Surplus vault cash[4]	2,484	2,412	2,515	2,265	2,590	2,304	2,723	3,187	2,924	2,574
15 Total reserves[5]	45,310	46,359	47,057	47,702	48,950	49,570	46,671	46,815	46,413	47,113
16 Required reserves	44,508	45,466	46,005	46,875	47,644	48,294	45,753	45,629	45,406	46,146
17 Excess reserve balances at Reserve Banks[6]	802	893	1,052	828	1,307	1,276	918	1,187	1,008	967
18 Total borrowings at Reserve Banks	1,075	1,178	2,928	841	1,338	614	903	662	1,100	704
19 Seasonal borrowings at Reserve Banks	151	104	84	53	51	28	42	44	66	65
20 Extended credit at Reserve Banks[7]	598	522	503	524	472	471	529	480	506	475

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	1986 week ending Monday								
	Jan. 20	Jan. 27	Feb. 3	Feb. 10	Feb. 17r	Feb. 24	Mar. 3	Mar. 10	Mar. 17
One day and continuing contract									
1 Commercial banks in United States	66,084	60,226	62,959r	68,513	64,533	65,474	67,344	74,710	70,119
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	31,603	31,327	30,857	32,246r	32,073	33,709	35,606	40,200	41,839
3 Nonbank securities dealers	8,784	9,777	9,581	8,802	9,956	11,690	10,825	9,486	9,918
4 All other	25,300	27,414	26,440	26,632	27,319	28,583	29,808	28,258	28,364
All other maturities									
5 Commercial banks in United States	11,796	10,497	10,632	10,720	11,537	11,228	11,141	11,206	10,666
6 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	8,811	7,568	6,998	5,956r	6,296	6,336	7,420	7,535	7,635
7 Nonbank securities dealers	10,880	10,295	10,961	11,415	10,748	10,052	10,308	11,054	11,581
8 All other	9,130	9,411	10,002	10,387	11,185	10,874	10,844	10,676	10,093
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	30,072	29,125	31,054	28,443	28,433	29,360	29,047	32,275	30,337
10 Nonbank securities dealers	9,965	10,100	10,726	9,996	8,954	10,155	11,502	12,983	12,015

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 3/26/86	Effective date	Previous rate	Rate on 3/26/86	Previous rate	Rate on 3/26/86	Previous rate	Rate on 3/26/86	Previous rate	
Boston	7	3/07/86	7½	7	7½	8	8½	9	9½	3/07/86
New York		3/07/86								3/07/86
Philadelphia		3/07/86								3/07/86
Cleveland		3/10/86								3/10/86
Richmond		3/07/86								3/07/86
Atlanta		3/07/86								3/07/86
Chicago		3/07/86								3/07/86
St. Louis		3/07/86								3/07/86
Minneapolis		3/07/86								3/07/86
Kansas City		3/07/86								3/07/86
Dallas		3/07/86								3/07/86
San Francisco	7	3/07/86	7½	7	7½	8	8½	9	9½	3/07/86

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
July 3	7–7¼	7¼
1978— July 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
1981— May 8	14	14
1981— 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
1986— Mar. 7	7–7½	7
10	7	7
In effect Mar. 26, 1986	7	7

1. A temporary simplified seasonal program was established on Mar. 8, 1985, and the interest rate was a fixed rate ½ percent above the rate on adjustment credit. The program was re-established on Feb. 18, 1986; the rate may be either the same as that for adjustment credit or a fixed rate ½ percent higher.

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–$31.7 million	3	12/31/85
$2 million–$10 million	9½	12/30/76	Over $31.7 million	12	12/31/85
$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. Effective with the reserve computation period beginning Dec. 31, 1985, the amount of the exemption is $2.6 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; effective Jan. 1, 1985, to $29.8 million; and effective Dec. 31, 1985, to $31.7 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 Mar. 31, 1986		In effect Mar. 31, 1986	
	Percent	Effective date	Percent	Effective date
1 Savings	5½	1/1/84	5½	7/1/79
2 Negotiable order of withdrawal accounts	(2)	1/1/86	(2)	1/1/86
3 Money market deposit account	(3)	12/14/82	(3)	12/14/82
Time accounts				
4 7–31 days	(4)	1/1/86	(4)	9/1/86
5 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. Before Jan. 1, 1986, NOW accounts with minimum denomination requirements of less than $1,000 were subject to an interest rate ceiling of 5¼ percent. NOW accounts with minimum required denominations of $1,000 or more and IRA/Keough (HR10) Plan accounts were not subject to interest rate ceilings. Effective Jan. 1, 1986, the minimum denomination requirement was removed.

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 balance maintenance requirements was lowered to $1,000. Effective Jan. 1, 1986, the minimum denomination and average balance maintenance requirements were removed. No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days, notice before withdrawals. 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. Before Jan. 1, 1986, deposits of less than $1,000 were subject to an interest rate ceiling of 5½ percent. Deposits of less than $1,000 issued to governmental units were subject to an interest rate ceiling of 8 percent. Effective Jan. 1, 1986, the minimum denomination requirement was removed.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction	1983	1984	1985	1985						1986
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched transactions)										
Treasury bills										
1 Gross purchases	18,888	20,036	22,214	0	3,056	1,171	0	1,180	4,515	286
2 Gross sales	3,420	8,557	4,118	0	0	0	265	0	0	225
3 Exchange	0	0	0	0	0	350	0	−350	0	0
4 Redemptions	2,400	7,700	3,500	200	0	0	0	0	0	0
Others within 1 year										
5 Gross purchases	484	1,126	1,349	0	0	0	0	0	143	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shift	18,887	16,354	19,763	1,238	4,895	1,028	529	2,363	943	725
8 Exchange	−16,553	−20,840	−17,717	−1,778	−3,275	−1,806	−942	−615	−1,529	−596
9 Redemptions	87	0	0	0	0	0	0	0	0	0
1 to 5 years										
10 Gross purchases	1,896	1,638	2,185	0	6	0	0	0	868	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	−15,533	−13,709	−17,459	−1,153	−3,760	−1,028	−520	−1,731	−943	−703
13 Exchange	11,641	16,039	14,204	1,778	1,825	1,806	942	650	1,529	596
5 to 10 years										
14 Gross purchases	890	536	458	0	6	0	0	0	345	0
15 Gross sales	0	300	100	0	0	0	0	0	0	0
16 Maturity shift	−2,450	−2,371	−1,857	−85	−1,136	0	−10	−600	0	−22
17 Exchange	2,950	2,750	2,184	0	800	0	0	184	0	0
Over 10 years										
18 Gross purchases	383	441	293	0	0	0	0	0	197	0
19 Gross sales	0	0	0	0	0	0	0	0	0	0
20 Maturity shift	−904	−275	−447	0	0	0	0	−32	0	0
21 Exchange	1,962	2,052	1,679	0	650	0	0	131	0	0
All maturities										
22 Gross purchases	22,540	23,776	26,499	0	3,068	1,171	0	1,180	6,068	286
23 Gross sales	3,420	8,857	4,218	0	0	0	265	0	0	225
24 Redemptions	2,487	7,700	3,500	200	0	0	0	0	0	0
Matched transactions										
25 Gross sales	578,591	808,986	866,175	60,980	64,263	73,925	100,929	85,486	76,399	63,109
26 Gross purchases	576,908	810,432	865,968	59,165	64,209	72,347	100,197	84,769	78,962	61,156
Repurchase agreements										
27 Gross purchases	105,971	127,933	134,253	10,486	1,928	14,029	0	3,684	23,338	24,257
28 Gross sales	108,291	127,690	132,351	10,486	1,928	14,029	0	3,684	19,809	24,699
29 Net change in U.S. government securities	12,631	8,908	20,477	−2,015	3,014	−408	−997	463	12,159	−2,335
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	292	256	162	46	30	0	0	0	0	0
Repurchase agreements										
33 Gross purchases	8,833	11,509	22,183	2,439	354	3,522	0	1,454	7,640	5,384
34 Gross sales	9,213	11,328	20,877	2,439	354	3,522	0	1,454	5,947	6,454
35 Net change in federal agency obligations	−672	−76	1,144	−46	−30	0	0	0	1,693	−1,070
BANKERS ACCEPTANCES										
36 Repurchase agreements, net	−1,062	−418	0	0	0	0	0	0	0	0
37 Total net change in System Open Market Account	**10,897**	**8,414**	**21,621**	**−2,061**	**2,984**	**−408**	**−997**	**463**	**13,853**	**−3,405**

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1986					1985	1986	
	Jan. 29	Feb. 5	Feb. 12	Feb. 18	Feb. 26	Dec.	Jan.	Feb.
	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	4,718	4,718	4,718	4,718	4,718	4,718	4,718	4,718
3 Coin	560	573	584	582	586	487	562	589
Loans								
4 To depository institutions	769	591	639	606	682	3,060	827	661
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	8,195	8,195	8,187	8,227	8,227	8,187
8 Held under repurchase agreements	768	0	0	0	0	1,694	623	0
U.S. government securities								
Bought outright								
9 Bills	85,766	80,718	82,714	82,638	83,497	85,425	83,532	84,163
10 Notes	67,647	67,647	67,647	67,397	67,397	67,647	67,647	67,397
11 Bonds	24,726	24,726	24,726	24,976	24,976	24,726	24,726	24,976
12 Total bought outright[1]	178,139	173,091	175,087	175,011	175,870	177,798	175,905	176,536
13 Held under repurchase agreements	2,564	0	0	0	0	3,529	3,087	0
14 Total U.S. government securities	180,703	173,091	175,087	175,011	175,870	181,327	178,992	176,536
15 Total loans and securities	**190,467**	**181,909**	**183,921**	**183,812**	**184,739**	**194,308**	**188,669**	**185,384**
16 Items in process of collection	6,591	10,836	7,806	13,140	6,588	10,147	6,519	6,295
17 Bank premises	610	611	613	612	611	607	612	616
Other assets								
18 Denominated in foreign currencies[2]	7,054	7,336	7,341	7,345	7,349	7,016	7,336	7,829
19 All other[3]	7,965	7,852	8,017	6,689	6,696	7,679	7,866	6,856
20 Total assets	**229,055**	**224,925**	**224,090**	**227,988**	**222,377**	**236,052**	**227,372**	**223,377**
LIABILITIES								
21 Federal Reserve notes	174,553	174,949	175,622	175,980	175,108	181,450	174,453	175,072
Deposits								
22 To depository institutions	24,885	28,602	30,051	28,616	29,799	28,631	23,480	29,324
23 U.S. Treasury—General account	17,077	7,191	5,596	7,278	4,679	9,351	16,228	5,026
24 Foreign—Official accounts	228	195	204	223	254	480	256	277
25 Other	366	431	431	541	425	1,041	477	436
26 Total deposits	**42,556**	**36,419**	**36,282**	**36,658**	**35,157**	**39,503**	**40,441**	**35,063**
27 Deferred credit items	5,804	7,235	6,189	9,419	5,970	9,159	5,856	6,507
28 Other liabilities and accrued dividends[4]	2,231	2,160	2,101	2,044	2,234	2,378	2,372	2,273
29 Total liabilities	**225,144**	**220,763**	**220,194**	**224,101**	**218,469**	**232,490**	**223,122**	**218,915**
CAPITAL ACCOUNTS								
30 Capital paid in	1,789	1,789	1,789	1,793	1,799	1,781	1,789	1,800
31 Surplus	1,781	1,781	1,781	1,781	1,781	1,781	1,781	1,781
32 Other capital accounts	341	592	326	313	328	0	680	881
33 Total liabilities and capital accounts	**229,055**	**224,925**	**224,090**	**227,988**	**222,377**	**236,052**	**227,372**	**223,377**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	127,422	128,408	128,231	132,056	130,103	125,624	129,152	131,599
	Federal Reserve note statement							
35 Federal Reserve notes outstanding	208,363	208,365	209,034	209,352	210,200	208,427	208,135	210,237
36 LESS: Held by bank	33,810	33,416	33,412	33,372	35,092	26,977	33,682	35,165
37 Federal Reserve notes, net	174,553	174,949	175,622	175,980	175,108	181,450	174,453	175,072
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	4,718	4,718	4,718	4,718	4,718	4,718	4,718	4,718
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	158,745	159,141	159,814	160,172	159,300	165,642	158,645	159,264
42 Total collateral	**174,553**	**174,949**	**175,622**	**175,980**	**175,108**	**181,450**	**174,453**	**175,072**

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		
	1986					1985	1986	
	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26	Dec. 31	Jan. 31	Feb. 28
1 Loans—Total	769	591	639	606	682	3,060	827	661
2 Within 15 days	763	583	634	600	668	3,033	820	647
3 16 days to 90 days	6	8	5	6	14	27	7	14
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	180,703	173,091	175,087	175,011	175,870	181,327	178,992	176,536
10 Within 15 days[1]	8,786	9,058	9,568	8,780	8,272	9,307	5,197	4,893
11 16 days to 90 days	44,084	38,672	39,525	42,542	42,348	43,462	46,616	45,663
12 91 days to 1 year	55,639	53,296	53,929	54,269	55,830	56,364	55,114	56,543
13 Over 1 year to 5 years	35,672	35,543	35,543	32,298	32,298	35,650	35,543	32,315
14 Over 5 years to 10 years	14,763	14,763	14,763	15,113	15,113	14,785	14,763	15,113
15 Over 10 years	21,759	21,759	21,759	22,009	22,009	21,759	21,759	22,009
16 Federal agency obligations—Total	8,995	8,227	8,195	8,195	8,187	9,921	8,850	8,187
17 Within 15 days[1]	885	32	58	199	331	1,836	740	331
18 16 days to 90 days	867	976	968	827	704	962	976	704
19 91 days to 1 year	1,763	1,739	1,749	1,749	1,744	1,471	1,654	1,744
20 Over 1 year to 5 years	3,868	3,868	3,808	3,808	3,821	4,056	4,250	3,821
21 Over 5 years to 10 years	1,203	1,203	1,203	1,203	1,178	1,187	821	1,178
22 Over 10 years	409	409	409	409	409	409	409	409

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	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec.	1985						1986	
					July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[r]	Feb.
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]	Seasonally adjusted											
1 Total reserves[2]	**34.28**	**36.14**	**39.08**	**45.19**	**42.61**	**43.19**	**43.51**	**43.65**	**44.38**	**45.19**	**45.36**	**45.80**
2 Nonborrowed reserves	33.65	35.36	35.90	43.87	41.50	42.12	42.22	42.46	42.64	43.87	44.59	44.92
3 Nonborrowed reserves plus extended credit[3]	33.83	35.37	38.50	44.37	42.01	42.69	42.87	43.09	43.17	44.37	45.09	45.41
4 Required reserves	33.78	35.58	38.23	44.13	41.75	42.37	42.84	42.90	43.45	44.13	44.25	44.72
5 Monetary base[4]	170.04	185.39	198.80	216.44	208.73	210.85	212.08	213.12	214.93	216.44	218.04	219.40
	Not seasonally adjusted											
6 Total reserves[2]	**35.01**	**36.86**	**40.13**	**46.40**	**42.41**	**42.60**	**43.22**	**43.75**	**44.62**	**46.40**	**46.63**	**45.16**
7 Nonborrowed reserves	34.37	36.09	36.94	45.09	41.30	41.52	41.93	42.56	42.88	45.09	45.86	44.28
8 Nonborrowed reserves plus extended credit[3]	34.56	36.09	39.55	45.59	41.81	42.09	42.59	43.19	43.41	45.59	46.36	44.77
9 Required reserves	34.51	36.30	39.28	45.35	41.55	41.77	42.56	42.99	43.70	45.35	45.52	44.08
10 Monetary base[4]	173.07	188.66	201.94	219.75	210.19	211.16	211.65	212.75	215.42	219.75	218.16	216.18
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[5]												
11 Total reserves[2]	**41.85**	**38.89**	**40.70**	**48.14**	**42.80**	**42.96**	**44.45**	**45.47**	**46.38**	**48.14**	**48.06**	**46.64**
12 Nonborrowed reserves	41.22	38.12	37.51	46.82	41.70	41.89	43.16	44.28	44.64	46.82	47.29	45.75
13 Nonborrowed reserves plus extended credit[3]	41.41	38.12	40.09	47.41	42.23	42.50	43.83	44.90	45.07	47.41	47.79	46.20
14 Required reserves	41.35	38.33	39.84	47.08	41.95	42.14	43.78	44.72	45.45	47.08	46.95	45.55
15 Monetary base[4]	180.42	192.26	202.51	221.49	210.58	211.53	212.88	214.47	217.18	221.49	219.59	217.66

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]	1982 Dec.	1983 Dec.	1984 Dec.	1985 Dec.r	1985 Nov.r	1985 Dec.r	1986 Jan.r	1986 Feb.
	Seasonally adjustedr							
1 M1	479.9	527.1	558.5	626.5	620.0	626.5	627.1	630.9
2 M2	1,952.6	2,186.0	2,373.8r	2,565.5	2,550.7	2,565.5	2,568.4	2,576.2
3 M3	2,443.5	2,697.3	2,986.5r	3,200.2	3,181.6	3,200.2	3,222.1	3,238.6
4 L	2,850.1	3,163.5	3,532.3r	3,835.5	3,800.0	3,835.5	n.a.	n.a.
5 Debt	4,661.1r	5,191.9r	5,951.8r	6,802.7	6,681.5	6,802.7	6,905.7	n.a.
M1 components								
6 Currency[2]	134.3	148.3	158.5	170.6	169.8	170.6	171.9	172.9
7 Travelers checks[3]	4.3	4.9	5.2	5.9	5.9	5.9	5.9	6.0
8 Demand deposits[4]	237.9	242.7	248.4	271.5	267.8	271.5	268.9	269.2
9 Other checkable deposits[5]	103.4	131.3	146.3	178.5	176.6	178.5	180.4	183.0
Nontransactions components								
10 In M2[6]	1,472.7	1,658.9	1,815.4r	1,939.0	1,930.6	1,939.0	1,941.3	1,945.2
11 In M3 only[7]	490.9	511.3	612.7r	634.7	631.0	634.7	653.6	662.4
Savings deposits[9]								
12 Commercial Banks	163.7	133.4	122.3	124.4	124.8	124.4	124.7	125.0
13 Thrift institutions	194.2	173.2	167.3	179.1	179.0	179.1	179.3	179.9
Small denomination time deposits[9]								
14 Commerical Banks	380.4	351.1	387.2	384.1	382.2	384.1	386.5	388.0
15 Thrift institutions	472.4	434.1	500.3	496.2	493.7	496.2	499.6	503.1
Money market mutual funds								
16 General purpose and broker/dealer	185.2	138.2	167.5	176.5	176.8	176.5	177.7	180.9
17 Institution-only	51.1	43.2	62.7	64.6	64.5	64.6	66.8	67.2
Large denomination time deposits[10]								
18 Commercial Banks[11]	262.1	228.7	263.7	279.1	276.7	279.1	289.7	291.2
19 Thrift institutions	65.8	101.1	150.2	157.3	156.2	157.3	158.2	159.7
Debt components								
20 Federal debt	979.2	1,173.0	1,367.3r	1,586.0	1,548.5	1,586.0	1,608.5	n.a.
21 Non-federal debt	3,681.8r	4,019.0r	4,584.6r	5,216.7	5,132.9	5,216.7	5,297.2	n.a.
	Not seasonally adjustedr							
22 M1	490.9	538.8	570.5	639.8	621.6	639.8	633.4	619.1
23 M2	1,958.6	2,192.8	2,380.8	2,573.6	2,549.0	2,573.6	2,577.2	2,569.5
24 M3	2,453.3	2,707.9	2,997.9r	3,212.9	3,185.1	3,212.9	3,229.7	3,230.5
25 L	2,856.4	3,170.1	3,537.5r	3,840.2	3,802.3	3,840.2	n.a.	n.a.
26 Debt	4,655.7r	5,186.5r	5,946.2r	6,795.4	6,665.7	6,795.4	6,898.5	n.a.
M1 components								
27 Currency[2]	136.5	150.5	160.9	173.1	170.7	173.1	170.5	170.6
28 Travelers checks[3]	4.1	4.6	4.9	5.5	5.6	5.5	5.5	5.6
29 Demand deposits[4]	246.2	251.3	257.3	281.3	269.0	281.3	275.1	262.0
30 Other checkable deposits[5]	104.1	132.4	147.5	180.0	176.3	180.0	182.3	180.9
Nontransactions components								
31 M2[6]	1,467.7	1,654.0	1,810.3	1,933.8	1,927.4	1,933.8	1,943.8	1,950.3
32 M3 only[7]	494.7	515.1	617.0r	639.3	636.1	639.3	652.6	661.1
Money market deposit accounts								
33 Commercial banks	26.3	230.5	267.2	332.5	329.3	332.5	336.8	337.1
34 Thrift institutions	16.9	148.7	149.7	179.6	180.3	179.6	179.1	179.5
Savings deposits[8]								
35 Commercial Banks	162.1	132.2	121.4	123.5	124.3	123.5	123.9	123.6
36 Thrift institutions	193.1	172.3	166.5	178.3	179.0	178.3	178.8	179.1
Small denomination time deposits[9]								
37 Commercial Banks	380.1	351.1	387.6	384.8	384.2	384.8	386.5	386.9
38 Thrift institutions	471.7	434.2	501.2	497.7	496.4	497.7	502.8	504.9
Money market mutual funds								
39 General purpose and broker/dealer	185.2	138.2	167.5	176.5	176.8	176.5	177.7	180.9
40 Institution-only	51.1	43.2	62.7	64.6	64.5	64.6	66.8	67.2
Large denomination time deposits[10]								
41 Commercial Banks[11]	265.2	230.8	265.5	280.9	278.2	280.9	288.5	290.1
42 Thrift institutions	65.8	101.4	150.6	157.8	157.0	157.8	159.0	160.6
Debt components								
43 Federal debt	976.4	1,170.2	1,364.7	1,583.7	1,544.2	1,583.7	1,606.7	n.a.
44 Non-federal debt	3,679.3r	4,016.3r	4,581.5r	5,211.6	5,121.5	5,211.6	5,291.8	n.a.

For notes see following page.

NOTES TO TABLE 1.21

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

2. Currency outside the U.S. Treasury, Federal Reserve Banks, and vaults of commercial banks. Excludes the estimated amount of vault cash held by thrift institutions to service their OCD liabilities.

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

4. Demand deposits at commercial banks and foreign-related institutions other than those due to domestic banks, the U.S. government, and foreign banks and official institutions less cash items in the process of collection and Federal Reserve float. Excludes the estimated amount of demand deposits held at commercial banks by thrift institutions to service their OCD liabilities.

5. Consists of NOW and ATS balances at all depository institutions, credit union share draft balances, and demand deposits at thrift institutions. Other checkable deposits seasonally adjusted equals the difference between the seasonally adjusted sum of demand deposits plus OCD and seasonally adjusted demand deposits. Included are all ceiling free "Super NOWs," authorized by the Depository Institutions Deregulation committee to be offered beginning Jan. 5, 1983.

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

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

8. Savings deposits exclude MMDAs.

9. 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	1983[1,r]	1984[1,r]	1985[1,r]	1985 Aug.	1985 Sept.	1985 Oct.[r]	1985 Nov.	1985 Dec.	1986 Jan.
	Seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
1 All insured banks	109,642.3	128,440.8	154,556.0	147,455.5	159,593.3	162,205.4	163,038.1	189,203.0	169,894.2
2 Major New York City banks	47,769.4	57,392.7	70,445.1	65,645.6	72,765.4	76,706.3	77,069.6	89,415.1	79,324.3
3 Other banks	61,873.1	71,048.1	84,110.9	81,809.9	86,827.9	85,499.2	85,968.5	99,787.9	90,569.9
4 ATS-NOW accounts[3]	1,405.5	1,588.7	1,920.8	2,008.8	2,465.3	2,212.7	2,227.8	2,452.5	2,027.5
5 Savings deposits[4]	741.4	633.1	539.0	550.7	509.1	562.0	533.4	418.6	362.4
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	379.7	434.4	496.5	469.6	510.9[r]	513.2	508.1	581.9	531.8
7 Major New York City banks	1,528.0	1,843.0	2,168.9	1,965.4	2,326.3[r]	2,422.2	2,368.5	2,567.0	2,306.3
8 Other banks	240.9	268.6	301.8	291.5	308.9[r]	300.6	298.1	343.7	317.7
9 ATS-NOW accounts[3]	15.6	15.8	16.7	17.1	20.6	18.4	18.2	19.8	16.1
10 Savings deposits[4]	5.4	5.0	4.5	4.6	4.2	4.6	4.3	3.4	2.9
	Not seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
11 All insured banks	109,517.6	128,059.1	154,108.4	152,985.1	148,788.8	167,639.3	157,070.9	192,060.0	180,495.6
12 Major New York City banks	47,707.4	57,282.4	70,400.9	68,401.8	68,967.9	78,010.5	73,982.4	92,551.5	84,880.9
13 Other banks	64,310.2	70,776.9	83,707.8	84,583.3	79,820.9	89,628.8	83,088.6	99,508.5	95,614.7
14 ATS-NOW accounts[3]	1,397.0	1,579.5	1,903.4	1,770.5	2,289.9	2,157.7	2,007.8	2,354.4[r]	2,406.1
15 MMDA[5]	567.4	848.8	1,179.0	1,201.2	1,192.2	1,293.0	1,221.5	1,493.2	1,543.8
16 Savings deposits[4]	742.0	632.9	538.7	538.4	490.1	579.9	496.3	405.3	392.4
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	379.9	433.5	497.4	499.3	475.0[r]	532.1	489.3	574.9	554.2
18 Major New York City banks	1,510.0	1,838.6	2,191.1	2,189.4	2,216.6	2,507.4	2,332.4	2,594.1	2,393.7
19 Other banks	240.5	267.9	301.6	307.4	282.9[r]	315.7	287.2	333.4	329.4
20 ATS-NOW accounts[3]	15.5	15.7	16.6	15.3	19.4	18.1	16.4	18.8	18.9
21 MMDA[5]	2.8	3.5	3.8	3.8	3.7	4.0	3.7	4.5	4.6
22 Savings deposits[4]	5.4	5.0	4.5	4.5	4.1	4.8	4.0	3.3	3.2

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	1985										1986	
	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.r	Feb.
	Seasonally adjusted											
1 **Total loans and securities**[2]	**1,761.6**	**1,768.8**	**1,788.5**	**1,802.7**	**1,819.0**	**1,828.8**	**1,841.3**	**1,844.4**	**1,869.6**	**1,895.5**	**1,919.6**	**1,926.4**
2 U.S. government securities	267.1	261.4	266.3	267.1	271.6	271.4	273.1	270.0	275.0	270.7	264.6	270.8
3 Other securities	138.9	140.2	142.2	144.5	145.4	148.2	151.3	154.8	160.7	174.5	189.6	184.9
4 Total loans and leases[2]	1,355.6	1,367.1	1,380.0	1,391.0	1,402.1	1,409.2	1,416.9	1,419.7	1,433.9	1,450.3	1,465.4	1,470.7
5 Commercial and industrial	481.2	481.9	484.3	484.3	484.1	485.7	487.2	487.0	490.6	493.9	494.2	495.3
6 Bankers acceptances held[3]	6.4	5.4	4.9	4.7	5.1	5.0	4.7	4.7	4.9	5.2	5.3	4.8
7 Other commercial and industrial	474.9	476.5	479.3	479.6	479.0	480.7	482.5	482.3	485.7	488.6	489.0	490.5
8 U.S. addressees[4]	464.2	465.8	469.2	470.1	469.6	471.1	473.3	473.7	477.3	479.8	479.1	480.8
9 Non-U.S. addressees[4]	10.7	10.7	10.1	9.5	9.4	9.6	9.2	8.6	8.4	8.8	9.9	9.7
10 Real estate	386.7	390.8	394.8	398.7	403.7	407.1	409.9	414.5	419.2	423.2	426.1	431.1
11 Individual	262.9	266.5	269.9	272.7	276.3	278.5	280.3	281.3	283.8	286.5	289.4	292.5
12 Security	32.8	35.1	37.5	40.0	40.3	36.7	38.2	37.9	37.8r	38.7r	43.1	41.8
13 Nonbank financial institutions	30.5r	31.0r	31.4r	31.1r	31.4r	32.1r	32.3r	32.0r	32.8r	34.1r	33.7	32.2
14 Agricultural	39.5	39.4	39.4	39.4	39.6	39.6	40.1	40.3	40.5	40.8	40.9	41.0
15 State and political subdivisions	47.0	47.2	47.5	47.5	47.9r	48.8	48.8	49.3	50.0	52.4	58.3	58.1
16 Foreign banks	11.2	10.9	10.7r	10.4r	10.5r	10.2	10.0r	9.7r	9.6	9.6r	9.6	9.8
17 Foreign official institutions	6.9r	6.9r	6.9r	6.7r	6.6r	6.4r	6.6r	6.8r	6.9r	7.0r	7.0	7.0
18 Lease financing receivables	16.1	16.4	16.7	17.0	17.3	17.5	17.6	17.7	17.9	18.2	18.7	18.9
19 All other loans	40.8r	40.9r	40.9r	43.3r	44.4r	46.5r	46.0r	43.2r	44.9r	46.2r	44.5	42.9
	Not seasonally adjusted											
20 **Total loans and securities**[2]	**1,757.7**	**1,769.0**	**1,784.6**	**1,803.6**	**1,812.5**	**1,822.1**	**1,839.8**	**1,846.1**	**1,870.8**	**1,908.5**	**1,929.0**	**1,924.4**
21 U.S. government securities	269.2	266.9	268.4	270.8	271.4	269.8	270.7	266.9	270.6	267.2	264.5	271.8
22 Other securities	139.1	139.9	142.8	144.2	144.0	147.7	150.7	154.2	160.8	176.5	190.8	185.2
23 Total loans and leases[2]	1,349.4	1,362.3	1,373.4	1,388.6	1,397.2	1,404.6	1,418.4	1,424.9	1,439.4	1,464.8	1,473.7	1,467.4
24 Commercial and industrial	480.8	482.1	482.8	482.8	483.2	483.5	487.2	488.0	491.0	497.3	496.4	494.9
25 Bankers acceptances held[3]	6.3	5.5	4.9	4.8	5.0	4.9	4.6	4.6	4.8	5.5	5.4	4.7
26 Other commercial and industrial	474.5	476.6	477.9	477.9	478.2	478.6	482.6	483.4	486.2	491.8	491.0	490.1
27 U.S. addressees[4]	464.3	466.7	468.3	468.6	468.7	469.0	473.1	474.3	477.1	481.8	481.0	481.0
28 Non-U.S. addressees[4]	10.2	9.9	9.6	9.3	9.5	9.6	9.4	9.1	9.1	10.0	10.0	9.1
29 Real estate	385.6	389.5	393.8	398.1	403.1	407.3	411.2	415.9	420.3	423.8	426.8	430.6
30 Individual	260.7	264.3	267.7	270.7	274.5	278.3	281.5	283.4	285.8	290.0	292.2	292.2
31 Security	32.2	35.0	36.0	39.9	38.3	35.8	36.7	37.7	39.7	43.3	44.5	40.6
32 Nonbank financial institutions	30.5r	31.1r	31.2r	31.1r	31.5r	32.3r	32.4r	32.0r	32.7r	34.2r	33.7	31.9
33 Agricultural	38.6	38.8	39.3	39.9	40.4	40.5	40.9	40.9	40.6	40.4	40.3	40.1
34 State and political subdivisions	47.0	47.2	47.5	47.5	47.9r	48.8	48.8	49.3	50.0	52.4	58.3	58.1
35 Foreign banks	11.0	10.6r	10.4r	10.1r	10.3	10.0r	10.1	10.0r	9.9r	10.1	9.8	9.8
36 Foreign official institutions	6.9r	6.9r	6.9r	6.7r	6.6r	6.4r	6.6r	6.8r	6.9r	7.0r	7.0	7.0
37 Lease financing receivables	16.3	16.4	16.7	16.9	17.2	17.4	17.5	17.6	17.7	18.1	18.9	19.2
38 All other loans	39.9r	40.4r	41.1r	44.9r	44.2r	44.4r	45.5r	43.4r	44.7r	48.0r	45.8	43.0

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	1985										1986	
	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.r	Jan.r	Feb.
Total nondeposit funds												
1 Seasonally adjusted[2]	108.1r	100.8r	107.9r	109.6r	105.2r	108.8r	110.9r	114.4r	117.4r	122.6	125.4	126.1
2 Not seasonally adjusted	112.6	104.1	112.3	110.9r	104.2r	110.5r	111.8r	115.5r	120.9r	124.6	127.8	131.1
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	138.4r	134.3r	137.9r	143.7r	143.6r	140.1r	140.9r	141.1r	146.0r	150.2	147.1	148.3
4 Not seasonally adjusted	142.9	137.6	142.3	145.0	142.7r	141.7r	141.7r	142.2r	149.5r	152.3	149.5	153.3
5 Net balances due to foreign-related institutions, not seasonally adjusted	−30.3	−33.5	−30.0	−34.2	−38.5	−31.2	−30.0	−26.7	−28.6	−27.7	−21.7	−22.2
MEMO												
6 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[4]	−29.5	−32.4	−29.5	−32.5	−38.3	−32.8	−30.7	−28.7	−30.3	−31.6	−28.0	−25.8
7 Gross due from balances	71.4	74.8	74.5	76.4	79.2	75.8	74.7	74.2	74.1	76.1	74.5	69.5
8 Gross due to balances	41.9	42.4	44.9	44.0	40.8	43.0	44.0	45.4	43.8	44.5	46.4	43.7
9 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[5]	−.8	−1.1	−.4	−1.7	−.1	1.6	.7	2.0	1.7	4.0	6.3	3.5
10 Gross due from balances	53.4	51.9	52.5	53.9	55.1	55.3	56.1	55.3	55.9	56.7	57.8	60.3
11 Gross due to balances	52.7	50.8	52.1	52.2	55.0	56.9	56.8	57.3	57.6	60.7	64.1	63.9
Security RP borrowings												
12 Seasonally adjusted[6]	83.2	80.8	81.4	83.5r	83.7r	83.3r	85.3r	84.7r	84.8r	88.0	86.1	87.7
13 Not seasonally adjusted	85.2	81.7	83.4r	82.3	80.4r	82.6r	83.7r	83.4r	85.9r	87.7	86.1	90.3
U.S. Treasury demand balances[7]												
14 Seasonally adjusted	12.7	15.0	20.3	16.9	20.5	16.1	14.9	4.7	13.5	17.5	19.0	21.1
15 Not seasonally adjusted	12.8	15.4	20.9	14.9	23.1	13.4	16.8	5.4	7.9	14.6	24.0	24.2
Time deposits, $100,000 or more[8]												
16 Seasonally adjusted	330.1	333.6	330.4	328.9	324.2	327.2	330.8r	333.9r	335.9r	337.6	349.4	351.7
17 Not seasonally adjusted	330.7	330.5	329.6	327.2	323.2	327.7	332.7	336.3r	337.5r	339.4	348.3	350.5

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.

Data for lines 1–4 and 12–17 have been revised in light of benchmarking and revised seasonal adjustment.

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.

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

Billions of dollars

Account	1985									1986	
	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
ALL COMMERCIAL BANKING INSTITUTIONS[1]											
1 Loans and securities	1,899.2	1,908.6	1,927.3	1,948.5	1,952.1	1,969.9	1,979.1	2,027.7	2,059.3	2,057.9	2,071.7
2 Investment securities	383.9	390.3	392.1	392.3	393.7	397.0	396.3	404.6	413.6	427.2	427.3
3 U.S. government securities	250.4	254.4	255.3	256.1	254.2	254.4	249.3	251.8	249.9	249.0	252.1
4 Other	133.5	135.9	136.8	136.2	139.6	142.6	147.0	152.8	163.6	178.3	175.1
5 Trading account assets	23.5	23.5	23.1	22.3	24.2	26.4	25.0	32.0	31.1	30.1	33.9
6 Total loans	1,491.8	1,494.9	1,512.1	1,534.0	1,534.1	1,546.5	1,557.8	1,591.2	1,614.6	1,600.6	1,610.4
7 Interbank loans	130.9	124.0	123.1	133.0	128.6	129.1	131.7	147.0	149.6	136.5	139.2
8 Loans excluding interbank	1,360.9	1,370.8	1,388.9	1,401.0	1,405.5	1,417.5	1,426.1	1,444.1	1,465.0	1,464.1	1,471.2
9 Commercial and industrial	482.1	483.4	484.3	485.9	484.6	489.2	488.8	493.1	495.9	496.9	502.1
10 Real estate	390.7	395.8	400.0	405.6	409.3	412.8	418.3	421.8	425.0	428.6	431.6
11 Individual	265.2	268.5	272.1	276.1	280.0	282.1	285.1	286.8	291.1	292.7	292.3
12 All other	222.9	223.0	232.6	233.4	231.5	233.4	233.9	242.5	253.0	245.8	245.1
13 Total cash assets	187.6	202.3	190.4	198.0	188.4	188.2	190.1	207.7	211.6	188.1	194.6
14 Reserves with Federal Reserve Banks	22.9	20.7	21.6	21.0	24.5	24.9	19.6	20.5	27.6	22.0	26.3
15 Cash in vault	21.3	23.3	22.2	22.0	22.7	22.1	22.6	21.4	22.2	23.0	22.6
16 Cash items in process of collection	64.2	76.5	68.4	70.5	62.5	61.4	67.9	81.9	79.3	63.9	66.7
17 Demand balances at U.S. depository institutions	30.2	35.2	31.3	33.5	30.6	30.8	31.6	35.8	36.1	31.4	31.9
18 Other cash assets	49.0	46.6	46.8	51.0	48.2	49.1	48.4	48.1	46.5	47.8	47.1
19 Other assets	188.6	183.4	189.4	194.5	180.8	185.8	178.1	185.0	189.4	178.0	177.1
20 Total assets/total liabilities and capital	**2,275.4**	**2,294.2**	**2,307.1**	**2,341.1**	**2,321.3**	**2,344.0**	**2,347.3**	**2,420.5**	**2,460.3**	**2,424.0**	**2,443.3**
21 Deposits	1,638.5	1,661.5	1,659.8	1,685.0	1,676.9	1,683.0	1,705.6	1,743.9	1,763.6	1,729.5	1,736.9
22 Transaction deposits	465.6	480.3	474.0	492.3	475.4	474.9	491.4	521.9	536.4	488.2	491.4
23 Savings deposits	410.1	418.7	425.6	434.3	436.4	438.3	443.8	448.4	450.0	451.9	455.1
24 Time deposits	762.9	762.5	760.1	758.4	765.0	769.8	770.4	773.6	777.1	789.4	790.5
25 Borrowings	310.3	305.4	315.8	321.6	308.9	323.2	309.0	350.8	361.5	359.7	370.2
26 Other liabilities	175.6	176.0	179.7	181.1	182.0	183.6	177.9	170.6	178.5	177.9	178.7
27 Residual (assets less liabilities)	150.9	151.3	151.8	153.4	153.4	154.1	154.8	155.1	156.7	156.9	157.6
MEMO											
28 U.S. government securities (including trading account)	266.7	269.3	271.0	270.0	268.3	271.5	265.1	271.7	265.7	266.9	275.4
29 Other securities (including trading account)	140.7	144.4	144.3	144.6	149.7	151.9	156.2	164.9	178.9	190.4	185.8
DOMESTICALLY CHARTERED COMMERCIAL BANKS[2]											
30 Loans and securities	1,799.6	1,812.7	1,829.2	1,847.9	1,850.8	1,863.6	1,872.3	1,917.7	1,944.2	1,943.6	1,953.8
31 Investment securities	377.1	383.8	385.1	385.1	386.5	389.1	388.1	396.6	405.9	417.3	416.9
32 U.S. government securities	246.4	250.7	251.4	252.4	250.4	250.5	245.0	248.0	246.0	244.9	247.6
33 Other	130.7	133.1	133.8	132.7	136.0	138.6	143.1	148.7	159.9	172.4	169.3
34 Trading account assets	23.5	23.5	23.1	22.3	24.2	26.4	25.0	32.0	31.1	30.1	33.9
35 Total loans	1,399.0	1,405.5	1,420.9	1,440.5	1,440.1	1,448.1	1,459.2	1,489.1	1,507.2	1,496.3	1,503.0
36 Interbank loans	103.3	100.6	100.6	110.0	104.7	103.8	106.8	121.1	121.2	113.0	112.6
37 Loans excluding interbank	1,295.7	1,304.9	1,320.3	1,330.5	1,335.5	1,344.2	1,352.4	1,368.0	1,386.0	1,383.3	1,390.3
38 Commercial and industrial	436.5	436.6	436.0	437.6	435.7	437.9	437.4	440.0	442.0	439.7	443.4
39 Real estate	385.4	390.4	394.4	399.9	403.7	407.0	412.7	416.3	419.4	423.1	426.1
40 Individual	265.0	268.3	271.8	275.9	279.8	281.8	284.8	286.5	290.9	292.5	292.0
41 All other	208.7	209.6	218.1	217.2	216.3	217.5	217.5	225.2	233.7	228.0	228.8
42 Total cash assets	176.0	191.2	179.2	185.3	176.4	176.1	178.0	195.8	199.3	173.2	181.2
43 Reserves with Federal Reserve Banks	22.3	19.6	20.9	20.4	23.8	24.4	18.6	19.5	26.1	21.2	25.8
44 Cash in vault	21.3	23.2	22.2	22.0	22.6	22.0	22.6	21.4	22.2	23.0	22.6
45 Cash items in process of collection	63.9	76.2	68.2	70.3	62.2	61.1	67.7	81.6	79.0	63.5	66.3
46 Demand balances at U.S. depository institutions	28.8	33.8	29.8	32.2	29.0	29.4	30.2	34.0	34.4	29.6	30.3
47 Other cash assets	39.6	38.3	38.1	40.4	38.8	39.2	38.9	39.2	37.7	35.9	36.2
48 Other assets	137.5	131.5	137.7	144.9	132.6	133.3	132.0	137.1	141.2	130.0	126.3
49 Total assets/total liabilities and capital	**2,113.1**	**2,135.4**	**2,146.2**	**2,178.1**	**2,159.8**	**2,173.0**	**2,182.3**	**2,250.6**	**2,284.8**	**2,246.8**	**2,261.3**
50 Deposits	1,593.8	1,618.4	1,617.2	1,642.3	1,631.9	1,636.6	1,659.5	1,697.5	1,716.7	1,681.2	1,690.0
51 Transaction deposits	459.3	473.8	467.7	486.0	468.9	468.3	484.9	515.2	529.3	481.3	484.4
52 Savings deposits	408.9	417.5	424.3	432.9	435.1	436.9	442.4	446.9	448.5	450.4	453.5
53 Time deposits	725.6	727.1	725.2	723.3	727.9	731.4	732.2	735.4	738.9	749.5	752.1
54 Borrowings	248.5	246.1	253.8	258.4	249.6	259.0	248.0	280.5	290.0	292.2	299.2
55 Other liabilities	122.6	122.4	126.1	126.8	127.4	125.9	122.7	120.2	124.0	119.1	117.2
56 Residual (assets less liabilities)	148.3	148.6	149.1	150.7	150.8	151.5	152.2	152.5	154.0	154.3	154.9

1. 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.
2. 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	1986							
	Dec. 31r	Jan. 8r	Jan. 15r	Jan. 22r	Jan. 29r	Feb. 5r	Feb. 12	Feb. 19	Feb. 26
1 Cash and balances due from depository institutions	*121,656*	*94,548*	*108,045*	*105,136*	*87,240*	*96,227*	*92,878*	*107,548*	*93,564*
2 Total loans, leases and securities, net	**926,784**	**922,826**	**929,073**	**915,757**	**913,194**	**918,752**	**916,090**	**927,072**	**921,488**
3 U.S. Treasury and government agency	82,336	83,847	83,903	86,005	87,106	89,218	90,329	93,194	94,835
4 Trading account	13,476	14,440	15,315	17,284	17,954	20,774	21,054	22,033	23,227
5 Investment account, by maturity	68,860	69,407	68,588	68,722	69,152	68,443	69,275	71,160	71,608
6 One year or less	17,938	18,393	18,384	18,387	18,380	18,347	18,325	18,463	18,348
7 Over one through five years	33,221	33,922	32,932	32,909	32,946	32,707	33,448	35,138	35,274
8 Over five years	17,700	17,091	17,272	17,425	17,825	17,389	17,502	17,560	17,986
9 Other securities	79,245	77,780	76,759	75,760	75,130	73,941	73,016	72,450	71,746
10 Trading account	11,989	9,661	8,837	8,154	7,860	7,339	6,616	6,460	5,767
11 *Investment account*	*67,256*	*68,119*	*67,922*	*67,606*	*67,270*	*66,602*	*66,400*	*65,991*	*65,979*
12 States and political subdivisions, by maturity	61,518	62,348	62,140	61,872	61,528	61,078	60,812	60,416	59,997
13 One year or less	11,034	11,188	11,231	11,121	11,430	11,638	11,703	11,589	11,574
14 Over one year	50,484	51,160	50,908	50,751	50,098	49,440	49,109	48,827	48,423
15 Other bonds, corporate stocks, and securities	5,738	5,772	5,782	5,734	5,742	5,524	5,588	5,574	5,982
16 Other trading account assets	4,762	5,388	4,531	4,199	4,283	4,150	3,657	4,303	4,942
17 Federal funds sold[1]	61,064	61,039	67,645	59,704	60,963	62,788	62,085	63,570	58,839
18 To commercial banks	39,666	35,911	40,842	36,103	36,636	37,727	38,195	38,110	33,337
19 To nonbank brokers and dealers in securities	14,815	16,345	17,360	15,398	16,150	16,168	14,778	16,137	15,881
20 To others	6,582	8,782	9,444	8,203	8,177	8,893	9,112	9,322	9,621
21 Other loans and leases, gross[2]	717,991	713,521	714,955	708,887	704,456	707,653	706,012	712,636	710,282
22 Other loans, gross[2]	702,606	698,036	699,363	693,248	688,776	692,051	690,249	696,860	694,185
23 Commercial and industrial[2]	260,190	258,608	257,664	256,566	254,754	255,950	256,471	256,669	257,852
24 Bankers acceptances and commercial paper	2,011	1,891	2,139	2,118	1,999	2,106	2,026	2,224	2,220
25 All other	258,179	256,717	255,524	254,448	252,755	253,845	254,445	254,445	255,631
26 U.S. addressees	253,286	251,892	250,646	249,643	248,053	249,062	249,725	249,733	250,943
27 Non-U.S. addressees	4,892	4,825	4,879	4,805	4,702	4,782	4,720	4,712	4,688
28 Real estate loans[2]	179,419	180,675	180,835	180,813	182,004	182,060	182,729	183,240	183,464
29 To individuals for personal expenditures	133,568	133,424	133,013	132,978	133,202	133,023	132,832	133,118	133,298
30 To depository and financial institutions	44,809	42,132	42,421	41,839	41,046	41,991	41,611	42,742	41,924
31 Commercial banks in the United States	12,475	11,233	11,767	12,022	11,731	12,589	12,399	12,676	13,289
32 Banks in foreign countries	5,739	5,414	5,351	5,458	5,296	5,484	4,951	5,972	5,041
33 Nonbank depository and other financial institutions	26,595	25,485	25,303	24,359	24,019	23,918	24,261	24,095	23,594
34 For purchasing and carrying securities	19,684	20,966	23,211	18,231	16,545	17,497	15,980	19,021	16,544
35 To finance agricultural production	6,746	6,663	6,548	6,484	6,463	6,463	6,358	6,312	6,279
36 To states and political subdivisions	36,201	36,691	36,816	37,114	37,015	36,790	36,748	36,819	36,800
37 To foreign governments and official institutions	3,217	3,281	3,179	3,069	3,000	3,032	3,376	3,476	3,287
38 All other	18,772	15,595	15,676	16,156	14,747	15,243	14,144	15,462	14,737
39 Lease financing receivables	15,385	15,484	15,592	15,639	15,680	15,602	15,763	15,777	16,097
40 LESS: Unearned income	5,055	5,093	5,081	5,097	5,077	5,027	5,018	5,056	5,055
41 Loan and lease reserve[2]	13,559	13,656	13,639	13,701	13,667	13,972	13,990	14,026	14,101
42 Other loans and leases, net[2]	699,376	694,772	696,235	690,089	685,712	688,654	687,003	693,555	691,126
43 All other assets	139,216	129,157	131,523	125,253	122,962	123,862	121,921	123,047	120,319
44 Total assets	**1,187,656**	**1,146,532**	**1,168,641**	**1,146,146**	**1,123,396**	**1,138,840**	**1,130,890**	**1,157,667**	**1,135,371**
45 Demand deposits	254,202	209,130	222,547	211,637	193,226	205,785	194,237	215,950	195,236
46 Individuals, partnerships, and corporations	*192,603*	*161,574*	*166,913*	*158,389*	*146,856*	*153,294*	*149,333*	*162,027*	148,956
47 States and political subdivisions	6,348	5,350	5,997	5,454	4,807	5,730	4,564	5,473	5,194
48 U.S. government	1,582	2,706	4,556	3,020	2,682	4,979	2,709	2,034	2,705
49 Depository institutions in United States	30,719	23,176	26,393	26,637	22,442	23,844	22,070	28,028	23,328
50 Banks in foreign countries	7,385	5,620	6,166	6,906	5,322	5,398	5,302	7,014	5,483
51 Foreign governments and official institutions	1,090	960	1,026	956	1,200	888	763	843	993
52 Certified and officers' checks	14,474	9,745	11,496	10,274	9,914	11,652	9,495	10,530	8,576
53 Transaction balances other than demand deposits	43,120	44,286	43,640	42,054	40,981	43,217	42,233	42,498	41,930
54 Nontransaction balances	490,352	493,688	493,247	492,226	492,090	494,204	493,976	494,865	493,947
55 Individuals, partnerships and corporations	453,201	456,336	455,628	454,687	454,026	455,018	454,493	455,791	454,458
56 States and political subdivisions	24,845	25,182	25,342	25,510	25,982	26,064	26,462	26,330	26,463
57 U.S. government	522	512	510	517	529	538	548	549	544
58 Depository institutions in the United States	9,444	9,457	9,664	9,533	9,619	10,683	10,613	10,414	10,732
59 Foreign governments, official institutions and banks	2,339	2,200	2,103	1,978	1,934	1,900	1,860	1,782	1,750
60 Liabilities for borrowed money	230,252	234,118	242,402	233,828	232,349	232,740	237,819	240,916	241,477
61 Borrowings from Federal Reserve Banks	2,395	195	198	253	200	150	145	140	140
62 Treasury tax-and-loan notes	16,906	7,954	15,858	17,031	17,000	12,331	14,529	14,577	16,504
63 All other liabilities for borrowed money[3]	210,951	225,969	226,346	216,544	215,150	220,259	223,145	226,199	224,833
64 Other liabilities and subordinated note and debentures	90,992	85,595	86,873	86,714	85,027	82,781	82,345	83,336	82,759
65 Total liabilities	**1,108,918**	**1,066,818**	**1,088,710**	**1,066,460**	**1,043,673**	**1,058,727**	**1,050,611**	**1,077,566**	**1,055,349**
66 Residual (total assets minus total liabilities)[4]	78,738	79,714	79,931	79,686	79,723	80,113	80,279	80,101	80,022
MEMO									
67 Total loans and leases (gross) and investments adjusted[5]	893,257	894,431	895,184	886,430	883,571	887,435	884,505	895,367	894,017
68 Total loans and leases (gross) adjusted[2,5]	726,914	727,416	729,992	720,465	717,052	720,126	717,503	725,420	722,494
69 Time deposits in amounts of $100,000 or more	164,602	164,770	164,018	163,932	164,645	165,554	165,729	164,655	164,548
70 Loans sold outright to affiliates—total[6]	1,831	1,889	1,847	1,845	1,848	1,660	1,762	1,783	1,776
71 Commercial and industrial	1,115	1,159	1,102	1,100	1,073	911	1,019	1,038	1,053
72 Other	716	730	745	744	774	749	742	745	724
73 Nontransaction savings deposits (including MMDAs)	195,574	195,933	196,151	195,292	194,210	195,283	195,009	196,513	196,158

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.

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

Millions of dollars, Wednesday figures except as noted

Account	1985				1986				
	Dec. 31[1]	Jan. 8	Jan. 15	Jan. 22	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26
1 Cash and balances due from depository institutions	32,545r		32,106	24,355	21,534	26,060	24,645	28,565	22,952
2 **Total loans, leases and securities, net**[2]	**197,591**	**199,144**	**203,258**	**196,922**	**195,026**	**192,313r**	**192,299**	**198,235**	**195,127**
Securities									
3 U.S. Treasury and government agency[3]	......	......	......	......	......	......	......	......	......
4 Trading account[3]	......	......	......	......	......	......	......	......	......
5 Investment account, by maturity	11,441	11,092	10,653	10,816	10,897	10,200r	10,574	11,074	11,311
6 One year or less	1,409	1,438	1,439	1,458	1,524	1,470r	1,360	1,338	1,365
7 Over one through five years	5,878	5,953	5,568	5,632	5,375	4,751r	5,152	5,814	5,908
8 Over five years	4,154	3,701	3,645	3,726	3,998	3,979r	4,062	3,922	4,039
9 Other securities[3]	......	......	......	......	......	......	......	......	......
10 Trading account[3]	......	......	......	......	......	......	......	......	......
11 Investment account	15,468	15,725	15,819	15,792	15,756	15,496	15,413	15,341	15,618
12 States and political subdivisions, by maturity	13,716	13,954	14,026	14,027	13,967	13,927	13,840	13,779	13,693
13 One year or less	1,922	1,758	1,778	1,740	1,826	1,825	1,874	1,876	1,875
14 Over one year	11,794	12,196	12,248	12,287	12,141	12,102	11,966	11,904	11,818
15 Other bonds, corporate stocks and securities	1,752	1,770	1,793	1,766	1,789	1,568	1,573	1,561	1,926
16 Other trading account assets[3]	......	......	......	......	......	......	......	......	......
Loans and leases									
17 Federal funds sold[4]	24,724	28,344	31,513	29,520	30,335	27,639	28,936	29,341	27,791
18 To commercial banks	13,781	12,555	15,248	14,507	15,339	12,427	13,711	13,716	12,344
19 To nonbank brokers and dealers in securities	6,656	8,980	9,590	8,696	8,807	8,448	8,078	9,146	8,060
20 To others	4,286	6,808	6,676	6,317	6,189	6,763	7,146	6,480	7,386
21 Other loans and leases, gross	151,336	149,401	150,684	146,215	143,456	144,447r	142,904	148,023	146,005
22 Other loans, gross	148,514	146,515	147,742	143,253	140,466	141,446r	139,852	144,967	142,643
23 Commercial and industrial	59,218	59,649	59,251	58,900	57,739	57,624	57,815	57,982	58,365
24 Bankers acceptances and commercial paper	529	415	590	455	479	550	486	584	536
25 All other	58,688	59,233	58,660	58,445	57,260	57,074	57,329	57,398	57,829
26 U.S. addressees	57,993	58,580	57,998	57,822	56,649	56,463	56,720	56,812	57,262
27 Non-U.S. addressees	696	653	663	624	611	611	609	586	567
28 Real estate loans	29,363	29,490	29,549	29,477	30,166	30,119r	30,256	30,393	30,268
29 To individuals for personal expenditures	18,553	17,938	17,824	17,794	17,740	17,709	17,708	17,842	17,861
30 To depository and financial institutions	15,117	12,751	12,685	12,737	12,341	12,977	12,356	13,867	13,216
31 Commercial banks in the United States	4,555	3,099	3,196	3,484	3,433	4,028	3,965	4,400	4,529
32 Banks in foreign countries	2,759	2,312	2,156	2,308	2,249	2,441	1,868	2,865	2,076
33 Nonbank depository and other financial institutions	7,803	7,339	7,333	6,945	6,658	6,508	6,523	6,601	6,611
34 For purchasing and carrying securities	9,716	11,938	13,535	9,423	8,069	8,637	7,307	9,912	8,214
35 To finance agricultural production	317	296	286	289	305	315	309	307	320
36 To states and political subdivisions	9,731	9,482	9,593	9,650	9,562	9,360	9,357	9,431	9,402
37 To foreign governments and official institutions	894	916	824	719	619	667	1017	1,086	912
38 All other	5,605	4,054	4,194	4,264	3,924	4,039r	3,727	4,146	4,085
39 Lease financing receivables	2,822	2,886	2,942	2,962	2,991	3,000	3,052	3,056	3,362
40 LESS: Unearned income	1,435	1,453	1,449	1,464	1,460	1,440	1,438	1,440	1,449
41 Loan and lease reserve	3,944	3,965	3,962	3,958	3,959	4,028	4,090	4,103	4,149
42 Other loans and leases, net	145,958	143,983	145,273	140,793	138,038	138,979r	137,376	142,479	140,407
43 All other assets[5]	75,232	69,141	69,299	67,847	65,885	70,244	69,008	72,282	70,656
44 **Total assets**	**305,368r**	**290,414**	**304,663**	**289,124**	**282,446**	**288,617r**	**285,951**	**299,081**	**288,736**
Deposits									
45 Demand deposits	71,457r	52,941	62,570	54,493	50,504	54,244r	48,166	57,683	50,247
46 Individuals, partnerships, and corporations	48,414r	37,344	41,038	35,778	33,684	35,442r	32,977	38,950	34,661
47 States and political subdivisions	973r	683	1,407	796	673	1,112	538	680	639
48 U.S. government	181	424	878	316	630	1,073	503	250	622
49 Depository institutions in the United States	7,572	5,175	7,649	6,428	5,578	5,368	4,769	6,265	5,539
50 Banks in foreign countries	6,004	4,338	4,895	5,546	4,032	4,165	3,999	5,642	4,255
51 Foreign governments and official institutions	873	775	846	788	1,026	715	594	673	822
52 Certified and officers' checks	7,440	4,201	5,856	4,839	4,881	6,370	4,784	5,223	3,708
53 Transaction balances other than demand deposits ATS, NOW, Super NOW, telephone transfers)	4,616	4,790	4,753	4,562	4,443	4,666r	4,565	4,524	4,483
54 Nontransaction balances	92,914	92,287	92,441	91,793	91,455	92,006r	91,684	92,987	92,519
55 Individuals, partnerships and corporations	83,956	83,392	83,540	82,959	82,571	83,053r	82,582	83,949	83,126
56 States and political subdivisions	5,619	5,735	5,688	5,726	5,741	5,739	5,886	5,925	6,053
57 U.S. government	39	37	40	46	51	35	38	52	46
58 Depository institutions in the United States	2,151	2,106	2,190	2,149	2,148	2,226	2,222	2,156	2,390
59 Foreign governments, official institutions and banks	1,149	1,017	982	914	944	952	956	904	904
60 Liabilities for borrowed money	72,917	81,739	84,517	76,927	76,352	79,253r	83,186	85,972	83,548
61 Borrowings from Federal Reserve Banks	2,020	......	......	......	......	......	......	......	......
62 Treasury tax-and-loan notes	3,984	1,834	4,770	4,986	4,964	3,281	4,337	4,237	4,729
63 All other liabilities for borrowed money[6]	66,914	79,905	79,747	71,941	71,388	75,972r	78,849	81,735	78,819
64 Other liabilities and subordinated note and debentures	38,176	33,197	34,774	35,754	34,194	32,729r	32,623	32,354	32,450
65 **Total liabilities**	**280,080r**	**264,954**	**279,055**	**263,530**	**256,948**	**262,898r**	**260,224**	**273,520**	**263,247**
66 Residual (total assets minus total liabilities)[7]	25,287	25,460	25,609	25,594	25,498	25,719	25,727	25,562	25,488
MEMO									
67 Total loans and leases (gross) and investments adjusted[2,8]	184,634	188,908	190,225	184,352	181,672	181,326r	180,150	185,663	183,852
68 Total loans and leases (gross) adjusted[8]	157,724	162,091	163,753	157,744	155,019	155,631r	154,164	159,248	156,922
69 Time deposits in amounts of $100,000 or more	37,346	37,334	36,956	36,735	36,664	36,886	37,038	37,105	36,975

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

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[1]	1986								
	Jan. 1	Jan. 8	Jan. 15	Jan. 22	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26
1 Cash and due from depository institutions	9,996	9,297	8,874	9,297	9,794	8,704	9,309	8,920	8,732
2 Total loans and securities	69,973	63,494	65,744	63,117	63,634	63,437	63,586	65,051	65,727
3 U.S. Treasury and govt. agency securities	3,700	3,663	4,267	3,887	3,506	3,960	3,730	3,931	3,932
4 Other securities	3,891	3,815	3,788	3,946	4,450	4,436	4,281	4,287	4,387
5 Federal funds sold[2]	4,938	4,517	5,519	4,323	4,778	3,630	4,314	5,282	6,509
6 To commercial banks in the United States	4,368	3,906	4,738	3,661	3,862	2,685	3,221	4,120	5,603
7 *To others*	*569*	*611*	*781*	*662*	*917*	*945*	*1,093*	*1,162*	*906*
8 Other loans, gross	57,443	51,498	52,170	50,961	50,900	51,411	51,261	51,552	50,899
9 Commercial and industrial	33,083	30,244	30,742	30,311	30,002	30,497	30,735	31,002	30,712
10 Bankers acceptances and commercial paper	2,511	2,111	2,093	2,153	2,088	2,196	2,109	2,150	2,075
11 All other	30,572	28,133	28,649	28,157	27,914	28,300	28,625	28,852	28,637
12 U.S. addressees	28,715	26,349	26,786	26,298	26,054	26,461	26,775	26,889	26,698
13 Non-U.S. addressees	1,857	1,783	1,864	1,860	1,860	1,840	1,850	1,963	1,940
14 To financial institutions	15,118	13,963	14,210	13,892	14,078	13,864	13,645	13,810	14,027
15 Commercial banks in the United States	11,654	10,824	10,776	10,796	11,070	10,762	10,759	10,972	11,157
16 Banks in foreign countries	1,039	998	1,163	1,068	1,056	1,124	1,020	1,031	1,133
17 Nonbank financial institutions	2,425	2,142	2,270	2,028	1,952	1,979	1,866	1,807	1,736
18 To foreign govts. and official institutions	703	692	710	704	702	650	641	657	613
19 For purchasing and carrying securities	5,041	3,133	3,058	2,566	2,619	2,790	2,676	2,422	1,926
20 All other	3,499	3,466	3,450	3,488	3,500	3,609	3,563	3,660	3,620
21 Other assets (claims on nonrelated parties)	21,088	20,708	21,097	21,006	21,920	22,258	22,516	22,961	23,024
22 Net due from related institutions	12,044	11,889	11,932	11,177	10,723	12,996	11,714	11,875	11,192
23 Total assets	113,101	105,388	107,648	104,598	106,070	107,395	107,125	108,808	108,676
24 Deposits or credit balances due to other than directly related institutions	32,846	32,529	32,263	32,555	32,872	32,516	32,137	31,904	31,396
25 Transaction accounts and credit balances[3]	2,781	2,544	2,490	2,710	2,586	2,585	2,631	2,826	2,427
26 Individuals, partnerships, and corporations	1,776	1,410	1,362	1,349	1,367	1,467	1,496	1,544	1,420
27 Other	1,004	1,133	1,128	1,361	1,219	1,118	1,135	1,282	1,007
28 Nontransaction accounts[4]	30,065	29,986	29,773	29,845	30,286	29,931	29,506	29,078	28,969
29 Individuals, partnerships, and corporations	23,004	23,184	23,317	23,362	23,840	23,732	22,908	23,088	22,912
30 Other	7,061	6,801	6,456	6,483	6,446	6,198	6,598	5,990	6,058
31 Borrowings from other than directly related institutions	44,576	38,369	40,965	38,146	38,594	41,357	39,660	42,024	40,155
32 *Federal funds purchased*[5]	19,819	15,845	18,537	15,871	17,187	20,612	18,588	20,959	18,043
33 From commercial banks in the United States	15,400	11,347	13,581	11,213	12,495	14,768	13,850	15,914	12,605
34 From others	4,419	4,497	4,956	4,658	4,692	5,844	4,738	5,045	5,439
35 Other liabilities for borrowed money	24,757	22,524	22,428	22,274	21,407	20,745	21,071	21,065	22,112
36 To commercial banks in the United States	22,307	20,592	20,644	20,282	19,356	18,737	18,877	18,917	19,848
37 To others	2,450	1,932	1,784	1,992	2,051	2,008	2,194	2,148	2,264
38 Other liabilities to nonrelated parties	23,661	22,857	23,530	22,899	23,576	24,292	24,367	24,611	25,053
39 Net due to related institutions	12,017	11,633	10,889	10,998	11,028	9,231	10,961	10,269	12,071
40 Total liabilities	113,101	105,388	107,648	104,598	106,070	107,395	107,125	108,808	108,676
MEMO									
41 Total loans (gross) and securities adjusted[6]	53,950	48,764	50,230	48,660	48,702	49,990	49,607	49,959	48,966
42 Total loans (gross) adjusted[6]	46,359	41,286	42,175	40,827	40,747	41,594	41,595	41,742	40,648

▲ 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. Effective Jan. 1, 1986, The reporting panel includes 65 U.S. branches and agencies of foreign banks instead of the 50 banks previously reporting. Data shown for weeks before Jan. 1, 1986 are estimated to represent the new 65-bank panel. Minor definitional changes were made in a few items effective with Jan. 1 data due to a change in treatment of credit balances and other checkable deposits. Credit balances formerly were reported as a separate item and are now included in the transaction account breakdowns. Other checkable deposits are now included in transaction accounts. Before Jan. 1, 1986, they were included in savings (nontransaction) accounts.

2. Includes securities purchased under agreements to resell.

3. Includes credit balances, demand deposits, and other checkable deposits.

4. Includes savings deposits, money market deposit accounts, and time deposits.

5. Includes securities sold under agreements to repurchase.

6. Exclusive of loans to and federal funds sold to commercial banks in the United States.

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

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

Type of holder	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.	1984 Sept.	1984 Dec.	1985 Mar.[3]	1985 June	1985 Sept.	1985 Dec.
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**315.5**	**288.9**	**291.8**	**293.5**	**288.8**	**302.7**	**286.6**	**298.6**	**299.6**	**321.6**
2 Financial business	29.8	28.0	35.4	32.8	30.4	31.7	28.1	28.9	28.9	32.9
3 Nonfinancial business	162.8	154.8	150.5	161.1	158.9	166.3	158.3	164.7	168.1	178.4
4 Consumer	102.4	86.6	85.9	78.5	79.9	81.5	77.9	81.8	80.7	84.8
5 Foreign	3.3	2.9	3.0	3.3	3.3	3.6	3.5	3.7	3.5	3.5
6 Other	17.2	16.7	17.0	17.8	16.3	19.7	18.8	19.5	18.5	22.1
	Weekly reporting banks									
	1980 Dec.	1981 Dec.	1982 Dec.	1983 Dec.[2]	1984 Sept.	1984 Dec.	1985 Mar.[3]	1985 June	1985 Sept.	1985 Dec.
7 **All holders—Individuals, partnerships, and corporations**	**147.4**	**137.5**	**144.2**	**146.2**	**145.3**	**157.1**	**147.8**	**151.4**	**153.7**	**168.8**
8 Financial business	21.8	21.0	26.7	24.2	23.7	25.3	22.6	22.9	23.3	26.6
9 Nonfinancial business	78.3	75.2	74.3	79.8	79.2	87.1	82.8	84.0	85.9	94.4
10 Consumer	35.6	30.4	31.9	29.7	29.8	30.5	29.1	29.9	30.6	32.4
11 Foreign	3.1	2.8	2.9	3.1	3.2	3.4	3.3	3.5	3.3	3.1
12 Other	8.6	8.0	8.4	9.3	9.3	10.9	10.0	11.0	10.6	12.3

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	1981 Dec.	1982 Dec.	1983 Dec.[1]	1984 Dec.	1985 Dec.	1985 Aug.	1985 Sept.	1985 Oct.	1985 Nov.	1985 Dec.	1986 Jan.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**165,829**	**166,436**	**187,658r**	**237,586r**	300,899	**274,721r**	**277,482r**	**282,155r**	**287,981r**	**300,899r**	302,160
Financial companies[3]											
Dealer-placed paper[4]											
2 Total	30,333	34,605	44,455r	56,485r	78,443	68,926r	71,080r	70,395r	72,145r	78,443r	79,052
3 Bank-related (not seasonally adjusted)	6,045	2,516	2,441	2,035	1,602	2,136	2,333	2,077	1,969	1,602	1,414
Directly placed paper[5]											
4 Total	81,660	84,393	97,042r	110,543r	135,504	128,819r	132,068r	131,504r	131,667r	135,504r	134,584
5 Bank-related (not seasonally adjusted)	26,914	32,034	35,566	42,105	44,778	42,926	43,224	42,570	41,490	44,778	35,660
6 Nonfinancial companies[6]	53,836	47,437	46,161r	70,558r	86,952	76,976r	74,334r	80,256r	84,169r	86,952r	88,528
	Bankers dollar acceptances (not seasonally adjusted)[7]										
7 **Total**	**69,226**	**79,543**	**78,309**	**75,470**	**68,180**	**69,505**	**70,845**	**69,272**	**67,890**	**68,180**	**68,205**
Holder											
8 Accepting banks	10,857	10,910	9,355	10,255	11,233	8,563	10,014	9,719	11,027	11,233	11,084
9 Own bills	9,743	9,471	8,125	9,065	9,507	7,365	8,501	8,041	8,903	9,507	9,346
10 Bills bought	1,115	1,439	1,230	1,191	1,726	1,198	1,513	1,679	2,123	1,726	1,738
Federal Reserve Banks											
11 Own account	195	1,480	418	0	0	0	0	0	0	0	0
12 Foreign correspondents	1,442	949	729	671	937	789	793	850	874	937	898
13 Others	56,731	66,204	68,225	67,595	60,398	60,941r	60,830r	59,552r	56,863r	56,946r	57,120
Basis											
14 *Imports into United States*	14,765	17,683	15,649	16,975	15,225	17,350	17,146	16,503	15,845	15,225	14,820
15 Exports from United States	15,400	16,328	16,880	15,859	13,189	12,861	13,242	13,116	13,030	13,189	12,951
16 All other	39,060	45,531	45,781	42,635	36,688	38,281	38,776	38,362	37,516	36,688	37,277

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

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

3. Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.

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

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

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

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

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1984—Mar. 19	11.50	1984—Nov. 9	11.75	1984—Jan.	11.00	1985—Feb.	10.50
Apr. 5	12.00	28	11.25	Feb.	11.00	Mar.	10.50
May 8	12.50	Dec. 20	10.75	Mar.	11.21	Apr.	10.50
June 25	13.00			Apr.	11.93	May	10.31
Sept. 27	12.75	1985—Jan. 15	10.50	May	12.39	June	9.78
Oct. 17	12.50	May 20	10.00	June	12.60	July	9.50
29	12.00	June 18	9.50	July	13.00	Aug.	9.50
				Aug.	13.00	Sept.	9.50
				Sept.	12.97	Oct.	9.50
				Oct.	12.58	Nov.	9.50
				Nov.	11.77	Dec.	9.50
				Dec.	11.06	1986—Jan.	9.50
				1985—Jan.	10.61	Feb.	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	1983	1984	1985	1985 Nov.	1985 Dec.	1986 Jan.	1986 Feb.	1986, week ending Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28
MONEY MARKET RATES												
1 Federal funds[1,2]	9.09	10.22	8.10	8.05	8.27r	8.14	7.86	7.83	7.97	7.85	7.84	7.82
2 Discount window borrowing[1,2,3]	8.50	8.80	7.69	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	8.87	10.05	7.94	7.84	7.87	7.78	7.70	7.72	7.70	7.73	7.69	7.66
4 3-month	8.88	10.10	7.95	7.77	7.75	7.71	7.63	7.66	7.63	7.67	7.63	7.59
5 6-month	8.89	10.16	8.01	7.69	7.62	7.62	7.54	7.59	7.55	7.60	7.52	7.48
Finance paper, directly placed[4,5]												
6 1-month	8.80	9.97	7.91	7.81	7.81	7.75	7.68	7.67	7.68	7.74	7.70	7.61
7 3-month	8.70	9.73	7.77	7.58	7.57	7.52	7.47	7.51	7.45	7.52	7.48	7.44
8 6-month	8.69	9.65	7.75	7.57	7.51	7.47	7.40	7.46	7.40	7.42	7.40	7.37
Bankers acceptances[5,6]												
9 3-month	8.90	10.14	7.92	7.70	7.65	7.62	7.54	7.58	7.56	7.59	7.50	7.50
10 6-month	8.91	10.19	7.96	7.59	7.52	7.55	7.41	7.50	7.48	7.49	7.35	7.31
Certificates of deposit, secondary market[7]												
11 1-month	8.96	10.17	7.97	7.82	7.87	7.83	7.69	7.76	7.72	7.74	7.67	7.63
12 3-month	9.07	10.37	8.05	7.81	7.80	7.82	7.69	7.76	7.73	7.74	7.67	7.62
13 6-month	9.27	10.68	8.25	7.82	7.80	7.83	7.70	7.76	7.74	7.77	7.68	7.62
14 Eurodollar deposits, 3-month[8]	9.56	10.73	8.28	8.02	7.99	8.02	7.89	8.00	7.93	7.95	7.90	7.86
U.S. Treasury bills[5]												
Secondary market[9]												
15 3-month	8.61	9.52	7.48	7.24	7.10	7.07	7.06	6.98	7.06	7.11	7.05	7.04
16 6-month	8.73	9.76	7.65	7.30	7.14	7.17	7.11	7.07	7.11	7.18	7.11	7.04
17 1-year	8.80	9.92	7.81	7.33	7.16	7.21	7.11	7.11	7.12	7.17	7.11	7.02
Auction average[10]												
18 3-month	8.63	9.58	7.48r	7.20	7.07	7.04	7.03	6.92	6.99	7.18	6.97	6.96
19 6-month	8.75r	9.80	7.66	7.26	7.09	7.13	7.08	7.03	7.06	7.23	7.03	7.00
20 1-year	8.86	9.91	7.80	7.33	7.06	7.31	7.19	n.a.	n.a.	7.19	n.a.	n.a.
CAPITAL MARKET RATES												
U.S. Treasury notes and bonds[11]												
Constant maturities[12]												
21 1-year	9.57	10.89	8.43	7.88	7.67	7.73	7.61	7.62	7.63	7.69	7.62	7.52
22 2-year	10.21	11.65	9.27	8.58	8.15	8.14	7.97	8.03	8.01	8.05	8.00	7.81
23 2-½-year[13]	....	11.82	9.54	8.83	8.30	n.a.	n.a.	8.35	n.a.	n.a.	n.a.	n.a.
24 3-year	10.45	11.89	9.64	8.88	8.40	8.41	8.10	8.29	8.21	8.17	8.10	7.91
25 5-year	10.80	12.24	10.13	9.28	8.73	8.68	8.34	8.56	8.52	8.44	8.32	8.06
26 7-year	11.02	12.40	10.51	9.62	9.11	9.03	8.58	8.90	8.85	8.73	8.52	8.20
27 10-year	11.10	12.44	10.62	9.78	9.26	9.19	8.70	9.09	9.02	8.87	8.62	8.29
28 20-year	11.34	12.48	10.97	10.24	9.75	9.59	9.08	9.48	9.43	9.30	9.01	8.56
29 30-year	11.18	12.39	10.79	10.06	9.54	9.40	8.93	9.34	9.27	9.11	8.86	8.47
Composite[14]												
30 Over 10 years (long-term)	10.84	11.99	10.75	10.08	9.60	9.51	9.07	9.45	9.39	9.29	9.02	8.57
State and local notes and bonds												
Moody's series[15]												
31 Aaa	8.80	9.61	8.60	8.13	7.98	7.74	7.26	7.60	7.50	7.35	7.30	6.90
32 Baa	10.17	10.38	9.58	9.20	9.05	8.79	8.30	8.65	8.60	8.50	8.30	7.80
33 *Bond Buyer* series[16]	9.51	10.10	9.10	8.54	8.43	8.08	7.44	7.86	7.73	7.62	7.44	6.98
Corporate bonds												
Seasoned issues[17]												
34 All industries	12.78	13.49	12.05	11.29	10.89	10.75	10.40	10.71	10.60	10.54	10.35	10.08
35 Aaa	12.04	12.71	11.37	10.55	10.16	10.05	9.67	10.00	9.90	9.84	9.64	9.29
36 Aa	12.42	13.31	11.82	11.07	10.63	10.46	10.13	10.43	10.35	10.29	10.07	9.81
37 A	13.10	13.74	12.28	11.54	11.19	11.04	10.67	10.96	10.87	10.80	10.60	10.40
38 Baa	13.55	14.19	12.72	11.99	11.58	11.44	11.11	11.43	11.29	11.25	11.10	10.82
39 A-rated, recently-offered utility bonds[18]	12.73	13.81	12.06	11.38	10.91	10.74	10.20	10.67	10.58	10.27	10.01	9.48
MEMO: Dividend/price ratio[19]												
40 Preferred stocks	11.02	11.59	10.49	10.12	10.05	9.85	9.62	9.81	9.75	9.51	9.54	9.66
41 Common stocks	4.40	4.64	4.25	4.06	3.88	3.90	3.72	3.84	3.80	3.75	3.69	3.62

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	1983	1984	1985	1985							1986	
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	92.63	92.46	108.09	109.52	111.64	109.09	106.62	107.57	113.93	119.33	120.16	126.43
2 Industrial	107.45	108.01	123.79	124.11	126.94	124.92	122.35	123.65	130.53	136.77	137.13	144.03
3 Transportation	89.36	85.63	104.11	105.79	111.67	109.92	104.96	103.72	108.61	113.52	115.72	124.18
4 Utility	47.00	46.44	56.75	59.61	59.68	56.99	55.93	55.84	59.07	61.69	62.46	65.18
5 Finance	95.34	89.28	114.21	118.47	119.85	114.68	110.21	112.36	122.83	128.86	132.36	142.13
6 Standard & Poor's Corporation (1941–43 = 10)[1]	160.41	160.50	186.84	188.89	192.54	188.31	184.06	186.18	197.45	207.26	208.19	219.37
7 American Stock Exchange[2] (Aug. 31, 1973 = 50)	216.48	207.96	229.10	227.48	235.21	232.65	226.27	225.00	236.53	243.28	245.27	246.09
Volume of trading (thousands of shares)												
8 New York Stock Exchange	85,418	91,084	109,191	105,849	111,952	87,468	97,910	110,569	122,263	133,446	130,872	152,590
9 American Stock Exchange	8,215	6,107	8,355	7,128	7,284	7,275	7,057	7,648	9,183	11,890	11,105	14,057
	Customer financing (end-of-period balances, in millions of dollars)											
10 Margin credit at broker–dealers[3]	**23,000**	**22,470**	**28,390**	**25,260**	**25,220**	**25,780**	**25,330**	**26,350**	**26,400**	**28,390**	**26,810**	**27,450**
Free credit balances at brokers[4]												
11 Margin-account[5]	n.a.	1,755r	2,715r	2,215r	1,950r	1,810r	1,745r	1,715r	2,080r	2,715r	2,645r	2,550
12 Cash-account	8,430	10,215	12,840	10,115	9,700	9,440	10,080	9,630	10,340	12,840	11,695	12,360
	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)[6]												
14 Under 40	22.0	18.0	34.0	34.0	34.0	35.0	40.0	37.0	35.0	34.0	32.0	28.0
15 40–49	22.0	18.0	20.0	20.0	20.0	21.0	22.0	22.0	20.0	20.0	20.0	19.0
16 50–59	16.0	16.0	19.0	19.0	19.0	18.0	16.0	17.0	19.0	19.0	20.0	21.0
17 60–69	9.0	9.0	11.0	11.0	11.0	11.0	9.0	10.0	11.0	11.0	11.0	13.0
18 70–79	6.0	5.0	8.0	8.0	8.0	8.0	6.0	7.0	7.0	8.0	8.0	9.0
19 80 or more	6.0	6.0	8.0	8.0	8.0	7.0	7.0	7.0	8.0	8.0	9.0	10.0
	Special miscellaneous-account balances at brokers (end of period)											
20 Total balances (millions of dollars)[7]	**58,329**	**75,840**	**99,310**	**86,910**	**89,240**	**90,930**	**91,400**	**92,250**	**95,240**	**99,310**	**99,290**	**104,228**
Distribution by equity status (percent)												
21 Net credit status	63.0	59.0	58.0	59.0	59.0	59.0	59.0	58.0	57.0	58.0	59.0	60.0
Debt status, equity of												
22 60 percent or more	28.0	29.0	31.0	31.0	32.0	30.0	31.0	31.0	32.0	31.0	33.0	32.0
23 Less than 60 percent	9.0	11.0	11.0	10.0	9.0	11.0	10.0	11.0	11.0	11.0	8.0	8.0

	Margin requirements (percent of market value and effective date)[8]					
	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
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. New series beginning June 1984.
6. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
7. 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.
8. 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	1983	1984	1985 Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1986 Jan.
							FSLIC insured institutions						
1 **Assets**	**819,168**	**978,514**	**992,289**	**995,430**	**1,003,225**	**1,012,312**	**1,022,410r**	**1,034,977**	**1,041,954**	**1,048,954**	**1,061,398**	**1,069,087**	**1,070,026**
2 Mortgages	521,308	599,021	608,267	613,334	617,574	623,275	672,292r	632,840	638,304	644,824	647,823	652,247	653,419
3 Mortgage-backed securities	90,902	108,219	108,755	108,174	106,433	102,892	105,873r	108,686r	112,940	110,753	110,461	108,520	111,426
4 Cash and investment securities[1]	109,923	135,640	132,438	125,528	129,918	132,109	132,987r	135,132	130,810	130,619	139,317	141,592	139,912
5 Other	......	91,516	94,625	96,903	98,034	100,595	101,338r	101,566	101,633	102,961	102,986	103,870	102,713
6 **Liabilities and net worth**	**819,168**	**978,514**	**992,289**	**995,430**	**1,003,225**	**1,012,312**	**1,022,410r**	**1,034,977**	**1,041,954**	**1,048,954**	**1,061,398**	**1,069,087**	**1,070,026**
7 Savings capital	671,059	784,724	801,293	801,293	809,083	817,551	822,106	826,841	831,268	833,189	837,488	843,804	847,673
8 Borrowed money	98,511	137,123	132,665	132,230	129,082	130,269	134,019r	139,507r	144,859	147,044	152,760	156,496	150,937
9 FHLBB	57,253	71,719	71,674	72,785	74,159	75,897	77,756	80,129	81,485r	82,569	82,718	84,356	82,765
10 Other	41,258	65,404	60,991	59,445	54,923	54,372	56,263r	59,378r	63,374	64,475	70,042	72,140	68,172
11 Other	16,619	18,746	19,290	22,468	24,215	22,055	23,254r	25,198r	21,865	24,280	26,065	21,951	24,195
12 Net worth[2]	32,980	37,921	39,041	39,476	40,845	42,436	43,033	43,431r	43,963	44,441r	45,085	46,835	47,222
13 MEMO: Mortgage loan commitments outstanding[3]	56,785	65,836	67,615	68,671	69,683	69,585	68,712	65,902	65,711	64,943	64,952	62,963	61,562
							Savings banks[4]						
14 **Assets**	**193,535**	**203,898**	**210,568**	**210,469**	**212,509**	**212,163**	**213,824**	**215,298**	**215,560**	**215,893**	**216,793**	**216,050**	
Loans													
15 Mortgage	97,356	102,895	104,340	105,102	105,869	105,891	106,441	107,322	108,842	109,171	109,494	110,509	
16 Other	19,129	24,954	27,798	28,000	28,530	29,211	30,339	30,195	29,672	29,967	31,217	30,755	
Securities													
17 U.S. government	15,360	14,643	15,098	14,504	14,895	14,074	13,960	13,868	13,686	13,734	13,434	13,120	
18 Mortgage-backed securities	18,205	19,215	19,694	19,750	19,527	19,160	19,779	20,101	20,368	20,012	19,828	19,367	
19 State and local government	2,177	2,077	2,092	2,097	2,094	2,093	2,086	2,105	2,107	2,163	2,148	2,318	
20 Corporate and other[7]	25,375	23,747	24,194	24,139	24,344	24,047	23,738	23,735	23,534	23,039	22,816	21,162	n.a.
21 Cash	6,263	4,954	4,864	4,679	5,004	4,935	4,544	4,821	4,916	4,893	4,771	6,248	
22 Other assets	9,670	11,413	12,488	12,288	12,246	12,770	12,937	13,151	12,345	12,914	13,085	12,571	
23 **Liabilities**	**193,535**	**203,898**	**210,568**	**210,469**	**212,509**	**212,163**	**213,824**	**215,298**	**215,560**	**215,893**	**216,793**	**216,050**	
24 Deposits	172,665	180,616	185,197	184,478	185,802	186,091	186,824	187,207	187,722	187,239	187,552	185,948	
25 Regular[8]	170,135	177,418	181,742	180,804	182,113	182,218	182,881	183,222	183,560	183,296	183,716	181,931	
26 Ordinary savings	38,554	33,739	33,715	33,211	33,457	33,526	33,495	33,398	33,252	33,303	33,638	33,031	
27 Time	95,129	104,732	105,204	104,527	104,843	104,756	104,737	104,448	104,668	104,024	104,116	103,315	
28 Other	2,530	3,198	3,455	3,689	3,674	3,873	3,943	3,985	4,162	3,943	3,836	4,017	
29 Other liabilities	10,154	12,504	14,393	14,959	15,546	14,348	15,137	15,971	15,546	15,996	16,309	16,783	
30 General reserve accounts	10,368	10,510	10,720	10,803	10,913	11,238	11,453	11,704	11,882	12,299	12,567	12,752	
							Life insurance companies[8]						
31 **Assets**	**654,948**	**722,979**	**742,154**	**748,865**	**757,523**	**765,891**	**772,452**	**778,293**	**783,828**	**791,483**	**802,024**		
Securities													
32 Government	50,752	63,899	65,603	66,402	67,880	68,636	68,983	69,975	71,049	72,334	73,451		
33 United States[6]	28,636	42,204	43,502	44,200	45,593	46,260	46,514	47,343	48,181	49,300	50,321		
34 State and local	9,986	8,713	8,902	8,923	8,998	9,044	8,980	9,201	9,293	9,475	9,615		
35 Foreign[7]	12,130	12,982	13,199	13,279	13,289	13,332	13,489	13,431	13,575	13,559	13,515		
36 Business	322,854	359,333	374,757	379,247	384,342	388,448	393,386	397,202	355,505	403,832	410,141	n.a.	n.a.
37 Bonds	257,986	295,998	307,078	311,123	314,021	317,029	321,752	325,647	285,164	331,675	335,129		
38 Stocks	64,868	63,335	67,679	68,124	70,321	71,419	71,634	71,555	70,341	72,157	75,012		
39 Mortgages	150,999	156,699	158,162	159,393	160,470	161,485	162,690	163,027	163,929	165,687	167,306		
40 Real estate	22,234	25,767	26,527	26,828	27,215	27,831	28,240	28,450	28,476	28,637	28,844		
41 Policy loans	54,063	54,505	54,438	54,439	54,384	54,320	54,300	54,238	54,225	54,142	54,121		
42 Other assets	54,046	63,776	62,667	62,556	63,232	65,171	64,853	65,401	66,629	57,313	68,161		
							Credit unions[9]						
43 **Total assets/liabilities and capital**	**81,961**	**93,036**	**98,646**	**101,268**	**104,992**	**106,783**	**107,991**	**111,150**	**113,016**	**114,783**	**117,029**	**118,010**	**118,933**
44 Federal	54,482	63,205	67,799	68,903	71,342	72,021	72,932	74,869	75,567	76,415	77,829	77,861	78,619
45 State	27,479	29,831	30,847	32,365	33,650	34,762	35,059	36,281	37,449	38,368	39,200	40,149	40,314
46 Loans outstanding	50,083	62,561	62,936	64,341	65,298	66,817	67,662	69,171	70,765	71,811	72,404	73,513	73,513
47 Federal	32,930	42,337	42,804	43,414	44,042	44,707	44,963	46,036	46,702	47,065	47,538	47,933	48,055
48 State	17,153	20,224	20,132	20,927	21,256	22,110	22,699	23,135	24,063	24,746	24,866	25,580	25,458
49 Savings	74,739	84,348	88,560	91,275	95,278	96,702	98,026	99,834	101,318	103,677	105,384	105,963	107,238
50 Federal (shares)	49,889	57,539	61,758	62,867	66,680	66,243	67,070	68,087	68,592	70,063	71,117	70,926	72,166
51 State (shares and deposits)	24,850	26,809	26,802	28,408	28,598	30,459	30,956	31,747	32,726	33,614	34,267	35,037	35,072

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 1983	Fiscal year 1984	Fiscal year 1985	Calendar year					
				1984	1985		1985	1986	
				H2	H1	H2	Dec.	Jan.	Feb.
U.S. budget									
1 Receipts	600,562	666,457	733,996	341,393	380,619	364,791	68,193	76,710	53,370
2 Outlays	795,917	841,800	936,809	446,949	463,735	488,740	84,079	82,849	78,290
3 Surplus, or deficit (−)	−195,355	−175,343	−202,813	−105,557	−83,115	−123,950	−15,886	−6,140	−24,920
4 Trust funds	23,056	30,565	53,540	31,473	22,592	30,278	15,268	1,710	433
5 Federal funds[1]	−218,410	−205,908	−256,353	−137,032	−105,707	−154,229	−31,155	−7,849	−25,354
Off-budget entities (surplus, or deficit (−))[2]									
6 Federal Financing Bank outlays	−10,404	−7,277	−7,339	−1,913	−6,274	−529	1,020	−188	282
7 Other[3]	−1,953	−2,719	−1,779	−77	−1,567	−545	210	−163	58
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−207,711	−185,339	−211,931	−109,474	−90,553	−125,022	−14,656	−6,492	−24,580
Source of financing									
9 Borrowing from the public	212,425	170,817	197,269	118,209	87,054	136,567	33,261	12,660	16,010
10 Cash and monetary assets (decrease, or increase (−))[4]	−9,889	5,636	10,673	−16,683	−6,479	−10,428	−21,020	−9,503	12,969
11 Other[5]	5,176	8,885	3,989	7,948	9,978	1,117	2,415	3,334	−4,400
MEMO									
12 Treasury operating balance (level, end of period)	37,057	22,345	17,060	17,649	24,013	30,935	30,935	40,215	26,326
13 Federal Reserve Banks	16,557	3,791	4,174	5,316	3,288	9,351	9,351	16,228	5,026
14 Tax and loan accounts	20,500	18,553	12,886	12,333	20,725	21,584	21,584	23,987	21,300

1. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
2. The recently enacted Gramm–Rudman legislation folds the unified and previously off-budget outlays into a total outlays and total deficit framework. However, the latest "Monthly Treasury Statement" continues to distinguish between the old unified and off-budget spending categories.
3. Other off-budget includes Postal Service Fund; Rural electrification and telephone revolving fund; Rural Telephone Bank; Synthetic fuels corporation fund; U.S. Railway Association; and petroleum acquisition and transportation and strategic petroleum reserve effective November 1981.
4. Includes U.S. Treasury operating cash accounts; SDRs; reserve position on the U.S. quota in the IMF; 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," "Daily Treasury Statement," and the *Budget of the U.S. Government, Fiscal Year 1987.*

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1984	Fiscal year 1985	Calendar year 1984 H1	Calendar year 1984 H2	Calendar year 1985 H1	Calendar year 1985 H2	Calendar year 1985 Dec.	Calendar year 1986 Jan.	Calendar year 1986 Feb.
RECEIPTS									
1 **All sources**	**666,457**	**733,996**	**341,808**	**341,392**	**380,618**	**364,790**	**68,193**	**76,710**	**53,370**
2 Individual income taxes, net	295,960	330,918	144,691	157,229	166,852	169,987	30,193	40,150	25,370
3 Withheld	279,350	298,941	140,657	145,210	149,288	155,725	28,568	26,146	27,295
4 Presidential Election Campaign Fund	35	35	29	5	29	6	0	0	2
5 Nonwithheld	81,346	97,685	61,463	19,403	76,155	22,295	2,448	14,484	1,253
6 Refunds	64,770	65,743	57,458	7,387	58,684	8,038	822	480	3,181
Corporation income taxes									
7 Gross receipts	74,179	77,413	40,328	35,190	42,193	36,528	13,108	3,588	1,941
8 Refunds	17,286	16,082	10,045	6,847	8,370	7,751	821	763	1,321
9 Social insurance taxes and contributions, net	241,902	268,805	131,372	118,690	144,528	128,017	19,662	26,983	22,046
10 Employment taxes and contributions[1]	212,180	238,288	114,102	105,624	125,969	116,276	19,012	25,363	19,207
11 Self-employment taxes and contributions[2]	8,709	10,468	7,667	1,086	9,482	985	0	737	641
12 Unemployment insurance	25,138	25,758	14,942	10,706	16,213	9,281	221	1,211	2,467
13 Other net receipts[3]	4,580	4,759	2,329	2,360	2,350	2,458	429	408	372
14 Excise taxes	37,361	35,865	18,304	18,961	17,259	18,470	3,017	3,167	2,265
15 Customs deposits	11,370	12,079	5,576	6,329	5,807	6,354	1,008	1,097	948
16 Estate and gift taxes	6,010	6,422	3,102	3,029	3,204	3,323	514	587	487
17 Miscellaneous receipts[4]	16,965	18,576	8,481	8,812	9,144	9,861	1,511	1,901	1,635
OUTLAYS									
18 **All types**	**851,781**	**946,323**	**420,700**	**446,943**	**463,842**	**488,739**	**84,079**	**82,849**	**78,290**
19 National defense	227,413	252,748	114,639	118,286	124,186	134,675	23,915	20,945	21,268
20 International affairs	15,876	16,176	5,426	8,550	6,675	8,367	1,121	550	−208
21 General science, space, and technology	8,317	8,627	3,981	4,473	4,230	4,727	853	689	840
22 Energy	7,086	5,685	1,080	1,423	680	3,305	384	248	179
23 Natural resources and environment	12,593	13,357	5,463	7,370	5,892	7,553	1,306	1,216	838
24 Agriculture	13,613	25,565	7,129	8,524	11,705	15,412	4,407	3,270	2,103
25 Commerce and housing credit	6,917	4,229	2,572	2,663	−260	644	−33	280	−725
26 Transportation	23,669	25,838	10,616	13,673	11,440	15,360	2,387	2,025	1,723
27 Community and regional development	7,673	7,680	3,154	4,836	3,408	3,901	615	603	519
28 Education, training, employment, social services	27,579	29,342	13,445	13,737	14,149	14,481	2,058	2,666	2,727
29 Health	30,417	33,542	15,551	15,692	16,945	17,237	2,799	3,174	2,885
30 Social security and medicare	235,764	254,446	119,420	119,613	128,351	129,037	21,502	22,399	21,641
31 Income security	112,668	128,200	58,684	61,558	65,246	59,457r	10,022	10,778	10,683
32 Veterans benefits and services	25,614	26,352	12,849	13,317	11,956	14,527	2,418	2,077	2,327
33 Administration of justice	5,660	6,277	2,807	2,992	3,016	3,212	587	646	567
34 General government	5,053	5,228	2,462	2,552	2,857	3,634	1,287	313	375
35 General-purpose fiscal assistance	6,768	6,353	2,943	3,458	2,659	3,391	45	1,163	172
36 Net interest[5]	111,058	129,436	54,748	61,293	65,143	67,448	11,287	12,364	12,958
37 Undistributed offsetting receipts[6]	−31,957	−32,759	−16,270	−17,061	−14,436	−17,953	−2,881	−2,557	−2,583

1. Old-age, disability, and hospital insurance, and railroad retirement accounts.
2. Old-age, disability, and hospital insurance.
3. Federal employee retirement contributions and civil service retirement and disability fund.
4. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
5. Net interest function includes interest received by trust funds.
6. Consists of rents and royalties on the outer continental shelf and U.S. government contributions for employee retirement.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," and the *Budget of the U.S. Government, Fiscal Year 1987.*

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1983	1984				1985			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	**1,415.3**	**1,468.3**	**1,517.2**	**1,576.7**	**1,667.4**	**1,715.1**	**1,779.0**	**1,827.5**	**1,950.3**
2 Public debt securities	1,410.7	1,463.7	1,512.7	1,572.3	1,663.0	1,710.7	1,774.6	1,823.1	1,945.9
3 Held by public	1,174.4	1,223.9	1,255.1	1,309.2	1,373.4	1,415.2	1,460.5	1,506.6	1,597.1
4 Held by agencies	236.3	239.8	257.6	263.1	289.6	295.5	314.2	316.5	348.9
5 Agency securities	4.6	4.6	4.5	4.5	4.5	4.4	4.4	4.4	4.4
6 Held by public	3.5	3.5	3.4	3.4	3.4	3.3	3.3	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**	**1,411.4**	**1,464.5**	**1,513.4**	**1,573.0**	**1,663.7**	**1,711.4**	**1,775.3**	**1,823.8**	**1,932.4**
9 Public debt securities	1,410.1	1,463.1	1,512.1	1,571.7	1,662.4	1,710.1	1,774.0	1,822.5	1,931.1
10 Other debt[1]	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
11 MEMO: Statutory debt limit	1,490.0	1,490.0	1,520.0	1,573.0	1,823.8	1,823.8	1,823.8	1,823.8	2,078.7

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* and *Daily Treasury Statement* (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	1981	1982	1983	1984	1985			
					Q1	Q2	Q3	Q4
1 **Total gross public debt**	**1,028.7**	**1,197.1**	**1,410.7**	**1,663.0**	**1,710.7**	**1,774.6**	**1,823.1**	**1,945.9**
By type								
2 Interest-bearing debt	1,027.3	1,195.5	1,400.9	1,660.6	1,695.2	1,759.8	1,821.0	1,943.4
3 Marketable	720.3	881.5	1,050.9	1,247.4	1,271.7	1,310.7	1,360.2	1,437.7
4 Bills	245.0	311.8	343.8	374.4	379.5	381.9	384.2	399.9
5 Notes	375.3	465.0	573.4	705.1	713.8	740.9	776.4	812.5
6 Bonds	99.9	104.6	133.7	167.9	178.4	187.9	199.5	211.1
7 Nonmarketable[1]	307.0	314.0	350.0	413.2	423.6	449.1	460.8	505.7
8 State and local government series	23.0	25.7	36.7	44.4	47.7	53.9	62.8	87.5
9 Foreign issues[2]	19.0	14.7	10.4	9.1	9.1	8.3	6.6	7.5
10 Government	14.9	13.0	10.4	9.1	9.1	8.3	6.6	7.5
11 Public	4.1	1.7	.0	.0	.0	.0	.0	.0
12 Savings bonds and notes	68.1	68.0	70.7	73.1	74.1	75.4	77.0	78.1
13 Government account series[3]	196.7	205.4	231.9	286.2	292.2	311.0	313.9	332.2
14 Non-interest-bearing debt	1.4	1.6	9.8	2.3	15.5	14.8	2.1	2.5
By holder[4]								
15 U.S. government agencies and trust funds	203.3	209.4	236.3	289.6	295.5	314.2	316.5	348.9
16 Federal Reserve Banks	131.0	139.3	151.9	160.9	161.0	169.1	169.7	181.3
17 Private investors	694.5	848.4	1,022.6	1,212.5	1,254.1	1,292.0	1,338.2	1,431.3
18 Commercial banks	111.4	131.4	188.8	183.4	195.0	196.3	196.9	192.2
19 Money market funds	21.5	42.6	22.8	25.9	26.7	24.8	22.7	25.1
20 Insurance companies	29.0	39.1	56.7	76.4	80.4	85.0	88.6	93.2
21 Other companies	17.9	24.5	39.7	50.1	50.8	50.7	54.9	62.0
22 State and local governments	104.3	127.8	155.1	179.4	189.7	198.9	212.8	n.a.
Individuals								
23 Savings bonds	68.1	68.3	71.5	74.5	75.4	76.7	78.2	79.8
24 Other securities	42.7	48.2	61.9	69.3	69.7	72.0	73.2	74.9
25 Foreign and international[5]	136.6	149.5	166.3	192.9	186.4	200.7	209.8	214.6
26 Other miscellaneous investors[6]	163.0	217.0	259.8	360.6	380.0	386.9	401.2	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[1]

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

Item	1983	1984	1985	1985	1986		1986 week ending Wednesday					
				Dec.ʳ	Jan.ʳ	Feb.	Jan. 22	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26
Immediate delivery[2]												
1 U.S. government securities	42,135	52,778	75,329	80,858	89,113	102,381	91,584	90,033ʳ	94,844	92,516	102,692	103,373
By maturity												
2 Bills	22,393	26,035	32,898	31,630	36,022	34,736	42,554	38,246ʳ	33,025	34,897	35,553	34,271
3 Other within 1 year	708	1,305	1,811	2,224	2,082	1,847	1,455	1,434	2,159	1,390	1,843	1,647
4 1–5 years	8,758	11,733	18,360	20,027	20,571	25,649	19,225	22,525ʳ	29,064	20,649	25,666	27,081
5 5–10 years	5,279	7,606	12,703	14,786	17,335	20,870	15,662	15,461	16,619	16,231	19,786	20,905
6 Over 10 years	4,997	6,099	9,556	12,191	13,103	19,279	12,687	12,367	13,977	19,349	19,845	19,469
By type of customer												
7 U.S. government securities dealers	2,257	2,919	3,336	2,845	3,123	2,902	2,511	2,758	4,198	3,020	2,746	2,602
8 U.S. government securities brokers	21,045	25,580	36,222	38,008	46,032	51,381	49,735	45,994ʳ	48,968	47,483	48,991	51,334
9 All others[3]	18,833	24,278	35,770	40,005	39,959	48,098	39,337	41,281ʳ	41,678	42,012	50,956	49,438
10 Federal agency securities	5,576	7,846	11,640	15,317	13,653	15,232	11,893	11,616ʳ	11,532	11,300	20,615	15,812
11 Certificates of deposit	4,333	4,947	4,015	3,795	4,506	3,735	4,262	4,223	3,380	3,008	3,715	4,251
12 Bankers acceptances	2,642	3,243	3,242	2,862	3,206	3,330	3,406	3,121	3,465	2,636	3,823	3,250
13 Commercial paper	8,036	10,018	12,717	16,579	17,792	16,317	17,396	16,670	16,594	14,455	18,198	15,941
Futures transactions[4]												
14 Treasury bills	6,655	6,947	5,560	4,884	4,484	5,410	6,014	5,203	5,160	5,506	3,790	6,540
15 Treasury coupons	2,501	4,503	6,069	6,774	8,135	9,137	9,151	6,615	8,184	8,537	8,247	9,588
16 Federal agency securities	265	262	240	229	41	2	13	10	1	5	2	1
Forward transactions[5]												
17 U.S. government securities	1,493	1,364	1,282	1,319	1,303	2,592	1,128	1,373	2,985	4,304	1,639	1,374
18 Federal agency securities	1,646	2,843	3,857	6,176	6,122	6,652	5,687	4,508	5,670	6,226	8,029	6,178

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

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

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

3. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System.

4. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.

5. Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues.

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

Averages of daily figures, in millions of dollars

	Item	1983	1984	1985	1985	1986		1986 week ending Wednesday				
					Dec.	Jan.	Feb.	Jan. 29	Feb. 5	Feb. 12	Feb. 19	Feb. 26
		Positions										
	Net immediate[2]											
1	U.S. government securities	14,082	5,429	7,391	10,374	8,657	11,709	11,823	14,200	7,738	9,371	12,636
2	Bills	10,800	5,500	10,075	14,060	14,023	16,080	16,457	18,220	15,535	15,271	15,273
3	Other within 1 year	921	63	1,050	1,520	1,640	2,804	1,898	2,315	2,452	2,816	3,250
4	1–5 years	1,912	2,159	5,154	8,850	9,779	8,794	11,574	11,527	9,518	6,115	8,247
5	5–10 years	−78	−1,119	−6,202	−10,999	−12,337	−11,176	−12,552	−13,649	−14,445	−9,903	−9,257
6	Over 10 years	528	−1,174	−2,686	−3,057	−4,448	−4,793	−5,554	−4,213	−5,322	−4,928	−4,878
7	Federal agency securities	7,313	15,294	22,860	33,144	34,498	33,053	32,388	32,052	32,794	32,774	33,278
8	Certificates of deposit	5,838	7,369	9,192	10,630	10,862	9,434	9,652	9,697	8,945	8,917	9,858
9	Bankers acceptances	3,332	3,874	4,586	5,475	4,668	5,591	4,983	5,488	5,034	5,694	5,935
10	Commercial paper	3,159	3,788	5,570	7,957	5,919	6,836	5,819	6,193	6,215	6,647	7,277
	Futures positions											
11	Treasury bills	−4,125	−4,525	−7,322	−12,469	−14,656	−18,498	−14,949	−15,508	−16,942	−17,230	−20,266
12	Treasury coupons	−1,033	1,794	4,465	3,269	3,965	5,004	4,612	3,928	5,114	5,195	5,404
13	Federal agency securities	171	233	−722	−1,050	−612	−313	−280	−301	−316	−317	−313
	Forward positions											
14	U.S. government securities	−1,936	−1,643	−910	−388	−1,978	−939	−1,663	−1,349	−1,208	−1,097	−261
15	Federal agency securities	−3,561	−9,205	−9,420	−14,289	−12,154	−10,037	−9,726	−9,914	−10,644	−9,959	−9,471
		Financing[3]										
	Reverse repurchase agreements[4]											
16	Overnight and continuing	29,099	44,078	68,035	79,435	87,103	86,481	84,763	83,782	83,770	88,241	85,138
17	Term agreements	52,493	68,357	80,509	99,204	100,238	101,330	104,458	102,254	101,146	98,958	102,277
	Repurchase agreements[5]											
18	Overnight and continuing	57,946	75,717	101,410	120,458	131,069	131,711	130,298	134,131	125,776	134,100	131,372
19	Term agreements	44,410	57,047	77,748	90,233	84,681	86,748	88,960	85,565	87,625	83,239	88,378

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

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

2. Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs). The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Immediate positions include reverses to maturity, which are securities that were sold after having been obtained under reverse repurchase agreements that mature on the same day as the securities. Data for immediate positions do not include forward positions.

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

4. Includes all reverse repurchase agreements, including those that have been arranged to make delivery on short sales and those for which the securities obtained have been used as collateral on borrowings, that is, matched agreements.

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

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1982	1983	1984	1985					1986
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 **Federal and federally sponsored agencies**	**237,787**	**240,068**	**271,220**	**289,277**	**288,657**	**292,584**	**293,930**	**293,905**	**n.a.**
2 Federal agencies	33,055	33,940	35,145	35,338	35,903	35,990	36,121	36,390	36,400
3 Defense Department[1]	354	243	142	89	82	79	75	71	66
4 Export-Import Bank[2,3]	14,218	14,853	15,882	15,744	15,419	15,417	15,417	15,678	15,677
5 Federal Housing Administration[4]	288	194	133	116	117	116	115	115	113
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	970	1,940	1,940	1,940	1,940	1,940
8 Tennessee Valley Authority	14,365	14,970	15,435	16,180	16,106	16,199	16,335	16,347	16,365
9 United States Railway Association[6]	194	111	51	74	74	74	74	74	74
10 Federally sponsored agencies[7]	204,732	206,128	236,075	253,939	252,754	256,594	257,809	257,515	n.a.
11 Federal Home Loan Banks	55,967	48,930	65,085	71,949	72,384	73,260	73,840	74,447	73,201
12 Federal Home Loan Mortgage Corporation	4,524	6,793	10,270	13,393	12,720	13,239	11,016	11,926	n.a.
13 Federal National Mortgage Association[8]	70,052	74,594	83,720	91,318	91,693	92,578	94,576	93,896	92,658
14 Farm Credit Banks	73,004	72,816	71,193	70,092	68,287	69,274	69,933	68,851	66,600
15 Student Loan Marketing Association	2,293	3,402	5,745	7,187	7,670	8,243	8,444	8,395	8,643
MEMO									
16 **Federal Financing Bank debt**[9]	**126,424**	**135,791**	**145,217**	**152,941**	**153,513**	**153,565**	**154,226**	**153,373**	**153,709**
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	14,177	14,789	15,852	15,729	15,409	15,409	15,409	15,670	15,670
18 Postal Service[6]	1,221	1,154	1,087	720	1,690	1,690	1,690	1,690	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	14,455	14,381	14,474	14,610	14,622	14,690
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	63,779	64,169	63,969	64,189	64,234	64,354
23 Rural Electrification Administration	17,157	19,766	20,693	21,463	21,676	21,792	21,826	20,654	20,678
24 Other	22,774	26,460	29,853	31,721	31,114	31,157	31,428	31,429	31,553

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	1983	1984	1985	1985 June	July	Aug.	Sept.	Oct.	Nov.	Dec.r	1986 Jan.
1 **All issues, new and refunding**[1]	**86,421**	**106,641**	**214,189**	**11,801**	**12,268**	**15,239**	**13,345**	**20,780**	**32,144**	**57,430**	**1,755**
Type of issue											
2 General obligation	21,566	26,485	52,622	2,739	5,257	3,160	3,953	5,852	6,695	8,754	705
3 U.S. government loans[2]	96	16	14	0	0	0	0	0	0	0	0
4 Revenue	64,855	80,156	161,567	9,062	7,011	12,079	9,392	14,928	25,449	48,676	1,050
5 U.S. government loans[2]	253	17	27	1	6	2	0	6	7	0	0
Type of issuer											
6 State	7,140	9,129	13,004	350	786	800	1,501	1,337	1,648	2,146	296
7 Special district and statutory authority	51,297	63,550	66,822	7,625	6,893	9,484	7,580	12,374	21,563	39,147	762
8 Municipalities, counties, townships, school districts	27,984	33,962	134,363	3,826	4,589	4,955	4,264	6,371	21,563	16,137	697
9 **Issues for new capital, total**	**72,441**	**94,050**	**156,050**	**7,966**	**7,660**	**10,709**	**9,878r**	**13,984r**	**21,362**	**46,788**	**1,540**
Use of proceeds											
10 Education	8,099	7,553	16,658	962	797	1,194	1,317	1,518	1,954	3,901	365
11 Transportation	4,387	7,552	12,070	276	651	252	471	1,264	3,734	3,480	199
12 Utilities and conservation	13,588	17,844	26,852	1,844	720	1,987	1,358	2,924	3,266	7,070	278
13 Social welfare	26,910	29,928	63,181	2,956	3,155	4,283	3,989	4,305	8,672	22,589	263
14 Industrial aid	7,821	15,415	12,892	560	553	1,524	735	1,507	2,029	3,583	0
15 Other purposes	11,637	15,758	24,398	1,368	1,784	1,469	2,009	2,466	1,707	6,165	435

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	1983	1984	1985r	1985 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1986 Jan. p
1 **All issues**[1]	**120,149r**	**132,531r**	**155,554**	**19,497r**	**12,042r**	**14,861r**	**11,304r**	**11,595r**	**13,568r**	**19,429**	**17,034**
2 **Bonds**[2]	**68,570r**	**109,903r**	**120,039**	**15,757r**	**8,835r**	**11,465r**	**8,833r**	**9,271r**	**10,913r**	**14,440**	**13,900**
Type of offering											
3 Public	47,444r	73,579r	120,039	15,757r	8,835r	11,465r	8,833r	9,271r	10,913r	14,440r	13,900
4 Private placement	21,126	36,326	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
5 Manufacturing	16,851	24,607	34,776	8,044	2,688	2,352	2,079	1,953	4,072	2,704	4,694
6 Commercial and miscellaneous	7,540	13,726	9,723	865	1,642	921	186	898	933	735	624
7 Transportation	3,833	4,694	3,032	512	76	459	177	348	125	187	633
8 Public utility	9,125	10,679	8,870	585	434	857	1,042	863	1,114	1,090	820
9 Communication	3,642	2,997	6,183	125	110	1,295	367	690	100	2,318	0
10 Real estate and financial	27,577r	53,199r	57,457	5,626r	3,885r	5,581r	4,982r	4,519r	4,569r	7,407	7,129
11 **Stocks**[3]	**51,579**	**22,628**	**35,515**	**3,740**	**3,207**	**3,396**	**2,471**	**2,324**	**2,655**	**4,989**	**3,134**
Type											
12 Preferred	7,213	4,118	6,505	726	631	754	653	406	782	908	570
13 *Common*	44,366	18,510	29,010	3,014	2,576	2,642	1,818	1,918	1,873	4,081	2,564
Industry group											
14 Manufacturing	14,135	4,054	5,700	558	605	235	820	279	746	1,045	825
15 Commercial and miscellaneous	13,112	6,277	9,149	1,453	568	1,293	507	403	596	1,220	648
16 Transportation	2,729	589	1,544	236	0	127	107	113	21	200	78
17 Public utility	5,001	1,624	1,966	91	87	73	47	408	12	201	251
18 Communication	1,822	419	978	151	99	18	7	41	5	146	231
19 Real estate and financial	14,780	9,665	16,178	1,251	1,848	1,650	983	1,080	1,275	2,177	1,101

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	1984	1985r	1985							1986
			June	July	Aug.	Sept.	Oct.	Nov.	Dec.r	Jan.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	107,480	222,680	18,191	20,284	18,049	16,936	22,099	20,585	23,560	32,590
2 Redemptions of own shares[3]	77,032	132,435	9,836	11,502	10,837	9,963	10,653	11,138	18,337	15,867
3 Net sales	30,448	90,245	8,355	8,782	7,212	6,973	11,446	9,447	5,223	16,723
4 Assets[4]	137,126	251,695	186,284	195,707	201,608	203,210	218,720	237,410	251,536	265,235
5 Cash position[5]	12,181	20,607	15,565	16,943	17,959	18,700	21,987	21,894	20,590	23,332
6 Other	124,945	231,088	170,719	178,764	183,649	184,510	196,733	215,516	230,946	241,903

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	1983	1984	1985	1984				1985			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Corporate profits with inventory valuation and capital consumption adjustment	213.8	273.3	297.0	268.0	277.8	271.2	276.2	281.7	288.1	309.1	309.1
2 Profits before tax	205.0	237.6	226.8	247.4	247.4	227.7	228.0	220.0	218.7	228.6	239.8
3 Profits tax liability	75.2	93.6	85.9	99.1	100.6	87.4	87.4	83.4	82.3	87.4	90.4
4 Profits after tax	129.8	144.0	140.9	148.3	146.7	140.3	140.6	136.6	136.4	141.1	149.5
5 Dividends	70.8	78.1	83.5	75.3	77.5	78.9	80.7	82.0	83.1	83.9	85.0
6 Undistributed profits	59.0	65.9	57.4	73.1	69.2	61.3	60.0	54.6	53.3	57.3	64.5
7 Inventory valuation	−9.9	−5.4	−.6	−13.0	−5.6	−1.3	−1.6	.7	2.2	4.7	−10.1
8 Capital consumption adjustment	18.8	41.0	70.9	33.5	36.0	44.8	49.8	61.1	67.2	75.9	79.4

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		1985		
						Q3	Q4	Q1	Q2	Q3
1 **Current assets**	**1,214.8**	**1,328.3**	**1,419.6**	**1,437.1**	**1,575.9**	**1,685.9**	**1,703.0**	**1,715.9**	**1,725.2**	**1,750.5**
2 Cash	118.0	127.0	135.6	147.8	171.8	161.3	173.6	167.9	170.6	178.6
3 U.S. government securities	16.7	18.7	17.7	23.0	31.0	33.0	36.2	34.7	34.1	31.1
4 Notes and accounts receivable	459.0	507.5	532.5	517.4	583.0	639.1	633.1	647.4	648.5	653.2
5 Inventories	505.1	543.0	584.0	579.0	603.4	659.3	656.9	664.7	663.7	670.1
6 Other	116.0	132.1	149.7	169.8	186.7	193.2	203.2	201.1	208.3	217.4
7 **Current liabilities**	**807.3**	**890.6**	**971.3**	**986.0**	**1,059.6**	**1,155.0**	**1,163.6**	**1,171.5**	**1,176.0**	**1,203.8**
8 Notes and accounts payable	460.8	514.4	547.1	550.7	595.7	642.2	647.8	635.3	647.3	664.2
9 Other	346.5	376.2	424.1	435.3	463.9	512.9	515.8	536.2	528.7	539.5
10 **Net working capital**	**407.5**	**437.8**	**448.3**	**451.1**	**516.3**	**530.8**	**539.5**	**544.4**	**549.3**	**546.7**
11 MEMO: Current ratio[1]	1.505	1.492	1.462	1.458	1.487	1.460	1.464	1.465	1.467	1.454

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	1984			1985				1986
				Q2	Q3	Q4	Q1	Q2	Q3	Q4[1]	Q1[1]
1 **Total nonfarm business**	**304.78**	**354.44**	**384.22**	**349.97**	**361.48**	**368.29**	**371.16**	**387.83**	**388.90**	**388.98**	**402.13**
Manufacturing											
2 Durable goods industries	53.08	66.24	72.53	64.03	68.26	71.43	69.87	73.96	72.85	73.46	71.95
3 Nondurable goods industries	63.12	72.58	79.89	71.93	74.18	75.53	75.78	80.36	81.19	82.22	82.79
Nonmanufacturing											
4 Mining	15.19	16.86	15.84	16.38	16.82	17.00	15.66	16.51	15.94	15.24	15.30
Transportation											
5 Railroad	4.88	6.79	7.33	7.34	7.31	6.44	6.02	7.48	8.13	7.68	7.02
6 Air	4.36	3.56	4.42	3.53	3.72	3.65	4.20	3.66	5.20	4.64	5.96
7 Other	4.72	6.17	6.02	6.14	6.47	6.18	6.01	6.37	5.77	5.93	5.83
Public utilities											
8 Electric	37.27	37.03	35.60	37.79	36.63	35.40	36.65	36.04	35.34	34.38	35.49
9 Gas and other	7.70	10.44	12.63	10.16	11.28	11.52	11.81	12.43	12.80	13.47	13.50
10 Commercial and other[2]	114.45	134.75	149.96	132.67	136.80	141.13	145.16	151.02	151.69	151.96	164.30

▲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 Q2	1984 Q3	1984 Q4	1985 Q1	1985 Q2	1985 Q3	1985 Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	72.4	78.1	87.4	90.5	95.6	96.7	99.1	106.0	116.4	120.8
2 Business	100.3	101.4	113.4	124.4	124.5	135.2	142.1	144.6	141.4	152.8
3 Real estate	17.9	20.2	22.5	23.0	25.2	26.3	27.2	28.4	29.0	30.4
4 Total	190.5	199.7	223.4	238.0	245.3	258.3	268.5	279.0	286.5	304.0
Less:										
5 Reserves for unearned income	30.0	31.9	33.0	33.9	36.0	36.5	36.6	38.6	41.0	40.9
6 Reserves for losses	3.2	3.5	4.0	4.4	4.3	4.4	4.9	4.8	4.9	5.0
7 Accounts receivable, net	157.3	164.3	186.4	199.6	205.0	217.3	227.0	235.6	240.6	258.1
8 All other	27.1	30.7	34.0	35.8	36.4	35.4	35.9	39.5	46.3	46.8
9 Total assets	**184.4**	**195.0**	**220.4**	**235.4**	**241.3**	**252.7**	**262.9**	**275.2**	**286.9**	**304.9**
LIABILITIES										
10 Bank loans	16.1	18.3	18.7	18.3	19.7	21.3	19.8	18.5	18.2	21.0
11 Commercial paper	57.2	51.1	59.7	68.5	66.8	72.5	79.1	82.6	93.6	96.9
Debt										
12 Other short-term	11.3	12.7	13.9	15.5	16.1	16.2	16.8	16.6	16.6	17.2
13 Long-term	56.0	64.4	68.1	69.7	73.8	77.2	78.3	85.7	86.4	93.0
14 All other liabilities	18.5	21.2	30.1	32.1	32.6	33.1	35.4	36.9	36.6	39.6
15 Capital, surplus, and undivided profits	25.3	27.4	29.8	31.4	32.3	32.3	33.5	34.8	35.7	37.1
16 Total liabilities and capital	**184.4**	**195.0**	**220.4**	**235.4**	**241.3**	**252.7**	**262.9**	**275.2**	**286.9**	**304.9**

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 Jan. 31, 1986[1]	Changes in accounts receivable 1985 Nov.	Changes 1985 Dec.	Changes 1986 Jan.	Extensions 1985 Nov.	Extensions 1985 Dec.	Extensions 1986 Jan.	Repayments 1985 Nov.	Repayments 1985 Dec.	Repayments 1986 Jan.
1 Total	**153,965**	**2,181**	**2,129**	**2,704**	**29,341**	**29,677**	**28,862**	**27,160**	**27,548**	**26,158**
Retail financing of installment sales										
2 Automotive (commercial vehicles)	14,556	199	−76	242	1,081	821	1,128	882	896	886
3 Business, industrial, and farm equipment	20,432	−185	527	−5	1,202	1,365	686	1,387	838	691
Wholesale financing										
4 Automotive	23,035	1,358	2,277	285	10,747	11,813	10,681	9,389	9,536	10,396
5 Equipment	4,317	63	−265	153	591	536	689	528	801	536
6 All other	7,298	267	156	305	1,861	1,799	1,779	1,594	1,643	1,474
Leasing										
7 Automotive	15,520	−832	−109	272	700	719	949	1,532	828	677
8 Equipment	40,388	574	−15	700	1,754	1,696	1,932	1,180	1,711	1,232
9 Loans on commercial accounts receivable and factored commercial accounts receivable	16,285	526	−348	668	10,182	9,502	9,560	9,656	9,850	8,892
10 All other business credit	12,134	211	−18	84	1,223	1,427	1,458	1,012	1,445	1,374

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	1983	1984	1985	1985 Aug.	1985 Sept.	1985 Oct.	1985 Nov.	1985 Dec.	1986 Jan.	1986 Feb.
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	92.8	96.8	104.1	104.4	104.6	104.1	107.5	111.5	108.4r	112.7
2 Amount of loan (thousands of dollars)	69.5	73.7	77.4	74.4	76.7	77.1	78.5	80.3	77.6r	82.8
3 Loan/price ratio (percent)	77.1	78.7	77.1	74.6	76.0	76.0	75.5	75.0	74.4r	75.3
4 Maturity (years)	26.7	27.8	26.9	24.5	26.7	26.7	26.4	26.7	25.4r	27.0
5 Fees and charges (percent of loan amount)[2]	2.40	2.64	2.53	2.46	2.62	2.49	2.57	2.59	2.55r	2.70
6 Contract rate (percent per annum)	12.20	11.87	11.12	10.78	10.69	10.64	10.55	10.47	10.40r	10.21
Yield (percent per annum)										
7 FHLBB series[3]	12.66	12.37	11.58	11.24	11.17	11.09	11.01	10.94	10.89r	10.69
8 HUD series[4]	13.43	13.80	12.28	12.06	12.02	11.86	11.56	11.03	10.82	10.49
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	13.11	13.81	12.24	11.99	12.04	11.87	11.28	10.70	10.78	10.59
10 GNMA securities[6]	12.25	13.13	11.61	11.24	11.29	11.16	10.81	10.39	10.25	9.79
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	74,847	83,339	94,574	96,324	96,769	97,228	97,807	98,282	98,671	98,820
12 FHA/VA-insured	37,393	35,148	34,244	34,177	34,084	33,885	33,828	33,684	33,583	33,466
13 Conventional	37,454	48,191	60,331	62,147	62,685	63,343	63,979	64,598	65,088	65,354
Mortgage transactions (during period)										
14 Purchases	17,554	16,721	21,510	1,921	1,739	1,767	1,624	1,663	1,188	1,159
15 Sales	3,528	978	1,301	230	101	200	100	319	0	n.a.
Mortgage commitments[7]										
16 Contracted (during period)	18,607	21,007	20,155	1,797	1,638	1,733	1,199	1,858	1,315	2,578
17 Outstanding (end of period)	5,461	6,384	3,402	4,245	3,974	3,840	3,330	3,402	3,211	4,642
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	5,996	9,283	12,399	13,521	13,088	13,025	13,194	14,022	n.a.	n.a.
19 FHA/VA	974	910	841	835	829	823	816	825	n.a.	n.a.
20 Conventional	5,022	8,373	11,558	12,686	12,259	12,202	12,378	13,197	n.a.	n.a.
Mortgage transactions (during period)										
21 Purchases	23,089	21,886	44,012	3,602	4,219	3,215	3,680	6,096	n.a.	n.a.
22 Sales	19,686	18,506	38,905	2,682	4,501	3,076	3,449	5,202	n.a.	n.a.
Mortgage commitments[9]										
23 Contracted (during period)	32,852	32,603	48,989	3,958	2,919	3,995	4,854	5,651	n.a.	n.a.
24 Outstanding (end of period)	16,964	13,318	16,613	n.a.	n.a.	n.a.	n.a.	16,613	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	1983	1984	1985	1984	1985			
				Q4	Q1	Q2	Q3	Q4
1 All holders	1,811,540	2,022,769	2,250,370	2,022,769	2,069,664	2,127,381	2,187,756	2,250,370
2 1- to 4-family	1,189,811	1,319,413	1,469,075	1,319,413	1,347,567	1,385,620	1,426,569	1,469,075
3 Multifamily	158,718	178,795	203,556	178,795	184,591	189,818	195,368	203,556
4 Commercial	350,389	412,924	471,037	412,924	425,941	441,212	457,064	471,037
5 Farm	112,622	111,637	106,702	111,637	111,565	110,731	108,755	106,702
6 Selected financial institutions	1,130,781	1,267,488	1,386,865	1,267,488	1,289,271	1,321,054	1,353,888	1,386,865
7 Commercial banks[1]	330,521	374,780	423,003	374,780	383,598	396,141	410,653	423,003
8 1- to 4-family	182,514	196,540	214,340	196,540	198,849	203,654	209,724	214,340
9 Multifamily	18,410	20,216	22,906	20,216	20,609	21,544	22,239	22,906
10 Commercial	120,210	147,845	174,336	147,845	153,827	160,315	167,603	174,336
11 Farm	9,387	10,179	11,421	10,179	10,313	10,628	11,087	11,421
12 Savings banks	131,940	154,441	177,774	154,441	161,032	165,705	174,427	177,774
13 1- to 4-family	93,649	107,302	122,323	107,302	111,592	114,375	119,952	122,323
14 Multifamily	17,247	19,817	23,360	19,817	20,668	21,357	22,604	23,360
15 Commercial	21,016	27,291	32,009	27,291	28,741	29,942	31,757	32,009
16 Farm	28	31	82	31	31	31	114	82
17 Savings and loan associations	494,789	555,277	587,799	555,277	559,263	569,291	575,864	587,799
18 1- to 4-family	387,924	421,489	432,564	421,489	421,024	425,021	426,432	432,564
19 Multifamily	44,333	55,750	67,006	55,750	57,660	60,231	62,499	67,006
20 Commercial	62,403	77,605	87,617	77,605	80,070	83,447	86,255	87,617
21 Farm	129	433	612	433	509	592	678	612
22 Life insurance companies	150,999	156,699	167,887	156,699	158,162	161,485	163,929	167,887
23 1- to 4-family	15,319	14,120	13,499	14,120	13,840	13,562	13,382	13,499
24 Multifamily	19,107	18,938	19,453	18,938	18,964	18,983	18,972	19,453
25 Commercial	103,831	111,175	122,925	111,175	113,187	116,812	119,543	122,925
26 Farm	12,742	12,466	12,010	12,466	12,171	12,128	12,032	12,010
27 Finance companies[2]	22,532	26,291	30,402	26,291	27,216	28,432	29,015	30,402
28 Federal and related agencies	148,328	158,993	166,183	158,993	163,531	165,912	166,248	166,183
29 Government National Mortgage Association	3,395	2,301	1,473	2,301	1,964	1,825	1,640	1,473
30 1- to 4-family	630	585	539	585	576	564	552	539
31 Multifamily	2,765	1,716	934	1,716	1,388	1,261	1,088	934
32 Farmers Home Administration	2,141	1,276	733	1,276	1,062	790	577	733
33 1- to 4-family	1,159	213	183	213	156	223	185	183
34 Multifamily	173	119	113	119	82	136	139	113
35 Commercial	409	497	159	497	421	163	72	159
36 Farm	400	447	278	447	403	268	181	278
37 Federal Housing and Veterans Administration	4,894	4,816	4,903	4,816	4,878	4,888	4,918	4,903
38 1- to 4-family	1,893	2,048	2,246	2,048	2,181	2,199	2,251	2,246
39 Multifamily	3,001	2,768	2,657	2,768	2,697	2,689	2,667	2,657
40 Federal National Mortgage Association	78,256	87,940	98,282	87,940	91,975	94,777	96,769	98,282
41 1- to 4-family	73,045	82,175	91,966	82,175	86,129	88,788	90,590	91,966
42 Multifamily	5,211	5,765	6,316	5,765	5,846	5,989	6,179	6,316
43 Federal Land Banks	52,010	52,261	47,548	52,261	52,104	51,056	49,255	47,548
44 1- to 4-family	3,081	3,074	2,798	3,074	3,064	3,006	2,895	2,798
45 Farm	48,929	49,187	44,750	49,187	49,040	48,050	46,360	44,750
46 Federal Home Loan Mortgage Corporation	7,632	10,399	13,244	10,399	11,548	12,576	13,089	13,244
47 1- to 4-family	7,559	9,654	11,208	9,654	10,642	11,288	11,457	11,208
48 Multifamily	73	745	2,036	745	906	1,288	1,632	2,036
49 Mortgage pools or trusts[3]	285,073	332,057	413,913	332,057	347,793	365,748	388,948	413,913
50 Government National Mortgage Association	159,850	179,981	212,145	179,981	185,954	192,925	201,026	212,145
51 1- to 4-family	155,950	175,589	207,198	175,589	181,419	188,228	196,198	207,198
52 Multifamily	3,900	4,392	4,947	4,392	4,535	4,697	4,828	4,947
53 Federal Home Loan Mortgage Corporation	57,895	70,822	99,088	70,822	76,759	83,327	91,915	99,088
54 1- to 4-family	57,273	70,253	98,182	70,253	75,781	82,369	90,997	98,182
55 Multifamily	622	569	906	569	978	958	918	906
56 Federal National Mortgage Association	25,121	36,215	54,987	36,215	39,370	42,755	48,769	54,987
57 1- to 4-family	25,121	35,965	54,036	35,965	38,772	41,985	47,857	54,036
58 Multifamily	n.a.	250	951	250	598	770	912	951
59 Farmers Home Administration	42,207	45,039	47,693	45,039	45,710	46,741	47,238	47,693
60 1- to 4-family	20,404	21,813	22,186	21,813	21,928	21,962	22,090	22,186
61 Multifamily	5,090	5,841	6,675	5,841	6,041	6,377	6,415	6,675
62 Commercial	7,351	7,559	8,189	7,559	7,681	8,014	8,192	8,189
63 Farm	9,362	9,826	10,643	9,826	10,060	10,388	10,541	10,643
64 Individual and others[4]	247,358	264,231	283,409	264,231	269,069	274,667	278,672	283,409
65 1- to 4-family	141,758	152,302	165,405	152,302	154,398	159,964	162,992	165,405
66 Multifamily	38,786	41,909	45,296	41,909	43,619	43,538	44,276	45,296
67 Commercial	35,169	40,952	45,802	40,952	42,014	42,519	43,642	45,802
68 Farm	31,645	29,068	26,906	29,068	29,038	28,646	27,762	26,906

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Assumed to be entirely 1- to 4-family loans.
3. Outstanding principal balances of mortgage pools backing securities insured or guaranteed by the agency indicated.
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 other U.S. agencies.

NOTE. Based on data from various institutional and governmental sources, with some quarters estimated in part by the Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

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

Millions of dollars

Holder, and type of credit	1984	1985	1985 May	1985 June	1985 July	1985 Aug.	1985 Sept.	1985 Oct.	1985 Nov.	1985 Dec.r	1986 Jan.
	Amounts outstanding (end of period)										
1 **Total**	**460,500**	**550,392**	**488,666**	**495,813**	**503,834**	**512,393**	**524,698**	**531,896**	**537,215**	**550,392**	**550,699**
By major holder											
2 Commercial banks	212,391	252,024	226,973	229,676	232,913	236,390	241,030	243,573	245,987	252,024	252,340
3 Finance companies	96,747	120,842	104,130	105,971	107,985	110,378	116,422	118,846	119,632	120,842	122,878
4 Credit unions	67,858	78,870	72,381	73,468	74,614	75,689	76,447	77,474	78,035	78,870	78,542
5 Retailers[2]	40,913	42,846	37,472	37,548	37,399	37,481	37,421	37,784	38,905	42,846	40,972
6 Savings and loans	29,945	41,589	34,754	35,901	37,301	38,496	39,421	40,281	40,728	41,589	41,673
7 Gasoline companies	4,315	4,304	3,918	4,075	4,316	4,467	4,346	4,241	4,145	4,304	4,364
8 Mutual savings banks	8,331	9,917	9,038	9,174	9,306	9,492	9,611	9,697	9,783	9,917	9,930
By major type of credit											
9 Automobile	172,589	210,390	187,795	191,315	194,678	197,768	205,102	208,265	209,102	210,390	212,183
10 Commercial banks	85,501	99,292	92,403	94,099	95,763	96,576	98,042	98,604	98,826	99,292	99,283
11 Credit unions	32,456	37,721	34,620	35,139	35,687	36,201	36,563	37,054	37,322	37,721	37,564
12 Finance companies	54,632	73,377	60,772	62,077	63,228	64,991	70,497	72,607	72,954	73,377	75,336
13 Revolving	101,555	123,432	103,492	104,333	105,539	107,584	109,941	111,919	114,927	123,432	121,804
14 Commercial banks	60,549	80,934	66,311	66,956	68,093	69,949	72,514	74,255	76,310	80,934	81,083
15 Retailers	36,691	38,194	33,263	33,302	33,130	33,168	33,081	33,423	34,472	38,194	36,357
16 Gasoline companies	4,315	4,304	3,918	4,075	4,316	4,467	4,346	4,241	4,145	4,304	4,364
17 Mobile home	24,556	26,442	24,925	25,205	25,545	25,826	26,043	26,200	26,243	26,442	26,217
18 Commercial banks	9,610	9,588	9,445	9,480	9,493	9,550	9,600	9,598	9,598	9,588	9,434
19 Finance companies	9,243	9,200	9,016	9,061	9,146	9,163	9,170	9,177	9,141	9,200	9,118
20 Savings and loans	4,985	6,820	5,699	5,887	6,117	6,313	6,465	6,606	6,679	6,820	6,834
21 Credit unions	718	834	765	777	789	800	808	819	825	834	831
22 Other	161,800	190,128	172,454	174,960	178,072	181,215	183,612	185,512	186,943	190,128	190,495
23 Commercial banks	56,731	62,210	58,814	59,141	59,564	60,315	60,874	61,116	61,253	62,210	62,540
24 Finance companies	32,872	38,265	34,342	34,833	35,611	36,224	36,755	37,062	37,537	38,265	38,204
25 Credit unions	34,684	40,315	36,996	37,552	38,138	38,688	39,076	39,601	39,888	40,315	40,147
26 Retailers	4,222	4,652	4,209	4,246	4,269	4,313	4,340	4,361	4,433	4,652	4,615
27 Savings and loans	24,960	34,769	29,055	30,014	31,184	32,183	32,956	33,675	34,049	34,769	34,839
28 Mutual savings banks	8,331	9,917	9,038	9,174	9,306	9,492	9,611	9,697	9,783	9,917	9,930
	Net change (during period)										
29 **Total**	**76,799**	**89,892**	**9,042**	**5,227**	**6,247**	**5,726**	**11,531**	**8,417**	**4,792**	**5,618**	**6,876**
By major holder											
30 Commercial banks	40,413	39,633	4,108	1,690	1,824	1,764	3,748	2,863	3,144	2,244	3,141
31 Finance companies	9,318	24,095	2,373	1,218	1,629	2,371	6,407	3,140	550	897	2,325
32 Credit unions	14,387	11,012	673	797	1,149	479	374	1,471	466	845	482
33 Retailers[2]	3,443	1,933	341	−31	112	−99	−27	97	245	362	399
34 Savings and loans	6,837	11,644	1,327	1,417	1,338	969	924	620	335	921	562
35 Gasoline companies	184	−11	59	−51	21	103	−43	62	30	170	−45
36 Mutual savings banks	2,217	1,586	161	187	174	139	148	164	22	179	12
By major type of credit											
37 Automobile	29,475	37,801	3,792	2,686	2,365	2,206	7,204	3,794	1,116	1,295	3,092
38 Commercial banks	17,944	13,791	1,589	1,488	1,025	136	1,048	494	304	212	1,017
39 Credit unions	6,882	5,265	325	380	550	226	180	705	229	397	263
40 Finance companies	4,649	18,745	1,878	818	790	1,844	5,976	2,595	583	686	1,812
41 Revolving	19,578	21,877	2,429	−73	856	936	1,974	2,042	2,615	1,668	1,764
42 Commercial banks	16,365	20,385	2,095	42	733	968	2,071	1,908	2,386	1,220	1,425
43 Retailers	3,029	1,503	275	−64	102	−135	−54	72	199	278	384
44 Gasoline companies	184	−11	59	−51	21	103	−43	62	30	170	−45
45 Mobile home	694	1,886	186	196	324	199	168	181	1	341	−35
46 Commercial banks	−232	−22	−21	−31	−22	3	61	13	9	92	−82
47 Finance companies	−304	−43	−19	1	74	−13	−19	32	−12	59	−27
48 Savings and loans	1,079	1,835	219	217	261	204	121	122	0	180	69
49 Credit unions	151	116	7	9	11	5	5	14	4	10	5
50 Other	27,052	28,328	2,635	2,418	2,702	2,385	2,185	2,400	1,060	2,314	2,055
51 Commercial banks	6,336	5,479	445	191	88	657	568	448	445	720	781
52 Finance companies	4,973	5,393	514	399	765	540	450	513	−21	152	540
53 Credit unions	7,354	5,631	341	408	588	248	189	752	233	438	214
54 Retailers	414	430	66	33	10	36	27	25	46	84	15
55 Savings and loans	5,758	9,809	1,108	1,200	1,077	765	803	498	335	741	493
56 Mutual savings banks	2,217	1,586	161	187	174	139	148	164	22	179	12

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	1983	1984	1985	1985 July	1985 Aug.	1985 Sept.	1985 Oct.	1985 Nov.	1985 Dec.	1986 Jan.
	INTEREST RATES										
	Commercial banks[1]										
1	48-month new car[2]	13.92	13.71	n.a.	n.a.	12.72	n.a.	n.a.	12.39	n.a.	n.a.
2	24-month personal	16.50	16.47	n.a.	n.a.	15.84	n.a.	n.a.	15.61	n.a.	n.a.
3	120-month mobile home[2]	16.08	15.58	n.a.	n.a.	14.72	n.a.	n.a.	14.66	n.a.	n.a.
4	Credit card	18.78	18.77	n.a.	n.a.	18.62	n.a.	n.a.	18.57	n.a.	n.a.
	Auto finance companies										
5	New car	12.58	14.62	n.a.	12.46	10.87	8.84	9.97	11.71	12.52	9.99
6	Used car	18.74	17.85	n.a.	17.49	17.57	17.31	17.21	17.28	17.22	16.60
	OTHER TERMS[3]										
	Maturity (months)										
7	New car	45.9	48.3	n.a.	51.7	51.1	51.2	51.5	52.0	52.1	51.2
8	Used car	37.9	39.7	n.a.	41.5	41.6	41.4	41.4	41.5	41.4	42.8
	Loan-to-value ratio										
9	New car	86	88	n.a.	91	91	92	93	92	92	92
10	Used car	92	92	n.a.	95	95	95	95	95	95	95
	Amount financed (dollars)										
11	New car	8,787	9,333	n.a.	10,355	10,422	10,449	10,498	10,205	9,925	10,064
12	Used car	5,033	5,691	n.a.	6,146	6,139	6,097	6,091	6,167	6,255	6,165

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	1980r	1981r	1982r	1983r	1984r	1985	1983r H1	1983r H2	1984r H1	1984r H2	1985 H1r	1985 H2
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**341.8**	**372.7**	**395.3**	**542.9**	**765.9**	**883.8**	**506.0**	**579.7**	**713.4**	**818.4**	**735.8**	**1,032.0**
By sector and instrument												
2 U.S. government	79.2	87.4	161.3	186.6	198.8	223.6	221.9	151.2	172.2	225.4	184.0	263.2
3 Treasury securities	79.8	87.8	162.1	186.7	199.0	223.7	222.0	151.4	172.4	225.5	184.1	263.3
4 Agency issues and mortgages	-.6	-.5	-.9	-.1	-.2	-.1	-.1	-.1	-.2	-.1	-.1	-.1
5 Private domestic nonfinancial sectors	262.6	285.3	234.1	356.3	567.1	660.2	284.1	428.5	541.2	593.1	551.8	768.7
6 Debt capital instruments	188.1	154.5	152.6	253.7	325.3	474.3	227.3	280.1	287.7	362.8	367.4	581.2
7 Tax-exempt obligations	30.3	23.4	48.6	57.3	65.8	173.4	57.3	57.4	38.9	92.6	88.4	258.4
8 Corporate bonds	26.7	21.8	18.7	16.0	47.1	67.9	21.4	10.6	31.9	62.3	68.0	67.8
9 Mortgages	131.2	109.3	85.4	180.3	212.4	233.0	148.6	212.1	216.9	207.9	211.1	255.0
10 Home mortgages	94.2	72.2	50.5	116.9	130.7	152.8	98.7	135.2	135.6	125.7	133.8	171.7
11 Multifamily residential	7.6	4.8	5.4	11.9	20.7	25.7	6.1	17.6	23.6	17.7	22.5	28.9
12 Commercial	19.2	22.2	25.2	48.9	62.0	59.0	42.2	55.7	58.5	65.6	57.0	61.1
13 Farm	10.2	10.0	4.2	2.6	-1.0	-4.5	1.6	3.6	-.8	-1.2	-2.3	-6.7
14 Other debt instruments	74.5	130.8	81.4	102.6	241.9	185.9	56.8	148.4	253.5	230.2	184.3	187.5
15 Consumer credit	4.7	22.6	17.7	56.7	94.8	103.6	38.0	75.4	98.0	91.6	113.0	94.2
16 Bank loans n.e.c.	37.0	54.7	54.2	26.8	79.5	30.7	13.7	39.8	89.9	69.0	24.0	37.4
17 Open market paper	5.7	19.2	-4.7	-1.6	24.2	12.9	-10.0	6.9	33.5	15.0	13.3	12.4
18 Other	27.1	34.4	14.2	20.7	43.3	38.8	15.1	26.3	32.1	54.6	34.0	43.5
19 By borrowing sector	262.6	285.3	234.1	356.3	567.1	660.2	284.1	428.5	541.2	593.1	551.8	768.7
20 State and local governments	17.2	6.8	25.9	37.6	45.0	128.5	36.0	39.2	21.4	68.6	71.5	185.6
21 Households	118.9	119.7	87.9	187.4	239.2	297.7	152.3	222.6	236.0	242.3	261.8	333.5
22 Farm	15.2	16.6	6.8	4.1	-.1	-6.8	.8	7.4	-.7	.5	-7.6	-6.1
23 Nonfarm noncorporate	31.2	38.6	41.3	70.8	90.8	84.0	56.1	85.5	96.9	84.7	80.8	87.1
24 Corporate	80.1	103.6	72.1	56.4	192.3	156.9	39.0	73.8	187.7	196.9	145.2	168.6
25 Foreign net borrowing in United States	27.2	27.2	15.7	18.9	2.8	-.4	15.4	22.4	23.0	-17.4	-2.4	1.5
26 Bonds	.8	5.4	6.7	3.8	4.1	4.9	4.6	2.9	1.1	7.0	5.2	4.7
27 Bank loans n.e.c.	11.5	3.7	-6.2	4.9	-7.8	-6.9	11.4	-1.6	-4.5	-11.1	-5.6	-8.1
28 Open market paper	10.1	13.9	10.7	6.0	2.5	-1.0	-4.6	16.5	20.9	-16.0	-4.6	2.5
29 U.S. government loans	4.7	4.2	4.5	4.3	4.0	2.5	3.9	4.6	5.5	2.6	2.6	2.4
30 **Total domestic plus foreign**	**369.0**	**399.9**	**411.0**	**561.7**	**768.7**	**883.4**	**521.3**	**602.1**	**736.4**	**801.0**	**733.4**	**1,033.5**
	Financial sectors											
31 **Total net borrowing by financial sectors**	**57.6**	**89.0**	**80.2**	**89.2**	**138.2**	**187.5**	**69.1**	**109.3**	**126.5**	**149.9**	**167.0**	**208.1**
By instrument												
32 U.S. government related	44.8	47.4	64.9	67.8	74.9	99.4	66.2	69.4	69.6	80.1	92.7	106.1
33 Sponsored credit agency securities	24.4	30.5	14.9	1.4	30.4	20.6	-4.1	6.9	29.9	30.9	26.0	15.1
34 Mortgage pool securities	19.2	15.0	49.5	66.4	44.4	78.8	70.3	62.5	39.7	49.2	66.7	91.0
35 Loans from U.S. government	1.2	1.9	.4	.....	.....	.....	.....	.....	.....	.....	.....	.....
36 Private financial sectors	12.8	41.6	15.3	21.4	63.3	88.1	2.9	40.0	56.9	69.7	74.3	101.9
37 Corporate bonds	1.8	3.5	13.7	12.6	25.9	28.6	10.3	14.9	20.7	31.1	33.2	24.0
38 Mortgages	*	*	.1	*	.4	-.2	*	*	.4	.4	-.1	-.2
39 Bank loans n.e.c.	-.9	.9	1.9	-.2	1.0	4.2	-3.3	3.0	-.5	2.4	1.1	7.2
40 Open market paper	4.8	20.9	-1.1	16.0	20.4	41.3	7.9	24.1	20.4	20.4	28.4	54.3
41 Loans from Federal Home Loan Banks	7.1	16.2	.8	-7.0	15.7	14.2	-12.1	-2.0	15.9	15.5	11.7	16.7
By sector												
42 Sponsored credit agencies	25.6	32.4	15.3	1.4	30.4	20.6	-4.1	6.9	29.9	30.9	26.0	15.1
43 Mortgage pools	19.2	15.0	49.5	66.4	44.4	78.8	70.3	62.5	39.7	49.2	66.7	91.0
44 Private financial sectors	12.8	41.6	15.3	21.4	63.3	88.1	2.9	40.0	56.9	69.7	74.3	101.9
45 Commercial banks	.5	.4	1.2	.5	4.4	3.8	.8	.2	4.8	3.9	5.2	2.4
46 Bank affiliates	6.9	8.3	5.9	12.6	16.9	9.2	10.1	15.1	26.0	7.8	9.2	9.2
47 Savings and loan associations	7.4	15.5	2.5	-2.1	22.7	21.7	-9.3	5.2	19.7	25.6	11.1	32.3
48 Finance companies	-1.1	18.2	6.3	11.3	19.3	54.4	2.1	20.5	6.3	32.4	49.8	59.1
49 REITs	-.5	-.2	*	-.2	.8	-.1	-.1	-.3	.8	.8	*	-.2
	All sectors											
50 **Total net borrowing**	**426.6**	**488.9**	**491.2**	**651.0**	**906.9**	**1070.9**	**590.4**	**711.5**	**863.0**	**950.9**	**900.3**	**1,241.6**
51 U.S. government securities	122.9	133.0	225.9	254.4	273.8	323.1	288.2	220.7	241.9	305.6	276.8	369.4
52 State and local obligations	30.3	23.4	48.6	57.3	65.8	173.4	57.3	57.4	38.9	92.6	88.4	258.4
53 Corporate and foreign bonds	29.3	30.7	39.0	32.4	77.1	101.4	36.3	28.4	53.8	100.5	106.3	96.5
54 Mortgages	131.1	109.2	85.4	180.3	212.7	232.8	148.6	212.0	217.2	208.2	210.8	254.7
55 Consumer credit	4.7	22.6	17.7	56.7	94.8	103.6	38.0	75.4	98.0	91.6	113.0	94.2
56 Bank loans n.e.c.	47.7	59.2	49.9	31.5	72.7	28.0	21.8	41.2	84.9	60.4	19.5	36.4
57 Open market paper	20.6	54.0	4.9	20.4	47.1	53.2	-6.7	47.5	74.8	19.3	37.2	69.3
58 Other loans	40.1	56.7	19.9	17.9	63.0	55.5	6.9	29.0	53.4	72.7	48.4	62.6
	External corporate equity funds raised in United States											
59 **Total new share issues**	**21.2**	**-3.3**	**33.6**	**66.3**	**-33.6**	**28.2**	**81.9**	**50.7**	**-41.2**	**-25.9**	**25.1**	**31.2**
60 Mutual funds	4.5	6.0	16.8	31.5	37.1	99.6	35.3	27.7	39.0	35.3	92.0	107.1
61 All other	16.8	-9.3	16.8	34.8	-70.7	-71.4	46.6	23.0	-80.2	-61.2	-66.9	-75.9
62 Nonfinancial corporations	12.9	-11.5	11.4	28.3	-77.0	-81.6	38.2	18.4	-84.5	-69.4	-75.7	-87.5
63 Financial corporations	1.8	1.9	4.0	2.5	5.2	4.6	2.6	2.4	5.0	5.3	4.6	4.7
64 Foreign shares purchased in United States	2.1	.3	1.5	4.0	1.1	5.6	5.7	2.2	-.7	2.9	4.2	6.9

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

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

Transaction category, or sector	1980r	1981r	1982r	1983r	1984r	1985	1983r		1984r		1985	
							H1	H2	H1	H2	H1r	H2
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**341.8**	**372.7**	**395.3**	**542.9**	**765.9**	**883.8**	**506.0**	**579.7**	**713.4**	**818.4**	**735.8**	**1,032.0**
By public agencies and foreign												
2 Total net advances	97.1	97.7	114.1	117.4	144.6	220.9	120.5	114.4	124.2	165.1	195.9	245.8
3 U.S. government securities	15.8	17.1	22.7	27.6	36.0	46.8	41.0	14.1	30.5	41.4	47.0	46.5
4 Residential mortgages	31.7	23.5	61.0	76.1	56.5	92.6	80.2	72.1	52.8	60.1	86.0	99.3
5 FHLB advances to savings and loans	7.1	16.2	.8	−7.0	15.7	14.2	−12.1	−2.0	15.9	15.5	11.7	16.7
6 Other loans and securities	42.5	40.9	29.5	20.8	36.6	67.3	11.4	30.2	25.0	48.1	51.2	83.3
Total advanced, by sector												
7 U.S. government	23.7	24.0	15.9	9.7	17.1	22.5	9.1	10.3	7.8	26.4	19.7	25.3
8 Sponsored credit agencies	45.6	48.2	65.5	69.8	73.3	103.9	68.6	71.0	73.6	73.0	97.7	110.1
9 Monetary authorities	4.5	9.2	9.8	10.9	8.4	21.6	15.7	6.1	12.1	4.7	26.6	16.6
10 Foreign	23.3	16.2	22.8	27.1	45.9	72.8	27.2	27.0	30.7	61.0	51.9	93.8
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	44.8	47.4	64.9	67.8	74.9	99.4	66.2	69.4	69.6	80.1	92.7	106.1
12 Foreign	27.2	27.2	15.7	18.9	2.8	−.4	15.4	22.4	23.0	−17.4	−2.4	1.5
Private domestic funds advanced												
13 Total net advances	316.7	349.6	361.8	512.1	699.0	762.0	467.1	557.1	681.8	716.1	630.2	893.8
14 U.S. government securities	107.1	115.9	203.1	226.9	237.8	276.4	247.2	206.6	211.4	264.2	229.8	322.9
15 State and local obligations	30.3	23.4	48.6	57.3	65.8	173.4	57.3	57.4	38.9	92.6	88.4	258.4
16 Corporate and foreign bonds	19.3	18.8	14.8	14.9	34.8	31.4	21.4	8.5	25.3	44.3	41.9	21.0
17 Residential mortgages	70.0	53.5	−5.3	52.6	94.8	85.8	24.6	80.6	106.3	83.3	70.3	101.3
18 Other mortgages and loans	97.1	154.2	101.4	153.0	281.5	209.2	104.6	202.0	315.8	247.1	211.5	206.9
19 LESS: Federal Home Loan Bank advances	7.1	16.2	.8	−7.0	15.7	14.2	−12.1	−2.0	15.9	15.5	11.7	16.7
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	283.8	321.7	288.4	384.6	555.6	531.5	332.0	437.2	552.5	558.7	456.8	606.4
21 Commercial banking	100.6	102.3	107.2	136.1	181.7	170.8	121.0	151.3	195.2	168.1	147.2	194.4
22 Savings institutions	54.5	27.8	30.1	139.8	146.3	104.5	131.3	148.3	167.9	124.7	61.7	147.4
23 *Insurance and pension funds*	94.5	97.6	107.4	94.2	119.0	118.1	83.0	105.3	112.0	126.0	101.6	134.5
24 Other finance	34.2	94.0	43.7	14.5	108.6	138.1	−3.3	32.3	77.4	139.9	146.3	130.0
25 Sources of funds	283.8	321.7	288.4	384.6	555.2	531.5	332.0	437.2	552.5	558.7	456.8	606.4
26 Private domestic deposits and RPs	169.6	211.9	196.2	209.3	298.8	201.5	203.8	214.8	292.2	305.5	185.2	217.5
27 Credit market borrowing	12.8	41.6	15.3	21.4	63.3	88.1	2.9	40.0	56.9	69.7	74.3	101.9
28 Other sources	101.3	68.2	77.0	153.9	193.5	241.9	125.3	182.4	203.4	183.5	197.3	287.0
29 Foreign funds	−21.7	−8.7	−26.7	22.1	19.0	17.3	−14.2	58.5	27.2	10.9	10.7	24.0
30 Treasury balances	−2.6	−1.1	6.1	−5.3	4.0	9.8	9.9	−20.6	1.2	6.8	20.3	−.7
31 Insurance and pension reserves	83.7	90.7	103.2	95.1	110.3	110.2	83.5	106.8	119.5	101.2	100.6	119.7
32 Other, net	41.8	−12.7	−5.6	41.9	60.1	104.5	46.1	37.7	55.5	64.6	65.6	144.0
Private domestic nonfinancial investors												
33 Direct lending in credit markets	45.8	69.5	88.7	148.9	206.7	318.6	137.9	159.9	186.3	227.1	247.7	389.4
34 U.S. government securities	24.6	29.3	32.1	88.3	125.8	155.3	96.9	79.7	126.3	125.3	121.6	188.9
35 State and local obligations	7.0	11.1	29.2	43.5	43.2	99.4	47.2	39.9	25.3	61.2	47.2	151.6
36 Corporate and foreign bonds	−11.0	−3.9	8.1	−5.5	15.3	6.9	−10.8	−.3	7.5	23.0	39.7	−25.8
37 Open market paper	−3.1	2.7	−.6	6.5	−1.4	30.9	−6.6	19.7	3.2	−6.1	8.3	53.5
38 Other	28.4	30.3	19.9	16.1	23.8	26.0	11.3	20.8	24.0	23.7	30.9	21.1
39 Deposits and currency	181.1	221.9	203.3	228.4	303.4	211.8	225.6	231.3	303.6	303.2	199.5	223.7
40 Currency	10.3	9.5	9.7	14.3	8.6	12.4	14.8	13.8	15.9	1.3	18.4	6.5
41 Checkable deposits	5.4	18.1	17.6	26.7	24.1	45.2	53.0	−.4	30.4	17.7	17.9	72.2
42 Small time and savings accounts	82.9	47.0	138.1	218.3	149.8	134.3	278.9	157.7	130.7	169.0	161.4	107.2
43 Money market fund shares	29.2	107.5	24.7	−44.1	47.2	−2.2	−84.0	−4.2	30.2	64.2	4.2	−8.6
44 Large time deposits	45.6	36.8	11.9	−5.9	83.6	14.1	−55.1	43.4	97.6	69.6	*	28.1
45 Security RPs	6.5	2.5	3.8	14.3	−5.8	10.1	11.0	17.5	3.3	−15.0	1.7	18.5
46 Deposits in foreign countries	1.1	.5	−2.5	4.8	−4.0	−2.2	7.0	2.7	−4.5	−3.6	−4.1	−.3
47 **Total of credit market instruments, deposits and currency**	**226.9**	**291.4**	**292.0**	**377.3**	**510.1**	**530.3**	**363.5**	**391.2**	**489.9**	**530.3**	**447.2**	**613.0**
48 Public holdings as percent of total	26.3	24.4	27.8	20.9	18.8	25.0	23.1	19.0	16.9	20.6	26.7	23.8
49 Private financial intermediation (in percent)	89.6	92.0	79.7	75.1	79.5	69.8	71.1	78.5	81.0	78.0	72.5	67.8
50 Total foreign funds	1.6	7.6	−3.9	49.2	64.9	90.2	13.0	85.5	57.9	71.9	62.6	117.7
MEMO: Corporate equities not included above												
51 Total net issues	**21.2**	**−3.3**	**33.6**	**66.3**	**−33.6**	**28.2**	**81.9**	**50.7**	**−41.2**	**−25.9**	**25.1**	**31.2**
52 Mutual fund shares	4.5	6.0	16.8	31.5	37.1	99.6	35.3	27.7	39.0	35.3	92.0	107.1
53 Other equities	16.8	−9.3	16.8	34.8	−70.7	−71.4	46.6	23.0	−80.2	−61.2	−66.9	−75.9
54 Acquisitions by financial institutions	24.9	20.9	36.9	56.7	10.3	47.4	76.4	36.9	2.1	18.5	60.7	34.1
55 Other net purchases	−3.6	−24.3	−3.3	9.6	−43.9	−19.2	5.5	13.7	−43.4	−44.5	−35.6	−2.9

NOTES BY LINE NUMBER.
1. Line 1 of table 1.57.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
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 13 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	1983	1984	1985	1985							1986	
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.^{r}	Feb.
1 **Industrial production**	**109.2**	**121.8**	**124.5**	**124.3**	**124.1**	**125.2**	**125.1**	**124.4**	**125.4**	**126.3**	**126.5**	**125.7**
Market groupings												
2 Products, total	113.9	127.1	131.7	131.6	131.6	133.0	133.1	131.8	133.5	134.1^{r}	134.6	133.9
3 Final, total	114.7	127.8	132.0	131.6	131.8	133.3	133.3	131.9	133.7	134.2^{r}	134.6	133.6
4 Consumer goods	109.3	118.2	120.7	120.4	120.1	121.5	121.8	120.8	122.7^{r}	124.0^{r}	124.3	124.4
5 Equipment	121.7	140.5	147.1	146.6	147.3	149.0	148.6	146.6	148.3	147.8^{r}	148.1	145.9
6 Intermediate	111.2	124.9	130.6	131.4	130.7	132.0	132.3	131.5	132.7	133.7^{r}	134.8	134.8
7 Materials	102.8	114.6	114.7	114.3	113.8	114.5	114.2	114.2	114.3	115.7^{r}	115.4	114.5
Industry groupings												
8 Manufacturing	110.2	123.9	127.1	126.7	126.9	128.2	127.7	127.2	128.4^{r}	129.2^{r}	129.7	128.8
Capacity utilization (percent)[2]												
9 Manufacturing	74.0	80.8	80.3	80.1	80.1	80.7	80.1	79.6	80.2^{r}	80.4^{r}	80.5	79.9
10 Industrial materials industries	75.3	82.3	80.2	80.1	79.5	79.9	79.5	79.3	79.2	80.0^{r}	79.6	79.0
11 Construction contracts (1977 = 100)[3]	138.0	150.0	161.0	154.0	164.0	164.0	167.0	168.0	162.0	162.0	146.0	162.0
12 Nonagricultural employment, total[4]	137.1	143.6	148.5	148.1	148.5	148.9	149.3	149.8	150.1	150.6	151.2	151.6
13 Goods-producing, total	100.1	106.1	107.5	107.3	107.2	107.3	107.1	107.5	107.6	107.9	108.6	108.3
14 Manufacturing, total	94.8	99.8	99.9	99.7	99.5	99.6	99.1	99.4	99.7	99.9	100.1	99.9
15 Manufacturing, production-worker	87.6	93.0	92.4	92.0	91.8	91.9	91.5	91.8	92.0	92.5	92.5	92.3
16 Service-producing	157.3	164.1	170.9	170.5	171.1	171.7	172.4	173.0	173.5	174.0	174.6	175.3
17 Personal income, total	440.1	482.8	511.0	509.0	510.5	511.3	513.6	516.7	519.3	525.3	525.5	528.5
18 Wages and salary disbursements	390.7	427.8	457.1	456.6	456.9	459.2	461.9	464.3	467.1	471.3	473.0	475.4
19 Manufacturing	295.9	326.8	340.7	339.4	339.2	340.7	341.3	344.9	344.8	348.3	347.9	346.3
20 Disposable personal income[5]	175.8	193.6	203.1	202.1	202.7	202.8	203.5	204.9^{r}	205.9^{r}	208.2^{r}	209.0	210.4
21 Retail sales (1977 = 100)[6]	162.0	179.0^{r}	190.6	188.8	189.9	194.2	198.4	190.6	191.6	194.0^{r}	194.8	195.0
Prices[7]												
22 Consumer	298.4	311.1	322.2	322.3	322.8	323.5	324.5	325.5	326.6	327.4	328.4	327.5
23 Producer finished goods	285.2	291.1	293.7	294.0	294.8	293.5	290.0^{r}	294.7^{r}	296.7	297.2	296.2	292.3

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	1983	1984	1985	1985						1986	
				July	Aug.	Sept.	Oct.	Nov.	Dec.r	Jan.r	Feb.
HOUSEHOLD SURVEY DATA											
1 **Noninstitutional population**[1]	**176,414**	**178,602**	**180,440**	**180,492**	**180,657**	**180,831**	**181,011**	**181,186**	**181,349**	**181,898**	**182,055**
2 Labor force (including Armed Forces)[1]	113,749	115,763	117,695	117,501	117,595	118,049	118,355	118,376	118,466	119,014	119,322
3 Civilian labor force	111,550	113,544	115,461	115,272	115,343	115,790	116,114	116,130	116,229	116,786	117,088
Employment											
4 Nonagricultural industries[2]	97,450	101,685	103,971	103,751	104,115	104,502	104,755	104,899	105,055	105,655	105,465
5 Agriculture	3,383	3,321	3,179	3,120	3,095	3,017	3,058	3,070	3,151	3,299	3,096
Unemployment											
6 Number	10,717	8,539	8,312	8,401	8,133	8,271	8,301	8,161	8,023	7,831	8,527
7 Rate (percent of civilian labor force)	9.6	7.5	7.2	7.3	7.1	7.1	7.1	7.0	6.9	6.7	7.3
8 Not in labor force	62,665	62,839	62,745	62,991	63,062	62,782	62,656	62,810	62,883	62,884	62,733
ESTABLISHMENT SURVEY DATA											
9 **Nonagricultural payroll employment**[3]	**90,196**	**94,461**	**97,698r**	**97,707**	**97,977**	**98,217**	**98,559**	**98,801**	**99,086**	**99,507**	**99,733**
10 Manufacturing	18,434	19,412	19,426r	19,351	19,362	19,279	19,338	19,381	19,433	19,460	19,431
11 Mining	952	974	969	969	965	962	960	954	952	948	934
12 Contract construction	3,948	4,345	4,661	4,660	4,688	4,721	4,753	4,754	4,770	4,909	4,884
13 Transportation and public utilities	4,954	5,171	5,300r	5,302	5,282	5,317	5,327	5,342	5,350	5,360	5,350
14 Trade	20,881	22,134	23,195r	23,226	23,305	23,344	23,440	23,473	23,550	23,714	23,857
15 Finance	5,468	5,682	5,924	5,932	5,959	5,987	6,011	6,048	6,068	6,100	6,128
16 Service[4]	19,694	20,761	21,929r	21,926	22,073	22,155	22,244	22,365	22,450	22,535	22,654
17 Government	15,869	15,984	16,295r	16,341	16,343	16,452	16,486	16,484	16,513	16,481	16,495

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).

4. In addition to the revisions noted here, data for January through June 1985 have been revised as follows: Jan., 21,382; Feb., 21,480; Mar., 21,644; Apr., 21,723; May, 21,813; and June, 21,856. These data were reported incorrectly in the BULLETIN for November 1985 through March 1986.

2.12 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1985				1985				1985			
	Q1	Q2	Q3	Q4[r]	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4[r]
	Output (1977 = 100)				Capacity (percent of 1977 output)				Utilization rate (percent)			
1 **Total industry**	**123.8**	**124.2**	**124.8**	**125.4**	**152.8**	**154.0**	**155.1**	**156.2**	**81.0**	**80.7**	**80.5**	**80.3**
2 Mining	110.1	110.0	108.5	107.6	133.4	133.6	133.9	134.1	82.6	82.3	81.0	80.2
3 Utilities	114.2	113.6	111.4	113.1	133.7	134.5	135.4	136.3	85.5	84.4	82.3	83.0
4 **Manufacturing**	**126.0**	**126.6**	**127.6**	**128.3**	**156.5**	**157.7**	**158.9**	**160.2**	**80.5**	**80.3**	**80.3**	**80.1**
5 Primary processing	107.5	108.1	109.5	110.3	131.6	132.0	132.4	132.8	81.6	81.9	82.7	83.1
6 Advanced processing	137.1	137.9	138.6	139.1	171.4	173.2	174.9	176.7	80.0	79.6	79.2	78.7
7 **Materials**	**115.4**	**114.5**	**114.2**	**114.7**	**141.6**	**142.5**	**143.4**	**144.3**	**81.5**	**80.4**	**79.6**	**79.5**
8 Durable goods	123.6	121.4	120.7	121.3	155.9	157.4	158.9	160.5	79.3	77.1	76.0	75.6
9 Metal materials	80.6	80.2	79.4	82.3	117.3	117.3	117.3	117.3	68.7	68.4	67.7	70.2
10 Nondurable goods	110.9	111.2	113.7	113.7	137.3	137.8	138.2	138.7	80.7	80.7	82.2	82.0
11 Textile, paper, and chemical	111.6	111.0	114.1	113.9	136.7	137.0	137.4	137.8	81.7	81.0	83.0	82.6
12 Paper	126.3	121.8	123.8	124.3	136.1	136.2	136.3	136.5	92.8	89.4[r]	90.8	91.1
13 Chemical	113.2	112.6	114.6	114.1	141.5	142.0	142.6	143.1	80.0	79.3	80.4	79.7
14 Energy materials	105.0	105.2	103.2	104.2	120.0	120.3	120.6	120.9	87.5	87.5	85.5	86.1

Series	Previous cycle[1]		Latest cycle[2]		1985	1985						1986	
	High	Low	High	Low	Feb.	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.[r]	Jan.[r]	Feb.
	Capacity utilization rate (percent)													
15 **Total industry**	**88.6**	**72.1**	**86.9**	**69.5**	**80.9**	**80.5**	**80.2**	**80.7**	**80.5**	**79.8**	**80.3**	**80.7**	**80.6**	**80.0**
16 Mining	92.8	87.8	95.2	76.9	82.1	82.7	81.2	80.9	81.0	80.9	79.7	80.1	80.1	77.7
17 Utilities	95.6	82.9	88.5	78.0	86.7	84.1	81.9	81.5	83.4	82.7	82.3	83.9	82.4	83.5
18 **Manufacturing**	**87.7**	**69.9**	**86.5**	**68.0**	**80.4**	**80.1**	**80.1**	**80.7**	**80.1**	**79.6**	**80.2**	**80.4**	**80.5**	**79.9**
19 Primary processing	91.9	68.3	89.1	65.1	81.5	82.0	82.3	82.9	82.8	83.1	83.0	83.2	84.0	83.2
20 Advanced processing	86.0	71.1	85.1	69.5	79.8	79.3	79.1	79.6	79.0	78.0	79.0	79.2	79.0	78.5
21 **Materials**	**92.0**	**70.5**	**89.1**	**68.4**	**81.5**	**80.1**	**79.5**	**79.9**	**79.5**	**79.3**	**79.2**	**80.0**	**79.6**	**79.0**
22 Durable goods	91.8	64.4	89.8	60.9	79.1	76.5	75.8	76.6	75.4	75.2	75.8	75.7	75.8	74.8
23 Metal materials	99.2	67.1	93.6	45.7	68.2	69.0	66.4	69.4	67.3	69.4	70.8	70.4	70.1	68.6
24 Nondurable goods	91.1	66.7	88.1	70.6	81.1	81.0	81.7	82.1	82.9	81.9	81.5	82.6	82.3	81.9
25 Textile, paper, and chemical	92.8	64.8	89.4	68.6	82.0	81.4	82.7	82.8	83.7	82.4	82.1	83.3	83.0	82.6
26 Paper	98.4	70.6	97.3	79.9	92.6	90.5	91.7	90.1	90.7	88.8	90.1	94.4	94.2	n.a.
27 Chemical	92.5	64.4	87.9	63.3	80.2	79.2	80.1	79.8	81.2	80.5	78.8	79.9	79.6	n.a.
28 Energy materials	94.6	86.9	94.0	82.2	87.4	87.3	85.8	85.1	85.6	86.2	84.7	87.4	85.9	85.8

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

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

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value ▲

Monthly data are seasonally adjusted

Grouping	1977 proportion	1985 avg.	1985											1986	
			Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.[p]	Feb.[e]
			Index (1977 = 100)												
MAJOR MARKET															
1 Total index	100.00	124.5	123.7	124.0	124.1	124.1	124.3	124.1	125.2	125.1	124.4	125.4	126.3	126.5	125.7
2 Products	57.72	131.7	129.8	130.3	130.8	131.4	131.6	131.6	133.0	133.1	131.8	133.5	134.1	134.6	133.9
3 Final products	44.77	132.0	130.4	130.8	131.3	131.7	131.6	131.8	133.3	133.3	131.9	133.7	134.2	134.6	133.6
4 Consumer goods	25.52	120.7	119.1	119.8	119.5	120.0	120.4	120.1	121.5	121.8	120.8	122.7[r]	124.0	124.3	124.4
5 Equipment	19.25	147.1	145.3	145.4	146.9	147.1	146.6	147.3	149.0	148.6	146.6	148.3	147.8	148.1	145.9
6 Intermediate products	12.94	130.6	127.7	128.6	129.3	130.3	131.4	130.7	132.0	132.3	131.5	132.7	133.7	134.8	134.8
7 Materials	42.28	114.7	115.4	115.5	115.0	114.2	114.3	113.8	114.5	114.2	114.2	114.3	115.7	115.4	114.5
Consumer goods															
8 Durable consumer goods	6.89	112.9	112.8	113.5	111.5	111.8	112.0	111.3	114.0	112.9	111.4	115.5	116.9	116.7	117.6
9 Automotive products	2.98	115.1	115.4	115.1	113.1	113.6	113.4	115.0	120.0	117.8	112.9	116.8	116.6	118.1	120.6
10 Autos and trucks	1.79	112.0	111.7	110.5	109.0	109.6	109.4	113.7	120.2	116.6	108.7	113.7	112.0	116.2	119.9
11 Autos, consumer	1.16	98.9	100.7	101.3	100.5	98.1	97.0	101.1	101.3	98.8	92.3	94.9	99.9	103.6	108.0
12 Trucks, consumer	.63	136.3	132.0	127.5	124.7	130.9	132.3	137.2	155.4	149.7	139.1	148.6	134.5	139.5	.....
13 Auto parts and allied goods	1.19	119.7	121.1	122.0	119.4	119.6	119.4	116.8	119.6	119.5	119.3	121.4	123.5	120.9	121.5
14 Home goods	3.91	111.3	110.9	112.2	110.2	110.4	110.9	108.4	109.5	109.3	110.2	114.5[r]	117.1	115.8	115.3
15 Appliances, A/C and TV	1.24	129.5	127.1	131.8	126.9	129.3	131.5	121.6	124.5	123.7	126.3	139.4	145.4	138.7	138.2
16 Appliances and TV	1.19	130.3	127.2	131.8	127.1	128.7	131.7	123.2	125.5	125.6	128.6	141.9	148.4	141.3	.....
17 Carpeting and furniture	.96	119.4	117.9	117.7	118.1	116.9	119.6	122.2	119.5	120.2	120.1	122.9	119.7	121.1	.....
18 Miscellaneous home goods	1.71	93.6	95.1	95.0	93.7	93.1	91.2	91.2	93.0	92.7	92.9	91.9[r]	95.2	96.2	.....
19 Nondurable consumer goods	18.63	123.6	121.4	122.1	122.5	123.1	123.5	123.4	124.2	125.1	124.3	125.4[r]	126.7	127.2	126.9
20 Consumer staples	15.29	129.4	126.9	127.9	128.5	129.0	129.6	129.3	130.3	131.0	130.1	131.0	132.5	132.8	132.8
21 Consumer foods and tobacco	7.80	129.7	127.8	128.0	129.4	128.9	130.5	130.1	130.8	131.5	129.5	130.7[r]	132.3	131.8	.....
22 Nonfood staples	7.49	129.1	126.0	127.7	127.6	129.1	128.7	128.5	129.7	130.5	130.6	131.2[r]	132.6	133.8	133.4
23 Consumer chemical products	2.75	147.5	143.2	145.1	145.1	147.3	145.4	145.4	149.1	151.4	149.4	152.4[r]	152.9	155.2	.....
24 Consumer paper products	1.88	143.7	138.1	141.7	142.0	143.7	144.6	144.9	143.9	144.7	145.5	145.7	147.4	145.9	.....
25 Consumer energy	2.86	101.9	101.5	101.9	101.5	102.1	102.2	101.5	101.8	101.0	102.9	101.4[r]	103.5	105.3	.....
26 Consumer fuel	1.44	88.5	84.9	87.0	90.0	90.2	88.8	89.2	91.1	85.8	90.2	90.1	92.3	97.1	.....
27 Residential utilities	1.42	.....	118.4	117.1	113.2	114.4	115.9	114.0	112.7	116.5	115.8	112.9[r]	114.9	.....	.....
Equipment															
28 Business and defense equipment	18.01	147.8	145.6	146.1	147.7	147.9	147.4	147.9	149.7	149.4	147.5	149.7	149.2	149.9	148.7
29 Business equipment	14.34	141.3	140.0	140.2	142.0	141.9	140.7	141.3	143.0	142.2	139.6	141.7	141.2	142.4	141.3
30 Construction, mining, and farm	2.08	67.7	68.3	67.1	68.4	67.4	67.7	68.6	67.2	67.0	65.9	68.2	68.3	67.0	.....
31 Manufacturing	3.27	112.8	112.3	112.0	112.4	113.1	111.9	113.5	115.1	114.8	111.7	112.8	112.5	113.6	112.9
32 Power	1.27	83.6	81.8	79.6	81.8	82.8	84.1	85.6	84.5	85.1	85.5	84.7	87.1	86.0	85.1
33 Commercial	5.22	219.3	217.0	218.9	221.8	222.8	219.6	219.5	222.8	219.4	213.9	217.7	217.9	217.7	216.0
34 Transit	2.49	106.1	104.9	104.5	106.0	102.9	103.4	103.3	106.0	108.3	109.7	111.2	106.7	114.2	112.8
35 Defense and space equipment	3.67	173.6	167.3	169.0	170.1	171.2	173.4	173.9	175.5	177.5	178.7	180.7	180.7	179.5	177.6
Intermediate products															
36 Construction supplies	5.95	119.0	115.7	116.9	117.4	118.1	119.2	119.4	121.5	121.3	120.0	120.9[r]	120.7	123.3	122.5
37 Business supplies	6.99	140.5	137.9	138.6	139.4	140.7	141.7	140.3	140.9	141.7	141.2	142.7[r]	144.9	144.7	.....
38 General business supplies	5.67	144.4	141.1	141.9	143.4	144.4	146.1	144.4	145.1	145.4	144.8	146.7[r]	149.5	149.4	.....
39 Commercial energy products	1.31	123.7	124.1	124.5	122.4	124.6	122.7	122.7	122.5	125.7	125.7	125.3	124.8	124.2	.....
Materials															
40 Durable goods materials	20.50	121.8	123.3	123.3	122.8	120.7	120.8	120.2	121.8	120.2	120.4	121.7[r]	121.9	122.3	120.8
41 Durable consumer parts	4.92	100.7	102.2	102.1	101.8	100.1	98.7	98.3	100.0	99.0	100.2	101.6[r]	101.5	104.0	102.8
42 Equipment parts	5.94	159.0	164.2	163.3	161.1	157.8	157.3	157.0	158.7	156.5	154.0	155.0	155.1	154.0	153.2
43 Durable materials n.e.c.	9.64	109.7	109.0	109.6	110.0	108.2	109.6	108.6	110.2	108.7	109.9	111.4[r]	111.8	112.2	110.1
44 Basic metal materials	4.64	84.8	84.1	85.1	86.6	82.0	85.0	82.5	85.1	82.8	85.8	87.6[r]	88.2	85.6	.....
45 Nondurable goods materials	10.09	112.2	111.4	110.3	110.4	111.3	111.8	112.8	113.5	114.7	113.4	113.0[r]	114.6	114.4	113.8
46 Textile, paper, and chemical materials	7.53	112.4	112.1	111.3	110.5	110.9	111.7	113.5	113.8	115.1	113.5	113.2[r]	115.0	114.6	114.1
47 Textile materials	1.52	97.7	93.5	93.0	94.1	95.0	97.3	100.2	104.4	104.1	101.2	104.4[r]	102.2	101.3	.....
48 Pulp and paper materials	1.55	123.7	126.0	125.4	121.3	120.9	123.3	125.0	122.8	123.7	121.1	123.0[r]	128.9	128.7	.....
49 Chemical materials	4.46	113.6	113.5	112.7	112.3	112.9	112.6	114.0	113.8	115.9	115.0	112.8[r]	114.5	114.2	.....
50 Miscellaneous nondurable materials	2.57	111.3	109.4	107.2	110.1	112.5	112.0	110.8	112.7	113.5	113.3	112.5[r]	113.6	114.0	.....
51 Energy materials	11.69	104.3	104.9	106.2	105.3	105.3	105.1	103.5	102.7	103.4	104.2	102.5[r]	105.8	104.0	104.0
52 Primary energy	7.57	107.8	107.6	110.2	107.9	107.8	109.0	107.4	106.4	106.8	108.2	106.7[r]	109.3	107.4	.....
53 Converted fuel materials	4.12	97.9	100.0	99.0	100.6	100.6	98.1	96.2	95.9	97.0	96.8	94.7[r]	99.5	97.7	.....

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value—Continued

Grouping	SIC code	1977 proportion	1985 avg.	1985 Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.[r]	Dec.	1986 Jan.[p]	Feb.[e]
				Index (1977 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	......	15.79	110.6	111.9	111.8	111.1	111.3	111.6	109.4	109.1	110.3	109.9	108.9	110.2	109.5	108.1
2 Mining	......	9.83	109.0	109.5	110.5	109.6	109.8	110.6	108.7	108.3	108.4	108.4	106.9	107.5	107.5	104.3
3 Utilities	......	5.96	113.2	115.8	113.9	113.6	113.7	113.4	110.7	110.3	113.2	112.4	112.2	114.6	112.8	114.4
4 Manufacturing	......	84.21	127.1	125.8	126.3	126.6	126.6	126.7	126.9	128.2	127.7	127.2	128.4	129.2	129.7	128.8
5 Nondurable	......	35.11	125.6	123.8	123.9	124.3	124.7	125.5	125.6	126.6	126.9	126.4	127.3	128.3	129.4	128.9
6 Durable	......	49.10	128.2	127.2	128.0	128.2	127.9	127.6	127.9	129.4	128.3	127.7	129.2	129.8	129.8	128.8
Mining																
7 Metal	10	.50	75.1	74.5	83.6	81.2	78.3	77.5	60.9	73.1	71.4	74.2	78.3	73.4	75.0	.....
8 Coal	11.12	1.60	127.5	121.5	131.9	128.5	128.7	134.0	128.0	127.7	126.3	130.1	125.5	128.0	130.6	126.1
9 Oil and gas extraction	13	7.07	106.3	108.2	106.8	106.5	106.9	106.9	106.9	105.5	106.0	104.8	103.5	104.7	103.6	100.2
10 Stone and earth minerals	14	.66	118.8	119.8	118.7	118.5	118.7	117.9	116.6	117.7	119.3	120.4	119.0	114.0	118.5	.....
Nondurable manufactures																
11 Foods	20	7.96	131.0	129.4	128.5	130.8	131.4	131.8	132.2	132.6	132.5	130.7	131.4	132.1	133.5	.....
12 Tobacco products	21	.62	.....	103.8	103.4	98.4	95.7	98.9	96.0	97.7	97.8	105.3	104.5	105.4	.....	.....
13 Textile mill products	22	2.29	102.5	98.5	99.4	99.0	100.0	103.3	104.1	106.3	106.7	104.9	108.0	106.2	104.8	.....
14 Apparel products	23	2.79	101.8	103.1	101.3	100.2	100.3	99.2	100.6	100.4	101.8	102.6	103.9	106.5	107.8	.....
15 Paper and products	26	3.15	127.4	126.4	126.9	125.1	124.1	127.1	129.0	127.5	128.6	127.3	128.2	131.3	132.2	.....
16 Printing and publishing	27	4.54	155.3	150.3	152.6	154.2	155.4	156.7	154.3	156.3	156.2	157.0	159.0	161.7	162.4	161.4
17 Chemicals and products	28	8.05	127.1	125.8	126.5	125.8	126.7	126.4	126.4	128.2	129.0	127.9	128.0	128.3	129.4	.....
18 Petroleum products	29	2.40	86.7	84.0	84.7	87.3	87.4	87.1	88.3	88.2	85.9	87.7	87.3	88.7	93.0	91.1
19 Rubber and plastic products	30	2.80	147.0	145.7	144.1	144.9	144.3	145.5	145.6	148.0	148.6	148.7	150.5	150.0	150.2	.....
20 Leather and products	31	.53	70.9	69.2	69.4	69.9	71.0	71.5	72.2	72.7	72.3	71.4	72.1	69.9	68.9	.....
Durable manufactures																
21 Lumber and products	24	2.30	.....	109.1	109.5	110.9	112.2	113.5	113.0	114.8	115.9	116.5	115.6	116.5	.....	.....
22 Furniture and fixtures	25	1.27	142.0	139.0	139.2	141.0	142.0	141.9	145.3	144.3	143.2	141.9	144.1	142.1	142.9	.....
23 Clay, glass, stone products	32	2.72	114.8	110.5	111.4	114.5	116.3	116.1	115.1	116.2	116.2	115.6	115.2	117.5	119.2	.....
24 Primary metals	33	5.33	80.6	80.2	81.8	81.4	76.4	78.3	79.0	82.0	80.3	83.1	83.6	81.4	83.4	81.5
25 Iron and steel	331.2	3.49	70.7	68.5	73.2	71.9	65.4	67.6	68.7	71.6	69.7	74.4	75.3	71.9	73.5	.....
26 Fabricated metal products	34	6.46	107.8	107.6	108.6	109.1	108.3	107.4	107.3	107.8	107.5	108.4	107.9	108.8	109.7	109.0
27 Nonelectrical machinery	35	9.54	146.6	144.9	146.5	148.9	149.1	145.6	147.5	149.2	146.5	143.0	145.6	145.9	144.6	143.5
28 Electrical machinery	36	7.15	169.3	173.2	173.1	168.9	169.3	169.5	165.7	166.1	165.1	165.1	168.9	171.9	167.9	166.6
29 Transportation equipment	37	9.13	123.2	120.5	120.8	120.7	120.9	121.8	123.7	126.8	126.2	124.5	126.5	126.8	129.0	128.4
30 Motor vehicles and parts	371	5.25	112.8	112.5	111.3	110.9	110.5	110.5	112.8	116.8	115.3	111.7	114.5	115.4	118.1	118.8
31 Aerospace and miscellaneous transportation equipment	372–6.9	3.87	137.5	131.4	133.7	134.1	134.9	137.1	138.5	140.4	141.1	141.9	142.9	142.4	143.9	141.4
32 Instruments	38	2.66	139.9	138.7	139.0	138.5	139.9	140.7	141.1	141.8	139.4	139.8	140.7	140.6	141.5	141.3
33 Miscellaneous manufactures	39	1.46	96.4	96.4	96.0	98.3	98.3	96.8	95.9	97.2	96.4	95.9	94.5	96.3	97.3	.....
Utilities																
34 Electric	......	4.17	119.5	121.9	119.5	119.1	119.5	119.4	117.5	116.7	120.6	119.3	118.7	121.7	119.4	.....
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
35 Products, total	......	**517.5**	**773.4**	**764.2**	**769.5**	**773.3**	**774.4**	**773.5**	**769.0**	**778.7**	**777.9**	**772.2**	**782.8**	**783.3**	**794.2**	**791.9**
36 Final	......	405.7	614.8	608.7	613.3	616.2	616.2	614.0	610.1	618.6	617.8	613.0	622.4	621.3	630.3	628.8
37 Consumer goods	......	272.7	364.8	360.9	364.6	364.7	365.1	364.0	361.7	366.2	365.6	363.8	370.5	373.2	377.2	378.8
38 Equipment	......	133.0	250.1	242.7	244.8	248.0	250.8	251.0	250.3	252.4	252.2	249.3	251.9	248.1	253.0	250.0
39 Intermediate	......	111.9	158.6	153.6	153.9	155.6	158.3	159.7	160.4	160.1	160.1	159.2	160.4	162.0	164.0	163.1

▲ 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.

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	1983	1984	1985r	1985 Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.r	Dec.r	1986 Jan.
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,605	1,682	1,726	1,704	1,778	1,712	1,694	1,784	1,808	1,688	1,661	1,873	1,907
2 1-family	902	922	953	948	933	961	967	990	949	965	918	978	1,094
3 2-or-more-family	703	759	773	756	845	751	727	794	859	723	743	895	813
4 Started	1,703	1,749	1,742	1,851r	1,684r	1,693r	1,673r	1,737r	1,653r	1,784r	1,654	1,882	2,056
5 1-family	1,067	1,084	1,072	1,129	1,041	1,036	1,068	1,071	1,006	1,118	1,006	1,098	1,357
6 2-or-more-family	635	665	669	722	643	657	605	666	647	666	648	784	699
7 Under construction, end of period[1]	1,003	1,051	1,063	1,086r	1,082r	1,073r	1,071r	1,079r	1,065r	1,089r	1,087	1,089	1,101
8 1-family	524	556	539	581r	579r	574r	577r	582r	568r	578r	570	562	575
9 2-or-more-family	479	494	524	506r	504r	499r	494r	499r	496r	512r	517	529	526
10 Completed	1,390	1,652	1,702	1,659r	1,635r	1,758r	1,722r	1,720r	1,778r	1,541r	1,721r	1,757	1,782
11 1-family	924	1,025	1,072	1,070r	1,028r	1,078r	1,042r	1,032r	1,100r	1,072r	1,095	1,139	1,070
12 2-or-more-family	466	627	630	589r	607	680r	680r	688r	678r	469r	626	618	712
13 Mobile homes shipped	296	296	284	288	287	272	285	286	283	291	287	285	280
Merchant builder activity in 1-family units													
14 Number sold	622	639	686	648r	684r	710	745r	708	681	637r	719	721	753
15 Number for sale, end of period[1]	304	358	356	355r	355r	354	351	348	350	353r	354	354	358
Price (thousands of dollars)[2]													
Median													
16 Units sold	75.5	80.0	84.3	85.6	80.1	86.3	82.1	83.3	84.6	85.4r	86.7	89.2	88.9
Average													
17 Units sold	89.9	97.5	101.0	104.7	98.1	99.6	99.4	99.2	102.6	102.7r	103.7	107.0	103.0
EXISTING UNITS (1-family)													
18 Number sold	2,719	2,868	3,217	3,020r	3,040	3,070r	3,170r	3,430r	3,480r	3,530r	3,450	3,520	3,300
Price of units sold (thousands of dollars)[2]													
19 Median	69.8	72.3	75.4	74.8r	75.2r	76.5r	76.7r	77.2r	75.9r	75.2r	74.9	75.5	77.1
20 Average	82.5	85.9	90.6	89.8r	90.3r	91.9r	92.7r	93.2r	91.4r	91.2r	90.3	91.8	93.0
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 Total put in place	**268,730**	**312,989**	**342,824**	**341,861**	**339,943**	**343,837**	**344,206**	**343,246**	**346,084**	**346,053**	**345,064**	**353,959**	**357,335**
22 Private	218,016	257,802	280,467	281,988	276,420	278,939	279,521	279,371	282,505	283,302	282,544	289,478	290,619
23 Residential	121,309	145,058	148,239	146,539	142,254	147,158	148,699	146,858	148,915	151,078	149,720	150,609	152,811
24 Nonresidential, total	96,707	112,744	132,228	135,449	134,166	131,781	130,822	132,513	133,590	132,224	132,824	138,869	137,808
Buildings													
25 Industrial	12,863	13,746	15,767	17,283	16,443	15,170	15,384	15,118	15,567	15,674	16,145	17,532	15,847
26 Commercial	35,787	48,102	60,050	61,219	60,064	58,290	57,956	59,910	61,227	60,769	61,014	64,930	65,651
27 Other	11,660	12,298	12,406	12,663	12,929	12,786	12,578	12,957	12,769	12,236	12,456	12,070	12,260
28 Public utilities and other	36,397	38,598	44,005	44,284	44,730	45,535	44,904	44,528	44,027	43,545	43,209	44,337	44,050
29 Public	50,715	55,186	62,357	59,873	63,523	64,897	64,686	63,875	63,580	62,752	62,520	64,481	66,716
30 Military	2,544	2,839	3,163	3,166	3,349	3,426	3,364	2,966	3,008	3,369	2,979	3,312	3,545
31 Highway	14,143	16,295	19,951	19,920	22,314	21,093	19,589	20,224	19,585	19,207	19,770	20,640	20,782
32 Conservation and development	4,822	4,656	4,959	4,393	5,051	5,410	5,075	4,824	5,254	4,899	5,203	5,003	5,422
33 Other	29,206	31,396	34,284	32,394	32,809	34,968	36,658	35,861	35,733	35,277	34,568	35,526	36,967

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 Feb. 1986 (1967 = 100)[1]
	1985 Feb.	1986 Feb.	1985 Mar.	1985 June	1985 Sept.	1985 Dec.	1985 Oct.	1985 Nov.	1985 Dec.	1986 Jan.	1986 Feb.	
Consumer Prices[2]												
1 All items	**3.5**	**3.2**	**4.0**	**3.3**	**2.4**	**5.3**	**.4**	**.6**	**.4**	**.3**	**−.4**	**327.5**
2 Food	2.4	1.9	1.8	.6	2.1	5.9	.1	.7	.6	.2	−.7	315.3
3 Energy items	−2.1	−.6	.6	6.9	−3.2	3.3	−.2	.6	.4	.1	−3.8	408.9
4 All items less food and energy	4.7	4.1	5.2	3.5	3.4	5.4	.5	.5	.3	.4	.2	322.3
5 Commodities	3.9	1.4	5.1	−.9	1.1	3.6	.5	.2	.2	.3	−.1	261.6
6 Services	5.3	5.8	5.4	6.2	4.8	6.5	.6	.7	.4	.5	.4	389.4
Producer Prices												
7 Finished goods	.7	−.1	−.1	2.2	−2.4r	9.2r	.9r	.8r	.5	−.7	−1.6	292.3
8 Consumer foods	.3	−1.2	−3.3	−5.7	−2.9	15.0	1.7r	1.1r	.7	−.4	−1.6	272.3
9 Consumer energy	−8.6	−8.0	−21.3	24.7	−11.3	22.2	.1	2.8	2.2	−4.2	−9.4	636.8
10 Other consumer goods	2.6	2.2	5.3	1.9	.0r	4.5r	.7r	.3	.2	.0	−.1	255.9
11 Capital equipment	2.4	1.7	5.1	1.5	−.9r	5.3r	1.0r	.2	.1	−.1	.1	304.2
12 Intermediate materials[3]	.7	−1.5	−1.9	.6	−1.3	2.7	.0r	.3r	.3	−.5	−1.4	319.7
13 Excluding energy	1.4	−.4	−.4	.8	−.7	−.3	−.1	.0	.0	.0	−.2	304.2
Crude materials												
14 Foods	−4.0	−9.2	−21.5	−16.7	−20.6r	47.0r	6.1r	4.3	−.5	−2.6	−3.6	226.9
15 Energy	−4.1	−10.0	−13.1	4.4	−5.9	−2.0	.0	.0r	−.5	.1	−8.2	679.0
16 Other	−5.8	−4.2	−5.5	−7.8	−4.4	1.0	.3r	.3r	−.4	−.3	−3.0	244.6

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	1983	1984	1985[r]	1984	1985			
				Q4	Q1	Q2	Q3	Q4[r]
GROSS NATIONAL PRODUCT								
1 **Total**	**3,401.6**	**3,774.7**	**3,988.5**	**3,852.5**	**3,917.5**	**3,960.6**	**4,016.9**	**4,059.3**
By source								
2 Personal consumption expenditures	2,229.3	2,423.0	2,582.3	2,480.1	2,525.0	2,563.3	2,606.1	2,634.8
3 Durable goods	289.6	331.1	361.5	341.5	351.5	356.5	376.0	362.0
4 Nondurable goods	817.0	872.4	912.2	883.1	895.7	910.2	914.5	928.3
5 Services	1,122.7	1,219.6	1,308.6	1,255.4	1,277.8	1,296.6	1,315.6	1,344.6
6 Gross private domestic investment	501.9	674.0	669.3	676.2	657.6	672.8	666.1	680.7
7 Fixed investment	508.3	607.0	661.8	637.2	639.1	657.3	665.9	685.0
8 Nonresidential	356.3	427.9	476.2	458.1	459.6	474.2	478.5	492.5
9 Structures	126.1	147.6	170.2	157.2	166.1	169.7	170.4	174.5
10 Producers' durable equipment	230.2	280.2	306.0	300.9	293.5	304.5	308.1	318.0
11 Residential structures	152.0	179.1	185.6	179.1	179.4	183.1	187.4	192.5
12 Change in business inventories	−6.4	67.1	7.5	39.0	18.5	15.5	.2	−4.3
13 Nonfarm	.8	58.0	11.8	36.4	14.2	10.8	3.1	19.0
14 Net exports of goods and services	−5.3	−59.2	−78.5	−72.2	−42.3	−70.3	−87.8	−113.4
15 Exports	354.1	384.6	369.9	389.5	379.6	369.2	363.2	367.8
16 Imports	359.4	443.8	448.4	461.7	421.9	439.5	451.0	481.2
17 Government purchases of goods and services	675.7	736.8	815.4	768.4	777.2	794.8	832.5	857.2
18 Federal	284.8	312.9	355.4	332.9	334.4	337.8	364.8	384.7
19 State and local	390.9	423.9	460.0	435.5	442.8	457.1	467.7	472.5
By major type of product								
20 Final sales, total	3,408.0	3,707.6	3,981.1	3,813.5	3,899.0	3,945.0	4,016.7	4,063.6
21 Goods	1,394.7	1,585.9	1,644.2	1,604.1	1,628.3	1,636.1	1,650.7	1,661.8
22 Durable	572.3	679.5	712.4	701.9	706.2	705.9	714.8	710.0
23 Nondurable	822.4	906.3	931.8	902.2	922.1	930.2	935.9	932.2
24 Services	1,678.0	1,806.6	1,928.8	1,855.6	1,887.6	1,908.2	1,939.9	1,986.4
25 Structures	328.9	382.2	419.5	392.9	401.5	416.3	426.2	430.6
26 Change in business inventories	−6.4	67.1	7.5	39.0	18.5	15.5	.2	−4.3
27 Durable goods	−.8	37.0	7.8	29.3	16.9	1.8	−6.4	13.4
28 Nondurable goods	−5.5	30.1	1.2	9.7	1.6	13.7	6.6	−17.7
29 MEMO: **Total GNP in 1982 dollars**	**3,275.2**	**3,492.0**	**3,570.0**	**3,515.6**	**3,547.8**	**3,557.4**	**3,584.1**	**3,590.8**
NATIONAL INCOME								
30 **Total**	**2,718.3**	**3,039.3**	**3,212.8**	**3,104.4**	**3,155.3**	**3,192.2**	**3,228.0**	**3,275.9**
31 Compensation of employees	2,025.9	2,221.3	2,372.5	2,278.5	2,320.4	2,356.9	2,385.2	2,427.5
32 Wages and salaries	1,675.4	1,835.2	1,960.3	1,884.4	1,917.7	1,947.6	1,970.1	2,005.8
33 Government and government enterprises	324.2	346.1	370.8	354.7	362.6	367.4	372.6	379.7
34 Other	1,351.6	1,488.9	1,589.7	1,529.8	1,555.1	1,580.2	1,597.5	1,626.1
35 Supplement to wages and salaries	350.5	386.2	412.2	394.0	402.7	409.4	415.1	421.7
36 Employer contributions for social insurance	171.0	192.8	205.8	196.8	201.8	204.6	206.7	210.2
37 Other labor income	179.5	193.4	206.4	197.2	200.9	204.8	208.4	211.5
38 Proprietors' income[1]	192.3	233.7	242.2	232.9	239.4	240.9	237.5	250.9
39 Business and professional[1]	178.0	201.6	221.0	206.3	212.9	218.1	225.3	227.6
40 Farm[1]	14.3	32.1	21.2	26.6	26.5	22.8	12.2	23.3
41 Rental income of persons[2]	12.8	10.8	13.8	9.7	11.0	13.8	14.5	15.9
42 Corporate profits[1]	213.8	273.3	297.0	276.2	281.7	288.1	309.1	309.1
43 Profits before tax[3]	205.0	237.6	226.8	228.0	220.0	218.7	228.6	239.8
44 Inventory valuation adjustment	−10.0	−5.4	−.6	−1.6	.7	2.2	4.7	−10.1
45 Capital consumption adjustment	18.8	41.0	70.9	49.8	61.1	67.2	75.9	79.4
46 Net interest	273.6	300.2	287.4	307.0	302.9	292.4	281.8	272.6

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.
3. For after-tax profits, dividends, and the like, see table 1.48.

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

2.17 PERSONAL INCOME AND SAVING

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

Account	1983	1984	1985r	1984	1985			
				Q4	Q1	Q2	Q3	Q4r
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,836.4**	**3,111.9**	**3,293.5**	**3,186.2**	**3,240.9**	**3,280.1**	**3,298.5**	**3,354.3**
2 Wage and salary disbursements	1,675.8	1,834.9	1,960.5	1,883.9	1,917.6	1,948.6	1,970.1	2,005.8
3 Commodity-producing industries	523.0	577.9	607.3	591.2	600.1	604.7	607.6	616.9
4 Manufacturing	397.4	438.9	457.6	449.0	453.5	454.9	457.2	464.7
5 Distributive industries	404.2	441.6	468.8	453.0	459.8	467.4	471.2	476.8
6 Service industries	424.4	469.4	513.6	485.5	495.2	508.1	518.7	532.4
7 Government and government enterprises	324.2	346.1	370.8	354.1	362.5	368.4	372.6	379.7
8 Other labor income	179.5	193.4	206.4	197.2	200.9	204.8	208.4	211.5
9 Proprietors' income[1]	192.3	233.7	242.2	232.9	239.4	240.9	237.5	250.9
10 Business and professional[1]	178.0	201.6	221.0	206.3	212.9	218.1	225.3	227.6
11 Farm[1]	14.3	32.1	21.2	26.6	26.5	22.8	12.2	23.3
12 Rental income of persons[2]	12.8	10.8	13.8	9.7	11.0	13.8	14.5	15.9
13 Dividends	68.0	74.6	78.9	76.9	77.9	78.7	79.1	79.8
14 Personal interest income	385.7	442.2	456.3	461.3	462.8	460.5	450.6	451.4
15 Transfer payments	442.2	454.7	484.5	459.2	477.6	481.0	488.1	491.2
16 Old-age survivors, disability, and health insurance benefits	221.7	235.7	253.4	241.8	249.2	250.7	256.5	257.1
17 LESS: Personal contributions for social insurance	119.8	132.4	149.1	134.9	146.3	148.3	149.7	152.0
18 EQUALS: Personal income	2,836.4	3,111.9	3,293.5	3,186.2	3,240.9	3,280.1	3,298.5	3,354.3
19 LESS: Personal tax and nontax payments	411.1	441.8	492.7	462.4	501.7	462.4	498.2	508.5
20 EQUALS: Disposable personal income	2,425.4	2,670.2	2,800.8	2,723.8	2,739.2	2,817.7	2,800.2	2,845.9
21 LESS: Personal outlays	2,292.2	2,497.7	2,671.8	2,559.4	2,608.4	2,650.6	2,697.6	2,730.6
22 EQUALS: Personal saving	133.2	172.5	129.0	164.5	130.9	167.2	102.6	115.2
MEMO								
Per capita (1982 dollars)								
23 Gross national product	13,962.0	14,750.9	14,961.3	14,797.2	14,902.6	14,915.5	14,988.3	15,039.4
24 Personal consumption expenditures	9,147.8	9,461.8	9,682.2	9,520.8	9,613.3	9,658.1	9,742.1	9,714.9
25 Disposable personal income	9,942.0r	10,412.0r	10,483.0	10,441.0r	10,411.0r	10,595.0r	10,447.0r	10,479.0
26 Saving rate (percent)	5.5	6.5	4.6	6.0	4.8	5.9	3.7	4.0
GROSS SAVING								
27 **Gross saving**	**469.8**	**584.5**	**554.9**	**573.5**	**578.3**	**571.7**	**537.3**	**532.1**
28 Gross private saving	600.6	693.0	695.0	700.3	677.7	723.6	681.8	696.9
29 Personal saving	133.2	172.5	129.0	164.5	130.9	167.2	102.6	115.2
30 Undistributed corporate profits[1]	67.9	101.6	127.6	108.2	116.3	122.6	137.8	133.7
31 Corporate inventory valuation adjustment	−10.0	−5.4	−.6	−1.6	.7	2.2	4.7	−10.1
Capital consumption allowances								
32 Corporate	245.0	256.6	269.2	261.8	264.3	266.8	270.9	274.8
33 Noncorporate	154.6	162.3	169.2	165.9	166.3	167.0	170.5	173.2
34 Wage accruals less disbursements	.0	.0	.0	.0	.0	.0	.0	.0
35 Government surplus, or deficit (−), national income and product accounts	−130.8	−108.5	−140.1	−126.8	−99.4	−151.9	−144.5	−164.8
36 Federal	−179.4	−172.9	−199.3	−192.7	−162.6	−209.1	−201.3	−224.2
37 State and local	48.6	64.4	59.2	65.8	63.2	57.3	56.9	59.4
38 Capital grants received by the United States, net	.0	.0	.0	.0	.0	.0	.0	.0
39 **Gross investment**	**469.2**	**583.0**	**554.0**	**565.8**	**580.8**	**567.0**	**539.9**	**528.2**
40 Gross private domestic	501.9	674.0	669.3	676.2	657.6	672.8	666.1	680.7
41 Net foreign	−32.7	−91.0	−115.3	−110.4	−76.8	−105.8	−126.2	−152.5
42 **Statistical discrepancy**	**−.6**	**−1.5**	**−.9**	**−7.6**	**2.5**	**−4.7**	**2.5**	**−3.9**

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	1983	1984	1985p	1984	1985			
				Q4	Q1r	Q2r	Q3r	Q4p
1 Balance on current account	−45,994	−107,358	−117,664	−31,805	−24,183	−27,626	−29,300	−36,559
2 Not seasonally adjusted	....	....	....	−28,982	−23,491	−27,980	−33,101	−33,093
3 Merchandise trade balance[2]	−67,216	−114,107	−124,289	−30,885	−23,365	−28,487	−32,955	−39,482
4 Merchandise exports	201,712	219,916	213,990	56,242	55,198	53,530	52,276	52,986
5 Merchandise imports	−268,928	−334,023	−338,279	−87,127	−78,563	−82,017	−85,231	−92,468
6 Military transactions, net	−163	−1,765	−2,046	−575	−212	−586	−429	−818
7 Investment income, net[3]	25,401	19,109	24,683	4,003	2,530	5,378	8,651	8,124
8 Other service transactions, net	4,837	819	−1,229	−253	36	−503	−571	−194
9 Remittances, pensions, and other transfers	−2,566	−2,891	−3,538	−782	−934	−843	−866	−896
10 U.S. government grants (excluding military)	−6,287	−8,522	−11,246	−3,313	−2,238	−2,585	−3,130	−3,293
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−5,006	−5,516	−2,628	−734	−850	−853	−392	−532
12 Change in U.S. official reserve assets (increase, −)	−1,196	−3,130	−3,858	−1,109	−233	−356	−121	−3,147
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−66	−979	−897	−194	−264	−180	−264	−189
15 Reserve position in International Monetary Fund	−4,434	−995	908	−143	281	72	388	168
16 Foreign currencies	3,304	−1,156	−3,869	−772	−250	−248	−245	−3,126
17 Change in U.S. private assets abroad (increase, −)[3]	−48,842	−11,800	−31,698	−13,003	621	−1,342	−12,235	−18,742
18 Bank-reported claims	−29,928	−8,504	−5,926	−4,933	135	4,095	−1,521	−8,635
19 Nonbank-reported claims	−6,513	6,266	n.a.	970	1,201	1,863	−1,873	n.a.
20 U.S. purchase of foreign securities, net	−7,007	−5,059	−7,871	−3,663	−2,494	−2,214	−1,708	−1,456
21 U.S. direct investments abroad, net[3]	−5,394	−4,503	−19,092	−5,377	1,779	−5,086	−7,133	−8,651
22 Change in foreign official assets in the United States (increase, +)	5,795	3,424	−1,908	7,119	−11,204	8,465	2,435	−1,604
23 U.S. Treasury securities	6,972	4,690	−610	5,814	−7,219	8,722	−90	−2,023
24 Other U.S. government obligations	−476	167	−329	−67	−307	136	24	−182
25 Other U.S. government liabilities[4]	552	453	148	−197	−462	575	−95	130
26 Other U.S. liabilities reported by U.S. banks	545	663	372	2,052	−3,099	−134	2,974	631
27 Other foreign official assets[5]	−1,798	−2,549	−1,489	−483	−117	−834	−378	−160
28 Change in foreign private assets in the United States (increase, +)[3]	78,527	93,895	125,017	26,191	24,915	17,849	32,113	50,140
29 U.S. bank-reported liabilities	49,341	31,674	40,610	4,481	13,345	195	6,527	20,543
30 U.S. nonbank-reported liabilities	−118	4,284	n.a.	−1,863	−2,655	−1,324	509	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	8,721	22,440	20,910	9,501	2,633	5,106	7,452	5,719
32 Foreign purchases of other U.S. securities, net	8,636	12,983	50,712	9,380	9,510	7,135	11,674	22,393
33 Foreign direct investments in the United States, net[3]	11,947	22,514	16,255	4,692	2,082	6,737	5,951	1,485
34 Allocation of SDRs	0	0	0	0	0	0	0	0
35 Discrepancy	16,717	30,486	32,739	13,341	10,934	3,863	7,500	10,444
36 Owing to seasonal adjustments	....	....	....	4,305	−425	−597	−3,650	4,674
37 Statistical discrepancy in recorded data before seasonal adjustment	16,717	30,486	32,739	9,036	11,359	4,460	11,150	5,770
MEMO								
Changes in official assets								
38 U.S. official reserve assets (increase, −)	−1,196	−3,130	−3,858	−1,109	−233	−356	−121	−3,147
39 Foreign official assets in the United States (increase, +)	5,243	2,971	−2,056	7,316	−10,742	7,890	2,530	−1,734
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	−8,283	−4,143	−6,750	812	−2,021	−1,808	−1,961	−960
41 *Transfers under military grant programs (excluded from lines 4, 6, and 10 above)*	194	190	58	61	10	12	15	22

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 not seasonally adjusted.

Item	1983	1984	1985	1985r						1986
				July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	200,486	217,865	213,146	16,727	16,584	17,034	17,618	17,721	16,994	17,006
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	258,048	325,726	345,276	27,000	26,247	31,349	28,429	30,010	30,728	32,005
3 **Trade balance**	−57,562	107,861	−132,129	−10,273	−9,663	−14,315	−10,811	−12,290	−13,734	−14,999

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					1986	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 **Total**	33,958	33,747	34,934	37,154	38,295	41,657	42,852	43,191	43,673	45,505
2 Gold stock, including Exchange Stabilization Fund[1]	11,148	11,121	11,096	11,090	11,090	11,090	11,090	11,090	11,090	11,090
3 Special drawing rights[2,3]	5,250	5,025	5,641	6,692	6,847	6,926	7,253	7,293	7,441	7,960
4 Reserve position in International Monetary Fund[2]	7,348	11,312	11,541	11,478	11,686	11,843	11,955	11,952	11,824	12,172
5 Foreign currencies[4]	10,212	6,289	6,656	7,894	8,672	11,798	12,554	12,856	13,318	14,283

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					1986	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 Deposits	328	190	253	223	535	267	340	480	256	276
Assets held in custody										
2 U.S. Treasury securities[1]	112,544	117,670	118,267	123,321	120,978	118,000	117,814	121,004	121,995	124,905
3 Earmarked gold[2]	14,716	14,414	14,265	14,251	14,245	14,242	14,240	14,245	14,193	14,172

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 July^r	1985 Aug.^r	1985 Sept.^r	1985 Oct.^r	1985 Nov.^r	1985 Dec.	1986 Jan.^p
					All foreign countries					
1 Total, all currencies	**469,712**	**477,090**	**453,656**	**463,981**	**457,525**	**456,700**	**454,492**	**455,935**	**458,104**	**446,799**
2 Claims on United States	91,805	115,542	113,393r	119,332	122,861	119,526	121,806	115,587	119,826	116,771
3 Parent bank	61,666	82,026	78,109r	83,995	86,735	85,463	87,255	82,327	87,201	84,229
4 Other banks in United States[2]	30,139	33,516	13,664	14,737	14,051	13,258	12,808	12,096	13,070	11,928
5 Nonbanks[2]			21,620	20,600	22,075	20,805	21,743	21,164	19,555	20,614
6 Claims on foreigners	358,493	342,689	320,162r	323,032	313,288	314,997	310,480	317,498	315,763	308,211
7 Other branches of parent bank	91,168	96,004	95,184r	91,205	89,678	87,673	86,912	89,580	91,399	88,393
8 Banks	133,752	117,668	100,397	105,020	99,162	102,334	98,578	102,907	103,014	100,460
9 Public borrowers	24,131	24,517	23,343	23,209	22,958	23,389	23,478	23,613	23,395	23,422
10 Nonbank foreigners	109,442	107,785	101,238	103,598	101,490	101,601	101,512	101,398	97,955	95,936
11 Other assets	19,414	18,859	20,101	21,617	21,376	22,177	22,206	22,850	22,515	21,817
12 Total payable in U.S. dollars	**361,982**	**371,508**	**350,636**	**346,112**	**341,872**	**335,326**	**331,610**	**329,622**	**336,339**	**321,707**
13 Claims on United States	90,085	113,436	111,426r	116,361	120,113	116,630	118,630	112,419	116,758	113,711
14 Parent bank	61,010	80,909	77,229r	82,845	85,806	84,252	86,101	81,162	85,971	83,084
15 Other banks in United States[2]	29,075	32,527	13,500	14,113	13,444	12,697	12,258	11,463	12,467	11,265
16 Nonbanks[2]			20,697	19,403	20,863	19,681	20,271	19,794	18,320	19,362
17 Claims on foreigners	259,871	247,406	228,600r	219,843	212,051	208,868	203,009	207,258	209,947	198,832
18 Other branches of parent bank	73,537	78,431	78,746r	74,504	72,475	69,241	68,576	70,548	72,689	68,748
19 Banks	106,447	93,332	76,940	75,282	70,916	71,013	67,344	69,646	71,738	65,790
20 Public borrowers	18,413	17,890	17,626	17,118	17,132	17,386	17,432	17,277	17,192	16,964
21 Nonbank foreigners	61,474	60,977	55,288	52,939	51,528	51,228	49,657	49,787	48,328	47,330
22 Other assets	12,026	10,666	10,610	9,908	9,708	9,828	9,971	9,945	9,634	9,164
					United Kingdom					
23 Total, all currencies	**161,067**	**158,732**	**144,385**	**151,456**	**151,118**	**150,276**	**149,607**	**152,456**	**148,599**	**150,835**
24 Claims on United States	27,354	34,433	27,731	31,102	35,256	32,620	33,816	33,774	33,150	36,308
25 Parent bank	23,017	29,111	21,918	24,330	28,156	25,829	26,956	26,718	26,970	29,837
26 Other banks in United States[2]	4,337	5,322	1,429	1,525	1,474	1,334	1,269	1,289	1,106	1,173
27 Nonbanks[2]			4,384	5,247	5,626	5,457	5,591	5,767	5,074	5,298
28 Claims on foreigners	127,734	119,280	111,828r	114,860	110,513	112,529	110,325	112,865	110,224	109,301
29 Other branches of parent bank	37,000	36,565	37,953r	33,572	32,654	32,418	32,110	30,600	31,576	30,934
30 Banks	50,767	43,352	37,443	40,546	37,796	40,504	37,858	40,482	39,250	39,257
31 Public borrowers	6,240	5,898	5,334	5,056	5,054	5,112	5,482	5,735	5,644	5,949
32 Nonbank foreigners	33,727	33,465	31,098	35,686	35,009	34,495	34,875	36,048	33,754	33,161
33 Other assets	5,979	5,019	4,882	5,494	5,349	5,127	5,466	5,817	5,225	5,226
34 Total payable in U.S. dollars	**123,740**	**126,012**	**112,809**	**110,452**	**110,973**	**108,731**	**108,024**	**108,699**	**108,626**	**108,566**
35 Claims on United States	26,761	33,756	26,868r	30,049	34,207	31,505	32,569	32,553	32,085	35,292
36 Parent bank	22,756	28,756	21,495r	23,957	27,853	25,358	26,495	26,210	26,568	29,470
37 Other banks in United States[2]	4,005	5,000	1,363	1,415	1,355	1,247	1,194	1,205	1,005	1,089
38 Nonbanks[2]			4,010	4,677	4,999	4,900	4,880	5,138	4,512	4,733
39 Claims on foreigners	92,228	88,917	82,945r	77,479	73,807	74,301	72,323	72,842	73,482	70,356
40 Other branches of parent bank	31,648	31,838	33,607r	28,656	27,031	26,596	26,719	24,989	26,011	25,083
41 Banks	36,717	32,188	26,805	26,349	24,382	25,458	23,888	25,667	26,139	24,013
42 Public borrowers	4,329	4,194	4,030	3,538	3,599	3,633	3,966	3,982	3,999	4,252
43 Nonbank foreigners	19,534	20,697	18,503	18,936	18,795	18,614	17,750	18,204	17,333	17,008
44 Other assets	4,751	3,339	2,996	2,924	2,959	2,925	3,132	3,304	3,059	2,918
					Bahamas and Caymans					
45 Total, all currencies	**145,156**	**152,083**	**146,811**	**140,786**	**138,510**	**135,519**	**135,262**	**133,645**	**142,055**	**130,413**
46 Claims on United States	59,403	75,309	77,296	75,242	74,421	72,744	73,572	69,923	74,984	68,576
47 Parent bank	34,653	48,720	49,449	48,657	47,815	47,299	47,918	45,811	50,553	44,405
48 Other banks in United States[2]	24,750	26,589	11,544	12,379	11,718	11,138	10,812	10,082	11,217	10,041
49 Nonbanks[2]			16,303	14,206	14,888	14,307	14,842	14,030	13,214	14,130
50 Claims on foreigners	81,450	72,868	65,598	62,204	60,954	59,466	58,467	60,503	63,894	58,510
51 Other branches of parent bank	18,720	20,626	17,661	15,669	16,479	15,428	15,856	17,050	19,042	16,468
52 Banks	42,699	36,842	30,246	29,182	27,544	27,087	25,861	26,768	28,182	25,476
53 Public borrowers	6,413	6,093	6,089	6,590	6,527	6,598	6,417	6,440	6,458	6,320
54 Nonbank foreigners	13,618	12,592	11,602	10,763	10,404	10,353	10,333	10,245	10,212	10,246
55 Other assets	4,303	3,906	3,917	3,340	3,135	3,309	3,223	3,219	3,177	3,327
56 Total payable in U.S. dollars	**139,605**	**145,641**	**141,562**	**135,474**	**133,521**	**130,135**	**129,787**	**127,997**	**136,794**	**124,981**

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 July	1985 Aug.	1985 Sept.	1985 Oct.	1985 Nov.	1985 Dec.	1986 Jan.[p]
	All foreign countries									
57 **Total, all currencies**	**469,712**	**477,090**	**453,656**	**463,981r**	**457,525r**	**456,700r**	**454,492r**	**455,935r**	**458,104**	**446,799**
58 Negotiable CDs[3]	n.a.	n.a.	37,725	37,679	37,880	39,676	38,044	36,607	34,607	34,597
59 To United States	179,015	188,070	147,583	146,374	144,390	143,556r	140,142r	143,169r	155,276	142,290
60 Parent bank	75,621	81,261	78,739	80,650	77,472	78,631r	75,479r	81,171r	83,649	76,799
61 Other banks in United States	33,405	29,453	18,409	17,025	16,085	17,017r	15,602r	15,460r	16,894	14,724
62 Nonbanks	69,989	77,356	50,435	48,699	50,833	47,908r	49,061r	46,538r	54,733	50,767
63 To foreigners	270,853	269,685	247,907	256,751	252,696	250,345r	252,253r	252,205r	246,003	248,589
64 Other branches of parent bank	90,191	90,615	93,909	92,979	90,477	87,854	88,539	88,438r	89,529	86,351
65 Banks	96,860	92,889	78,203	82,762	80,931	82,421r	82,470	81,871	76,878	83,995
66 Official institutions	19,614	18,896	20,281	20,935	21,234	21,020	21,322	21,658	19,523	19,921
67 Nonbank foreigners	64,188	68,845	55,514	60,075	60,054	59,050r	59,922r	60,238r	60,073	58,322
68 Other liabilities	19,844	19,335	20,441	23,177r	22,559r	23,123r	24,053r	23,954	22,218	21,323
69 **Total payable in U.S. dollars**	**379,270**	**388,291**	**367,145**	**361,407**	**357,183**	**350,394r**	**346,883r**	**345,810r**	**353,416**	**337,032**
70 Negotiable CDs[3]	n.a.	n.a.	35,227	33,712	34,025	35,695	33,995	32,838	31,063	31,182
71 To United States	175,528	184,305	143,571	141,128	138,768	136,917r	134,266r	137,036r	149,899	136,898
72 Parent bank	73,295	79,035	76,254	77,537	74,164	74,778r	71,996r	77,892r	80,623	73,897
73 Other banks in United States	33,040	28,936	17,935	16,439	15,464	16,092r	15,128r	14,896r	16,264	14,011
74 Nonbanks	69,193	76,334	49,382	47,152	49,140	46,047r	47,142r	44,248r	53,012	48,990
75 To foreigners	192,510	194,139	178,260	177,130	174,624	167,785r	168,378r	165,393r	163,358	159,913
76 Other branches of parent bank	72,921	73,522	77,770	76,381	73,764	69,606	70,007	69,261	70,943	67,174
77 Banks	57,463	57,022	45,123	43,676	42,850	41,180	41,559	39,682r	37,323	38,358
78 Official institutions	15,055	13,855	15,773	15,935	16,238	16,224	16,010	15,905	14,354	14,796
79 Nonbank foreigners	47,071	51,260	39,594	41,138	41,772	40,775r	40,802r	40,545r	40,738	39,585
80 Other liabilities	11,232	9,847	10,087	9,437	9,766	9,997	10,244	10,543	9,096	9,039
	United Kingdom									
81 **Total, all currencies**	**161,067**	**158,732**	**144,385**	**151,456**	**151,118**	**150,276**	**149,607**	**152,456**	**148,599**	**150,835**
82 Negotiable CDs[3]	n.a.	n.a.	34,413	34,090	34,151	35,819	33,913	32,708	31,260	30,788
83 To United States	53,954	55,799	25,250	24,167	25,158	25,547	24,958	27,933	29,425	29,990
84 Parent bank	13,091	14,021	14,651	13,434	14,336	14,592	13,893	18,167	19,330	19,845
85 Other banks in United States	12,205	11,328	3,125	2,853	2,839	3,526	2,602	2,453	2,974	2,264
86 Nonbanks	28,658	30,450	7,474	7,880	7,983	7,429	8,463	7,313	7,121	7,881
87 To foreigners	99,567	95,847	77,424	83,480	82,317	79,671	80,646	81,446	78,522	80,635
88 Other branches of parent bank	18,361	19,038	21,631	23,647	22,348	20,233	20,175	21,932	23,389	21,858
89 Banks	44,020	41,624	30,436	32,389	31,518	32,041	33,102	32,200	28,581	32,326
90 Official institutions	11,504	10,151	10,154	10,180	10,823	10,824	10,812	10,519	9,676	10,093
91 Nonbank foreigners	25,682	25,034	15,203	17,264	17,628	16,573	16,557	16,795	16,876	16,358
92 Other liabilities	7,546	7,086	7,298	9,719	9,492	9,239	10,090	10,369	9,392	9,422
93 **Total payable in U.S. dollars**	**130,261**	**131,167**	**117,497**	**114,124**	**115,065**	**112,816**	**111,263**	**112,681**	**112,697**	**112,073**
94 Negotiable CDs[3]	n.a.	n.a.	33,070	31,739	31,906	33,380	31,574	30,570	29,337	28,845
95 To United States	53,029	54,691	24,105	22,254	23,119	23,329	22,854	25,581	27,759	28,239
96 Parent bank	12,814	13,839	14,339	12,777	13,773	13,995	13,350	17,651	18,956	19,461
97 Other banks in United States	12,026	11,044	2,980	2,687	2,628	3,309	2,479	2,295	2,826	2,090
98 Nonbanks	28,189	29,808	6,786	6,790	6,718	6,025	7,025	5,635	5,977	6,688
99 To foreigners	73,477	73,279	56,923	56,783	56,208	52,245	52,469	52,091	51,977	50,673
100 Other branches of parent bank	14,300	15,403	18,294	19,640	18,241	15,999	15,480	16,687	18,493	16,614
101 Banks	28,810	29,320	18,356	17,249	16,975	15,787	17,053	15,840	14,344	14,872
102 Official institutions	9,668	8,279	8,871	8,430	9,005	9,055	8,877	8,357	7,661	8,242
103 Nonbank foreigners	20,699	20,277	11,402	11,464	11,987	11,404	11,059	11,207	11,479	10,945
104 Other liabilities	3,755	3,197	3,399	3,348	3,832	3,862	4,366	4,439	3,624	4,316
	Bahamas and Caymans									
105 **Total, all currencies**	**145,156**	**152,083**	**146,811**	**140,786**	**138,510**	**135,519r**	**135,262r**	**133,645r**	**142,055**	**130,413**
106 Negotiable CDs[3]	n.a.	n.a.	615	320	356	686	745	747	610	1,076
107 To United States	104,425	111,299	102,955	98,667	95,775	94,375r	92,978r	92,508r	103,548	91,943
108 Parent bank	47,081	50,980	47,162	47,141	43,372	44,647r	43,083r	43,509r	44,546	38,850
109 Other banks in United States	18,466	16,057	13,938	12,972	12,151	12,092r	11,946r	11,874r	12,778	11,185
110 Nonbanks	38,878	44,262	41,855	38,554	40,252	37,636r	37,949r	37,125r	46,224	41,908
111 To foreigners	38,274	38,445	40,320	39,063	39,658	37,668r	38,787r	37,307r	35,053	35,271
112 Other branches of parent bank	15,796	14,936	16,782	16,640	17,632	16,023	17,201	15,593	14,075	14,755
113 Banks	10,166	11,876	12,405	12,314	11,443	11,420	11,120r	10,954	10,669	11,107
114 Official institutions	1,967	1,919	2,054	1,939	1,687	1,763	1,872r	2,278	1,776	1,505
115 Nonbank foreigners	10,345	11,274	9,079	8,170	8,896	8,462r	8,594r	8,482r	8,533	7,904
116 Other liabilities	2,457	2,339	2,921	2,736	2,721	2,790	2,752	3,083	2,844	2,123
117 **Total payable in U.S. dollars**	**141,908**	**148,278**	**143,582**	**136,823**	**134,623**	**131,226r**	**130,992r**	**129,575r**	**138,322**	**126,536**

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	1984r	1985r						1986
			July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.p
1 **Total**[1]	**177,950**	**180,552**	**180,753**	**181,131**	**180,328**	**178,331**	**179,931**	**178,612**	**180,655**
By type									
2 Liabilities reported by banks in the United States[2]	25,534	26,089	22,068	23,340	25,889	27,014	29,276	26,520	28,172
3 U.S. Treasury bills and certificates[3]	54,341	59,976	60,727	60,921	56,493	54,398	54,331	53,252	53,294
U.S. Treasury bonds and notes									
4 Marketable	68,514	69,019	75,013	75,117	76,181	74,972	74,695	77,407	77,752
5 Nonmarketable[4]	7,250	5,800	4,500	3,550	3,550	3,550	3,550	3,550	3,550
6 U.S. securities other than U.S. Treasury securities[5]	22,311	19,668	18,445	18,382	18,215	18,397	18,079	17,883	17,887
By area									
7 Western Europe[1]	67,645	69,776	73,299	75,234	74,514	74,257	76,832	74,290	74,214
8 Canada	2,438	1,528	2,010	1,664	1,561	1,586	1,507	1,314	1,119
9 Latin America and Caribbean	6,248	8,561	8,868	9,531	10,539	10,100	10,871	11,121	11,532
10 Asia	92,572	93,954	90,877	89,606	88,326	87,288	85,836	86,865	89,050
11 Africa	958	1,264	1,259	1,110	1,397	1,410	1,629	1,824	1,904
12 Other countries[6]	8,089	5,469	4,440	4,166	3,991	3,690	3,256	3,198	2,836

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	1982	1983	1984	1985			
				Mar.	June	Sept.	Dec.p
1 Banks' own liabilities	4,844	5,219	8,586	7,992	10,238	12,168	15,168
2 Banks' own claims	7,707	7,231	11,984	12,565	14,179	15,125	16,088
3 Deposits	4,251	2,731	4,998	5,941	7,362	8,498	8,329
4 Other claims	3,456	4,501	6,986	6,625	6,817	6,627	7,759
5 Claims of banks' domestic customers[1]	676	1,059	569	440	243	328	832

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						1986
				Julyr	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.p
1 **All foreigners**	**307,056**	**369,607**	**407,306r**	**417,127**	**420,118r**	**420,801**	**418,485**	**421,398r**	**434,243**	**431,567**
2 Banks' own liabilities	227,089	279,087	306,898r	319,606	321,300r	323,382	322,801	324,106r	339,946	335,998
3 Demand deposits	15,889	17,470	19,571	17,626	17,735	20,926	18,450	20,959r	21,108	21,499
4 Time deposits[1]	68,797	90,632	110,413r	115,984	119,024r	115,221	114,438	114,302r	116,681	114,384
5 Other[2]	23,184	25,874	26,268r	25,972	25,711r	29,754	28,932	29,856r	29,311	30,681
6 Own foreign offices[3]	119,219	145,111	150,646r	160,025	158,830r	157,481	160,981	158,989r	172,846	169,434
7 Banks' custody liabilities[4]	79,967	90,520	100,408r	97,521	98,818	97,419	95,684	97,292r	94,298	95,568
8 U.S. Treasury bills and certificates[5]	55,628	68,669	76,368	75,440	75,699r	73,398	72,163	73,189r	68,785	69,801
9 Other negotiable and readily transferable instruments[6]	20,636	17,467	18,747	16,165	16,707r	17,160	16,755	16,979	17,964	17,714
10 Other	3,702	4,385	5,293r	5,916	6,412	6,861	6,766	7,124r	7,549	8,054
11 **Nonmonetary international and regional organizations[7]**	**4,922**	**5,957**	**4,454r**	**5,019**	**7,353**	**7,467**	**6,766**	**7,803**	**5,566**	**7,437**
12 Banks' own liabilities	1,909	4,632	2,014r	3,243	5,569	3,275	1,842	1,535	2,366	2,664
13 Demand deposits	106	297	254	134	252	243	143	252	85	96
14 Time deposits[1]	1,664	3,584	1,267r	2,556	4,366	2,261	1,299	1,051	2,067	2,369
15 Other[2]	139	750	493r	553	951	771	399	233	214	200
16 Banks' custody liabilities[4]	3,013	1,325	2,440	1,777	1,784	4,192	4,924	6,268	3,200	4,773
17 U.S. Treasury bills and certificates	1,621	463	916	767	742	2,759	3,636	5,069	1,736	3,216
18 Other negotiable and readily transferable instruments[6]	1,392	862	1,524	1,010	1,042	1,433	1,287	1,195	1,464	1,556
19 Other	0	0	0	0	1	0	1	5	0	1
20 **Official institutions[8]**	**71,647**	**79,876**	**86,065**	**82,795**	**84,261r**	**82,382**	**81,412**	**83,608r**	**79,771**	**81,466**
21 Banks' own liabilities	16,640	19,427	19,039	17,223	17,836r	20,262	21,178	23,323r	20,734	22,745
22 Demand deposits	1,899	1,837	1,823	1,546	1,538	2,151	1,707	2,018	2,077	1,712
23 Time deposits[1]	5,528	7,318	9,374	9,121	9,340r	8,954	10,277	10,523r	10,924	10,688
24 Other[2]	9,212	10,272	7,842	6,556	6,959r	9,157	9,195	10,783	7,733	10,346
25 Banks' custody liabilities[4]	55,008	60,448	67,026	65,572	66,425	62,120	60,234	60,284	59,037	58,721
26 U.S. Treasury bills and certificates[5]	46,658	54,341	59,976	60,727	60,921	56,493	54,398	54,331	53,252	53,294
27 Other negotiable and readily transferable instruments[6]	8,321	6,082	6,966	4,725	5,291	5,492	5,767	5,848	5,711	5,310
28 Other	28	25	84	120	213	135	69	105	75	117
29 **Banks[9]**	**185,881**	**226,887**	**248,893r**	**257,748**	**256,475r**	**257,733**	**257,323**	**255,059r**	**274,675**	**266,976**
30 Banks' own liabilities	169,449	205,347	225,368r	236,123	234,231r	235,106	235,372	233,226r	251,974	244,503
31 Unaffiliated foreign banks	50,230	60,236	74,722r	76,098	75,401r	77,625	74,391	74,237r	79,127	75,069
32 Demand deposits	8,675	8,759	10,556	8,647	8,594	10,468	9,045	10,043	10,271	11,562
33 Time deposits[1]	28,386	37,439	47,095r	49,783	49,873r	48,779	47,833	46,797r	48,959	44,733
34 Other[2]	13,169	14,038	17,071r	17,668	16,935r	18,377	17,514	17,397r	19,897	18,774
35 Own foreign offices[3]	119,219	145,111	150,646r	160,025	158,830r	157,481	160,981	158,989r	172,846	169,434
36 Banks' custody liabilities[4]	16,432	21,540	23,525	21,625	22,244	22,627	21,951	21,832r	22,701	22,472
37 U.S. Treasury bills and certificates	5,809	10,178	11,448	9,934	9,966	9,952	9,897	9,429r	9,554	8,992
38 Other negotiable and readily transferable instruments[6]	7,857	7,485	7,236	6,390	6,569	6,462	5,906	5,853	6,153	5,990
39 Other	2,766	3,877	4,841	5,301	5,710	6,213	6,148	6,551r	6,994	7,491
40 **Other foreigners**	**44,606**	**56,887**	**67,894r**	**71,565**	**72,029r**	**73,219**	**72,984**	**74,928r**	**74,231**	**75,688**
41 Banks' own liabilities	39,092	49,680	60,477r	63,018	63,664r	64,740	64,409	66,021r	64,871	66,086
42 Demand deposits	5,209	6,577	6,938	7,299	7,351	8,064	7,555	8,646	8,674	8,130
43 Time deposits	33,219	42,290	52,678r	54,524	55,446r	55,227	55,029	55,932r	54,730	56,594
44 Other[2]	664	813	861r	1,195	867	1,449	1,825	1,444	1,467	1,361
45 Banks' custody liabilities[4]	5,514	7,207	7,417r	8,547	8,365	8,479	8,575	8,907	9,359	9,602
46 U.S. Treasury bills and certificates	1,540	3,686	4,029	4,012	4,071r	4,193	4,232	4,360	4,243	4,300
47 Other negotiable and readily transferable instruments[6]	3,065	3,038	3,021	4,040	3,805r	3,774	3,795	4,084	4,636	4,858
48 Other	908	483	367r	495	489	513	548	463	480	444
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	14,307	10,346	10,476	8,567	8,903	9,228	9,088	9,152	9,845	9,612

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 July	1985 Aug.	1985 Sept.	1985 Oct.	1985 Nov.	1985 Dec.	1986 Jan.p
1	**Total**	**307,056**	**369,607**	**407,306r**	**417,127r**	**420,118r**	**420,801**	**418,485**	**421,398r**	**434,243**	**431,567**
2	**Foreign countries**	**302,134**	**363,649**	**402,852r**	**412,107r**	**412,765r**	**413,334**	**411,719**	**413,595r**	**428,677**	**424,130**
3	Europe	117,756	138,072	153,145r	156,121r	160,095r	157,265	158,893	163,483r	163,041	162,614
4	Austria	519	585	615	567	711	767	613	655	693	691
5	Belgium-Luxembourg	2,517	2,709	4,114	5,743	5,416	5,725	5,262	5,556	5,214	5,138
6	Denmark	509	466	438	684	617	778	558	624	513	532
7	Finland	748	531	418	349	377	350	594	497	491	360
8	France	8,171	9,441	12,701	15,237	15,626	15,741	15,984r	15,863r	15,540	15,640
9	Germany	5,351	3,599	3,358	4,389	5,359	5,224	4,366	7,265r	4,835	5,622
10	Greece	537	520	699	588	531	593	536	574	664	566
11	Italy	5,626	8,462	10,762	9,624	9,537	9,088	9,717	9,069	9,542	7,761
12	Netherlands	3,362	4,290	4,731r	4,689	4,588	4,568	4,295	4,359r	4,076	4,048
13	Norway	1,567	1,673	1,548	1,183	1,156	1,043	1,132	1,008	848	721
14	Portugal	388	373	597	658	672	641	647	619	652	2,483
15	Spain	1,405	1,603	2,082	2,113	2,034	2,140	2,094	2,122	2,113	1,908
16	Sweden	1,390	1,799	1,676	2,559	2,008	1,668	1,760	1,482r	1,344	1,544
17	Switzerland	29,066	32,246	31,740	29,767r	29,475	29,290	28,495	28,992r	28,742	26,119
18	Turkey	296	467	584	598	404	516	417	288	429	507
19	United Kingdom	48,172	60,683	68,671	70,198r	73,530r	70,540	73,913	74,645r	76,491	80,517
20	Yugoslavia	499	562	602	626	622	647	626	675	673	599
21	Other Western Europe[1]	7,006	7,403	7,192	6,072r	6,884	7,432	7,403	8,619r	9,554	7,444
22	U.S.S.R.	50	65	79	72	45	37	51	36	105	43
23	Other Eastern Europe[2]	576	596	537	406	503	477	429	533r	523	371
24	Canada	12,232	16,026	16,059r	16,284	16,739	17,358	16,288	16,428r	17,426	17,935
25	Latin America and Caribbean	114,163	140,088	153,381r	159,742r	157,638r	157,480	157,227	155,209r	167,721	160,852
26	Argentina	3,578	4,038	4,394	5,191r	5,187	5,634	5,872	5,899	6,029	5,790
27	Bahamas	44,744	55,818	56,897	55,858	55,497r	53,694	54,518	53,398	57,621	53,525
28	Bermuda	1,572	2,266	2,370	2;380	2,741	2,124	2,238	2,415r	2,765	2,684
29	Brazil	2,014	3,168	5,275	5,602	5,918	5,894	5,861	5,614	5,369	6,234
30	British West Indies	26,381	34,545	36,773	41,827r	38,359r	38,931	37,163	35,863	42,645	39,875
31	Chile	1,626	1,842	2,001	1,910	1,966	1,907	1,940	2,867	2,042	2,019
32	Colombia	2,594	1,689	2,514	2,421	2,543	2,599	2,562	2,920	3,102	3,342
33	Cuba	9	8	10	10	9	13	64	7	11	16
34	Ecuador	455	1,047	1,092	1,046	1,043	1,251	1,029	1,255	1,238	1,221
35	Guatemala	670	788	896	972	995	1,005	957	1,087	1,071	1,146
36	Jamaica	126	109	183	194	152	144	122	150	122	244
37	Mexico	8,377	10,392	12,303r	13,123	13,381	13,809	13,610	13,948	14,045	13,706
38	Netherlands Antilles	3,597	3,879	4,220r	4,025	4,364	4,973	4,666	4,617	4,875	4,696
39	Panama	4,805	5,924	6,951	7,462	7,430r	7,168	8,251	6,506	7,490	7,416
40	Peru	1,147	1,166	1,266	1,113	1,143r	1,159	1,093	1,124	1,166	1,124
41	Uruguay	759	1,244	1,394	1,460	1,557	1,576	1,498	1,534	1,549	1,730
42	Venezuela	8,417	8,632	10,545	10,853	10,940	11,121	11,404	11,345	11,919	11,469
43	Other Latin America and Caribbean	3,291	3,535	4,297	4,297	4,414r	4,479	4,381	4,661	4,661	4,615
44	Asia	48,716	58,570	71,187r	71,701r	70,473r	73,292	71,643	71,047r	72,255	74,874
	China										
45	Mainland	203	249	1,153	921r	1,117r	1,937r	1,809	1,380	1,594	1,003
46	Taiwan	2,761	4,051	4,990r	5,867r	6,065r	6,280r	6,455	7,427r	7,799	9,217
47	Hong Kong	4,465	6,657	6,581r	7,831	8,001r	7,924	7,964	8,170r	8,061	8,090
48	India	433	464	507	555	484	644	473	562	711	606
49	Indonesia	857	997	1,033	1,463	1,337	1,363	1,570	1,381	1,466	1,525
50	Israel	606	1,722	1,268	1,011	885	1,189	2,118	1,595	1,611	1,458
51	Japan	16,078	18,079	21,640r	22,913	22,537	23,597	22,059	21,689	23,060	25,042
52	Korea	1,692	1,648	1,730r	1,493	1,580	1,657	1,751	1,685	1,668	1,504
53	Philippines	770	1,234	1,383	1,335	1,694	1,607	1,325	1,189	1,132	930
54	Thailand	629	747	1,257	984	1,073	1,029	1,014	1,066	1,358	1,199
55	Middle-East oil-exporting countries[3]	13,433	12,976	16,804	15,410	14,817r	15,352	15,252	14,941	14,523	15,175
56	Other Asia	6,789	9,748	12,841	11,918r	10,885r	10,713	9,852	9,961	9,270	9,124
57	Africa	3,124	2,827	3,396	3,384	3,501	3,635	3,723	3,989	4,887	4,650
58	Egypt	432	671	647	881	737	923	885	780	1,363	1,080
59	Morocco	81	84	118	98	162	157	140	145	163	98
60	South Africa	292	449	328	181	420	370	404	462	388	573
61	Zaire	23	87	153	87	103	115	136	140	163	73
62	Oil-exporting countries[4]	1,280	620	1,189	1,099	1,092	1,049	1,076	1,407	1,494	1,644
63	Other Africa	1,016	917	961	1,037	986	1,021	1,082	1,056	1,317	1,182
64	Other countries	6,143	8,067	5,684	4,876	4,319	4,303	3,945	3,440	3,347	3,205
65	Australia	5,904	7,857	5,300	4,364	3,850	3,762	3,451	2,906	2,779	2,707
66	All other	239	210	384	511	469	541	494	534	568	498
67	Nonmonetary international and regional organizations	4,922	5,957	4,454r	5,019	7,353	7,467	6,766	7,803	5,566	7,437
68	International	4,049	5,273	3,747r	3,967	6,458	6,542	5,770	6,952	4,551	6,059
69	Latin American regional	517	419	587	782	739	796	646	580	894	909
70	Other regional[5]	357	265	120	270	156	129	350	271	121	470

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 July	1985 Aug.	1985 Sept.	1985 Oct.	1985 Nov.	1985 Dec.	1986 Jan.p
1 **Total**	**355,705**	**391,312**	**399,422r**	**390,608r**	**387,607r**	**392,778**	**380,556**	**384,041r**	**407,902**	**391,030**
2 **Foreign countries**	**355,636**	**391,148**	**398,623r**	**390,333r**	**387,168r**	**392,395**	**379,787**	**383,429r**	**406,871**	**389,738**
3 Europe	85,584	91,927	98,274r	100,481r	100,711r	105,734	101,668	106,440r	109,054	105,259
4 Austria	229	401	433	742r	703	763	673	614	598	485
5 Belgium-Luxembourg	5,138	5,639	4,794	5,818r	5,501	6,147	5,882	6,801r	5,739	5,814
6 Denmark	554	1,275	648	498	492	615	636	558	706	863
7 Finland	990	1,044	898	875	738	905	789	909	823	827
8 France	7,251	8,766	9,157r	10,190r	10,287r	11,029	10,190	9,785r	9,314	9,630
9 Germany	1,876	1,284	1,306r	1,138r	948	999	1,036	1,355r	1,630	1,731
10 Greece	452	476	817	947	959	1,016	966	854	991	933
11 Italy	7,560	9,018	9,119	7,628r	6,532r	7,436	7,597	7,765r	8,833	7,473
12 Netherlands	1,425	1,267	1,356r	1,146r	1,200	1,297	1,110	1,389	1,373	1,297
13 Norway	572	690	675	710	683	858	788	755	697	680
14 Portugal	950	1,114	1,243	1,151	1,181	1,211	1,141	1,123r	1,058	1,021
15 Spain	3,744	3,573	2,884	2,387	2,156	2,438	2,310	2,199	1,908	1,780
16 Sweden	3,038	3,358	2,230r	2,713r	2,496	2,474	2,643	2,546	2,208	2,171
17 Switzerland	1,639	1,863	2,123	2,669	2,629r	3,091	2,604	3,162	3,161	3,341
18 Turkey	560	812	1,130	1,238r	1,234	1,303	1,355	1,269	1,200	1,523
19 United Kingdom	45,781	47,364	55,445r	56,532r	58,952r	60,105	57,579	61,180r	64,619	61,758
20 Yugoslavia	1,430	1,718	1,886	1,972	1,954	1,899	1,867	1,879	1,961	1,901
21 Other Western Europe[1]	368	477	596	679	629	699	1,206	1,082r	998	717
22 U.S.S.R	263	192	142	250	239	199	165	128	130	169
23 Other Eastern Europe[2]	1,762	1,598	1,389r	1,195r	1,198	1,252	1,131	1,086	1,107	1,145
24 Canada	13,678	16,341	16,109r	16,706r	17,005	16,940	15,941	16,209r	17,579	18,052
25 Latin America and Caribbean	187,969	205,491	207,862r	200,819r	196,966r	196,388	190,759	191,663r	202,194	188,818
26 Argentina	10,974	11,749	11,050r	11,456	11,293	11,855	11,236	11,486	11,467	11,460
27 Bahamas	56,649	59,633	58,009r	55,622r	53,559r	53,414	51,236	49,015r	57,736	49,747
28 Bermuda	603	566	592	405	502	480	1,017	498r	484	587
29 Brazil	23,271	24,667	26,315	26,580r	26,441	26,017	25,397	25,376r	25,301	25,228
30 British West Indies	29,101	35,527	38,205r	37,457r	35,861r	35,096	34,258	37,063r	38,440	34,141
31 Chile	5,513	6,072	6,839	6,663	6,476	6,524	6,145	6,198	6,598	6,531
32 Colombia	3,211	3,745	3,499	3,210	3,205	3,195	3,210	3,222	3,259	3,181
33 Cuba	3	0	0	0	0	0	4	0	0	0
34 Ecuador	2,062	2,307	2,420	2,450	2,430	2,486	2,411	2,419	2,390	2,437
35 Guatemala[3]	124	129	158	153	149	168	168	197	194	174
36 Jamaica[3]	181	215	252	234	228	228	222	222	224	228
37 Mexico	29,552	34,802	34,885r	32,129	32,375	32,349	31,720	32,424	32,239	31,772
38 Netherlands Antilles	839	1,154	1,350	1,110	1,135	1,170	1,387	1,071	1,340	1,024
39 Panama	10,210	7,848	7,707	6,985	6,923	7,108	6,526	6,519	6,640	6,532
40 Peru	2,357	2,536	2,384	2,237	2,221	2,206	2,016	1,990	1,947	1,859
41 Uruguay	686	977	1,088	1,007	1,018	1,035	947	954	958	966
42 Venezuela	10,643	11,287	11,017	10,992	11,028	11,052	10,838	10,876	10,877	10,937
43 Other Latin America and Caribbean	1,991	2,277	2,091	2,129	2,122	2,005	2,022	2,135	2,099	2,015
44 Asia	60,952	67,837	66,316r	63,351r	63,778r	64,547	62,847	60,551	69,267	68,955
China										
45 Mainland	214	292	710	635	560	1,148	997	748	639	750
46 Taiwan	2,288	1,908	1,849	1,540	1,527	1,525	1,329	1,258	1,535	1,300
47 Hong Kong	6,787	8,489	7,293r	7,473	7,999	7,718	6,917	6,472r	6,796	6,920
48 India	222	330	425	385	460	461	388	439	450	332
49 Indonesia	348	805	724	631	623	718	653	608	698	692
50 Israel	2,029	1,832	2,088	2,053	1,955	1,875	1,901	1,958	1,982	1,779
51 Japan	28,379	30,354	29,066	26,453r	27,785	27,002	28,558	26,741r	34,336	35,336
52 Korea	9,387	9,943	9,285	9,712r	9,337	9,223	9,096	8,908	9,224	8,855
53 Philippines	2,625	2,107	2,555r	2,454	2,487	2,445	2,239	2,285	2,224	2,207
54 Thailand	643	1,219	1,125	733r	745r	781	756	788	840	793
55 Middle East oil-exporting countries[4]	3,087	4,954	5,044	5,315	4,116	4,845	4,576	4,239r	4,298	3,975
56 Other Asia	4,943	5,603	6,152r	5,967	6,185r	6,805	5,436	6,106	6,245	6,016
57 Africa	5,346	6,654	6,615	5,920r	5,718	5,700	5,463	5,421r	5,400	5,416
58 Egypt	322	747	728	549r	585	634	668	685	721	677
59 Morocco	353	440	583	596	598	592	610	584	575	591
60 South Africa	2,012	2,634	2,795	2,421r	2,214	2,062	1,968	1,848	1,935	1,965
61 Zaire	57	33	18	24	25	22	21	21	20	18
62 Oil-exporting countries[5]	801	1,073	842	743	722	859	674	677r	630	583
63 Other	1,802	1,727	1,649	1,587	1,574	1,531	1,521	1,606r	1,520	1,583
64 Other countries	2,107	2,898	3,447	3,057	2,991	3,087	3,111	3,144r	3,378	3,236
65 Australia	1,713	2,256	2,769	2,320	2,227	2,304	2,293	2,341	2,400	2,415
66 All other	394	642	678	737	764	783	818	803	978	821
67 Nonmonetary international and regional organizations[6]	68	164	800r	275	438	382	768	612	1,030	1,292

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

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

Millions of dollars, end of period

Type of claim	1982	1983	1984[r]	1985						1986
				July[r]	Aug.[r]	Sept.	Oct.	Nov.[r]	Dec.	Jan.[p]
1 **Total**	**396,015**	**426,215**	**432,338**	....	....	**426,246**	....	....	**436,624**	....
2 Banks' own claims on foreigners	355,705	391,312	399,422	390,608	387,607	392,778	380,556	384,041	407,902	391,030
3 Foreign public borrowers	45,422	57,569	62,237	61,196	60,961	62,196	60,132	59,920	60,325	60,337
4 Own foreign offices[1]	127,293	146,393	156,216	158,238	155,375	159,520	156,011	158,752	176,363	163,144
5 Unaffiliated foreign banks	121,377	123,837	124,192	117,675	118,005	118,048	113,117	114,714	121,155	117,541
6 Deposits	44,223	47,126	48,486	49,582	50,216	49,406	46,707	47,136	52,939	50,323
7 Other	77,153	76,711	75,706	68,093	67,789	68,642	66,410	67,578	68,216	67,218
8 All other foreigners	61,614	63,514	56,777	53,499	53,266	53,013	51,296	50,654	50,058	50,007
9 Claims of banks' domestic customers[2]	40,310	34,903	32,916	....	....	33,468	....	....	28,723	....
10 Deposits	2,491	2,969	3,380	....	....	3,314	....	....	3,227	....
11 Negotiable and readily transferable instruments[3]	30,763	26,064	23,805	....	....	24,827	....	....	19,284	....
12 Outstanding collections and other claims	7,056	5,870	5,732	....	....	5,327	....	....	6,211	....
13 MEMO: Customer liability on acceptances	38,153	37,715	37,103	....	....	30,517	....	....	28,232	....
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	42,499	46,337	40,714	37,971	38,754	38,190[r]	37,563[r]	37,797	45,365	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	1982	1983	1984	1985			
				Mar.[r]	June[r]	Sept.	Dec.[p]
1 **Total**	**228,150**	**243,715**	**243,952**	**240,325**	**231,724**	**231,768**	**225,185**
By borrower							
2 Maturity of 1 year or less[1]	173,917	176,158	167,858	165,951	158,622	161,675	158,309
3 Foreign public borrowers	21,256	24,039	23,912	23,688	23,784	26,466	26,422
4 All other foreigners	152,661	152,120	143,947	142,263	134,838	135,210	131,887
5 Maturity of over 1 year[1]	54,233	67,557	76,094	74,374	73,102	70,093	66,875
6 Foreign public borrowers	23,137	32,521	38,695	38,169	37,535	36,257	34,451
7 All other foreigners	31,095	35,036	37,399	36,206	35,567	33,836	32,424
By area							
Maturity of 1 year or less[1]							
8 Europe	50,500	56,117	58,498	60,660	55,620	57,867	55,236
9 Canada	7,642	6,211	6,028	7,576	6,155	6,060	6,170
10 Latin America and Caribbean	73,291	73,660	62,791	60,342	63,510	62,963	62,742
11 Asia	37,578	34,403	33,504	30,903	27,569	29,049	27,625
12 Africa	3,680	4,199	4,442	4,109	4,003	3,954	3,755
13 All other[2]	1,226	1,569	2,593	2,360	1,764	1,782	2,783
Maturity of over 1 year[1]							
14 Europe	11,636	13,576	9,605	8,545	8,739	8,078	7,611
15 Canada	1,931	1,857	1,882	2,181	2,116	1,932	1,804
16 Latin America and Caribbean	35,247	43,888	56,144	55,411	53,507	52,049	50,446
17 Asia	3,185	4,850	5,323	5,221	5,123	5,212	4,564
18 Africa	1,494	2,286	2,033	1,963	1,996	1,665	1,527
19 All other[2]	740	1,101	1,107	1,053	1,622	1,157	923

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			
				Mar.	June[7]	Sept.	Dec.	Mar.	June	Sept.	Dec.[p]
1 Total	**415.2**	**438.7**	**437.3**	**435.1**	**432.4**	**411.9**	**409.2**	**411.3[r]**	**402.5[r]**	**403.9**	**403.5**
2 G-10 countries and Switzerland	175.5	179.7	168.0	166.0	157.9	148.2	148.0	152.8	146.9[r]	153.1[r]	155.7
3 Belgium-Luxembourg	13.3	13.1	12.4	11.0	10.9	9.8	8.8	9.4	9.0	9.6[r]	9.2
4 France	15.3	17.1	16.3	15.9	14.2	14.3	14.1	14.6	13.6	14.9	12.6
5 Germany	12.9	12.7	11.3	11.7	10.9	10.0	9.0	8.9	9.6	9.9[r]	11.0
6 Italy	9.6	10.3	11.4	11.2	11.5	9.7	10.1	10.0	8.5	8.4	9.7
7 Netherlands	4.0	3.6	3.5	3.4	3.0	3.4	3.9	3.8[r]	3.7	3.4	3.9
8 Sweden	3.7	5.0	5.1	5.2	4.3	3.5	3.2	3.1	2.8	3.1	2.7
9 Switzerland	5.5	5.0	4.3	4.3	4.2	3.9	3.9	4.2	4.0	4.1	4.4
10 United Kingdom	70.1	72.1	65.4	65.1	60.6	57.5	60.0	65.1	65.7[r]	68.0[r]	66.9
11 Canada	10.9	10.4	8.3	8.6	8.9	8.1	7.9	9.0	8.0	7.5	8.0
12 Japan	30.2	30.2	29.9	29.7	29.3	27.9	27.2	24.8	22.0[r]	24.3	27.3
13 Other developed countries	28.4	33.7	36.1	35.7	37.2	36.4	33.9	33.0	32.5	32.3	30.5
14 Austria	1.9	1.9	1.9	2.0	1.9	1.8	1.6	1.6	1.6	1.7	1.5
15 Denmark	2.3	2.4	3.4	3.4	3.1	2.9	2.2	2.1	1.9	2.1	2.4
16 Finland	1.7	2.2	2.4	2.1	2.3	1.9	1.9	1.8	1.8	1.8	1.6
17 Greece	2.8	3.0	2.8	3.0	3.3	3.2	2.9	2.9	2.9	2.8	2.6
18 Norway	3.1	3.3	3.3	3.2	3.2	3.2	3.0	2.9	2.9	3.4	2.9
19 Portugal	1.1	1.5	1.5	1.4	1.7	1.6	1.4	1.4	1.3	1.4	1.3
20 Spain	6.6	7.5	7.1	7.1	7.3	6.9	6.5	6.4	5.9	6.2	5.8
21 Turkey	1.4	1.4	1.7	1.9	2.0	2.0	1.9	1.9	2.0	2.1	1.9
22 Other Western Europe	2.1	2.3	1.8	1.8	1.9	1.7	1.7	1.7	1.8	1.7	2.0
23 South Africa	2.8	3.7	4.7	4.8	4.7	5.0	4.5	4.2	3.9	3.3	3.2
24 Australia	2.5	4.4	5.5	5.2	5.8	6.3	6.2	6.2	6.4	5.8	5.2
25 OPEC countries[2]	24.8	27.4	28.9	28.6	27.0	25.2	25.8	25.4	23.8	24.1	21.8
26 Ecuador	2.2	2.2	2.2	2.1	2.1	2.1	2.2	2.2	2.3	2.3	2.2
27 Venezuela	9.9	10.5	9.9	9.7	9.5	9.2	9.3	9.3	9.3	9.2	8.9
28 Indonesia	2.6	3.2	3.8	4.0	4.3	4.0	3.9	3.8	3.6	3.6	3.4
29 Middle East countries	7.5	8.7	10.0	9.8	8.4	7.4	8.2	7.8	6.6	6.7	5.7
30 African countries	2.5	2.8	3.0	3.0	2.7	2.5	2.3	2.3	2.2	2.3	1.6
31 Non-OPEC developing countries	96.3	107.1	111.6	112.2	113.5	112.7	112.9	111.8	111.0	111.2[r]	106.8
Latin America											
32 Argentina	9.4	8.9	9.5	9.5	9.2	9.1	8.7	8.6	8.6	9.3	8.9
33 Brazil	19.1	22.9	23.1	25.1	25.4	26.3	26.3	26.4	26.6	26.1	25.6
34 Chile	5.8	6.3	6.4	6.5	6.7	7.1	7.0	7.0	6.9	6.9	6.9
35 Colombia	2.6	3.1	3.2	3.1	3.0	2.9	2.9	2.8	2.7	2.6	2.7
36 Mexico	21.6	24.5	26.1	25.6	26.2	26.2	26.0	25.7	25.6	25.2	25.3
37 Peru	2.0	2.6	2.4	2.3	2.3	2.2	2.2	2.2	2.1	2.0	1.8
38 Other Latin America	4.1	4.0	4.2	4.4	4.1	3.9	3.9	3.7	3.6	3.5	3.4
Asia											
China											
39 Mainland	.2	.2	.3	.3	.6	.5	.7	.7	.3	1.1	.5
40 Taiwan	5.1	5.3	5.3	4.9	5.4	5.3	5.3	5.4	5.5	5.2	4.5
41 India	.3	.6	1.0	1.0	1.0	1.1	1.0	1.0	1.0	1.2	1.4
42 Israel	2.1	2.3	1.9	1.6	1.9	1.7	1.8	1.7	2.3	1.5	1.6
43 Korea (South)	9.4	10.9	11.3	11.1	11.3	10.5	10.9	10.6	10.3	10.7[r]	9.7
44 Malaysia	1.7	2.1	2.9	2.8	2.9	3.1	3.0	2.9	3.0	2.9	2.5
45 Philippines	6.0	6.3	6.2	6.7	6.3	5.9	6.0	6.1	6.0	6.1	5.8
46 Thailand	1.5	1.6	2.2	2.1	1.9	1.8	1.8	1.7	1.6	1.6[r]	1.4
47 Other Asia	1.0	1.1	1.0	.9	1.1	1.0	1.2	1.1	1.0	1.1	1.1
Africa											
48 Egypt	1.1	1.2	1.5	1.4	1.4	1.2	1.2	1.1	1.0	1.0	1.0
49 Morocco	.7	.7	.8	.8	.8	.8	.8	.8	.8	.9	.9
50 Zaire	.2	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
51 Other Africa[3]	2.3	2.4	2.3	2.2	1.9	1.9	2.1	2.2	2.0	2.0	1.9
52 Eastern Europe	7.8	6.2	5.3	4.9	4.9	4.5	4.4	4.3	4.3	4.6	4.1
53 U.S.S.R.	.6	.3	.2	.2	.2	.2	.1	.2	.3	.2	.1
54 Yugoslavia	2.5	2.2	2.4	2.3	2.3	2.3	2.3	2.2	2.2	2.5	2.2
55 Other	4.7	3.7	2.8	2.5	2.4	2.1	2.0	1.9	1.8	1.9	1.8
56 Offshore banking centers	63.7	66.8	70.5	71.4	74.6	67.4	67.0	66.9[r]	66.8	61.4[r]	67.4
57 Bahamas	19.0	19.0	21.8	24.6	27.5	23.8	21.5	21.9[r]	22.0[r]	16.9[r]	21.6
58 Bermuda	.7	.9	.9	.7	.7	1.0	.9	.7	.9	.8	.7
59 Cayman Islands and other British West Indies	12.4	12.9	12.2	12.0	12.2	11.1	11.7	12.4	12.4	12.5	13.4
60 Netherlands Antilles	3.2	3.3	4.2	3.3	3.3	3.1	3.4	3.3	3.2	2.3	2.3
61 Panama[4]	7.7	7.6	6.0	6.3	6.6	5.7	6.8	5.7	5.5	6.2	6.2
62 Lebanon	.2	.1	.1	.1	.1	.1	.1	.1	.1	.0	.1
63 Hong Kong	11.8	13.9	15.0	14.4	13.9	13.1	12.8	12.9	13.1	13.2	13.3
64 Singapore	8.7	9.2	10.3	10.0	10.3	9.5	9.8	10.0	9.7	9.4	9.8
65 Others[5]	.1	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
66 Miscellaneous and unallocated[6]	18.8	17.9	17.0	16.3	17.4	17.4	17.3	17.1	17.3[r]	17.6[r]	17.1

1. The banking offices covered by these data are the U.S. offices and foreign branches of U.S.-owned banks and of U.S. subsidiaries of foreign-owned banks. Offices *not* covered include (1) U.S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U.S. banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U.S. office or another foreign branch of the same banking institution. The data in this table combine foreign branch claims in table 3.14 (the sum of lines 7 through 10) with the claims of U.S. offices in table 3.18 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches).

2. 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		
					Sept.	Dec.	Mar.	June	Sept.
1	Total	**28,618**	**27,512**	**25,346**	**31,438**	**29,357[r]**	**26,243[r]**	**24,591[r]**	**25,083**
2	Payable in dollars	24,909	24,280	22,233	28,538	26,389[r]	23,466[r]	21,945[r]	22,425
3	Payable in foreign currencies	3,709	3,232	3,113	2,900	2,968	2,777[r]	2,646[r]	2,658
	By type								
4	Financial liabilities	12,157	11,066	10,572	16,488	14,509[r]	11,722[r]	11,489[r]	11,814
5	Payable in dollars	9,499	8,858	8,700	14,602	12,553[r]	9,873[r]	9,533[r]	9,863
6	Payable in foreign currencies	2,658	2,208	1,872	1,886	1,955	1,849[r]	1,956[r]	1,951
7	Commercial liabilities	16,461	16,446	14,774	14,950	14,849	14,521	13,103	13,269
8	Trade payables	10,818	9,438	7,765	7,015	7,005	7,052	5,854	5,576
9	Advance receipts and other liabilities	5,643	7,008	7,009	7,936	7,843	7,469	7,249	7,693
10	Payable in dollars	15,409	15,423	13,533	13,936	13,836	13,593	12,413	12,562
11	Payable in foreign currencies	1,052	1,023	1,241	1,014	1,013	928	690	707
	By area or country								
	Financial liabilities								
12	Europe	6,825	6,501	5,742	6,697	6,728[r]	6,138[r]	5,934[r]	6,572
13	Belgium-Luxembourg	471	505	302	428	471	298	351	367
14	France	709	783	843	910	995	896	865	849
15	Germany	491	467	502	521	489	506	474	493
16	Netherlands	748	711	621	605	590	619[r]	604[r]	617
17	Switzerland	715	792	486	514	569	541	566	593
18	United Kingdom	3,565	3,102	2,839	3,470	3,297[r]	3,039[r]	2,825[r]	3,373
19	Canada	963	746	764	825	863	840	850	854
20	Latin America and Caribbean	3,356	2,751	2,596	7,253	5,086	3,147	3,106	2,624
21	Bahamas	1,279	904	751	3,052	1,926	1,341	1,107	1,135
22	Bermuda	7	14	13	11	13	25	10	4
23	Brazil	22	28	32	33	35	29	27	23
24	British West Indies	1,241	1,027	1,041	3,271	2,103	1,521	1,734	1,249
25	Mexico	102	121	213	260	367	25	32	28
26	Venezuela	98	114	124	130	137	3	3	3
27	Asia	976	1,039	1,424	1,662	1,777	1,555	1,555	1,728
28	Japan	792	715	991	1,174	1,209	1,033	965	1,098
29	Middle East oil-exporting countries[2]	75	169	170	151	155	124	147	82
30	Africa	14	17	19	16	14	12	14	14
31	Oil-exporting countries[3]	0	0	0	1	0	0	0	0
32	All other[4]	24	12	27	35	41	31	30	22
	Commercial liabilities								
33	Europe	3,770	3,831	3,245	4,052	4,001	3,519	3,485	3,894
34	Belgium-Luxembourg	71	52	62	34	48	37	53	56
35	France	573	598	437	430	438	401	425	432
36	Germany	545	468	427	561	622	590	431	601
37	Netherlands	220	346	268	238	245	272	284	386
38	Switzerland	424	367	241	405	257	233	353	293
39	United Kingdom	880	1,027	732	1,224	1,095	752	740	869
40	Canada	897	1,495	1,841	1,906	1,975	1,727	1,494	1,384
41	Latin America and Caribbean	1,044	1,570	1,473	1,780	1,871	1,717	1,244	1,237
42	Bahamas	2	16	1	1	7	11	12	2
43	Bermuda	67	117	67	110	114	112	77	105
44	Brazil	67	60	44	68	124	101	90	120
45	British West Indies	2	32	6	8	32	21	1	15
46	Mexico	340	436	585	641	586	654	492	415
47	Venezuela	276	642	432	628	636	395	309	283
48	Asia	9,384	8,144	6,741	5,547	5,285	5,721	5,259	5,197
49	Japan	1,094	1,226	1,247	1,429	1,256	1,241	1,232	1,429
50	Middle East oil-exporting countries[2,5]	7,008	5,503	4,178	2,364	2,372	2,786	2,396	2,099
51	Africa	703	753	553	597	588	765	633	570
52	Oil-exporting countries[3]	344	277	167	251	233	294	265	235
53	All other[4]	664	651	921	1,068	1,128	1,070	988	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		
				Sept.	Dec.	Mar.	June	Sept.
1 **Total**	*36,185*	*28,725*	*34,911*	*30,939*	*29,839r*	*28,672r*	*26,968r*	*28,748*
2 Payable in dollars	32,582	26,085	31,815	28,148	27,242r	26,100r	24,339r	25,882
3 Payable in foreign currencies	3,603	2,640	3,096	2,792	2,597	2,571	2,629	2,866
By type								
4 Financial claims	21,142	17,684	23,780	20,435	19,192r	18,375r	16,512r	18,805
5 Deposits	15,081	13,058	18,496	15,626	14,559r	14,368r	12,657r	15,074
6 Payable in dollars	14,456	12,628	17,993	15,187	14,140r	13,871r	12,101r	14,370
7 Payable in foreign currencies	625	430	503	439	420	497	556	704
8 Other financial claims	6,061	4,626	5,284	4,808	4,633	4,007r	3,856r	3,731
9 Payable in dollars	3,599	2,979	3,328	3,116	3,190	2,442r	2,375r	2,194
10 Payable in foreign currencies	2,462	1,647	1,956	1,693	1,442	1,565	1,480	1,538
11 Commercial claims	15,043	11,041	11,131	10,505	10,646	10,297	10,456	9,943
12 Trade receivables	14,007	9,994	9,721	9,012	9,177	8,784	9,089	8,406
13 Advance payments and other claims	1,036	1,047	1,410	1,493	1,470	1,513	1,367	1,537
14 Payable in dollars	14,527	10,478	10,494	9,845	9,912	9,787	9,863	9,319
15 Payable in foreign currencies	516	563	637	659	735	510	592	624
By area or country								
Financial claims								
16 Europe	4,596	4,873	6,488	5,783	5,754r	5,774r	5,445r	6,350
17 Belgium-Luxembourg	43	15	37	15	15	29	15	12
18 France	285	134	150	151	126	92	51r	130
19 Germany	224	178	163	192	224	196	175r	156
20 Netherlands	50	97	71	62	66	81r	46r	118
21 Switzerland	117	107	38	64	66	46	16	32
22 United Kingdom	3,546	4,064	5,817	5,068	4,856r	5,042r	4,867r	5,657
23 Canada	6,755	4,377	5,989	4,492	3,979r	3,934r	3,747	3,979
24 Latin America and Caribbean	8,812	7,546	10,234	8,987	8,170r	7,612r	6,475r	7,382
25 Bahamas	3,650	3,279	4,771	3,435	3,282	3,018r	2,153	2,241
26 Bermuda	18	32	102	5	6	4	6r	4
27 Brazil	30	62	53	84	100	98	96	92
28 British West Indies	3,971	3,255	4,206	4,580	4,021r	3,924r	3,657r	4,487
29 Mexico	313	274	293	232	215	201	206	201
30 Venezuela	148	139	134	128	125	101	100	72
31 Asia	758	698	764	900	961	856	639	965
32 Japan	366	153	297	371	353	509	281	725
33 Middle East oil-exporting countries[2]	37	15	4	7	13	6	6	5
34 Africa	173	158	147	160	210	101	111	103
35 Oil-exporting countries[3]	46	48	55	37	85	32	25	31
36 All other[4]	48	31	159	113	117r	97	95	26
Commercial claims								
37 Europe	5,405	3,826	3,670	3,618	3,801	3,360	3,689	3,294
38 Belgium-Luxembourg	234	151	135	128	165	149	212	158
39 France	776	474	459	411	440	375	408	385
40 Germany	561	357	349	368	374	358	375	340
41 Netherlands	299	350	334	298	335	340	301	286
42 Switzerland	431	360	317	289	271	253	376	208
43 United Kingdom	985	811	809	949	1,063	885	950	785
44 Canada	967	633	829	1,026	1,021	1,248	1,065	1,101
45 Latin America and Caribbean	3,479	2,526	2,695	2,027	2,052	1,973	2,124	2,063
46 Bahamas	12	21	8	14	8	9	11	18
47 Bermuda	223	261	190	88	115	164	65	63
48 Brazil	668	258	493	219	214	210	193	212
49 British West Indies	12	12	7	10	7	6	29	7
50 Mexico	1,022	775	884	595	583	493	616	566
51 Venezuela	424	351	272	245	206	192	224	246
52 Asia	3,959	3,050	3,063	2,901	3,073	2,985	2,721	2,726
53 Japan	1,245	1,047	1,114	1,089	1,191	1,154	968	884
54 Middle East oil-exporting countries[2]	905	751	737	703	668	666	593	544
55 Africa	772	588	588	595	470	510	522	494
56 Oil-exporting countries[3]	152	140	139	135	134	141	139	131
57 All other[4]	461	417	286	338	229	221	336	265

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	1984r	1985	1986 Jan.	1985 July r	1985 Aug.	1985 Sept.	1985 Oct.	1985 Nov.	1985 Dec.	1986 Jan.p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	59,834	81,538	8,713	7,207	6,371r	4,802	7,232	8,409	10,914	8,713
2 Foreign sales	62,814	76,617	6,990	6,559	5,721	4,690	6,560	7,137	8,776	6,990
3 Net purchases, or sales (−)	**−2,980**	**4,921**	**1,723**	**648**	**650r**	**112**	**673**	**1,273**	**2,137**	**1,723**
4 Foreign countries	**−3,109**	**4,837**	**1,736**	**548**	**649r**	**163**	**644**	**1,362**	**1,972**	**1,736**
5 Europe	−3,077	2,068	1,172	327	369r	170	554	948	1,339	1,172
6 France	−405	−437	−63	2	−41	−120	−82	−85	−105	−63
7 Germany	−50	730	134	126	76	29	235	270	283	134
8 Netherlands	−357	−122	109	42	18	25	33	47	125	109
9 Switzerland	−1,542	−75	287	23	−23r	−87	125	107	280	287
10 United Kingdom	−677	1,674	614	107	295	293	210	579	700	614
11 Canada	1,691	355	115	67	68	34	−31	−70	93	115
12 Latin America and Caribbean	495	1,671	−76	115	109	−35	78	243	281	−76
13 Middle East[1]	−1,992	238	208	53	35	54	8	−174	227	208
14 Other Asia	−378	313	264	−23	58	−26	−16	384	−25	264
15 Africa	−22	24	25	25	9	0	−4	−1	12	25
16 Other countries	175	168	26	−16	1	−34	55	32	44	26
17 Nonmonetary international and regional organizations	**129**	**84**	**−12**	**100**	**1**	**−51**	**28**	**−89**	**165**	**−12**
BONDS[2]										
18 Foreign purchases	39,296	87,109	6,029	8,495	5,547	7,482	7,401	12,466r	9,688	6,029
19 Foreign sales	26,199	43,055	2,938	4,256	3,741	3,632	2,786	4,284	4,555	2,938
20 Net purchases, or sales (−)	**13,096**	**44,054**	**3,090**	**4,239**	**1,806**	**3,850**	**4,614**	**8,182r**	**5,133**	**3,090**
21 Foreign countries	**12,799**	**44,149**	**3,193**	**3,588**	**2,118**	**4,176**	**4,768**	**7,824r**	**5,491**	**3,193**
22 Europe	11,697	40,002	2,804	3,209	1,834	3,949	3,662	6,835r	5,126	2,804
23 France	207	210	27	−2	169	42	8	−15	0	27
24 Germany	1,724	2,001	−2	177	103	159	308	897	408	−2
25 Netherlands	100	222	85	−2	25	−4	0	158	13	85
26 Switzerland	643	3,987	235	492	243	154	249	804	1,013	235
27 United Kingdom	8,429	32,717	2,435	2,395	1,368	3,519	3,036	4,903r	3,646	2,435
28 Canada	−62	189	2	−14	−24	−31	42	110	19	2
29 Latin America and Caribbean	376	484	18	42	−81	−64	81	124	55	18
30 Middle East[1]	−1,030	−2,643	−174	−265	−80	−187	11	−215	−435	−174
31 Other Asia	1,817	6,068	541	610	465	508	966	975	703	541
32 Africa	1	11	1	3	1	0	1	0	4	1
33 Other countries	0	38	2	2	3	1	6	−5	19	2
34 Nonmonetary international and regional organizations	**297**	**−95**	**−103**	**651**	**−312**	**−326**	**−154**	**358**	**−358**	**−103**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−1,101	−3,909	125	−548	−213	−221	−72	−309	−409	125
36 Foreign purchases	14,816	21,009	2,508	1,589	1,689	1,564	2,172	2,171	2,726	2,508
37 Foreign sales	15,917	24,919	2,383	2,138	1,902	1,785	2,244	2,480	3,135	2,383
38 Bonds, net purchases, or sales (−)	−3,930	−4,127	−80	−567	305	−420	−689	162	−120	−80
39 Foreign purchases	56,017	81,048	9,790	7,203	6,959	6,840	8,538	8,902	8,355	9,790
40 Foreign sales	59,948	85,175	9,870	7,769	6,654	7,260	9,227	8,740	8,475	9,870
41 Net purchases, or sales (−), of stocks and bonds	**−5,031**	**−8,037**	**44**	**−1,115**	**92**	**−641**	**−761**	**−147**	**−529**	**44**
42 Foreign countries	**−4,642**	**−9,100**	**−36**	**−1,344**	**302**	**−876**	**−748**	**−370**	**−864**	**−36**
43 Europe	−8,655	−9,941	−379	−1,179	−258	−764	−577	−1,062	−410	−379
44 Canada	542	−1,784	−226	−765	36	2	−27	14	−394	−226
45 Latin America and Caribbean	2,460	1,858	220	152	178	191	48	32	92	220
46 Asia	1,356	650	396	416	387	−322	−193	812	−350	396
47 Africa	−108	75	7	18	9	−2	−5	37	42	7
48 Other countries	−238	42	−55	13	−51	19	6	−204	156	−55
49 Nonmonetary international and regional organizations	**−389**	**1,063**	**80**	**229**	**−210**	**235**	**−13**	**223**	**335**	**80**

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	1984r	1985	1986	1985						1986
			Jan.	Julyr	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.p
	Transactions, net purchases or sales (−) during period[1]									
1 **Estimated total[2]**	**21,501**	29,767	....	**4,803**	−3,345	**6,533**	**−653**	**2,510r**	**6,462**	**−1,345**
2 Foreign countries[2]	16,496	29,284	....	5,412	1,027	3,988	−122	2,286r	3,068	881
3 Europe[2]	11,014	3,962	....	957	953	958	−701	−941	180	73
4 Belgium-Luxembourg	287	476	....	20	92	49	10	29	−44	33
5 Germany[2]	2,929	1,917	....	723	937	294	17	−101	302	132
6 Netherlands	449	269	....	148	386	127	−126	155	−82	26
7 Sweden	40	976	....	119	−89	−33	−41	−42	−41	−200
8 Switzerland[2]	656	760	....	−20	72	25	116	−151	−116	68
9 United Kingdom	5,188	−2,143	....	−777	−82	283	−735	−530	50	−84
10 Other Western Europe	1,466	1,706	....	744	−363	214	58	−301	111	100
11 Eastern Europe	0	0	....	0	0	0	0	0	0	0
12 Canada	1,586	−190	....	12	−144	106	138	−394	−71	−461
13 Latin America and Caribbean	1,418	4,312	....	215	524	562	125	735	90	122
14 Venezuela	14	238	....	4	33	2	91	72	−41	−53
15 Other Latin America and Caribbean	536	2,343	....	46	95	556	110	367	265	101
16 Netherlands Antilles	869	1,731	....	165	397	4	−76	296	−133	74
17 Asia	2,431	20,776	....	4,309	−416	2,225	244	2,935	2,835	−580
18 Japan	6,289	18,859	....	3,752	875	1,884	1,630	3,039	902	−861
19 Africa	−67	112	....	10	−1	0	9	1	9	−8
20 All other	114	311	....	−91	111	137	63	−51	25	−27
21 Nonmonetary international and regional organizations	5,009	482	....	−610	−4,372	2,545	−530	223	3,393	−464
22 *International*	4,612	−394	....	−229	−4,400	1,883	−430	−15	3,001	−184
23 Latin American regional	0	18	....	0	0	−1	0	8	7	14
MEMO										
24 Foreign countries[2]	16,496	29,284	−881	5,412	1,027	3,988	−122	2,286r	3,068	−881
25 Official institutions	505	8,389	345	1,797	104	1,064	−1,209	−276r	2,714	345
26 Other foreign[2]	15,992	20,896	−1,226	3,616	923	2,924	1,087	2,562	355	−1,226
Oil-exporting countries										
27 Middle East[3]	−6,270	−1,640	226	1	−1,132	−838	−818	−457r	740	226
28 Africa[4]	−101	7	1	0	0	0	4	0	2	1

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 Feb. 28, 1986		Country	Rate on Feb. 28, 1986		Country	Rate on Feb. 28, 1986	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Austria	4.0	Aug. 1985	France[1]	8.50	Feb. 1986	Norway	8.0	June 1983
Belgium	9.75	Dec. 1985	Germany, Fed. Rep. of	4.0	Aug. 1984	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	15.0	Nov. 1985	United Kingdom[2]	....	....
Canada	11.80	Feb. 1986	Japan	4.5	Jan. 1986	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	1983	1984	1985	1985					1986	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 Eurodollars	9.57	10.75	8.27	8.02	8.14	8.08	8.02	7.99	8.02	7.89
2 United Kingdom	10.06	9.91	12.16	11.42	11.49	11.49	11.50	11.66	12.78	12.60
3 Canada	9.48	11.29	9.64	9.16	9.10	8.73	8.85	9.25	10.23	11.81
4 Germany	5.73	5.96	5.40	4.75	4.64	4.77	4.82	4.80	4.65	4.47
5 Switzerland	4.11	4.35	4.92	4.64	4.59	4.53	4.07	4.13	4.08	3.85
6 Netherlands	5.58	6.08	6.29	5.80	5.72	5.89	5.90	5.79	5.71	5.74
7 France	12.44	11.66	9.91	9.79	9.57	9.29	8.95	8.92	8.95	8.81
8 Italy	18.95	17.08	14.86	14.36	13.95	14.16	14.29	14.71	14.88	15.91
9 Belgium	10.51	11.41	9.60	9.50	9.33	8.97	8.66	9.14	9.75	9.75
10 Japan	6.49	6.32	6.47	6.30	6.31	6.47	7.29	7.36	6.54	6.04

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	1983	1984	1985	1985 Sept.	1985 Oct.	1985 Nov.	1985 Dec.	1986 Jan.	1986 Feb.
1 Australia/dollar[1]	90.14	87.937	70.026	68.96	70.25	67.74	68.11	70.00	69.93
2 Austria/schilling	17.968	20.005	20.676	19.949	18.569	18.236	17.658	17.151	16.389
3 Belgium/franc	51.121	57.749	59.336	57.395	53.618	52.474	51.251	49.843	47.748
4 Brazil/cruzeiro	573.27	1841.50	6205.10	7453.33	8203.57	8913.95	9915.71	11345.26	13020.00
5 Canada/dollar	1.2325	1.2953	1.3658	1.3703	1.3667	1.3765	1.3954	1.4070	1.4043
6 China, P.R./yuan	1.9809	2.3308	2.9434	2.9722	3.0782	3.2086	3.2095	3.2095	3.2152
7 Denmark/krone	9.1483	10.354	10.598	10.2906	9.5880	9.3918	9.1221	8.9468	8.6048
8 Finland/markka	5.5636	6.0007	6.1971	6.0140	5.6836	5.5709	5.4824	5.4131	5.2465
9 France/franc	7.6203	8.7355	8.9799	8.6599	8.0641	7.9095	7.6849	7.4821	7.1575
10 Germany/deutsche mark	2.5539	2.8454	2.9419	2.8381	2.6446	2.5954	2.5122	2.4384	2.3317
11 Greece/drachma	87.895	112.73	138.40	136.74	145.74	153.037	150.186	148.69	143.48
12 Hong Kong/dollar	7.2569	7.8188	7.7911	7.8043	7.7908	7.8042	7.8064	7.8081	7.8042
13 India/rupee	10.1040	11.348	12.332	12.126	12.033	12.1010	12.1524	12.243	12.370
14 Ireland/pound[1]	124.81	108.64	106.62	109.55	117.00	119.19	122.48	124.75	129.79
15 Italy/lira	1519.30	1756.10	1908.90	1903.42	1785.43	1753.72	1713.50	1663.14	1588.21
16 Japan/yen	237.55	237.45	238.47	236.53	214.68	204.07	202.79	199.89	184.85
17 Malaysia/ringgit	2.3204	2.3448	2.4806	2.4841	2.4529	2.4341	2.4291	2.4489	2.4704
18 Netherlands/guilder	2.8543	3.2083	3.3184	3.1921	2.9819	2.9230	2.8293	2.7489	2.6343
19 New Zealand/dollar[1]	66.790	57.837	49.752	53.285	56.931	57.230	52.633	51.657	53.177
20 Norway/krone	7.3012	8.1596	8.5933	8.3337	7.9099	7.8076	7.6524	7.5541	7.2789
21 Portugal/escudo	111.610	147.70	172.07	172.5	164.59	162.963	160.798	157.99	152.63
22 Singapore/dollar	2.1136	2.1325	2.2008	2.2268	2.1387	2.1084	2.1213	2.1289	2.1401
23 South Africa/rand[1]	89.85	69.534	45.57	39.49	38.38	37.57	37.05	42.40	47.94
24 South Korea/won	776.04	807.91	861.89	847.46	894.49	893.35	893.13	892.75	888.57
25 Spain/peseta	143.500	160.78	169.98	168.91	161.712	159.658	156.052	152.91	147.31
26 Sri Lanka/rupee	23.510	25.428	27.187	27.430	27.421	27.449	27.420	26.3	
27 Sweden/krona	7.6717	8.2706	8.6031	8.3907	7.9557	7.8127	7.6817	7.5	
28 Switzerland/franc	2.1006	2.3500	2.4551	2.3749	2.1692	2.1306	2.1042	2.0	
29 Taiwan/dollar	n.a.	39.633	39.889	40.465	40.195	39.981	39.906	39.4	
30 Thailand/baht	22.991	23.582	27.193	27.050	26.569	26.315	26.715	26.676	26.492
31 United Kingdom/pound[1]	151.59	133.66	129.74	136.42	142.15	143.96	144.47	142.44	142.97
MEMO									
32 United States/dollar[2]	125.34	138.19	143.01	139.14	130.71	128.08	125.80	123.65	118.77

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	0	Calculated to be zero
e	Estimated	n.a.	Not available
p	Preliminary	n.e.c.	Not elsewhere classified
r	Revised (Notation appears on column heading when about half of the figures in that column are changed.)	IPCs	Individuals, partnerships, and corporations
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)	REITs	Real estate investment trusts
		RPs	Repurchase agreements
		SMSAs	Standard metropolitan statistical areas
		.....	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

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

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

	Issue	*Page*
Anticipated schedule of release dates for periodic releases	December 1985	A77

SPECIAL TABLES

Published Irregulary, with Latest Bulletin Reference

Assets and liabilities of commercial banks, March 31, 1983	August 1983	A70
Assets and liabilities of commercial banks, June 30, 1983	December 1983	A68
Assets and liabilities of commercial banks, September 30, 1983	March 1984	A68
Assets and liabilities of commercial banks, December 31, 1983	June 1984	A66
Assets and liabilities of U.S. branches and agencies of foreign banks, December 31, 1984	August 1985	A76
Assets and liabilities of U.S. branches and agencies of foreign banks, March 31, 1985	November 1985	A76
Assets and liabilities of U.S. branches and agencies of foreign banks, June 30, 1985	January 1986	A70
Assets and liabilities of U.S. branches and agencies of foreign banks, September 30, 1985	May 1986	A74
Terms of lending at commercial banks, May 1985	August 1985	A70
Terms of lending at commercial banks, August 1985	November 1985	A70
Terms of lending at commercial banks, November 1985	March 1986	A70
Terms of lending at commercial banks, February 1986	May 1986	A70

Special tables begin on next page.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 3–7, 1986[1]

A. Commercial and Industrial Loans

Characteristics	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)
			Days	Weighted average effective[3]	Standard error[4]	Interquartile range[5]		
ALL BANKS								
1 Overnight[6]	12,626,703	5,498	*	8.69	.12	8.38–8.87	82.8	4.0
2 One month and under	9,375,718	745	17	9.11	.22	8.62–9.32	75.0	13.3
3 Fixed rate	6,526,166	785	19	9.07	.25	8.72–9.20	70.8	12.5
4 Floating rate	2,849,552	668	13	9.21	.25	8.52–9.75	84.6	15.1
5 Over one month and under a year	8,026,569	94	146	10.05	.25	8.91–10.92	68.1	6.5
6 Fixed rate	3,197,257	66	108	9.97	.47	8.88–10.18	57.7	4.6
7 Floating rate	4,829,311	133	171	10.11	.27	8.97–11.02	75.0	7.8
8 Demand[7]	5,019,661	159	*	9.93	.21	8.70–11.02	79.6	3.1
9 Fixed rate	1,016,089	218	*	8.87	.18	8.35–8.91	80.2	1.6
10 Floating rate	4,003,572	149	*	10.20	.21	9.11–11.02	79.5	3.5
11 Total short term	**35,048,651**	**266**	**45**	**9.29**	**.16**	**8.49–9.84**	**76.9**	**6.9**
12 Fixed rate (thousands of dollars)	22,954,515	359	22	8.98	.24	8.45–9.12	75.5	5.9
13 1–24	357,648	7	107	13.12	.30	12.03–14.11	27.7	.1
14 25–49	117,342	31	113	12.49	.50	11.22–13.38	33.2	.2
15 50–99	197,284	70	102	11.94	.39	10.38–14.75	42.2	1.2
16 100–499	394,462	209	63	10.93	.37	9.89–12.01	47.5	3.0
17 500–999	270,252	658	51	9.75	.20	8.87–10.20	71.1	8.2
18 1000 and over	21,617,527	7,438	19	8.82	.09	8.44–9.05	77.4	6.1
19 Floating rate (thousands of dollars)	12,094,136	179	107	9.87	.13	8.73–10.92	79.4	8.9
20 1–24	364,180	10	155	11.73	.16	11.02–12.19	57.8	4.2
21 25–49	313,369	33	152	11.42	.12	10.76–12.13	66.2	1.8
22 50–99	539,753	65	158	11.24	.14	10.47–12.01	68.0	6.8
23 100–499	1,765,209	192	151	10.82	.06	9.93–11.46	72.6	4.8
24 500–999	1,039,135	656	147	10.58	.09	9.92–11.02	61.6	5.9
25 1000 and over	8,072,490	4,381	90	9.34	.15	8.54–9.92	85.4	10.8
			Months					
26 Total long term	**4,016,401**	**177**	**54**	**10.26**	**.18**	**8.98–11.19**	**79.3**	**11.2**
27 Fixed rate (thousands of dollars)	997,402	84	59	10.44	.56	8.94–11.63	65.1	7.0
28 1–99	131,611	12	62	13.02	.68	11.86–13.80	11.9	.6
29 100–499	135,189	150	87	12.13	.36	11.46–13.31	20.9	3.5
30 500–999	61,789	738	95	10.07	.58	9.00–10.93	92.3	6.6
31 1000 and over	668,813	4,485	49	9.62	.78	8.77–10.50	82.0	9.0
32 Floating rate (thousands of dollars)	3,018,999	277	53	10.21	.26	9.09–11.07	84.0	12.6
33 1–99	225,757	27	46	11.77	.14	11.02–12.19	32.5	1.3
34 100–499	341,380	206	49	10.85	.10	9.92–11.57	63.1	8.4
35 500–999	197,719	639	45	10.55	.32	9.84–11.07	80.9	13.5
36 1000 and over	2,254,143	4,594	55	9.92	.32	8.96–10.88	92.6	14.3
			Days	Loan rate (percent)		Prime rate[9]		
				Effective[3]	Nominal[8]			
LOANS MADE BELOW PRIME[10]								
37 Overnight[6]	12,100,076	9,648	*	8.61	8.26	9.50	83.5	4.2
38 One month and under	8,193,292	4,691	17	8.86	8.50	9.50	78.9	14.0
39 Over one month and under a year	3,945,355	854	135	8.93	8.62	9.58	77.7	5.7
40 Demand[7]	2,039,851	1,293	*	8.65	8.34	9.51	83.4	1.0
41 Total short term	**26,278,574**	**2,857**	**28**	**8.74**	**8.40**	**9.51**	**81.2**	**7.2**
42 Fixed rate	20,776,339	3,333	18	8.74	8.39	9.51	78.0	6.3
43 Floating rate	5,502,235	1,856	78	8.75	8.42	9.53	93.0	10.6
			Months					
44 Total long term	**1,618,867**	**643**	**51**	**9.01**	**8.72**	**9.61**	**94.1**	**12.0**
45 Fixed rate	468,730	264	39	9.00	8.84	9.65	86.9	2.9
46 Floating rate	1,150,136	1,556	56	9.02	8.67	9.59	97.1	15.7

For notes see end of table.

4.23 Continued

A. Continued

Characteristics	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)
			Days	Weighted average effective[3]	Standard error[4]	Interquartile range[5]		
48 LARGE BANKS								
1 Overnight[6]	11,145,149	10,276	*	8.66	.01	8.37–8.87	83.7	4.2
2 One month and under	7,783,357	3,261	17	8.98	.03	8.60–9.20	79.2	13.9
3 Fixed rate	5,470,115	4,320	19	8.98	.04	8.72–9.19	75.3	13.0
4 Floating rate	2,313,242	2,064	12	8.99	.02	8.44–9.20	88.4	16.1
5 Over one month and under a year	3,958,608	427	135	9.57	.09	8.85–10.00	79.2	3.6
6 Fixed rate	1,884,140	1,217	103	9.41	.08	8.88–9.38	71.6	5.0
7 Floating rate	2,074,468	269	165	9.71	.13	8.62–10.52	86.0	2.4
8 Demand[7]	2,345,063	294	*	9.82	.18	8.73–10.65	81.4	2.2
9 Fixed rate	540,310	616	*	9.02	.16	8.37–9.11	81.4	.4
10 Floating rate	1,804,753	254	*	10.06	.17	9.03–11.02	81.4	2.8
11 **Total short term**	**25,232,177**	**1,218**	**30**	**9.01**	**.00**	**8.45–9.21**	**81.4**	**6.9**
12 Fixed rate (thousands of dollars)	18,690,194	3,960	17	8.84	.00	8.44–9.05	79.7	6.1
13 1–24	12,219	10	84	12.07	.05	10.75–13.24	51.6	.3
14 25–49	11,688	34	108	11.30	.26	10.47–12.23	64.1	.5
15 50–99	20,666	64	81	11.32	.11	10.47–12.13	57.6	1.5
16 100–499	104,020	219	61	10.52	.06	9.72–11.34	84.2	6.1
17 500–999	138,398	648	56	9.57	.05	8.87–10.00	71.7	4.4
18 1000 and over	18,403,203	8,669	17	8.82	.00	8.44–9.05	79.8	6.2
19 Floating rate (thousands of dollars)	6,541,983	409	78	9.49	.00	8.54–10.08	86.2	9.2
20 1–24	65,958	11	183	11.55	.02	10.92–12.13	79.3	2.0
21 25–49	84,961	34	192	11.22	.01	10.75–11.85	79.3	3.3
22 50–99	166,957	66	198	11.05	.04	10.47–11.57	79.1	2.9
23 100–499	639,764	198	163	10.71	.02	9.92–11.07	77.1	3.7
24 500–999	435,572	665	105	10.49	.02	9.92–11.02	76.8	3.1
25 1000 and over	5,148,771	5,242	65	9.14	.02	8.43–9.81	88.6	10.7
			Months					
26 **Total long term**	**2,698,815**	**954**	**54**	**9.82**	**.01**	**8.88–10.61**	**91.4**	**12.2**
27 Fixed rate (thousands of dollars)	663,795	848	52	9.59	.33	8.77–10.39	85.0	10.0
28 1–99	11,733	25	65	11.85	.47	10.38–13.24	50.5	7.2
29 100–499	23,103	205	56	10.91	.10	10.18–11.46	70.9	11.7
30 500–999	49,572	754	106	9.90	.50	9.00–10.47	95.0	6.3
31 1000 and over	579,387	4,521	47	9.47	.34	8.77–10.37	85.5	10.4
32 Floating rate (thousands of dollars)	2,035,020	994	54	9.89	.10	8.96–10.65	93.5	13.0
33 1–99	29,129	32	39	11.41	.04	10.92–12.10	66.8	4.2
34 100–499	134,782	221	44	10.79	.00	10.06–11.46	80.8	10.9
35 500–999	117,470	626	44	10.41	.23	9.84–11.02	84.2	16.5
36 1000 and over	1,753,639	5,245	56	9.76	.11	8.86–10.52	95.5	13.0
			Days	Loan rate (percent) Effective[3]	Loan rate (percent) Nominal[8]	Prime rate[9]		
LOANS MADE BELOW PRIME[10]								
37 Overnight[6]	10,863,606	10,774	*	8.62	8.27	9.50	84.7	4.3
38 One month and under	7,159,416	6,406	16	8.86	8.51	9.50	81.6	14.5
39 Over one month and under a year	2,607,293	4,137	125	8.93	8.62	9.50	82.2	4.1
40 Demand[7]	1,019,067	3,639	*	8.67	8.35	9.50	84.4	.3
41 **Total short term**	**21,649,382**	**7,130**	**22**	**8.74**	**8.39**	**9.50**	**83.4**	**7.5**
42 Fixed rate	17,735,312	7,741	15	8.74	8.39	9.50	80.7	6.3
43 Floating rate	3,914,071	5,252	59	8.72	8.38	9.50	95.4	12.6
			Months					
44 **Total long term**	**1,397,333**	**5,507**	**52**	**8.93**	**8.64**	**9.50**	**98.8**	**8.9**
45 Fixed rate	402,823	3,417	39	8.85	8.71	9.50	96.7	3.3
46 Floating rate	994,510	7,321	57	8.97	8.62	9.50	99.6	11.2

For notes see end of table.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS SURVEY of Loans Made, February 3–7, 1986[1]—Continued

A. Commercial and Industrial Loans—Continued

Characteristics	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity[2]	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)
			Days	Weighted average effective[3]	Standard error[4]	Inter-quartile range[5]		
OTHER BANKS								
1 Overnight[6]	1,481,554	1,222	*	8.86	.12	8.39–8.87	75.5	2.6
2 One month and under	1,592,361	156	20	9.75	.22	8.65–10.52	54.4	10.1
3 Fixed rate	1,056,051	150	21	9.53	.25	8.60–9.51	47.4	9.6
4 Floating rate	536,310	171	18	10.17	.25	8.67–11.06	68.2	10.9
5 Over one month and under a year	4,067,961	54	157	10.52	.24	9.31–11.07	57.3	9.3
6 Fixed rate	1,313,117	28	116	10.77	.47	8.87–12.28	37.7	4.1
7 Floating rate	2,754,844	96	176	10.41	.24	9.57–11.02	66.6	11.8
8 Demand[7]	2,674,599	114	*	10.02	.10	8.70–11.02	78.0	3.9
9 Fixed rate	475,779	126	*	8.69	.08	8.33–8.62	78.9	2.9
10 Floating rate	2,198,820	111	*	10.31	.11	9.32–11.02	77.8	4.1
11 **Total short term**	**9,816,474**	**89**	**94**	**10.01**	**.16**	**8.68–10.98**	**65.2**	**7.0**
12 Fixed rate (thousands of dollars)	4,264,321	72	46	9.59	.24	8.52–9.96	57.2	4.8
13 1–24	345,429	7	108	13.16	.30	12.07–14.20	26.8	.1
14 25–49	105,654	31	113	12.62	.43	11.38–13.38	29.8	.2
15 50–99	176,618	71	104	12.01	.37	10.38–14.75	40.4	1.1
16 100–499	290,442	206	63	11.08	.37	9.92–12.73	34.3	1.9
17 500–999	131,854	669	47	9.94	.20	8.93–10.52	70.6	12.1
18 1000 and over	3,214,325	4,102	32	8.83	.09	8.41–9.01	63.8	5.6
19 Floating rate (thousands of dollars)	5,552,153	108	148	10.33	.13	9.38–11.02	71.4	8.6
20 1–24	298,222	10	149	11.77	.16	11.02–12.19	53.1	4.7
21 25–49	228,409	33	138	11.49	.12	10.92–12.13	61.3	1.3
22 50–99	372,796	64	141	11.33	.14	10.47–12.13	63.0	8.5
23 100–499	1,125,445	189	144	10.89	.06	9.94–11.57	70.1	5.5
24 500–999	603,563	650	168	10.64	.09	9.96–10.92	50.6	8.0
25 1000 and over	2,923,719	3,399	145	9.69	.15	8.68–10.52	79.8	10.9
			Months					
26 **Total long term**	**1,317,586**	**66**	**55**	**11.18**	**.18**	**9.92–12.19**	**54.5**	**9.0**
27 Fixed rate (thousands of dollars)	333,607	30	72	12.12	.45	11.57–13.31	25.4	.9
28 1–99	119,878	12	62	13.14	.50	11.86–13.88	8.1	.0
29 100–499	112,086	142	93	12.38	.35	12.52–13.31	10.6	1.8
30 500–999	12,216	680	48	10.77	.29	9.84–11.46	81.4	7.7
31 1000 and over	89,427	4,267	62	10.62	.70	9.12–11.63	59.6	.0
32 Floating rate (thousands of dollars)	983,979	111	50	10.86	.23	9.92–11.57	64.4	11.8
33 1–99	196,629	26	47	11.83	.14	11.02–12.19	27.4	.9
34 100–499	206,598	198	52	10.90	.10	9.92–11.57	51.7	6.8
35 500–999	80,249	659	47	10.74	.22	9.92–11.19	76.2	9.0
36 1000 and over	500,503	3,202	50	10.49	.30	9.84–11.19	82.2	18.6
			Days	Loan rate (percent)		Prime rate[9]		
				Effective[3]	Nominal[8]			
LOANS MADE BELOW PRIME[10]								
37 Overnight[6]	1,236,469	5,029	*	8.59	8.24	9.50	72.2	3.1
38 One month and under	1,033,876	1,644	19	8.84	8.49	9.52	59.8	10.7
39 Over one month and under a year	1,338,062	335	156	8.93	8.64	9.73	68.9	8.6
40 Demand[7]	1,020,784	787	*	8.63	8.33	9.53	82.3	1.7
41 **Total short term**	**4,629,191**	**751**	**64**	**8.75**	**8.43**	**9.58**	**70.7**	**6.1**
42 Fixed rate	3,041,027	771	34	8.71	8.39	9.56	62.3	6.3
43 Floating rate	1,588,164	716	142	8.83	8.51	9.60	87.0	5.7
			Months					
44 **Total long term**	**221,534**	**98**	**47**	**9.52**	**9.20**	**10.28**	**64.8**	**31.5**
45 Fixed rate	65,907	40	43	9.90	9.67	10.54	27.1	.3
46 Floating rate	155,627	258	48	9.36	9.01	10.17	80.7	44.7

For notes see end of table.

4.23 Continued

B. Construction and Land Development Loans

Characteristics	Amount of loans (thousands of dollars)	Average size (thousands of dollars)	Weighted average maturity (months)[2]	Loan rate (percent)			Loans made under commitment (percent)	Participation loans (percent)
				Weighted average effective[3]	Standard error[4]	Interquartile range[5]		
Total								
1 **Total**	**1,614,380**	**137**	**12**	**11.31**	**.32**	**9.99–12.10**	**63.7**	**9.4**
2 Fixed rate (thousands of dollars)	742,776	128	4	11.85	.56	10.47–12.68	47.1	11.3
3 1–24	12,470	7	22	13.11	.24	12.68–13.80	26.6	.2
4 25–49	45,375	35	7	14.97	1.39	12.10–21.66	29.0	.0
5 50–99	51,306	63	9	13.28	.46	12.40–14.20	45.9	.0
6 100–499	301,981	160	4	12.60	.52	12.00–12.68	2.0	.2
7 500 and over	331,643	4,654	2	10.48	.49	9.92–10.54	91.6	25.1
8 Floating rate (thousands of dollars)	871,604	147	19	10.85	.13	9.92–11.57	77.8	7.7
9 1–24	24,210	8	8	11.60	.11	11.02–12.13	84.8	2.3
10 25–49	50,270	36	11	11.40	.13	11.30–11.48	91.4	1.6
11 50–99	48,451	69	14	11.21	.26	10.47–11.63	68.2	2.8
12 100–499	170,428	175	11	11.47	.18	11.02–12.19	80.7	7.1
13 500 and over	578,245	2,343	22	10.56	.24	9.92–11.35	76.2	9.1
By type of construction								
14 Single family	441,728	65	8	12.58	1.02	11.57–12.68	42.3	1.1
15 Multifamily	110,201	60	15	11.89	.32	11.07–12.13	76.9	1.6
16 Nonresidential	1,062,450	335	14	10.72	.17	9.92–11.46	71.2	13.6
Total								
1 **Total**	**655,314**	**904**	**11**	**10.30**	**.01**	**9.92–10.54**	**94.5**	**14.7**
2 Fixed rate (thousands of dollars)	269,875	1,840	1	10.16	.08	9.92–10.54	95.3	25.7
3 1–24	851	10	7	12.27	.23	12.13–12.13	85.9	.0
4 25–49	*	*	*	*	*	*	*	*
5 50–99	*	*	*	*	*	*	*	*
6 100–499	*	*	*	*	*	*	*	*
7 500 and over	265,916	8,018	1	10.14	.08	9.92–10.54	95.7	25.9
8 Floating rate (thousands of dollars)	385,441	667	18	10.40	.02	9.92–11.02	93.9	6.9
9 1–24	1,683	13	10	11.40	.22	11.02–11.58	95.9	6.2
10 25–49	2,227	37	7	11.40	.14	11.02–11.63	85.5	.0
11 50–99	4,914	69	10	11.37	.12	10.92–11.63	93.4	6.7
12 100–499	50,110	241	12	11.21	.15	11.02–11.57	91.2	7.9
13 500 and over	326,508	2,960	19	10.25	.08	9.92–10.75	94.4	6.9
By type of construction								
14 Single family	49,554	164	15	11.38	.08	11.02–11.57	84.1	2.4
15 Multifamily	10,339	137	10	11.12	.08	11.02–11.30	99.5	9.4
16 Nonresidential	595,422	1,720	11	10.20	.01	9.92–10.54	95.3	15.8
Total								
1 **Total**	**959,066**	**87**	**13**	**12.00**	**.36**	**11.07–12.19**	**42.6**	**5.7**
2 Fixed rate (thousands of dollars)	472,903	83	6	12.82	.65	12.00–13.24	19.7	3.0
3 1–24	11,619	7	24	13.17	.24	12.68–13.80	22.3	.2
4 25–49	45,007	35	7	14.99	1.50	12.10–21.66	28.4	.0
5 50–99	50,785	63	9	13.28	.42	12.40–14.20	46.1	.0
6 100–499	299,764	160	4	12.61	.53	12.00–12.68	1.6	.0
7 500 and over	*	*	*	*	*	*	*	*
8 Floating rate (thousands of dollars)	486,163	91	20	11.21	.15	10.92–11.57	65.0	8.3
9 1–24	22,527	9	8	11.61	.10	11.02–12.13	84.0	2.0
10 25–49	48,043	36	12	11.40	.13	11.30–11.46	91.6	1.6
11 50–99	43,538	69	15	11.19	.29	10.47–11.63	65.3	2.4
12 100–499	120,318	157	10	11.58	.19	11.07–12.19	76.4	6.8
13 500 and over	251,737	1,844	27	10.97	.31	10.52–11.57	52.7	11.9
By type of construction								
14 Single family	392,174	61	7	12.73	1.09	11.67–12.68	37.0	1.0
15 Multifamily	99,862	57	16	11.97	.36	11.07–12.17	74.5	.8
16 Nonresidential	467,029	166	19	11.40	.20	11.02–12.00	40.5	10.8

For notes see end of table.

*Fewer than 10 sample loans.

4.23 TERMS OF LENDING AT COMMERCIAL BANKS SURVEY of Loans Made, February 3–7, 1986[1]—Continued

C. Loans to Farmers[11]

Characteristics	Size class of loans (thousands)						
	All sizes	$1–9	$10–24	$25–49	$50–99	$100–249	$250 and over
ALL BANKS							
1 Amount of loans (thousands of dollars)	967,037	113,641	110,274	119,374	97,320	188,313	338,116
2 Number of loans	45,504	31,030	7,568	3,584	1,566	1,274	481
3 Weighted average maturity (months)[2]	8.9	7.5	7.6	12.6	18.0	11.1	4.6
4 Weighted average interest rate (percent)[3]	12.03	12.94	12.80	12.62	12.68	11.96	11.11
5 Standard error[4]	.58	.19	.15	.15	.41	.32	.86
6 Interquartile range[5]	11.30–13.19	12.00–13.53	12.05–13.54	12.00–13.22	11.86–13.50	11.81–12.00	9.34–13.19
By purpose of loan							
7 Feeder livestock	11.93	12.97	12.58	12.05	11.96	12.08	11.50
8 Other livestock	12.64	12.86	12.93	11.65	*	11.98	*
9 Other current operating expenses	11.84	12.93	12.77	12.70	13.21	12.00	9.19
10 Farm machinery and equipment	12.66	12.86	12.81	12.71	*	*	*
11 Other	11.89	13.12	13.08	12.70	12.02	11.85	*
Percentage of amount of loans							
12 With floating rates	42.3	25.7	37.3	48.7	55.6	54.2	36.7
13 Made under commitment	39.1	21.2	25.7	35.5	35.4	28.8	57.5
By purpose of loan							
14 Feeder livestock	16.3	12.4	14.3	9.2	24.3	11.4	21.1
15 Other livestock	14.7	9.4	8.8	2.5	*	3.7	*
16 Other current operating expenses	46.0	62.5	59.4	45.6	54.5	52.4	30.3
17 Farm machinery and equipment	5.2	6.9	2.5	29.5	*	*	*
18 Other	17.8	8.9	14.9	13.1	11.1	32.5	*
48 LARGE BANKS[11]							
1 Amount of loans (thousands of dollars)	298,347	6,209	11,491	11,490	19,006	41,959	208,191
2 Number of loans	3,448	1,646	743	340	288	283	148
3 Weighted average maturity (months)[2]	3.6	6.8	6.7	8.1	4.8	3.9	3.0
4 Weighted average interest rate (percent)[3]	10.30	11.64	11.55	11.30	11.26	10.98	9.92
5 Standard error[4]	.56	.07	.08	.12	.09	.11	.61
6 Interquartile range[5]	9.34–11.46	11.00–12.13	10.92–12.12	10.47–12.01	10.52–11.86	10.20–11.73	8.73–11.02
By purpose of loan							
7 Feeder livestock	10.84	11.56	11.17	10.95	10.99	11.30	10.69
8 Other livestock	11.40	11.66	11.47	11.50	*	*	*
9 Other current operating expenses	9.69	11.65	11.64	11.34	11.30	10.76	9.09
10 Farm machinery and equipment	11.94	11.77	*	*	*	*	*
11 Other	10.28	11.64	11.65	11.47	11.46	10.98	*
Percentage of amount of loans							
12 With floating rates	57.3	81.0	88.0	81.1	93.2	91.3	43.4
13 Made under commitment	82.2	82.2	77.0	80.8	85.1	86.3	81.4
By purpose of loan							
14 Feeder livestock	25.1	16.8	18.2	32.1	27.7	27.2	24.7
15 Other livestock	12.5	4.8	4.8	11.5	*	*	*
16 Other current operating expenses	46.7	58.2	60.6	31.1	35.2	48.2	47.1
17 Farm machinery and equipment	1.1	2.4	*	*	*	*	*
18 Other	14.7	17.8	14.0	21.2	27.4	16.3	*
OTHER BANKS[11]							
1 Amount of loans (thousands of dollars)	668,690	107,431	98,783	107,884	78,313	146,354	*
2 Number of loans	42,056	29,385	6,825	3,244	1,278	991	*
3 Weighted average maturity (months)[2]	10.9	7.6	7.7	12.9	20.4	12.5	*
4 Weighted average interest rate (percent)[3]	12.80	13.01	12.95	12.76	13.02	12.24	*
5 Standard error[4]	.13	.17	.12	.09	.40	.29	*
6 Interquartile range[5]	12.00–13.31	12.13–13.55	12.34–13.59	12.19–13.29	12.10–13.59	11.83–12.17	*
By purpose of loan							
7 Feeder livestock	12.91	13.08	12.80	12.61	12.24	*	*
8 Other livestock	13.08	12.89	13.02	*	*	*	*
9 Other current operating expenses	12.83	13.00	12.90	12.80	13.49	*	*
10 Farm machinery and equipment	12.71	12.88	*	12.72	*	*	*
11 Other	12.45	13.30	13.23	12.93	*	*	*
Percentage of amount of loans							
12 With floating rates	35.6	22.5	31.4	45.2	46.4	43.6	*
13 Made under commitment	19.9	17.7	19.8	30.7	23.4	12.4	*
By purpose of loan							
14 Feeder livestock	12.3	12.1	13.8	6.8	23.4	*	*
15 Other livestock	15.7	9.6	9.3	*	*	*	*
16 Other current operating expenses	45.8	62.7	59.3	47.2	59.2	*	*
17 Farm machinery and equipment	7.1	7.1	*	32.3	*	*	*
18 Other	19.1	8.4	15.0	12.3	*	*	*

For notes see following page.

NOTES TO TABLE 4.23

1. The survey of terms of bank lending to business collects data on gross loan extensions made during the first full business week in the mid-month of each quarter by a sample of 340 commercial banks of all sizes. The sample data are blown up to estimate the lending terms at all insured commercial banks during that week. The estimated terms of bank lending are not intended for use in collecting the terms of loans extended over the entire quarter or residing in the portfolios of those banks. Construction and land development loans include both unsecured loans and loans secured by real estate. Thus, some of the construction and land development loans would be reported on the statement of condition as real estate loans and the remainder as business loans. The survey of terms of bank lending to farmers covers about 250 banks selected to represent all sizes of banks. Mortgage loans, purchased loans, foreign loans, and loans of less than $1,000 are excluded from the survey.

As of September 30, 1985, average domestic assets of 48 large banks were $15.0 billion and assets of the smallest of these banks were $2.9 billion. For all insured banks total domestic assets averaged $156 million.

2. The weighted average maturity is calculated only for loans with a stated date of maturity (that is, loans payable on demand are excluded). In computing the average, each loan is weighted by its dollar amount.

3. The approximate compounded annual interest rate on each loan is calculated from survey data on the stated rate and other terms of the loan; then, in computing the average of these approximate effective rates, each loan is weighted by its dollar amount.

4. The chances are about two out of three that the average rate shown would differ by less than this amount from the average rate that would be found by a complete survey of lending at all banks.

5. The interquartile range shows the interest rate range that encompasses the middle 50 percent of the total dollar amount of loans made.

6. Overnight loans are loans that mature on the following business day.

7. Demand loans have no stated date of maturity.

8. The approximate annual interest rate on each loan—without regard to compounding—is calculated from survey data on the stated rate and other terms of the loan; then in computing the average of these approximate nominal rates, each loan is weighted by its dollar amount.

9. The prime rate reported by each bank is weighted by the volume of loans extended and then averaged.

10. This survey provides data on gross loan extensions made during one week of each quarter. The proportion of these loan extensions that is made at rates below prime may vary substantially from the proportion of such loans outstanding in bank loan portfolios.

11. Among banks reporting loans to farmers, most "large banks" had over $500 million in total assets, and most "other banks" had total assets below $500 million.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 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]**	**297,691**	**238,653**	**59,039**	**213,327**	**5,390**	**48,176**	**15,426**	**6,274**	**9,099**
2 Cash and due from depository institutions	69,675	63,320	6,355	58,895	111	6,292	3,477	332	567
3 Currency and coin (U.S. and foreign)	30	28	2	22	0	2	3	2	1
4 Balances with Federal Reserve Banks	1,431	1,387	43	1,269	18	23	65	42	14
5 Balances with other central banks	99	95	4	93	4	0	1	0	0
6 Demand balances with commercial banks in United States	1,651	1,498	153	1,413	33	95	45	18	47
7 All other balances with depository institutions in United States and with banks in foreign countries	66,129	59,981	6,148	55,783	55	6,169	3,352	269	501
8 *Time and savings balances with commercial banks in United States*	36,277	32,470	3,756	30,095	26	3,888	1,777	196	245
9 Balances with other depository institutions in United States	100	53	47	53	1	2	0	0	43
10 Balances with banks in foreign countries	29,802	27,457	2,345	25,635	28	2,280	1,575	72	213
11 Foreign branches of U.S. banks	1,812	1,745	67	1,629	0	70	107	0	6
12 Other banks in foreign countries	27,990	25,713	2,278	24,005	28	2,210	1,468	72	207
13 Cash items in process of collection	335	330	5	314	1	4	11	3	3
14 **Total securities, loans, and lease financing receivables**	**165,129**	**128,088**	**37,040**	**110,931**	**4,076**	**28,886**	**11,158**	**3,518**	**6,559**
15 Total securities, book value	15,357	13,344	2,013	12,548	139	1,963	536	38	134
16 U.S. Treasury	4,298	4,207	91	3,914	64	65	242	14	0
17 Obligations of other U.S. government agencies and corporations	686	673	13	657	0	17	0	12	0
18 Obligations of states and political subdivisions in United States	71	62	10	49	0	0	11	1	9
19 Other bonds, notes, debentures, and corporate stock	10,302	8,402	1,900	7,928	75	1,880	282	11	125
20 Federal funds sold and securities purchased under agreements to resell	10,355	8,918	1,437	8,652	921	453	188	41	100
By holder									
21 Commercial banks in United States	8,395	7,658	736	7,401	302	398	180	41	72
22 Others	1,961	1,259	701	1,251	619	54	8	0	28
By type									
23 One-day maturity or continuing contract	9,963	8,527	1,436	8,264	921	451	186	41	100
24 Securities purchased under agreements to resell	426	419	7	412	7	0	0	7	0
25 Other	9,538	8,109	1,429	7,852	914	451	186	35	100
26 Other securities purchased under agreements to resell	392	390	2	388	0	2	2	0	0
27 Total loans, gross	149,920	114,855	35,065	98,483	3,940	26,962	10,627	3,482	6,426
28 LESS: Unearned income on loans	149	111	38	100	3	38	4	2	1
29 EQUALS: Loans, net	149,771	114,745	35,027	98,383	3,937	26,923	10,623	3,480	6,425
Total loans, gross, by category									
30 Real estate loans	5,508	3,561	1,947	2,631	7	1,090	345	285	1,151
31 Loans to financial institutions	54,458	41,680	12,778	37,689	925	11,507	3,012	484	841
32 Commercial banks in United States	27,106	19,917	7,188	17,939	276	7,148	1,350	273	120
33 U.S. branches and agencies of other foreign banks	22,155	15,303	6,852	13,460	243	6,853	1,283	224	93
34 Other commercial banks	4,951	4,614	337	4,479	33	295	67	49	27
35 Banks in foreign countries	24,108	18,790	5,319	17,597	602	4,090	915	210	694
36 Foreign branches of U.S. banks	909	625	284	589	16	274	24	5	0
37 Other	23,199	18,164	5,035	17,008	586	3,816	891	205	694
38 Other financial institutions	3,244	2,973	271	2,153	47	269	747	1	27
39 Loans for purchasing or carrying securities	2,470	2,390	80	2,323	0	144	0	2	0
40 Commercial and industrial loans	70,164	53,652	16,512	43,100	1,973	12,315	6,800	2,450	3,526
41 U.S. addressees (domicile)	47,176	35,556	11,620	26,380	205	9,696	6,238	1,812	2,845
42 Non-U.S. addressees (domicile)	22,987	18,095	4,892	16,720	1,768	2,618	562	638	681
43 Loans to individuals for household, family, and other personal expenditures	317	268	49	223	2	46	15	22	10
44 All other loans	17,002	13,305	3,697	12,516	1,033	1,860	455	239	899
45 Loans to foreign governments and official institutions	15,733	12,197	3,536	11,543	1,018	1,759	423	162	828
46 Other	1,269	1,108	162	973	15	100	33	77	71
47 Lease financing receivables	0	0	0	0	0	0	0	0	0
48 All other assets	52,532	38,327	14,205	34,849	281	12,545	603	2,382	1,873
49 Customers' liability on acceptances outstanding	20,168	15,156	5,012	14,647	41	5,036	87	288	69
50 U.S. addressees (domicile)	12,475	8,428	4,047	8,113	22	4,145	83	97	15
51 Non-U.S. addressees (domicile)	7,693	6,728	965	6,534	20	891	3	191	54
52 Net due from related banking institutions[6]	24,812	17,024	7,788	14,747	100	6,378	44	1,978	1,565
53 Other	7,552	6,146	1,406	5,455	140	1,131	472	116	238

4.30 Continued

Millions of dollars

Item	All states[2] Total	All states[2] Branches[3]	All states[2] Agencies	New York Branches[3]	New York Agencies	California, total[4]	Illinois, branches	Other states[2] Branches	Other states[2] Agencies
54 **Total liabilities[5]**	**297,691**	**238,653**	**59,039**	**213,327**	**5,390**	**48,176**	**15,426**	**6,274**	**9,099**
55 Total deposits and credit balances	164,319	140,854	23,465	129,973	1,718	19,951	5,501	3,494	3,683
56 Individuals, partnerships, and corporations	47,432	43,041	4,391	37,236	221	1,636	1,994	2,944	3,399
57 U.S. addressees (domicile)	26,741	26,649	92	21,631	11	448	1,792	2,812	46
58 Non-U.S. addressees (domicile)	20,691	16,392	4,299	15,605	210	1,189	202	131	3,353
59 U.S. government, states, and political subdivisions in United States	111	111	0	66	0	6	11	27	0
60 All other	116,777	97,702	19,075	92,671	1,496	18,308	3,496	523	283
61 Foreign governments and official institutions	7,456	7,048	407	6,842	240	257	26	23	68
62 Commercial banks in United States	47,944	36,622	11,323	34,356	646	11,159	1,511	230	43
63 U.S. branches and agencies of other foreign banks	39,496	29,827	9,670	27,819	304	9,796	1,366	187	25
64 Other commercial banks in United States	8,448	6,795	1,653	6,537	342	1,363	145	43	18
65 Banks in foreign countries	60,890	53,591	7,299	51,057	601	6,869	1,948	266	148
66 Foreign branches of U.S. banks	7,229	5,718	1,511	5,222	262	1,339	341	54	11
67 Other banks in foreign countries	53,661	47,873	5,788	45,835	339	5,530	1,608	212	137
68 Certified and officers' checks, travelers checks, and letters of credit sold for cash	487	442	45	415	10	23	10	4	24
69 Demand deposits	4,168	3,931	236	3,584	10	89	195	94	196
70 Individuals, partnerships, and corporations	2,532	2,382	149	2,094	0	60	179	66	133
71 U.S. addressees (domicile)	1,670	1,669	1	1,405	0	28	176	61	1
72 Non-U.S. addressees (domicile)	862	713	149	690	0	31	3	5	132
73 U.S. government, states, and political subdivisions in United States	5	5	0	4	0	0	1	0	0
74 All other	1,631	1,544	87	1,485	10	29	16	28	63
75 Foreign governments and official institutions	371	368	3	344	0	1	2	21	2
76 Commercial banks in United States	129	128	1	124	0	1	1	2	1
77 U.S. branches and agencies of other foreign banks	15	15	0	15	0	0	0	0	0
78 Other commercial banks in United States	113	113	0	109	0	1	1	2	0
79 Banks in foreign countries	644	607	37	602	0	3	3	0	36
80 Certified and officers' checks, travelers checks, and letters of credit sold for cash	487	442	45	415	10	23	10	4	24
81 Time deposits	158,279	135,545	22,734	125,252	1,464	19,739	5,211	3,310	3,304
82 Individuals, partnerships, and corporations	43,320	39,498	3,822	34,220	47	1,455	1,720	2,788	3,089
83 U.S. addressees (domicile)	24,337	24,335	2	19,783	1	354	1,525	2,673	1
84 Non-U.S. addressees (domicile)	18,984	15,163	3,820	14,438	46	1,101	195	116	3,089
85 U.S. government, states, and political subdivisions in United States	103	103	0	60	0	5	11	27	0
86 All other	114,856	95,944	18,912	90,971	1,417	18,278	3,480	495	215
87 Foreign governments and official institutions	7,011	6,645	366	6,463	208	255	25	1	61
88 Commercial banks in United States	47,776	36,466	11,310	34,205	634	11,158	1,510	228	43
89 U.S. branches and agencies of other foreign banks	39,480	29,811	9,669	27,803	303	9,796	1,366	187	25
90 Other commercial banks in United States	8,297	6,656	1,641	6,401	331	1,361	144	41	18
91 Banks in foreign countries	60,069	52,832	7,236	50,304	575	6,866	1,946	266	112
92 Savings deposits	1,222	1062	160	823	0	84	95	89	130
93 Individuals, partnerships, and corporations	1,214	1054	160	815	0	84	95	89	130
94 U.S. addressees (domicile)	587	587	0	387	0	31	91	79	0
95 Non-U.S. addressees (domicile)	627	467	160	429	0	53	5	10	130
96 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
97 All other	8	8	0	8	0	0	0	0	0
98 Credit balances	651	316	335	314	244	39	0	1	53
99 Individuals, partnerships, and corporations	366	107	259	106	174	38	0	1	48
100 U.S. addressees (domicile)	147	58	89	57	10	35	0	1	45
101 Non-U.S. addressees (domicile)	219	49	170	49	164	3	0	0	3
102 U.S. government, states, and political subdivisions in United States	2	2	0	2	0	0	0	0	0
103 All other	282	206	76	206	69	1	0	0	6
104 Foreign governments and official institutions	65	28	38	28	32	1	0	0	5
105 Commercial banks in United States	39	28	12	27	12	0	0	0	0
106 U.S. branches and agencies of other foreign banks	1	1	0	1	0	0	0	0	0
107 Other commercial banks in United States	38	27	12	27	11	0	0	0	0
108 Banks in foreign countries	177	151	26	151	26	0	0	0	0

For notes see end of table.

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, September 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	28,055	21,839	6,215	20,570	696	5,531	841	295	121
By holder									
110 Commercial banks in United States	23,402	17,969	5,432	16,926	193	5,275	626	295	87
111 Others	4,653	3,870	783	3,644	503	256	215	0	34
By type									
112 One-day maturity or continuing contract	26,944	20,730	6,214	19,603	696	5,529	700	295	121
113 Securities sold under agreements to repurchase	2,258	2,179	79	2,156	69	19	14	0	0
114 Other	24,686	18,551	6,135	17,447	627	5,510	686	295	121
115 Other securities sold under agreements to repurchase	1,111	1,110	1	967	0	3	141	0	0
116 Other liabilities for borrowed money	40,349	26,145	14,204	23,492	1,791	11,619	1,834	378	1,236
117 Owed to banks	38,570	24,579	13,991	22,168	1,751	11,446	1,602	368	1,236
118 U.S. addressees (domicile)	37,334	23,689	13,645	21,328	1,689	11,438	1,583	339	957
119 Non-U.S. addressees (domicile)	1,236	890	347	839	62	8	18	29	280
120 Owed to others	1,780	1,567	213	1,325	39	174	232	10	0
121 U.S. addressees (domicile)	1,590	1,417	173	1,175	10	164	232	10	0
122 Non-U.S. addressees (domicile)	190	150	40	150	30	10	0	0	0
123 All other liabilities	64,968	49,814	15,154	39,292	1,185	11,074	7,250	2,108	4,059
124 Acceptances executed and outstanding	22,057	16,720	5,337	16,177	18	5,383	89	319	71
125 Net due to related banking institutions[6]	37,194	28,282	8,912	18,723	995	5,027	6,887	1,689	3,874
126 Other	5,717	4,811	906	4,392	172	664	274	100	115
MEMO									
127 Time deposits of $100,000 or more	125,051	104,400	20,651	94,414	97	19,205	5,150	3,178	3,008
128 Certificates of deposit (CDs) in denominations of $100,000 or more	35,994	33,855	2,139	28,571	0	1,421	1,779	2,704	1,518
129 Other	89,057	70,545	18,512	65,842	97	17,784	3,371	473	1,489
130 Savings deposits authorized for automatic transfer and NOW accounts	113	72	40	53	0	13	6	9	31
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	12,544	12,519	26	10,787	0	196	629	910	22
133 Acceptances refinanced with a U.S.-chartered bank	3,068	2,005	1,063	1,718	108	1,038	6	198	0
134 Statutory or regulatory asset pledge requirement	50,499	49,151	1,348	48,465	1,265	147	569	18	35
135 Statutory or regulatory asset maintenance requirement	22,485	22,209	276	6,403	0	114	13,042	2,652	274
136 Commercial letters of credit	10,183	7,417	2,765	6,679	114	2,583	225	284	298
137 Standby letters of credit, total	46,464	39,106	7,359	33,391	101	6,917	3,959	818	1,278
138 U.S. addressees (domicile)	41,620	35,118	6,502	29,653	13	6,268	3,795	782	1,109
139 Non-U.S. addressees (domicile)	4,844	3,988	857	3,739	88	649	164	36	169
140 Standby letters of credit conveyed to others through participations (included in total standby letters of credit)	8,095	7,500	595	6,588	0	634	653	118	102
141 Holdings of commercial paper included in total gross loans	629	335	294	267	1	292	45	0	25
142 Holdings of acceptances included in total commercial and industrial loans	3,916	3,096	820	2,971	43	785	101	14	3
143 Immediately available funds with a maturity greater than one day (included in other liabilities for borrowed money)	28,788	19,981	8,808	17,622	1,289	7,617	1,709	278	274
144 Gross due from related banking institutions[6]	106,005	88,376	17,629	81,573	882	14,821	2,763	3,108	2,860
145 U.S. addressees (domicile)	26,584	19,678	6,905	15,892	83	5,860	891	2,570	1,286
146 Branches and agencies in the United States	25,655	18,930	6,725	15,198	67	5,683	854	2,568	1,285
147 In the same state as reporter	2,938	2,147	791	2,072	2	792	0	26	47
148 In other states	22,717	16,782	5,934	13,125	65	4,891	854	2,542	1,239
149 U.S. banking subsidiaries[7]	929	749	180	695	17	177	37	2	1
150 Non-U.S. addressees (domicile)	79,421	68,698	10,724	65,680	798	8,961	1,872	538	1,573
151 Head office and non-U.S. branches and agencies	77,153	66,856	10,297	63,887	794	8,716	1,826	538	1,392
152 Non-U.S. banking companies and offices	2,268	1,841	427	1,794	4	245	45	0	181
153 Gross due to related banking institutions[6]	118,387	99,634	18,753	85,549	1,776	13,469	9,605	2,819	5,168
154 U.S. addressees (domicile)	25,695	18,271	7,424	10,191	60	4,087	5,088	2,233	4,036
155 Branches and agencies in the United States	25,026	17,721	7,305	9,772	60	4,032	4,967	2,222	3,973
156 In the same state as reporter	3,078	2,230	848	2,082	28	802	0	100	65
157 In other states	21,948	15,491	6,457	7,690	33	3,230	4,967	2,122	3,907
158 U.S. banking subsidiaries[7]	668	550	118	418	0	55	121	11	64
159 Non-U.S. addressees (domicile)	92,692	81,363	11,329	75,358	1,716	9,383	4,518	586	1,132
160 Head office and non-U.S. branches and agencies	89,807	78,637	11,170	72,957	1,649	9,260	4,253	579	1,108
161 Non-U.S. banking companies and offices	2,885	2,726	159	2,401	66	122	265	7	24

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	293,635	234,085	59,550	208,917	5,526	48,788	15,024	6,470	8,909
163 Cash and due from depository institutions	67,952	61,731	6,221	57,366	106	6,167	3,471	305	537
164 Federal funds sold and securities purchased under agreements to resell	8,124	6,960	1,164	6,677	809	279	167	83	109
165 Total loans	146,184	111,952	34,231	95,903	3,824	26,479	10,301	3,501	6,177
166 Loans to banks in foreign countries	24,268	19,000	5,268	17,680	538	4,107	989	266	688
167 Total deposits and credit balances	159,199	136,475	22,725	125,731	1,644	19,333	5,409	3,490	3,593
168 Time CDs in denominations of $100,000 or more	36,285	34,209	2,076	28,592	0	1,405	2,091	2,729	1,469
169 Federal funds purchased and securities sold under agreements to repurchase	26,040	20,290	5,750	18,768	556	5,303	961	343	109
170 Other liabilities for borrowed money	39,591	25,487	14,104	23,146	1,749	11,613	1,588	331	1,164
171 Number of reports filed[8]	462	295	167	190	23	120	46	30	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.

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1. On loan from the Federal Reserve Bank of Richmond.

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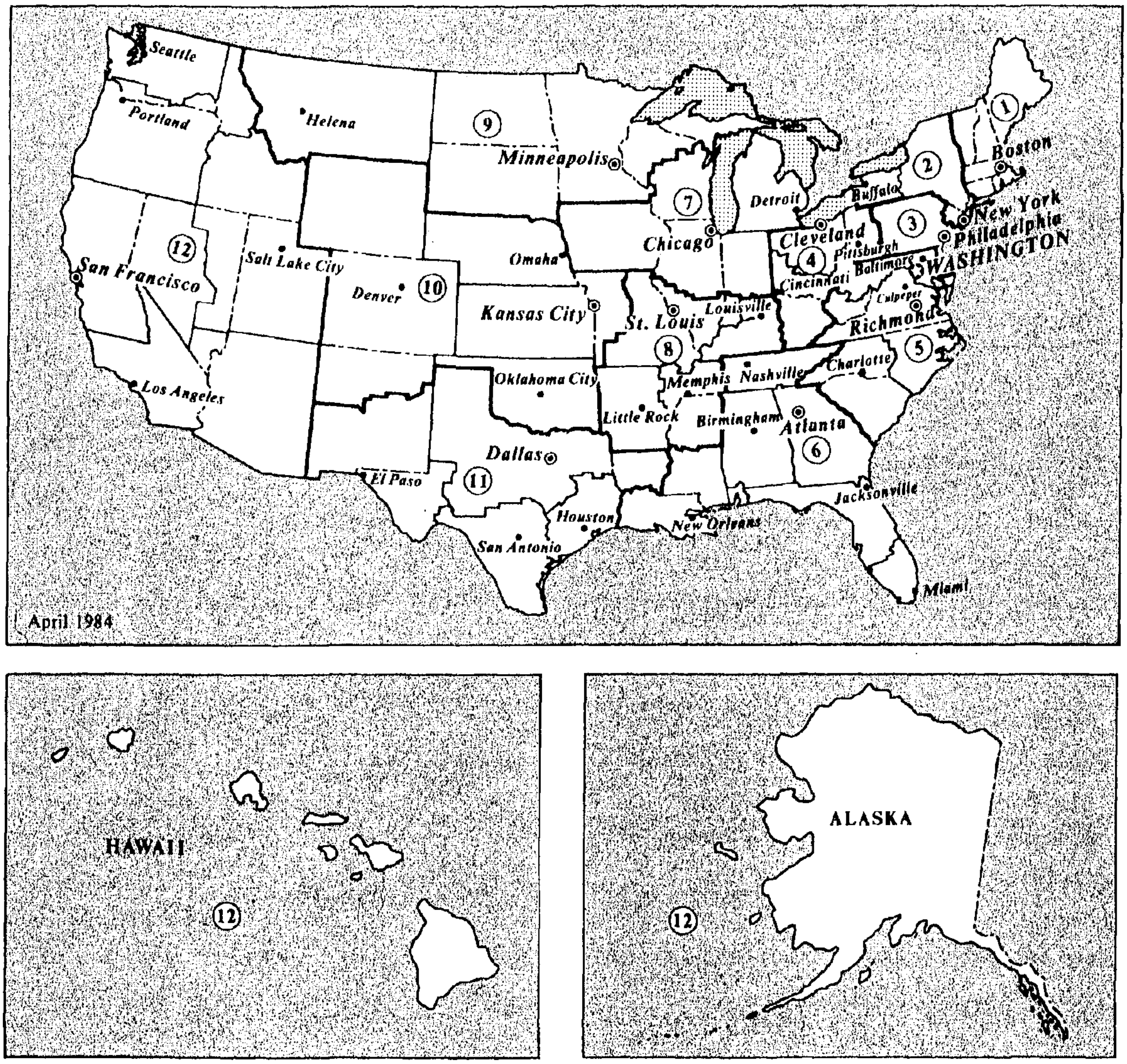

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