FEDERAL RESERVE
BULLETIN

Board of Governors of the Federal Reserve System
Washington, D.C.

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The FEDERAL RESERVE BULLETIN is issued monthly under the direction of the staff publications committee. This committee is responsible for opinions expressed except in official statements and signed articles. It is assisted by the Economic Editing Unit headed by Mendelle T. Berenson, the Graphic Communications Section under the direction of Peter G. Thomas, and Publications Services supervised by Helen L. Hulen.

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associated with growth of both M2 and M3 at annual rates of around 8 percent for the period from June to September. The members also agreed that the need for greater or lesser restraint on reserve conditions should be evaluated against the background of available evidence about trends in economic activity and prices and conditions in domestic and international financial markets, including foreign exchange markets. Depending upon such developments, lesser restraint would be acceptable in the event of a significant shortfall in the growth of the aggregates over the period ahead, while somewhat greater restraint would be acceptable in the context of more rapid growth in the aggregates. The Committee continued to anticipate that its third-quarter objectives for the broader aggregates would be consistent with a deceleration in M1 growth to an annual rate of around 7 percent from June to September, and that expansion in total nonfinancial debt would remain within the range of 8½ to 11½ percent established for the year. It was agreed that the intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee, would remain at 6 to 10 percent.

Amendments to Regulation O; various bank holding company and bank merger orders; and pending cases.

Foreign Experience with Targets for Money Growth

Karen H. Johnson, of the Board's Division of International Finance, prepared this article.

During the 1970s, authorities in several major foreign industrial countries adopted explicit targets for the growth of one or more monetary aggregates as the focus of their respective monetary policies. The economic difficulties of the early years of that decade were jointly experienced by these countries and, no doubt, contributed to the change to explicit monetary targeting in Germany, Switzerland, Canada, the United Kingdom, and France during 1974–76. Despite this common history, the target procedures implemented and the subsequent experience with that approach to monetary policy have differed widely among these countries.

The breakdown of the Bretton Woods system and the adoption of flexible exchange rates during 1968–73 resulted in an international monetary framework in which, it was widely perceived, each central bank could elect to exercise independent control over its own money stock. Indeed, the desire of several monetary authorities for just that independence was a factor in the decisions not to try to restore the postwar system of fixed exchange rates. The widespread adoption of floating exchange rates in March 1973 was followed shortly by the oil-price shock of 1973–74. These events and the macroeconomic policies put in place by many industrial countries in response to them contributed to "stagflation" in 1974–75. The generally rapid growth of real output abroad in 1973 gave way to recession in the following two years, while in most countries the already substantial rate of inflation in consumer prices in 1973 rose further in 1974 and either worsened or declined only slightly in 1975 (see table 1).

These world events in the early 1970s confronted policymakers in the major industrial countries with common problems. In general, the need was to restrain inflation or prevent its reemergence, while promoting recovery if possible. The policy dilemma presented by stagflation made the authorities and the public increasingly aware of results drawn from economic analysis that stressed the importance of both the actual and the expected growth of the money stock in determining the behavior of total spending and, ultimately, the rate of inflation. This work called for greater importance to be placed on the information conveyed by the growth of the money stock, and also emphasized the potentially ambiguous way in which other financial variables, especially nominal interest rates, reflected the stance of monetary policy. Efforts to reduce the inflation rate could be enhanced, it was argued, by central bank announcements of future money growth. Such announcements might alter the expectations of inflation held by the members of the private sector and so change their behavior, particularly with respect to wage bargaining.

As was the case in the United States, a number of foreign industrial countries, in particular Germany, Switzerland, Canada, the United Kingdom, and France, adopted explicit targeting of one or more monetary aggregates. Although these five foreign countries took this policy action during a relatively short interval and at a time of generally similar problems within their economies, the implementation of these targets and the subsequent economic experience under their use have differed among them. For example, they set targets for a wide variety of aggregates, ranging from the monetary base (Switzerland) to a broad liquidity measure (the United Kingdom); they expressed targets as a single figure (France) or as a range (Canada); they announced targets for a single year ahead (Germany) or for an indefinite period into the future (Canada). One major foreign industrial country,

1. Inflation and real growth in output abroad, 1973–82

Percentage change from previous year

Item	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Consumer prices										
Canada	7.6	10.9	10.8	7.5	8.0	8.9	9.2	10.2	12.5	10.8
France	7.3	13.7	11.8	9.6	9.4	9.1	10.8	13.6	13.4	11.8
Germany	6.9	7.0	6.0	4.5	3.7	2.7	4.1	5.5	5.9	5.3
Japan	11.7	24.5	11.8	9.3	8.1	3.8	3.6	8.0	4.9	2.7
Switzerland	8.7	9.8	6.7	1.7	1.3	1.1	3.6	4.0	6.5	5.6
United Kingdom	9.2	16.0	24.2	16.5	15.8	8.3	13.4	18.0	11.9	8.6
Real GDP or GNP										
Canada	7.5	3.5	1.1	5.8	2.4	3.9	3.2	.5	3.8	−4.8
France	5.4	3.2	.2	5.2	3.1	3.8	3.3	1.1	.2	1.7
Germany	4.5	.7	−1.6	5.4	3.1	3.1	4.1	1.9	.2	−1.1
Japan	8.8	−1.0	2.3	5.3	5.3	5.0	5.1	4.9	4.0	3.0
Switzerland	3.0	1.5	−7.3	−1.4	2.4	.4	2.5	4.6	1.9	−2.0
United Kingdom	7.5	−1.0	−.7	3.6	1.3	3.7	1.6	−2.0	−2.0	1.2

Japan, has not used targets, but rather a system of very short-term forecasts of money growth.

Since monetary targets have come into use, these countries have confronted different problems, made different adjustments, and experienced different results. Their record of success in meeting targets is mixed. Moreover, as table 1 shows, none of these countries was able, despite the use of targets, to prevent a reemergence of rapid inflation during the second rise in world oil prices in 1979–80. The experience with alternative targeting procedures continues; it appears that no one combination of structure and use of these targets has been able to resolve all the policy dilemmas or meet the various macroeconomic problems of the past decade without modification of some kind.

ADOPTION OF MONEY GROWTH TARGETS ABROAD

Most foreign countries have implemented targets for money growth by selecting a single narrow or broad aggregate. Only Germany chose to form a composite of several aggregates and use it as the targeted money stock.

Germany: Use of a Composite Aggregate

In December 1974, Germany became the first of the countries under review to set an explicit target for the growth of a monetary aggregate. The aggregate selected was central bank money (CBM), defined as currency plus required minimum reserves on banks' domestic liabilities at constant (January 1974) reserve ratios. Inasmuch as CBM is a particular weighted average of the assets that constitute M3, it to some degree reflects the growth of all monetary assets; the selection of such a composite is one approach to the problem of choosing between, for example, M1 and M2 at times when their growth rates are diverging. The Bundesbank also has data more promptly for CBM than for the aggregates M1, M2, or M3. Over time, CBM and M3 have tended to behave similarly.

In setting the targets, the German authorities have placed primary importance on the sum of two critical variables: the growth of potential production and the rate of "unavoidable" price rises. By this procedure the authorities have hoped to avoid adjustments of the target in response to transitory movements in prices or output.

Table 2 contains the record of CBM targets for Germany to the present. The initial target called for CBM to grow at 8 percent during 1975. The announcement in 1974 came at the end of a year in which the Bundesbank had been looking infor-

2. German targets for growth in CBM

Percent

Target period	Target rate
December 1974 to December 1975	8
1976 annual average	8
1977 annual average	8
1978 annual average	8
1978:4 to 1979:4	6–9
1979:4 to 1980:4	5–8
1980:4 to 1981:4	4–7
1981:4 to 1982:4	4–7
1982:4 to 1983:4	4–7

mally to the rate of monetary growth as a guide for policy actions. The explicit setting of a target for CBM growth marked a further movement toward the money stock and away from free liquid reserves (a measure of available excess reserves) as the principal indicator in the short run of the stance of monetary policy. After one year the annual average rate of growth in CBM was chosen as the target so that unusual growth in one or two months would not have undue weight in the meeting of the target. In 1978, after rapid appreciation of the German mark, very high rates of CBM growth, and a break in the data series owing to a slight modification in the procedure for calculating CBM, the Bundesbank switched to expressing the target in terms of a range of permissible growth rates from the fourth-quarter average of the base year to that of the next. In its January 1979 *Monthly Report*, the Bundesbank explained that a target range had been adopted so that officials might aim for the lower or upper half of the range in response to the outcome of economic events during the target period and that annual average growth was replaced by growth from fourth quarter to fourth quarter in order to give a clearer indication of the direction CBM growth would take through the year. The authorities did not lower the target rates set for CBM growth until 1979, and they have lowered them only slightly to date.

Use of Broad Aggregates

Both the United Kingdom and France chose broad monetary aggregates when they adopted targets for money growth.

United Kingdom. The United Kingdom first publicly announced a target for money stock growth in July 1976. The target called for growth of M3 at an annual rate of 12 percent for the remainder of the U.K. fiscal year. That rate of growth of M3, which consists of notes and coin in circulation plus all deposits held by residents (other than banks) at banks in the United Kingdom, was judged to be consistent with the overall economic program to lower the inflation rate and restore external equilibrium that the government was undertaking at the time. After just a few months, the target was changed to a range of 9 to 13 percent for average annual growth for the 1976/77 fiscal year of sterling M3 (£M3), that portion of M3 denominated in pounds sterling. The nonsterling portion of M3 was excluded because it was believed that those deposits were not closely related to economic activity in the United Kingdom.

3. U.K. targets for money growth

Annual rate in percent

Target period	Monetary aggregates	Target rate
April 1976–April 1977	M3	12
April 1976–April 1977	£M3	9–13
April 1977–April 1978	£M3	9–13
April 1978–April 1979	£M3	8–12
October 1978–October 1979	£M3	8–12
June 1979–April 1980	£M3	7–11
June 1979–October 1980	£M3	7–11
February 1980–April 1981	£M3	7–11
February 1981–April 1982	£M3	6–10
February 1982–April 1983	M1; £M3; PSL2	8–12
February 1983–April 1984	M1; £M3; PSL2	7–11

Table 3 lists the sequence of U.K. monetary aggregate targets. Until June 1979, the government set annual targets for £M3 growth, which after a time it updated at six-month intervals. These targets implied only slight slowing in money growth. After the election of the Thatcher government in 1979, the way in which monetary targets were used in the United Kingdom changed somewhat. Control over the growth of the money stock was given primary importance in the effort to lower the inflation rate, an objective for which the Conservatives had campaigned strongly. £M3 remained the targeted aggregate, partly because M1 was believed too narrow to include all the balances relevant to the inflation process and partly because £M3 could be conveniently linked to fiscal policy through the public sector borrowing requirement. A forward-looking plan, known as the Medium-Term Financial Strategy, was developed in 1980; it set forth joint, consistent targets for decreasing money growth and curtailing public sector deficits over several years.

In 1981, several factors combined to call into question the accuracy of the rate of growth of £M3 by itself in reflecting monetary conditions. Although £M3 was growing rapidly during the year, other aggregates, especially M1, were not. Short-term interest rates rose for much of the year and were at very high levels during the second half of 1981. The pound appeared to be quite strong. In March 1982, it was announced that monetary policy would henceforth focus explicitly on several variables. In addition to £M3, growth targets were set for M1 and PSL2, a broad measure of private sector liquidity that includes various savings instruments. Moreover, the exchange rate was specifically listed as a variable that provided information about monetary conditions and that would be taken into account in policy decisions. This broader, more eclectic approach to monetary growth targeting has been maintained.

France. France announced its first target in December 1976. That target called for 12.5 percent growth in M2 over the subsequent 12 months. During the previous year, the authorities had made statements about their intentions for M2 growth. As table 4 shows, the French continued to express targets for M2 as a single rate for growth from December to December and lowered them slowly until 1982. French monetary policy made extensive use of selective credit controls and ceilings during this time. The M2 targets and credit policy were selected to be consistent with one another.

4. French targets for growth in M2

Percent

Target period	Target rate
December 1976 to December 1977	12.5
December 1977 to December 1978	12
December 1978 to December 1979	11
December 1979 to December 1980	11
December 1980 to December 1981	10
December 1981 to December 1982	12.5–13.5
Average for November and December 1982, and January 1983, to average for November and December 1983, and January 1984	9

The Mitterrand government elected in 1981 introduced a variety of economic policy changes. Because the implications for money growth of these various policy moves were somewhat ambiguous, a growth range was announced for the first time for 1982. In 1983, French authorities returned to a single target rate, but changed the base to the three-month interval centered on December in order to avoid giving undue weight to events in a single month.

Use of Narrow Aggregates

Canada and Switzerland both began setting targets for the growth of their respective M1 measures in 1975. Since then, however, both have gone through substantial changes in their use of money growth targets.

Canada. In November 1975, the Bank of Canada announced a target of 10 to 15 percent growth (annual rate) for M1 from the average for the second quarter of that year. As explained in the Bank of Canada *Annual Report* for that year, M1 was chosen as the targeted aggregate because it bore "a reasonably systematic relationship over time to the growth rate of aggregate spending in the economy, as measured by the dollar value of GNE, as well as to short-term interest rates." The relationship between GNE (gross national expenditure) and M1 contrasted with the case for the broader Canadian aggregates, M2 and M3. Since the Bank Act of 1967, these aggregates had contained bank liabilities that paid market rates of interest. Although the components of the broad aggregates were very sensitive to relative interest rates, these aggregates were not closely tied to total nominal spending. The short-run interest sensitivity of M1 was important to its suitability as a targeted aggregate, however, because it was through its influence over short-term interest rates that the Bank of Canada sought to control M1.

Subsequent Canadian targets for M1 are reported in table 5. The target ranges steadily decreased throughout the period in question. The Bank of Canada announced new targets, superseding the old ones, at irregular intervals. The

5. Canadian targets for growth in M1

Annual rate in percent

Target period	Target rate
From 1975:2	10–15
From February–April 1976, average	8–12
From June 1977	7–11
From June 1978	6–10
From 1979:2	5–9
From August–October 1980, average	4–8

target base was usually a period, already several months in the past, during which M1 was near the middle of the target range then in force. With the target announced in 1977, the interpretation placed upon the stated growth range was modified somewhat. The midpoint of the target range was the intended trend rate of M1 growth with a margin of plus or minus 2 percent throughout the target interval to allow for short-run variability of the aggregate. This interpretation meant that variability near the start of the target interval was no more likely to push the aggregate "outside" the target range than that which occurred later; and, similarly, the range for the targeted aggregate did not become any wider as time passed.

During the late 1970s, the Bank of Canada observed that financial innovation and regulatory change over time had disturbed the stability of the relationship between Canadian M1 and nominal spending on which targeting monetary growth depended. As a consequence, reliance on the growth of M1 as a guide to policy was "considerably qualified," and other information was increasingly taken into account. No new target was announced after early 1981; and finally, in November 1982, the Governor of the Bank of Canada announced that explicit targeting of M1 was discontinued.

Switzerland. The Swiss National Bank first announced a target for money growth in 1975. The chosen aggregate was M1, currency in circulation plus sight deposits held by residents, although a target for equal growth in the monetary base was implied. Swiss authorities sought to control M1 by controlling the base and argued that over sufficiently long horizons, these two aggregates would grow together in a predictable way. The initial targets called for 6 percent annual average growth; the target was later lowered to 5 percent for 1977 and 1978 (see table 6).

The Swiss franc appreciated sharply in 1978, against the dollar but also against the German mark. In response, Swiss authorities formally suspended the M1 growth target and openly stated their intention to intervene on the exchange market as necessary to keep the exchange rate between the Swiss franc and the German mark above a stated floor. That policy was successful with respect to the exchange rate,

6. Swiss targets for money growth

Percent

Target period[1]	Aggregate	Target rate
1975 annual average	M1	6
1976 annual average	M1	6
1977 annual average	M1	5
1978 annual average	M1	5
1979 [2]		
November 1979 to November 1980	Base	4
November 1980 to November 1981	Base	4
1981 annual average	Adjusted CBM	4
1982 annual average	Adjusted CBM	3
1983 annual average	Adjusted CBM	3

1. Annual average growth in this instance is defined to equal the average of the 12-month percentage changes for each of the months January, February, and so forth through the year.
2. No target was set for 1979.

but left no room for an independently chosen path for the money supply.

Swiss authorities announced no target for money growth in 1979. At the end of that year they returned to explicit targeting, but the chosen aggregate was the monetary base (currency plus deposits at the Swiss National Bank held by Swiss banks and by commercial and industrial firms, measured at the end of the month). Swiss officials have explained that the base was selected, rather than M1, because of an apparent breakdown in the short run of the previously established multiplier relationship linking the two. November was selected as the target base because the December figure each year included substantial transitory changes owing to end-of-year adjustments made by banks in their balance sheets. Nevertheless, Swiss officials further adjusted the data internally. Although reports were released about the growth of the base relative to target, the actual data used by the Swiss National Bank as the basis of the target calculation were not released.

In 1981, the targeted aggregate was again changed, to adjusted central bank money. This aggregate is the monthly average of daily figures for the monetary base adjusted for transitory fluctuations in banks' balance sheets. At the time it was introduced, both current and historical data were publicly provided. This aggregate is closely controlled by the monetary authority and avoids being dominated by random events on a particular day of the month or by the transitory but predictable elements of adjustments by banks to their balance sheets. Over sufficiently long horizons, adjusted CBM and M1 are expected to grow at similar rates.

FOREIGN EXPERIENCE WITH MONEY GROWTH TARGETS

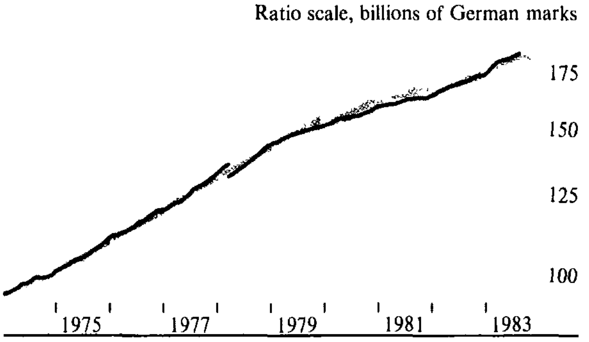
The records of these five countries in meeting the targets described above has been mixed.

Comparison of Germany and Switzerland

Although Germany has targeted a broad aggregate and Switzerland a narrow one, the two countries have experienced common problems in the years since 1975, when both began targeting money growth. Because the central banks of both countries are widely regarded as having been successful at retaining credibility in the minds of the public with respect to their efforts to control money growth and reduce inflation, a comparison of their experiences with targeting is useful.

Chart 1 illustrates the path of German CBM and the sequence of targets since 1974. Table 7 contains the record of Swiss M1 and adjusted CBM growth over a similar interval. Both countries expressed the target as a single figure through 1978. Although the definition of a "miss" from such a target is ambiguous, it is clear that in Germany through 1977 the growth of CBM tended to be above the target rate. In Switzerland the outcome was clearly above target in 1976 and slightly above in 1977. In 1978,

1. Central bank money in Germany



Monthly data, seasonally adjusted. There is a break in the series in March 1978.

7. Swiss money growth[1]

Annual average rate in percent

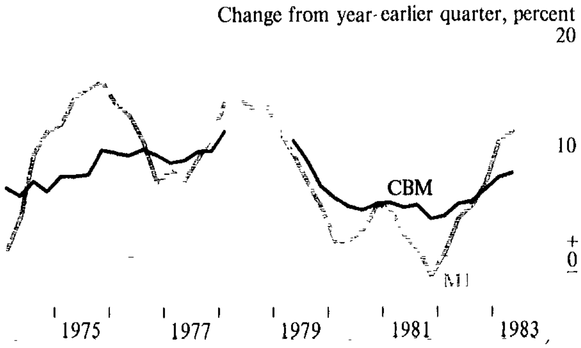
Year	M1	Adjusted CBM
1975	4.3	6.8
1976	7.7	3.0
1977	5.4	3.5
1978	16.3	16.7
1979	9.0	6.8
1980	−9.0	−7.0
1981	−3.5	−.5
1982	3.1	2.6
1983[2]	12.0	5.0

1. According to published data on the monetary base, not the internally adjusted figures used by the Swiss National Bank, the base declined 2 percent from November 1979 to November 1980, and 1 1 percent from November 1980 to November 1981. See table 6, note 1.
2. Through June.

both countries went substantially over target for largely the same reasons: strong international demand for their currencies, which was met to some extent by central bank intervention and monetary expansion. Chart 1 depicts the 1978 German CBM target relative to the base calculated using the actual data for 1977. If one attempts to adjust the 1978 figures for the break in March (by shifting upward the April–December data), it becomes clear that the target was overshot significantly in that year. For both countries, however, this overshooting came at a time when their currencies were appreciating rapidly and their inflation rates were low.

From 1979 until this year, growth of the targeted aggregate has tended to be well within or even below target in both Germany and Switzerland. Short-term interest rates rose to high levels in both countries in 1980–81. High and rising interest rates were consistent with very slow growth of largely non-interest-bearing M1 deposits, but they induced substitution into interest-bearing bank deposits. Charts 2 and 3 show the percentage growth of several monetary aggregates for the two countries. While M1 grew slowly or even declined in 1980–81 in Germany and Switzerland, M2 grew very rapidly. As interest rates in general fell in 1982, growth of M2 diminished and that of M1 rose. M1 has continued to grow rapidly through the first half of 1983. Because German CBM gives the greatest weight to those assets contained in M1 (rather than those included only in M2 or M3), it too has been growing rapidly and remains above target through the

M1, M2, and central bank money in Germany

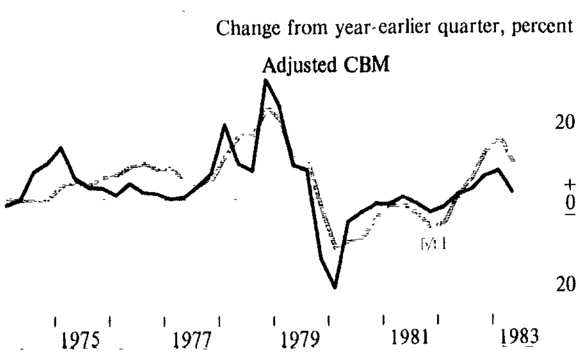


Quarterly data, seasonally adjusted. There is a break in the CBM series in March 1978.

first half of 1983. In Switzerland, adjusted CBM has similarly accelerated with M1, but to a lesser extent.

Both of these countries have experienced episodes in which growth of the targeted aggregate has exceeded the target. Both have also just concluded several years in succession of growth just at or below target. The ability to keep episodes of rapid growth brief may explain the way these two central banks have been able to maintain their credibility.

M1, M2 and adjusted central bank money in Switzerland



Quarterly data, not seasonally adjusted.

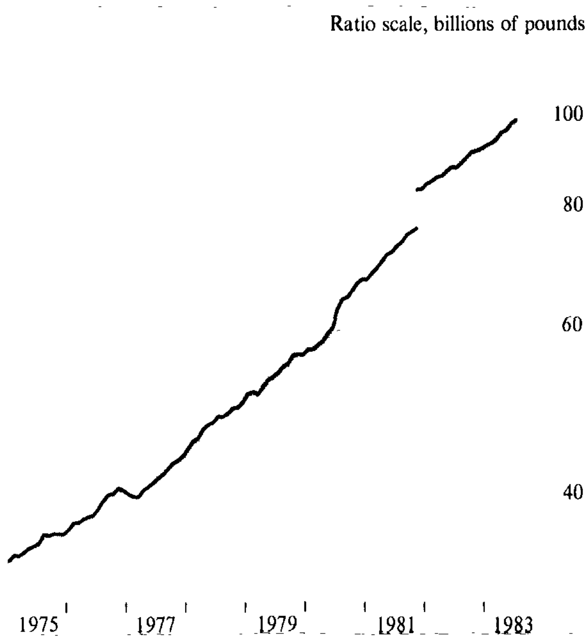
United Kingdom

The growth of sterling M3 in the United Kingdom is illustrated by chart 4 for the period during which targets for its growth have been set.

Although £M3 has had a tendency to be at or above the target for much of this period, that aggregate grew extremely rapidly in two episodes when the target was overshot by a wide margin. The first episode was 1980, when part of the growth in £M3 was a response to the lifting of the Special Supplementary Deposits scheme, known as the "corset." That regulatory structure had induced funds to flow into instruments other than bank deposits. When it was removed in mid-1980, funds returned to such deposits; £M3 grew rapidly as a result.

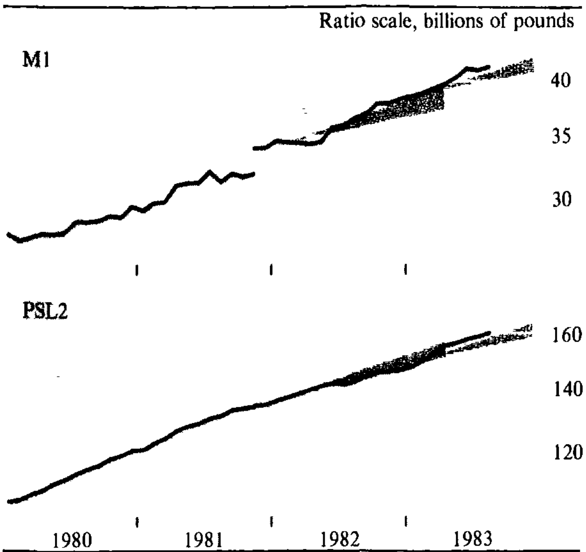
The second episode occurred in 1981, when growth in £M3 exceeded the target from very early in the fiscal year. Some of the growth may have been continued adjustment to the removal of the corset. A Civil Service dispute in early 1981 that temporarily halted the processing of tax receipts and thus interrupted the flow of funds through the banking system further complicated assessment of the underlying trend growth in £M3. A change in the institutions included in the definition of the U.K. monetary sector introduced a break in the measurement of all the aggregates in November. Even if some adjustment is made for this break, £M3 clearly remained above target through the end of the target interval, by which time the effects of the Civil Service dispute should have been reversed.

Sterling M3 in the United Kingdom



Monthly data, seasonally adjusted. There is a break in the series in November 1981.

5. M1 and PSL2 in the United Kingdom



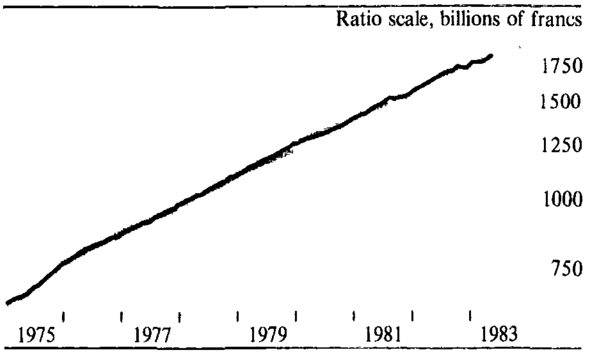
Monthly data, seasonally adjusted. There is a break in the series in November 1981.

Throughout 1980–81, other aggregates, especially M1, had not been growing so rapidly as £M3. Interest rates and the exchange rate gave additional evidence of monetary tightness. Faced with this conflicting evidence, the authorities did not take steps to return £M3 to target. For the fiscal year 1982/83 they changed the targeting procedure to include M1 and PSL2 and stated their intention to take into consideration variables such as the exchange rate as well. Chart 5 shows the record of M1 and PSL2 to date relative to the target range. For 1982 all three aggregates were essentially at or within the target range, but through the first half of 1983 all were somewhat above target.

France

Chart 6 depicts French M2 along with the annual targets. Although it is difficult to judge money growth against a single target rate, French M2 plainly has grown at or above the target rate repeatedly over this period. The money growth target in France has been part of a wider monetary policy program that includes explicit credit controls. Failure to achieve a particular M2 target did not necessarily mean that other goals of the policy program—particularly the credit

6. M2 in France



Monthly data, seasonally adjusted.

ceilings—were not being met. After initial questions about the M2 target that was consistent with the Mitterrand administration's economic policy program, M2 grew rapidly early in 1982, but it ended the year below the target range. For the first months of 1983, M2 growth was once again above target.

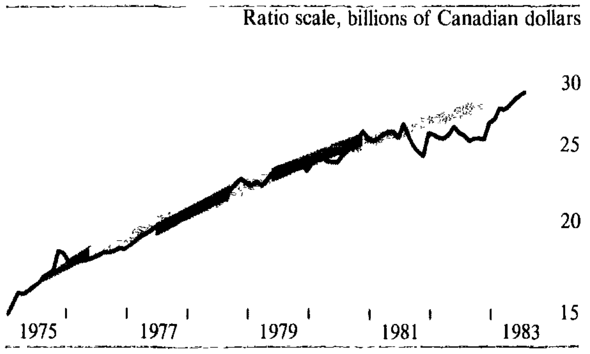
Canada

The recent path of Canadian M1 and the target ranges established for its growth are illustrated in chart 7. Although there was some short-run variability of M1 within the target range, until 1981 the gradually lowered targets were consistently achieved by the Bank of Canada.

Following the announcement in early 1981 of a target range of 4 to 8 percent, M1 growth began to appear unstable; no subsequent targets were set. In the 1982 Per Jacobssen Lecture, Gerald K. Bouey, Governor of the Bank of Canada, explained the difficulties experienced by the Canadian authorities:

> The decision in 1975 by the Bank of Canada to adopt a money supply target was based on the evidence that a narrowly-defined monetary aggregate (M1) was related in a reasonably stable fashion to movements in total spending in the economy and to short-term interest rates. . . .
>
> Notwithstanding the contribution of monetary targetting in getting monetary policy on to a better track, practical problems have emerged in Canada . . . which have reduced the usefulness of these targets as policy guides. . . .
>
> Perhaps the most troublesome problem in Canada is that the relationship between our target monetary

7. M1 in Canada



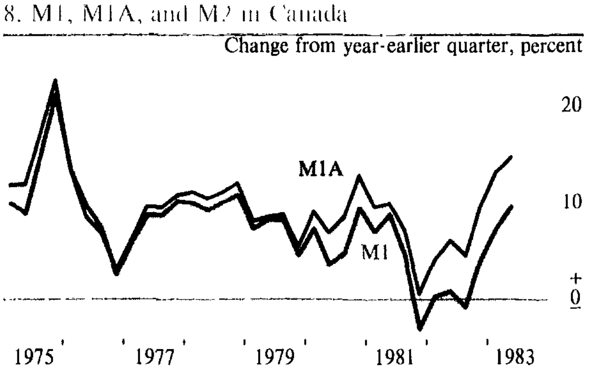
Monthly data, seasonally adjusted.

aggregate—M1—and the levels of spending and interest rates has not turned out to be as stable as it appeared in the mid-1970s. . . .

Another very practical issue in monetary targetting has been how to cope with exchange rate disturbances.

The shifting in the role of M1 to which Governor Bouey referred was caused at least in part by significant financial innovation within the banking system. That development is reflected partly by the rapid growth of M2 in 1980–81 while M1 was slowing and even decreasing, as chart 8 shows. The emergence of bank accounts paying competitive interest on a daily basis, first available at notice and later available as checkable deposits, led to a redefinition of the Canadian aggregates and the creation of a new one, M1A. This aggregate adds to M1 all daily-interest checkable deposits and the nonpersonal component of notice deposits. Since mid-1980, M1A has consistently grown at a rate faster than M1,

8. M1, M1A, and M2 in Canada



Quarterly data, seasonally adjusted.

reflecting the attractiveness of these interest-bearing deposits.

Faced with a "process of financial innovation and the response of bank customers" that, according to its *Annual Report* for 1982, has "been rapid and continuing," the Bank of Canada discontinued monetary targeting. Instead, the Bank observes the growth of all the aggregates and extracts information from such observations without setting any target.

Japan: Use of Forecasts of Money Growth

In contrast to the countries discussed above, Japan has not officially adopted a system of targeting the growth of a monetary aggregate. Japanese authorities do, however, release early in the quarter forecasts of the growth they expect to observe in the combined total of M2 and certificates of deposit from the equivalent quarter one year earlier. Thus, when the forecast is released, approximately three-fourths of the forecast "horizon" has already been experienced, and the data are known. The forecast does serve to indicate the direction in which officials expect to see money growth proceeding as a result of both their own previous policy actions and market forces. For example, from the first quarter of 1982 to the first quarter of 1983, the forecast growth rates decreased steadily from 11 to 7 percent.

Japanese monetary policy has been implemented by direct intervention in financial market transactions. Interest rates have largely been administered, and "window guidance" from the Bank of Japan to commercial banks has limited the expansion of bank credit. Although the use of direct intervention appears to be diminishing, the Japanese authorities have not yet taken the step of seeking to control the rate of nominal spending indirectly by setting a target for the growth of a monetary aggregate.

LESSONS FROM THE FOREIGN EXPERIENCE

Over the past decade a wide variety of targeting or forecasting procedures have been used by the six major foreign industrial countries discussed in this article. Indeed, no two of them have used the same procedure. Nevertheless, most of these countries have found it necessary to make adjustments in their particular form of monetary control as economic events have unfolded over the past several years. The Swiss, who have preferred targeting a narrow aggregate, and the British, who began by targeting a broad one, have made the greatest changes in their procedures while still retaining a monetary policy based on money growth targets. Only Canada has chosen to discontinue targeting a specific aggregate altogether. While France and Germany have made only slight adjustments to their targeting procedures, France has allowed money growth to exceed the stated target repeatedly; and Germany has permitted deviations from target, once by quite a substantial amount and quite deliberately, when market conditions seemed to warrant it.

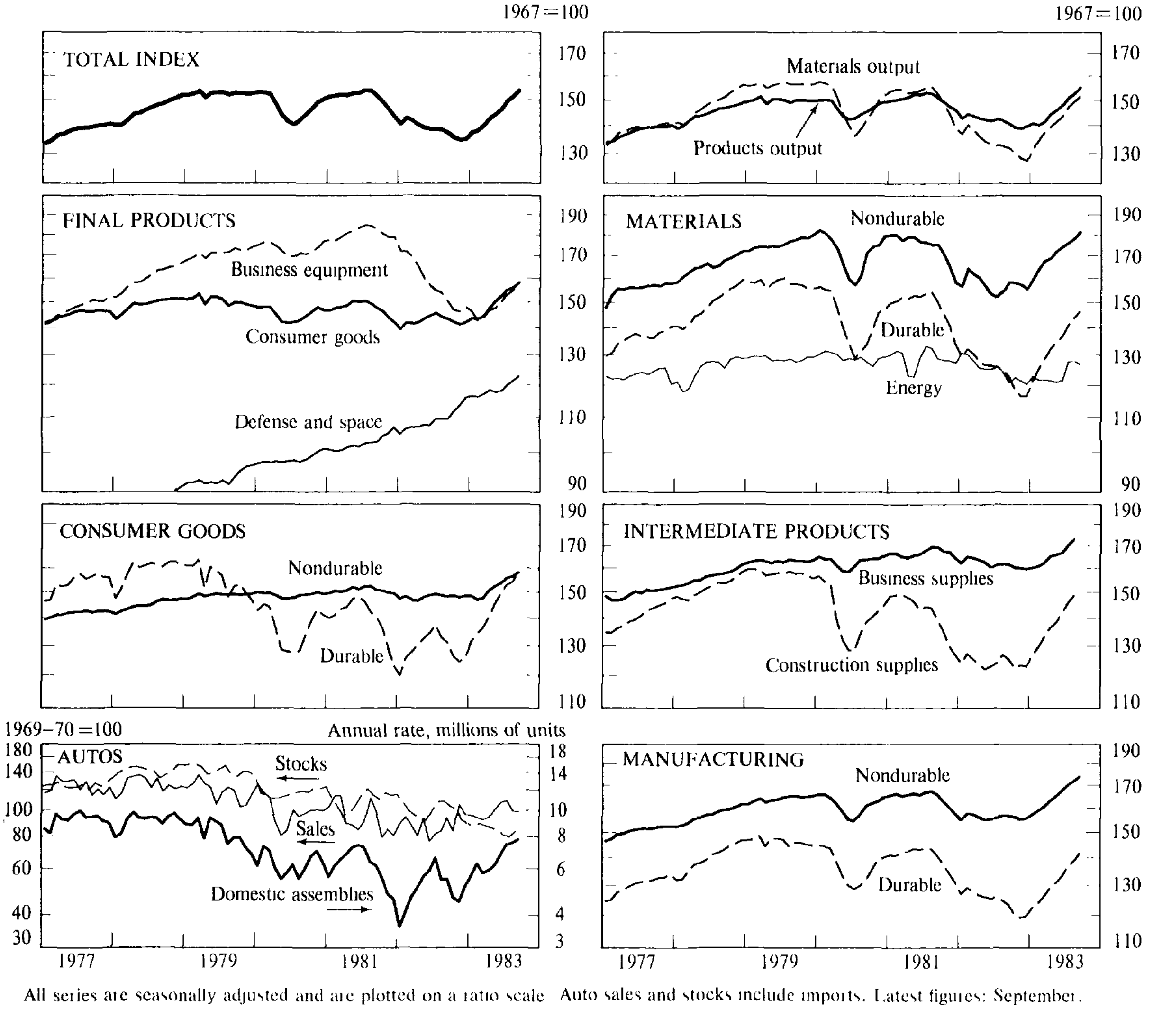
The adoption of monetary targeting has not eliminated the problem of dealing with conflicting or ambiguous information with respect to monetary conditions. Very slow growth of narrow aggregates and rapid growth of broad ones occurred during 1980–81 in several countries, particularly the United Kingdom, Germany, and Switzerland, and caused a major change in policy procedure in the United Kingdom. Just the reverse pattern of money growth has been occurring in several countries in 1983, and the divergent behavior of the aggregates may well be one reason authorities have not acted more forcefully to date to return money growth within target ranges. Regulatory change, financial innovation, and structural shifts of many kinds all have the potential to distort the effects of a given target for money growth from those expected and intended. Foreign experience suggests that the ability to respond flexibly to disturbances of these kinds is an essential aspect of the implementation of targets for monetary aggregates. □

Industrial Production

Released for publication October 14

Industrial production increased 1.5 percent in September, and the August and July increases were revised upward to 1.2 and 2.2 percent respectively. Output gains in September were sizable and widespread, with especially large increases occurring in automotive products and in business equipment. At 153.7 percent of the 1967 average, overall industrial output in September 1983 was near its previous monthly highs reached in March 1979 (153.5 percent) and July 1981 (153.9 percent). The production of consumer goods last month was about 5 percent higher than in July 1981, but the output of business equipment and of durable goods materials (especially steel) remained below earlier peaks.

In market groupings, output of consumer



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

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Sept. 1982 to Sept 1983
	1983		1983					
	Aug.	Sept.	May	June	July	Aug.	Sept.	
			Major market groupings					
Total industrial production	**151.4**	**153.7**	**1.3**	**1.4**	**2.2**	**1.2**	**1.5**	**11.9**
Products, total	152.5	155.0	1.2	1.3	1.9	1.1	1.6	10.1
Final products	150.2	152.7	1.2	1.3	1.8	.8	1.7	9.1
Consumer goods	156.0	158.2	1.8	1.3	1.7	.6	1.4	10.3
Durable	154.3	158.2	3.6	2.5	2.5	.8	2.5	20.5
Nondurable	156.6	158.3	1.2	.9	1.4	.5	1.1	6.8
Business equipment	154.8	158.4	.5	1.7	1.9	1.2	2.3	5.2
Defense and space	121.5	122.9	−.5	.3	1.7	1.3	1.2	12.2
Intermediate products	161.0	163.2	.9	1.5	2.3	1.8	1.4	13.6
Construction supplies	148.6	150.7	1.5	2.7	2.6	1.9	1.4	20.1
Materials	149.6	151.7	1.4	1.4	2.6	1.4	1.4	14.9
			Major industry groupings					
Manufacturing	152.3	155.0	1.4	1.6	2.0	1.3	1.8	13.1
Durable	138.6	141.7	1.5	1.7	2.7	1.3	2.2	14.7
Nondurable	172.1	174.2	1.3	1.5	1.4	1.1	1.2	11.2
Mining	116.1	117.3	1.1	−.2	2.0	1.0	1.0	2.3
Utilities	177.9	175.9	.2	.1	3.7	1.1	−1.1	5.0

NOTE. Indexes are seasonally adjusted.

goods increased 1.4 percent in September. Autos were assembled at an annual rate of 7.8 million units—up about 4 percent from the August level. Production of consumer-use trucks and home goods also advanced strongly. Output of business equipment rose 2.3 percent in September, reflecting continued large gains in most components as well as a strike rebound in the telephone apparatus industry. Output of defense and space equipment continued to expand, while production of construction supplies rose 1.4 percent further.

The increase in materials output was again sizable, with both durable and nondurable materials advancing 1.9 percent. Energy materials, however, declined, mainly due to a reduction in generation of electricity from exceptionally high August levels.

In industry groupings, manufacturing production rose 1.8 percent in September. Output of durables increased 2.2 percent and of nondurables, 1.2 percent. Mining output was up 1.0 percent, but output by utilities declined.

Statements to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, September 13, 1983.

I appreciate the opportunity to appear on behalf of the Federal Reserve Board before this committee to review with you a wide range of issues affecting the evolution of banks, banking, and the financial services industry. The proposed "Financial Institutions Deregulation Act of 1983," submitted to you by the Treasury on behalf of the administration provides a focus for these comments.

I testified before this committee in the course of its general review earlier this spring, and I expressed then my conviction that the Congress should now move to reform the existing legislative framework governing banking organizations to provide some assurance that the powerful forces of change are channeled in a manner consistent with the broad public interests at stake—the need to maintain a safe and stable financial system, to assure equitable and competitive access to financial services by businesses and consumers, and to preserve an effective mechanism for transmitting the influence of monetary, credit, and other policies to the economy.

Nothing that has happened over the summer has reduced the need for early action—quite the contrary. New combinations of firms in the financial services area, new services, and new combinations of older services are proceeding.

No doubt, much of this change reflects a natural, and potentially constructive, effort to respond to market incentives, customer needs, and new technology. What is so disturbing is that much of this activity is forced into "unnatural" organizational form by the provisions of existing law and regulation. The consequences are obvious and serious. In some cases, the services are less readily available, at higher cost, than would otherwise be the case. Important competitive inequalities exist, as some institutions are able to take advantage of loopholes or ambiguities in the existing legal fabric and others are not. And in some cases, important objectives of public policy embodied in existing law are threatened or undermined. The pervading atmosphere of unfairness, of constant stretching and testing of the limits of law and regulation and of circumvention of their intent, and of regulatory disarray is inherently troublesome and basically unhealthy.

As I emphasized in April, there can be no doubt that a reexamination of the existing legislative framework has become urgent. We are at a crucial point. We can turn the system toward creative innovation consistent with certain broad and continuing concerns of public policy. Or, left unattended, we can continue to see the financial system evolve in haphazard and potentially dangerous ways—ways dictated not just by natural responses to market needs but by the often capricious effects of existing and now outmoded provisions of law.

When I was before you in April, I suggested a possible interim step of a temporary limitation on combinations of nonbank banks (and thrift institutions) with nondepository institutions, as well as a similarly temporary halt to new state authorizations of expanded nonbanking activities for state-chartered banks. This interim step still seems to me required to provide the Congress with the minimum time necessary to decide on appropriate policy approaches rather than to be faced with a multiplying number of faits accomplis, vastly complicating the job of orderly reform.

Since that time, other proposals have been made to limit acquisitions of banks and thrifts by nondepository institutions. The particular proposals of Chairman St Germain of the House Banking Committee and Chairman Isaac of the Federal Deposit Insurance Corporation (FDIC) are more sweeping, requiring divestiture of existing combinations, and represent permanent prohibitions. These proposals, as I understand them, are not set forth as immediate, practical legislative initiatives, but rather to emphasize the need for more forward-looking, constructive reform by indicating the logical alternatives to absence of such action.

All these proposals have as their fundamental premise that the present situation is untenable. I share that view. We must either move forward, or we must define more precisely, carefully, and equitably the boundaries of existing law dealing with the separation of banking and commerce and of activities within the financial sector. Simply waiting for the "dust to settle," where it will, cannot be a satisfactory alternative. It is all too likely that the dust will fall unevenly and unfairly and impair the financial machinery. The moratorium proposal can provide only an imperfect, temporary shield while you work out a more forward-looking approach, but it would nonetheless serve the purpose of preserving your decisionmaking flexibility and of setting a deadline for more comprehensive congressional action.

In that sense, I see it as a complement to, and not a substitute for, the initiative taken by the administration to place before you a specific proposal for reform. We welcome that proposal, for it provides a constructive framework for your deliberations on a suitable approach to guide us over the next generation.

The remainder of my statement first restates the broad considerations and criteria that we feel should underlie any legislation and then, against that background, deals with more particular aspects.

General Considerations

The core objectives of banking and financial reform seem simple to cite. As in other areas, we want a system that encourages competition in the provision of banking and financial services; and consistent with those competitive processes, consumers and businesses—small or large—should be able to purchase financial services at minimal cost. By its nature, a banking system also needs to be responsive to the concerns of public policy, including the need for an effective transmission belt for monetary policy. Finally, throughout history, here and abroad, there has been special concern about the need to maintain confidence in the basic payments system, implying continuing attention to the safety and soundness of banks.

At the heart of the problem, in setting out an appropriate legislative framework, lies the fact that, in some circumstances, these easy-to-state, agreed-upon objectives may be in conflict or point toward different approaches. We normally should and do look toward the marketplace—free of regulations except those necessary to preserve competition—to promote competition and efficiency. But when soundness, confidence, and continuity in the provision of money and payments services are at stake, deregulation cannot alone achieve the objectives because some degree of government support and regulation is implicit. The creation of the Federal Reserve and the FDIC—and, more recently, our shared concern about the need for more intensified supervision of international lending—are obvious cases in point.

In approaching that dilemma—encouraging the free play of market forces while also recognizing the need to preserve a "hard core" of safety and soundness in the financial and payments system—we have emphasized in earlier testimony the following points as a basis for legislation:

1. We should continue to recognize that banks, and depository institutions generally, perform a unique and critical role in the financial system and the economy—as operators of the payments system, as custodians of the bulk of liquid savings, as essential suppliers of credit, and as a link between monetary policy and the economy.

2. This unique role implies continuing governmental concerns—concerns that may be reflected both in the support provided by lender-of-last-resort and deposit-insurance facilities and by regulatory protection against undue risk or bias in the credit-decision process.

3. A bank or depository institution cannot be wholly insulated from the fortunes of its affiliates—their success or failure or their business objectives.

In essence, these essential points seem to us to set broad limits on the extent to which market and competitive forces alone can be relied upon to shape the evolution of banking organizations within the financial and economic system. For instance, they underlie the strong tradition in the United States of a separation between banking and commerce, although the precise line between the two needs to be reexamined in the light of changes in technology and other factors. It is precisely in drawing lines of this kind—and in achieving an appropriate balance between legitimate and continuing regulatory concerns and the need to respond to competitive forces—that difficult and controversial legislative choices must be made.

For our part, we believe the administration bill, taken as a whole, provides a reasonable balance, and we broadly support the proposal. This bill would make possible a significant—even sweeping—simplification in the supervisory procedures applicable to bank holding companies and allow them a broadly expanded range of financial activities. But it also maintains the broad distinctions between banking and commerce and would prohibit, or sharply circumscribe, participation in certain financial areas—underwriting of corporate securities and real estate development—characterized by particularly strong elements of risk or potential conflicts of interest.

I must emphasize that our support for the bill is predicated on the retention of the essential safeguards—including an adequate supervisory framework—to protect the safety and stability of banking institutions and the banking system. We have also noted certain problem areas with respect to the broader powers, which I will be discussing in more detail. We also recognize that the bill, as encompassing as it is, would leave large areas of unfinished business. I will have comments on state–federal regulatory relationships and on the relationship between bank and thrift powers—both areas in which further legislative direction is urgently needed.

Important questions have also been raised about the nature and role of deposit insurance in our evolving banking system—a matter the FDIC and the Federal Savings and Loan Insurance Corporation (FSLIC) have themselves had under review—and about the division of supervisory and regulatory responsibilities in the federal government—a matter under study by the Bush Task Force. I do not in any way minimize the importance of these matters. My own sense is that your consideration of them might logically follow, rather than accompany, your consideration of the present administration bill. Indeed, the sorting out of bank and thrift powers and federal–state banking relationships would seem to be a prerequisite for intelligent approaches to the latter issues and, as a practical matter, is added reason for dealing with the administration bill promptly.

Bank Holding Company Regulation Under the Administration Bill

With this background, I would now like to comment on the major provisions of the bill and how they affect new activities, the definition of bank, supervisory procedures, conflicts of interest, and avoidance of excessive risks. The Board may wish to bring additional details to the attention of the committee at a later time.

New Activities

The powers provisions of the administration bill are its centerpiece, not only because they represent a major expansion in the types of activities in which banking organizations may engage, but also because they—in combination with the definition of a bank contained in the bill—will determine the types of nonbank firms that may own banks. Nonbanking activities of bank holding companies would be expanded to include, with the principal exception of corporate underwriting, not only those services "closely related to banking," but also those of a "financial nature." The bill would specifically authorize ownership of thrift institutions, insurance and real estate brokerage, real estate development (with limitations on the amount of capital investment), insurance underwriting, and certain securities activities if performed in a separate securities affiliate. These securities affiliates would be authorized to underwrite municipal revenue and certain types of industrial revenue bonds and to sponsor and underwrite money market and stock and bond mutual funds registered under the Investment Company Act.

The proposal thus draws the circle separating "banking" from commerce more broadly, but—taking into account the cautionary comments on certain activities that I will detail below—still within the bounds of what we believe is necessary to maintain safety and soundness and to avoid potentially harmful conflicts of interest, excessive concentration of resources, and undue risk—the basic policy objectives that the Congress has sought to attain through the Bank Holding Company Act.

Definition of Bank

The definition of the term "bank" is a key element in the bill because it defines the scope of institutions to which the Congress wishes to apply these basic policies. The administration proposal redefines the term "bank" to include any insured bank, any institution eligible for FDIC insurance, and any institution that accepts transaction accounts and makes commercial loans.

This definition has attracted wide support. It is contained not only in the administration bill, but also in our own moratorium proposal and the moratorium bills suggested by Chairman St Germain and the FDIC. This and other provisions would close the nonbank loophole and encompass other deposit-taking institutions that could become vehicles for evasion of the policies of the act. While a broadening of the scope of the definition beyond institutions that are federally chartered and insured should be carefully scrutinized to assure that we are not covering more than is necessary, it is our initial judgment that the broader definition is both necessary and desirable to assure that we are not faced, within a short period of time, with the same kind of loophole evasions that are so troubling today.

Supervisory Procedures

Suggestions have sometimes been made that confining the conduct of new activities within nonbank subsidiaries of a bank holding company would itself adequately insulate the bank from risks or conflicts of interest involved in such activities, and therefore make feasible and appropriate virtually any activity within a bank holding company. As I have stressed before, the Board does not believe that this concept can achieve its objectives, although legal separation of parts of the holding company may be desirable to assist appropriate functional regulation and to help contain the elements of risk and conflicts of interest. We believe that the bill before you—while placing operations of nonbanking activities in separate subsidiaries—also provides adequate criteria for authorizing nonbanking activities and provision for supervision to the extent necessary. At the same time, unnecessary regulation would be eliminated, and there would be a major streamlining of the necessary supervisory procedures.

Present statutory procedures, in effect, require that a bank holding company, unlike other companies planning to enter a new line of business, be able to demonstrate to a public body—the Board of Governors—that there are positive net public benefits stemming from a nonbanking acquisition. This procedure affords competitors and other parties opportunities for comment, for hearing, and ultimately for judicial review. In effect, the burden of proof is on the applicant, and the process affords opportunities for costly and burdensome delay by competitors.

Under the proposed procedure, a bank holding company making an acquisition within the general framework of the permitted powers would still be required to submit a notice of such acquisition, but it could proceed unless disapproval by the Board of Governors was indicated within a limited time period on the basis of certain statutory considerations. Those statutory considerations—adequacy of financial resources, adequacy of managerial resources, protection of impartiality in the provision of credit, and avoidance of any material adverse effect on affiliated banks' safety and soundness—are designed to assure that certain longstanding purposes of the Bank Holding Company Act are maintained.

As a further measure to assure safety and soundness and fair competition with businesses in the same lines of activity, but not associated with banks, the bill also provides that criteria be developed to require that nonbanking activities of banking organizations be capitalized at least as well as those of comparable competing businesses. At the same time, the provision in the present law that requires evaluation of competitive factors by the Federal Reserve would be deleted. The antitrust laws would, of course, continue to apply, and consequently, primary responsibility for antitrust enforcement for bank holding companies, as for other companies, would shift to the Justice Department.

The law would permit the Board, by general regulation, to prescribe limitations on any new activities consistent with the four stated criteria and with safe and sound financial practices generally. The bill also provides adequate supervisory authority over the activities of the holding company and its nonbank subsidiaries after they are in operation. While encouraging reliance on reports required by other regulatory agencies to avoid duplication of reporting requirements, the Board is authorized to obtain further data if necessary to assess compliance with the Bank Holding Company Act and to institute procedures to assure compliance with law.

The net result of the new procedures should be to speed greatly the application process and to eliminate the possibility of dilatory tactics by competitors. At the same time, the Board believes that the statutory criteria and the framework for applying them are adequate to protect the customer, the bank, and the financial system.

Conflicts of Interest

One of the major continuing concerns of the Congress in the Bank Holding Company Act has been to prevent conflicts of interest in the provision of credit. The objectives are several and include the following: the assurance of fair and open competition in the provision of credit; maintenance of the impartiality of banks in credit judgments; and avoidance of practices that could undermine the strength of the bank itself.

Those broad concerns remain real, but we also believe that extension of bank holding companies into new lines of activity—combined with changing technology—require reconsideration of the issue with respect to legislation and regulation. A single firm will be able to provide a much broader range of products to its customers—that, indeed, is the driving force behind the proposal. This ability promises to provide the consumer with increased convenience through "one-stop shopping" for a range of financial services, and should increase his options.

At the same time, the natural tendency will be toward the joint offering of a variety of products, linked together in some significant way. For example, the combination of banking with real estate, insurance, mutual funds, and securities brokerage in one holding company makes it more likely that these products will be purchased in the same place, and inducements to purchase one service packaged with another offered at an attractive price are natural. We are already witnessing this process in the advertising by a major retail and financial firm that it will provide discounts on its household items if a customer purchases a home through that firm's real estate brokerage subsidiary.

There is no doubt that opportunities for tying, formal or informal, will exist if banking organizations are able to offer real estate, mutual funds, insurance and securities brokerage, together with traditional banking products. Because of concern about maintaining impartiality in the provision of credit, the Congress enacted a specific prohibition, at the time it expanded bank holding company powers in 1970, on the tying of bank to nonbank services. Under the administration proposal, these prohibitions would remain intact.

Our experience in administering these rules indicates that they are effective in preventing abuses of the bank that could endanger its financial stability. We assume that they continue essentially unchanged.

The Board, by regulation, has applied the same rules on tying to transactions involving the nonbank subsidiaries of bank holding companies. However, applying and enforcing such a regulation would become increasingly difficult as nonbank activities expand. Moreover, as indicated by the earlier example, other companies that provide financial services are not inhibited by such rules. If the Congress chooses to encourage the concept of a supermarket of financial services, there is no reason why nonbank subsidiaries of bank holding companies should not be permitted to participate in this development on the same basis as other providers of financial services.

We would like to have direction from the Congress about whether, in the framework provided by the administration bill, prohibitions against tying should be maintained among nonbank subsidiaries of bank holding companies as well as against the bank itself. If so, it would appear competitively inequitable to have such strict rules apply (beyond services provided by a bank itself) while continuing to allow nonbank financial institutions the ability, through discounts and other means, effectively to tie their financial products.

Another area of potential conflict arises when a lender—and particularly a bank lender and fiduciary—has important ownership interests. In the past, any problem has been minimal in banking because of the strong limitations on equity investment by a bank and its affiliates. However, as a result of real estate development, insurance company and sponsored mutual funds activities, equity investments by a bank holding company would become much more significant in the future.

The provisions of the bill before you provide some basic protections against abuse of the bank. The bill does not authorize underwriting of corporate debt or equity securities, an area in which the potential for conflicts of interest and risk may be particularly great. During an underwriting of securities handled by an affiliate, the securities involved could not be purchased by another affiliate, and the securities or other assets of an affiliate could not without authorization be acquired by another affiliate acting in a fiduciary capacity. The current safeguards on inter-affiliate transactions would be broadened beyond the present restrictions on the extension of credit to include complementary restrictions on the purchase of assets, the furnishing of services, and other transactions with a third party in which an affiliate has an interest, essentially requiring that these transactions be on nonpreferential market terms.

These are useful provisions, but there are many potential situations, for example in the real estate area, where objective market values and a "market" test are difficult or impossible to measure. For this reason and to lessen the risk of conflicts that could be harmful to the bank or to the public, consideration should be given to a prohibition on loans by a bank to any entity in which a bank affiliate has a substantial or controlling ownership interest. This would help assure that a bank's lending judgments would not be clouded by the equity relationship and would help maintain one of the basic public policy objectives of the act—the maintenance of impartiality in the credit extension process.

Controlling Excessive Risk

A basic question in appraising the administration proposal is whether the result would be to increase unduly the risks to the stability of a bank and to the banking system generally. As indicated earlier, we do not believe that the fortunes of a bank can be insulated effectively from other parts of its holding company that are subject to common management, notwithstanding adoption of formal rules and regulations to avoid conflicts of interest and to minimize appearance of a common entity. Consequently, we have reviewed the administration proposal from that point of view, and we are satisfied that sufficient supervisory authority would be provided to deal with most sources of potential difficulty.

We remain concerned with the areas of real estate investment and development, which are, by their very nature, subject to high risk. In recognition of those dangers, the proposed bill limits the investment a bank holding company can make in a real estate development subsidiary to not more than 5 percent of the primary capital of the holding company. We view this limit as a reasonable and necessary restraint on the size of the capital commitment a bank holding company may make in its real estate development subsidiary, but we also believe, at least in the early stages of bank involvement with this activity, that further restraints may be necessary. For example, a high degree of leveraging in relatively speculative or otherwise risky real estate development could effectively impair the intended effect of the limit. The experience with real estate investment trusts, when banks had no equity involvement but felt their name and reputation were at stake, remains relevant in assessing the nature of bank exposure to large ventures carried out by affiliated companies.

In that light, we believe it appropriate that the Congress clearly provide regulatory authority for the Federal Reserve to define more precisely the nature of permissible real estate development and the amount by which such a subsidiary could leverage its capital. We also raise the question of whether such activity should normally extend to active control and ownership of essentially commercial operations—construction companies, building operations, land speculation, and the like. Our understanding is that many bank holding companies are primarily interested in opportunities for equity or equity-like participation in real estate projects under the active management and control of others and in fuller participation in the financing of such ventures. This range of activities is more congruent with the experience and role of financial institutions.

While similar questions have been raised about the risks involved in insurance underwriting, and particularly underwriting of property and casualty insurance, the record suggests that these risks can be effectively managed through application of prudent underwriting practices. Such subsidiaries would remain under the supervision of relevant state authorities. Thus, we do not suggest statutory limitations on the types of insurance underwriting that should be considered permissible. However, because of the potential risks involved in some kinds of property and casualty insurance, I welcome the flexibility provided by the proposed bill to limit the scope of insurance underwriting by bank holding companies if experience indicates a need to circumscribe the scope of participation by banking organizations in this activity.

Consideration of risk and potential concentration of financial resources coincide in suggesting that another limitation similar to that imposed by the bill on real estate development companies would be appropriate. As a general proposition, bank holding companies could be expected to enter the insurance underwriting business through acquisitions of existing companies with management expertise in place and with seasoned portfolios rather than through *de novo* expansion. The same is also likely to be the case for insurance companies entering the banking business. The speed or degree to which these major industries, which have historically operated separately, should be permitted to combine within a holding company structure seems to us an important question. We have doubts about whether it would be good public policy to allow the largest banks to acquire the largest insurance companies, or conversely, the largest insurance companies to acquire the nation's largest banks.

At some point in the future, should experience confirm that combinations of insurance and banking firms have raised no special problems, elimination of all restraints on such amalgamations may be appropriate and desirable. For now, we would suggest that the process proceed at a more deliberate pace, and an effective means of accomplishing that would be to relate bank holding company investment in an insurance company to a limited fraction of its capital. Under such a rule, the largest banks would be able to purchase smaller or medium-sized underwriters; smaller banks would have to combine in joint ventures to accomplish this result—not an undesirable result to assure spreading of risk and avoidance of relationships that could result in incentives for tying. Reciprocally, a holding company with a dominant large insurance company would be limited in the size of its bank acquisitions. The bill should be amended to provide explicit authority to apply such an approach as we gain experience.

To assure that the objectives I have outlined can be fully achieved, it would be advisable to clarify the provisions of the Bank Holding Company Act to assure that the general examination and regulatory authority of the Board extend on the same basis to insurance underwriting subsidiaries of bank holding companies as to other nonbanking subsidiaries. The provisions of existing federal law delegate insurance regulation entirely to the states.

Competitive Equality among Depository Institutions

I have reviewed before with the committee our concern that as thrifts have assumed more and more commercial banking powers and as they also retain powers that extend well beyond those of banks and bank holding companies, competition among depository institutions is distorted and inequitable. With these issues left unattended, we are drifting into an inconsistent and irrational public policy. To the extent restrictions and regulations on bank holding companies are justified by abiding public concern, those restrictions will be undercut to the extent the same or similar banking powers can be exercised in a more liberal (or in this context "laxer") regulatory environment. To the extent the restrictions are not justified, they should be abolished.

To illustrate the potential in the present situation, firms engaged in any type of commercial or financial activity can potentially own a savings and loan association, which, in turn, has powers comparable with banks but may also (1) have branches or otherwise expand interstate and intrastate; (2) have insurance and real estate development subsidiaries; (3) receive long-term expansion funding from the Home Loan Banks; and (4) qualify for special bad debt tax treatment by the Internal Revenue Service. In practice, federally chartered thrifts still have limited commercial loan and demand deposit powers, and the Federal Home Loan Bank Board has not encouraged widespread ownership of thrifts by commercial firms or investment houses. But it is also true that some states have provided, at their own initiative, full banking powers and more to their own thrifts.

Under the Garn–St Germain Act, the exemption for the unitary savings and loan association holding company from the activity restrictions of the Savings and Loan Holding Company Act—and therefore from restrictions on interstate activities and commercial ownership—is lost if an association fails to qualify for the special bad debt deduction for tax purposes. However, it may be relatively easy to meet the required asset test and at the same time engage in a rather diversified range of banking activities. Our data show that the overwhelming majority of thrift institutions do qualify for the special treatment provided by law because they have in fact specialized in home mortgages. However, over time competitive opportunities provided by the existing rule likely will be increasingly utilized.

The administration bill approaches these imbalances from two directions. The new powers provided to bank holding companies would, in important respects, match the powers currently available to thrift holding companies; at the same time, the special status afforded to unitary thrift holding companies would, prospectively, be eliminated and the scope of activities of thrift holding companies and service corporations would be the same as those of banking organizations. These provisions of the Treasury bill would not entirely eliminate the differences between thrift and bank organizations; thrifts would continue to have more favorable branching flexibility and tax treatment, and access to Home Loan Bank funds for expansion purposes.

Nonetheless, the proposal will inevitably be controversial, involving as it does a clear step toward more uniform regulatory treatment however justified that may appear to be in view of the growing banking powers of thrifts. Such concern may be more justified among thrifts that in fact are not substantial competitors in traditional commercial banking markets and that wish to retain their special character in emphasizing residential mortgage lending.

I have on a number of occasions, before this committee and elsewhere, noted my personal belief that specialized financial institutions have served this country well over time, and that the Federal Reserve could be supportive of some differences in regulatory, tax, and other approaches related to institutions that in fact choose to remain specialized home lenders. For example, one could explore the approach that if a thrift institution or thrift holding company maintains most of its assets in residential mortgages (including mortgage-backed securities), such an institution would maintain most of the attributes of a unitary savings and loan holding company, its current tax status, full access to Federal Home Loan Bank (FHLB) financing, branching intra- and interstate, and most service corporation powers. It might also be owned by a commercial company so long as the thrift operation was fully separated from the commercial interests and not operated in tandem, and provided it could exercise no greater powers than presently authorized. We would not recommend interlocks with full-scale investment banking houses because of the envisioned exposure to conflicts of interest and risk. As a matter of reference, about three-quarters of all savings and loans currently have 65 percent or more of their assets in residential mortgages and mortgage-backed securities, and two-thirds have that percentage in one- to four-family mortgages and related securities. Any test of the requisite degree of "specialization" and related regulatory treatment would also have to take account of the particular tradition of savings banks.

On the other hand, a thrift organization that of its own volition engaged in more diversified activities, including sizable amounts of commercial lending and other business relationships, should presumably have to forgo the special provisions of law that are unavailable, as a matter of public policy, to banking organizations. We would envision that it would continue to be supervised by the Federal Home Loan Bank Board as proposed in the administration bill.

Such an approach, while needing refinement and closer examination, seems to me in keeping with the basic traditions of the thrift industry.

FEDERAL–STATE BANKING AUTHORITIES

The administration bill does not deal with another difficult question—the proper scope of authority of the federal and state governments in regulating the nonbanking activities of banks. The problem arises from some recent state actions authorizing vastly enlarged powers for banks and their subsidiaries that are inconsistent with the comprehensive framework established by the Congress for regulating the conduct of nonbank activities by banking organizations.

The conflicting approaches are of recent origin. For many years, the parallel systems—federal regulation of nonbanking activities through the Bank Holding Company Act and dual state–federal regulation of banking activities—have worked tolerably well together; they afforded an element of useful experimentation and local adaptation so long as basic goals and approaches were commonly shared. In this context, the Board has facilitated the freedom of action for state authorities by adopting a rule that a bank holding company may conduct through a subsidiary any activity that a state bank could perform directly; in practice, state-authorized powers for banks did not go far beyond those permitted for nonbank subsidiaries by federal law. Our recent survey of the nonbank powers of banks under state law indicates that the great majority of states have remained conservative in their authorization of bank powers and have not gone beyond those provided in the Bank Holding Company Act.

Now, however, major inconsistencies have arisen between federal and state law because some—so far very few—of the states have authorized bank and thrift powers that are actually or potentially in sharp conflict with the framework of powers for banking organizations established by the Congress. The Board is concerned that competition in financial markets, and competition between states for economic development, is in effect producing competition to establish a lax regulatory framework for banking organizations without taking account of the national issues at stake, and at the clear risk of undermining prudential standards.

Although I regret the need to take a step that would limit the freedom of action of states, it seems plain that the safety and soundness of the banking system is, in the end, a matter of national interest. The recent tendency of some states to act in a manner out of keeping with national concerns requires a response.

Specifically, institutions, whether federally or state chartered, that are full beneficiaries of the federal banking safety net should be subject to the minimum federal rules established because of the overriding national interest in safe and sound banks. What appears necessary is a provision in the new legislation setting some limits with respect to the ability of states to provide authority for a state-chartered institution to pursue activities within such an institution beyond the powers permitted to depository institutions and their holding companies under federal law. The moratorium bill that the Board has proposed also includes such a provision.

States, for instance, might experiment, as they have in the past, in areas that do not pose fundamental questions of safety and soundness and that are largely local in character. Moreover, states might be permitted discretion to authorize any banking and nonbanking activities for state-chartered institutions or their subsidiaries that they deem to be desirable, provided that these activities may be performed only for customers resident in the authorizing state. Such arrangements would preserve local initiative, while assuring that interstate commerce was conducted within the framework for a safe and sound banking system that the Congress decides is most appropriate for the country as a whole.

INTERSTATE BANKING

The administration bill also does not address another major question facing the American financial system—the appropriate geographic limits for banking operations.

Despite the Douglas Amendment and the McFadden Act, we now have, de facto, a large measure of interstate banking in some product areas. With more than 7,000 interstate offices, some large banking organizations today are conducting interstate operations through a variety of avenues, including Edge Act subsidiaries, loan production offices, credit card operations, grandfathered holding companies, interstate acquisition of failing banks and thrifts, and a number of activities "closely related to banking" allowed under the Bank Holding Company Act—mortgage banking, personal loan companies, and others. And no counting of offices can illustrate the further penetration of interstate markets for deposits and loans made possible by the speed and economy of modern data processing, communications, and transportation.

But these developments are uneven and haphazard. In prohibiting brick and mortar presence across state lines for an ordinary range of personal banking services, present law forces banking services to be fragmented, even within many metropolitan areas, whether viewed from the perspective of the banking organization or its customers.

The end result is that risks may be increased; costs are higher than necessary, making competition less effective from the customer's perspective; and particular banking institutions are relatively advantaged or disadvantaged. To take one example of obvious anomalies, deposits can be and are now brokered across the country, with securities dealers and others acting as intermediaries through a network of local offices. But banks themselves cannot attract those deposits directly from local offices beyond their own state.

It is not surprising that the states themselves have begun to recognize the anomalies and have started to relax some of the restrictions allowed by the McFadden Act and Douglas Amendment. Four states have authorized interstate banking at least on a reciprocal basis; three New England states are authorizing regional, reciprocal entry; four other states have authorized out-of-state entry for some form of limited banking, such as credit card or wholesale banking operations; and four states permit entry by certain grandfathered companies.

These state actions are constructive in breaking down outmoded barriers, but they also dramatically illustrate the haphazard and unequal development of interstate activity. A closely integrated economy requires and deserves more uniform rules in this important area. It is reasonable to ask whether rules that prohibit New York or St. Louis banking organizations from establishing offices across a river, but permit them to sell insurance in Arizona, serve a national purpose. Similar doubts arise about the logic of proposals that allow a bank in Providence, Rhode Island, to purchase a bank two states and 150 miles away in southern Vermont, but that a bank 30 miles away, in Albany, New York, be prohibited. We also have the anomaly of states welcoming foreign banks within their borders, while prohibiting entry of U.S. banks from neighboring states.

For want of any better rule to assure gradualism and to take state preferences into account in the evolution of interstate banking, regional compacts have had an appeal to some as a transitional device. We are concerned, however, about the implications for a kind of balkanization of the process that could discriminate against banking organizations in some states and, without serving a legitimate local purpose, limit the ability of banks wishing to sell or merge to find an appropriate partner. These concerns are already reflected in litigation that has been brought by interested parties to challenge the constitutionality of regional arrangements. I also have, for these reasons, reservations about the legislation proposed to provide authority in federal law for such arrangements in New England.

I have another concern about the impact of the rules prohibiting interstate banking. There is a natural tendency by those who are shut off from their natural avenues of expansion to divert entrepreneurial energies into other areas open to them. Undue restrictions on interstate banking in effect create an artificial incentive for banks to enter into nonbanking fields of activity. Over time the tendency would be to diminish the relative importance of the bank within a holding company structure, and management attention given the bank, which would ultimately weaken the safety and soundness of the banking system itself.

At the same time, I recognize the traditional and historic concern about local control of banking, the importance of healthy community banks, and the dangers from excessive concentration of resources. Fortunately, we have a good deal of experience within large states about the ability of small banks to survive and prosper alongside relative giants—and for the good reason that they can operate efficiently and establish solid relations with local consumers and businesses. Over time, interstate banking would inevitably mean fewer banks and larger average size, but properly implemented and controlled I see no danger that the United States would be bereft of large numbers of smaller banks, or that, with appropriate safeguards, excessive concentration would become a problem.

There are a variety of possibilities for transitional and more permanent arrangements to help assure constructive results. For example, interstate banking might, at least initially, be confined to establishing separate legal entities in other states as part of a multibank holding company that would have to conform to state branching restrictions and to state law and supervision in other respects.

Similarly, there are a number of steps that can be taken to prevent excessive concentration of banking resources, to limit the ability of the largest banks to join together, to define the share of resources in a state or area that would be controlled by a single organization, as well as by other means.

In sum, a solution that accommodates the forces of technology and competition, while taking account of our public policy objectives of avoiding concentration of resources and maintaining a role for the states in regulating banking in their jurisdictions, is necessary. There have been numerous studies and recommendations over the years with regard to the proper balancing of federal and state interests in the geographic scope for banking operations.

What is necessary now is to find a consensus on a particular approach. We would be glad to assist your deliberations by providing, in more specific terms, a variety of approaches to balance the various considerations, and by working with other banking agencies and other groups to that end.

Interest on Demand Deposits and Reserves

Comments have also been requested on two additional issues of significance for monetary policy and competition among financial institutions. These issues concern the federal prohibition against the payment of interest on demand deposits and the payment of interest on reserve balances held by depository institutions with the Federal Reserve System.

As you know, the Depository Institutions Deregulation Committee (DIDC) recently recommended that depository institutions be permitted to pay interest on demand deposits. In approaching this question, it should be recognized that developments over a number of years have importantly undermined both the effectiveness and rationale of the prohibitions. These developments include (1) implicit interest payments on demand deposits through the provision of customer services without explicit charge or at fees below cost, (2) legislative and regulatory changes to permit explicit interest-bearing transaction accounts for nonbusiness customers that are legally distinct from demand deposits, although functionally the same, and (3) market development of close demand deposit substitutes that earn interest, such as money market mutual funds.

The cost implications for depository institutions as a result of authorizing the payment of interest on demand deposits should be manageable over time precisely because many transaction balances are already, directly or indirectly, earning a market rate of return. The material submitted to the committee by Secretary Regan on behalf of the DIDC on this point is consistent with our analysis.

The potential adverse earnings impact of interest-bearing demand deposits could be mitigated by requiring the payment of interest on required reserve balances held with the Federal Reserve Banks. As a general matter, the Board believes that the payment of a market-related interest rate on reserve balances would be desirable in light of both equity and monetary policy considerations.

Reserve requirements, while imposed for monetary policy purposes, also, from the viewpoint of the depository institution, represent a form of tax that falls unevenly across institutions providing comparable services. Interest on required reserves would remove this competitive distortion. In addition, such payments would work to discourage the incentives toward the development of transaction-type accounts outside the depository system, thus protecting the ability of the Federal Reserve to carry out monetary policy efficiently over time and tending to maintain the payments system within the basic framework of regulated depository institutions and the federal safety net.

At the same time, payment of explicit interest on demand deposits and reserve balances should be consistent with general considerations of efficiency in the allocation of economic resources and effective competition. Consequently, the Board supports action along these lines.

More specifically, bills have been introduced with the intent of requiring interest to be paid on a limited fraction of required reserves—those held against money market deposit accounts (MMDAs) and Super NOW accounts—accounts upon which depository institutions now pay market rates of interest. (Most MMDAs—those not held by businesses—have no reserve requirement.) Paying interest on reserve balances held against Super NOW accounts would remove one cost for depository institutions not borne by money market funds or other providers of a similar service and then tend to further equalize competitive opportunities. For a period of time, interpretation of the monetary aggregates, particularly M1, could be further complicated by causing savings funds now held in MMDAs or other forms to shift into Super NOW accounts, which is a component of M1. With interest paid on reserve balances, depositors would be able to receive as good a yield on Super NOW accounts as on MMDAs (taking into account service charges) and the former would also have the capacity for unlimited transfers by check. (Potential shifts of this kind could, of course, also be large if market interest rates are to be permitted on demand deposits.) However, that adverse effect is not, in our judgment, a compelling reason not to adopt the proposal, particularly in circumstances in which it could be viewed as a transitional step toward payment of interest on demand deposits and related reserve balances.

Other things equal, paying interest on reserve balances generally would involve a drain on Treasury revenues. Thus, while the Board, as a matter of principle, favors payment of interest on all reserve balances, the question remains of an appropriate phase-in. This is, of course, inevitably related to the present budgetary position, but we do not believe that, over time, reserve requirements should be looked upon as a revenue measure. If banks and other depository institutions are to be specially taxed, such a decision should be made explicitly on grounds other than as a by-product of the role of reserve requirements as an instrument of monetary policy. Payment of interest only on reserves against Super NOW accounts and nonpersonal MMDAs, at present interest rates, is estimated to entail a net revenue loss of $125 million a year initially, and the figure would rise over time as deregulation proceeds and these deposit forms become more important.

We believe that such a decision should imply a transition toward payment of interest on reserves more generally to avoid distortions among various types of transaction accounts. In that case, the costs would be substantially larger.

Finally, I would like to address a related point and remind the committee of the long-standing Board view that authority should be provided to apply reserve requirements to institutions that are not formally depository institutions (and thus are not covered by the prudential rules applicable to these institutions and their holding companies) but that do offer transaction accounts similar to those offered by banks. As long as these close substitutes for bank deposits are free from reserve requirements, they have a potential competitive advantage relative to bank deposits and, at times, they can complicate the task of conducting monetary policy.

In an environment in which Regulation Q ceilings on deposits have been largely eliminated, such problems may not be as acute as they were in the 1981–82 period. Payment of interest on reserves would, as indicated, remove a remaining source of competitive distortion. At the same time, however, the process of financial innovation could well produce still other instruments that will present new problems.

Thus, the Board believes it would be prudent to incorporate into the bill a provision whereby financial instruments issued by nonbank institutions that have transaction or third-party payment powers would be subject to reserve requirements. The Board would *not* expect to use this authority unless conditions arose to demonstrate its necessity. □

Statement by Preston Martin, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Housing and Urban Affairs of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, September 22, 1983.

I appreciate the opportunity to present my personal views on the general thrust of S. 1821 and S. 1822, bills that are designed to widen and deepen the secondary mortgage market of this nation. The committee knows the importance of enhancing the growth of this already enormous source of funding for housing. Fundamental involvement in housing finance has been, on balance, a successful public policy spanning five decades or more. I believe an important aspect of that success has been heavy reliance on private institutions and market processes. Permit me to admit my pride in my own involvement in the Federal Home Loan Bank System's expansion of its credit facilities in the 1970s as well as the part I played in the founding and initial operating policies of the Federal Home Loan Mortgage Corporation, with Chairman Thomas Bomar.

The very success of public policy in the utilization of market processes to further homeownership and residential financing provides the platform from which private market initiatives can and should now be launched. Thirteen years ago my associates and I came before this committee to advocate the establishment of a secondary market facility for conventional mortgage loans. Our plea then to Chairman Sparkman, Senator Proxmire, and others was to obtain authority to demonstrate the feasibility of the conventional mortgage-backed security, but we predicted at that time that the private market eventually could and would take over the function. I believe the time has now arrived for that transfer to be stimulated, while at the same time recognizing the outstanding accomplishments of both Fannie Mae and Freddie Mac, and their present strong leadership. The ability of both of these organizations to finance at rates not far from those of Treasury securities of comparable maturity exemplifies the size, presence, and position they have attained in the capital markets. I am confident that both organizations would continue to compete effectively with stronger private rivals.

The conventional mortgage-backed security has proved its worth in the credit markets, even during the most recent recession that saw severely depressed housing conditions and falling house prices in some submarkets. Mortgage pools of high quality have been found repeatedly and recently to be safe investments, and these securities have involved credit-risk insurance and other arrangements to protect investors and maintain cash flow. It seems to me that the record supports the objectives and thrust of the legislation, which is the subject of this hearing.

The growth of secondary mortgage market activity, of course, has been very substantial since the late 1960s. Furthermore, the need for secondary market channels is likely to increase in the future, to the extent that some thrift institutions utilize the expanded asset powers recently provided to them by law and regulation. To better match the duration and interest rate sensitivity of assets with liabilities, some thrifts and other mortgage originators may move more and more mortgages to investors through the secondary markets. Of course, another constructive option open to them in this regard would be to promote and invest in more variable-rate mortgage instruments.

Pass-through securities are relatively new and effective secondary market vehicles that attract a wide variety of capital market investors into mortgage instruments. Since the early 1970s, the thrust of public policy has been to encourage development and growth of markets for securities guaranteed by federal agencies and federally sponsored enterprises. By the middle of this year, pass-throughs guaranteed by the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), or the Federal National Mortgage Association (FNMA) totaled $211 billion—equivalent to a sixth of all residential mortgage debt outstanding. GNMA securities, issued exclusively against pools of federally insured or guaranteed mortgages, account for two-thirds of all federally guaranteed pass-throughs outstanding. But the volume of FHLMC and FNMA securities, issued primarily against pools of conventional loans, has been expanding very rapidly since late 1981. The managements of those entities have helped to fill a mortgage credit gap during a critical financial adjustment period.

By contrast, development of markets for fully private mortgage pass-through securities—that is, securities without federal sponsorship issued against pools of conventional loans—has been quite modest. While a fair number of banks, thrift institutions, mortgage companies, insurance companies, and so-called conduit organizations have issued private pass-throughs, available estimates suggest that the total amount outstanding is less than $10 billion.

In my judgment, it would be sound public policy to change laws and regulations, when appropriate, to encourage a broadening of the secondary mortgage market through more extensive involvement of the private sector. The President's Commission on Housing, on which I served as a member before being appointed to the Federal Reserve Board, identified a host of legal and regulatory impediments to development of the private mortgage securities markets in its 1982 report. As you noted when introducing S. 1821 and S. 1822, components of these legislative proposals attempt to crystalize Housing Commission recommendations for encouragement of private securities as well as to formalize the "TIMs" proposal that grew out of the Commission's work.

As you also noted when introducing this legislation, a comprehensive look at both private and public secondary market institutions is in order. It is obvious that federal policy toward the two sponsored enterprises, FNMA and FHLMC, will help determine the competitive position of private mortgage-related securities in the conventional mortgage market and in the nation's capital markets. As a general principle, I am fully in favor of improving the efficiency of private financial markets and reducing reliance on the government's presence in the credit system, as long as these objectives can be achieved without seriously compromising other legitimate social and economic goals. As these hearings have amply demonstrated, difficult questions concerning the proper balance of public policy and tradeoffs of competing objectives inevitably arise in this context.

I will concentrate the balance of my remarks on two topics. First, the types of legal and regulatory adjustments appropriate to bolster development of the private securities markets—the major focus of the legislation you have introduced. Second, possible government policy toward the federally sponsored secondary mortgage market enterprises. In the latter area, my comments necessarily will be broad and suggestive since no specific legislative proposals are extant.

Private Mortgage-Related Securities

Laws and regulations that have unfairly disadvantaged the competitive position of private mortgage securities in our financial markets do not constitute good public policy, and should be modified. In this regard, I am talking about inadvertent, or unintended, constraints and obstacles for the issuer of private securities. At the Housing Commission, we determined that there have been a number of such constraints, sometimes caused by state or federal laws or regulations written long before mortgage-related securities were a significant market factor, or arising because of inadequate understanding by lawmakers or regulators of the nature of mortgage securities.

Some of these constraints recently have been alleviated by regulatory changes at the federal level, in line with Housing Commission recommendations. For example, the Securities and Exchange Commission (SEC) has tailored some of its registration requirements to the special characteristics of both the private mortgage pass-through securities and the issuers of these types of securities. At the Federal Reserve Board, we have amended Regulation T—which governs margin credit extended by brokers and dealers for the purpose of purchasing or carrying securities—to specify that private mortgage-backed securities are eligible collateral for such credit. We also have tailored the Regulation T criterion concerning marketability of securities in margin accounts to fit special features of the mortgage instruments.

Some components of Title I of S. 1821 also constitute technical amendments designed to accommodate properly private mortgage securities. I am referring to such things as the removal of statutory limitations on investment in mortgage-related securities by federally chartered financial institutions, leaving it up to the regulators to specify investment limits as well as factors relating to the diversity of underlying mortgage pools. The law for national banks, in effect, currently treats mortgage pass-through securities as obligations of the issuer or sponsor rather than as shares in pools of loans constituting the obligations of mortgage borrowers. The current treatment is a good example of law that does not recognize the true nature of mortgage pass-through securities.

Some components of Title I of S. 1821 obviously go beyond the types of technical adjustment to law and regulation I have been discussing and may involve some tradeoffs of policy objectives that need to be considered carefully. Caution should be exercised whenever federal or state laws or regulations, designed to protect savers, investors, or financial institutions, are amended or preempted in order to accommodate the development of a particular market.

It appears that investor protection conceivably could be compromised, for example, if the SEC exemption from registration currently available to financial institutions supervised and examined by state or federal regulators were extended to any mortgagee approved by the Department of Housing and Urban Development. The integrity of today's mortgage banking industry is not in question. But mortgage bankers basically are unregulated institutions, and consideration should be given to ways to set and monitor quality standards for mortgages "pooled." I would hate to see isolated problems in the future undermine development of the private mortgage securities market.

The provision of S. 1821 that would involve federal preemption of state blue-sky and legal-investment laws and regulations for all investment-grade, mortgage-related securities, subject to reversal by the states within two years, raises further questions about investor protection as well as the interests of savers in state-chartered depository institutions, life insurance companies, and pension funds. As I understand the term, "investment grade" is not a particularly strict standard, and commonly is interpreted to cover the top four categories used by the nationally recognized rating firms—extending down to BBB under Standard and Poor's designations. Most public offerings of private mortgage pass-through securities, in fact, have been rated in the top two categories, and it may be questionable public policy to require the states to treat all investment grade issues as if they were Treasury or agency securities.

On a subject closer to the Federal Reserve, I would like to raise some questions about the provision that would grant authority for national banks to underwrite and deal in private mortgage-related securities. The Federal Reserve has been concerned that underwriting private securities, particularly corporate bonds, could involve unusual elements of risk for banks and possibly could lead to conflicts of interest in the provision of credit. Though equivalent risks presumably would not arise in the pass-through securities markets—banks already have the authority to underwrite issues guaranteed by GNMA, FNMA, and FHLMC—it is an area that should receive some consideration in this legislative process.

Concerning S. 1822, a bill that would establish a new type of mortgage investment trust under the tax code, I can enthusiastically support the effort to create more flexible trust devices that would retain the flow-through federal income tax features critical to pass-through securities markets. The Housing Commission had discussed the need for new types of trust devices for issuers of mortgage-related securities, as alternatives to the so-called "grantor trust" currently used for virtually all pass-through issues. As I see it, the major objectives of the effort to establish new trust devices should be to permit issuance of different classes of securities against a mortgage pool and to allow some degree of management of assets and cash flows by the trustee. Such features could be used to tailor issues to the maturity and cash-flow preferences of different types of investors and could result in more advantageous pricing of pool securities—thus leading to lower mortgage rates for consumers. Thrift institution issuers, for example, would have the opportunity to market the longer-term classes and retain the shorter-term securities, aiding their adjustment of liabilities and assets into a better maturity balance.

I am not prepared at this time to testify on the many technical aspects in S. 1822. One thing missing in that bill, however, is reference either to quality standards for the TIM securities or to supervision of the trustees or managers of TIMs. At the Housing Commission, we considered the need for minimum quality criteria for new types of mortgage trust vehicles, in order to promote standardization in the private securities market and to obtain favorable treatment of securities by the Department of Labor (for private pension funds) and possibly by state regulators (for fiduciaries under their jurisdiction). I am concerned that creation of new types of mortgage investment trusts, which apparently could take a variety of forms (corporate or otherwise) under S. 1822, and which would permit trustees to actively manage the funds entrusted to them by individual investors, would create leeway for bad reinvestment decisions or even for abusive practices by trustees or managers. Such events, of course, could heavily damage all elements of the market for private mortgage pass-through securities.

It is difficult to specify, at this time, the type of supervisory structure within which TIMs ideally should operate. One possibility would be to require that TIMs be subject to the types of controls established for mutual funds registered under the Investment Company Act of 1940—other entities with flow-through tax treatment under the Internal Revenue Code. Another possibility would be to involve federal agencies with considerable expertise in housing finance, such as the Federal Home Loan Bank Board, in the supervisory process.

FEDERALLY SPONSORED CREDIT AGENCIES

The federally sponsored secondary market enterprises certainly have performed important functions quite well, introducing new types of secondary market instruments and developing channels between conventional mortgage borrowers and a wide range of capital market investors. A little over a decade ago, such channels were virtually nonexistent and, as you know, I was directly involved in the establishment of FHLMC as a secondary market facility for conventional mortgages. Both FNMA and FHLMC have done pathbreaking work by helping to standardize the conventional home mortgage instrument and by moving large amounts of pass-through securities issued against pools of such loans into a capital market unaccustomed to conventional pass-throughs.

We have now reached a point at which conventional mortgage documents are standardized nationally, mortgage pass-through securities are a familiar instrument in national financial markets, and the private mortgage insurance industry is capable of providing mortgage pool insurance necessary to secure high ratings for a large volume of conventional pass-throughs. Should we, therefore, conclude that the federally sponsored secondary market agencies have completed their job? Is it time to remove whatever legal and regulatory elements have been impeding development of the private market—the intent of S. 1821 and S. 1822—and at the same time sever the federal connections of FNMA and FHLMC?

As a general principle, it seems obvious to me that the use of federal enterprise status, and the special advantages that go with this status, should be reserved for those activities that are not, or cannot be, performed adequately by the private sector. It may be possible for the private sector to develop a large and efficient market for mortgage-related securities that would provide mortgage borrowers ready access to funds in the broad capital market structure at competitive prices—your legislative proposals are aimed in this direction. But as a former issuer of private mortgage-backed securities, it is not clear to me that fully private securities will be able to compete successfully, head to head, with federally guaranteed instruments, even if the legislative package you have introduced should become law. To date, private securities have been successful mainly in the market space left by FNMA and FHLMC. Most issues have been private placements tailored to individual investors or public offerings issued against pools of loans larger than those that can be purchased by the federally sponsored enterprises.

Although it is possible to argue for a phase-down of the federal connections of FNMA and FHLMC—in concert with development of viable private sector alternatives—it should also be recognized that the federally sponsored enterprises can provide some public benefits that cannot be provided by private alternatives. In particular, these enterprises are in a position to funnel the benefits of their federal connections to mortgage borrowers. Thus, one policy option is to ensure that the benefits accrue to borrowers most in need of aid, as identified through the political process. This approach would seek to target the mortgage securities programs of FNMA and FHLMC, in terms of criteria such as maximum loan size or borrower income.

If the Congress decides that privatization of one or both of the sponsored enterprises is the appropriate policy objective over the long term, some transition problems will have to be faced. For one thing, the rights of holders of outstanding stock, debt, and guaranteed pass-through securities would have to be protected. And, of course, it would be unwise to sever federal connections unless the sponsored enterprises could function effectively on their own. The Federal Home Loan Mortgage Corporation currently is in a healthy financial condition. But more difficult transition issues would be raised with the Federal National Mortgage Association because of its large portfolio of mortgages having interest rates below current market levels.

As a final point, I would like to remind the subcommittee that housing finance is likely to be the first casualty in any future "crowding out" of private financing occasioned by the huge structural federal deficits that are on the horizon. It would be unfortunate, indeed, if this problem were compounded by inefficient market mechanisms. As pointed out in *The Report of the President's Commission on Housing:*

> Since the mid-1960s, the ability of the housing finance system to meet the needs of borrowers has deteriorated markedly on several occasions, and this system currently is in a serious state of disrepair. The volume of residential mortgage lending naturally reflects changes in financial market conditions because the sensitivity of demand for mortgage credit to changes in interest rates is high relative to interest rate sensitivity in other major sectors of the economy. However, the increasingly wide swings in residential mortgage and housing construction activity also are traceable to structural shortcomings in the housing finance system.[1] □

1. *The Report of the President's Commission on Housing* (Government Printing Office, 1982), p. 116

Statement by Preston Martin, Vice Chairman, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, September 28, 1983.

I am pleased to appear before this subcommittee to present the views of the Federal Reserve Board on S. 573—the "Fair Deposit Availability Act of 1983." This bill addresses the practice of depository institutions prohibiting a depositor from withdrawing, for some period, funds represented by a newly deposited check. This is often referred to as "delayed availability." The bill requires disclosure of an institution's policy regarding delayed availability, calculation of interest from the time the institution receives provisional credit for a check deposited into an interest-bearing account, use of standard endorsement procedures, and prompt notification of a decision not to pay because of insufficient funds or other reasons.

Although the Board's surveys of consumers and the recording of consumer complaints do not indicate that a majority of consumers have frequent problems with delayed availability, our information does not indicate that the problems are in any way trivial. The problems caused by delayed availability range from minor inconvenience, to service charges for checks written before deposits are deemed "good," to hardships caused by the depositor's inability to use needed funds. Two states, New York and California, have already passed legislation on the subject. These laws, which go further than S. 573, not only require the disclosure of "hold" policies, but also direct state officials to establish, by regulation, what constitutes reasonable delays under different circumstances.

I have changed residence enough to understand the concerns that have been expressed about certain delayed funds availability policies, and am sympathetic to the problems that customers, particularly new depositors, can experience. As I see it, there are two situations giving rise to problems—those instances in which the practice is not disclosed in advance, and those times when an institution's policy can be construed as so inflexible or unreasonable that it imposes an undue hardship on its customers.

In considering the question of delayed funds availability, it is important, however, to recognize that the practice in some form is inherent within the structure of our check payment system. Since the passage of the Monetary Control Act of 1980 there has been considerable impetus within the financial industry to arrive at greater efficiency in the collection of checks. Notwithstanding this progress, it still takes up to two days for an institution to receive provisional credit for a check. In addition to this delay, it may take several days longer for a check that is not honored by the paying institution to be returned. Without going into the details of that system, which are outlined in attachment A, these delays give rise to the argument that institutions are exposed to risk of loss in releasing funds before allowing for the time for an unpaid check to be returned.[1] As long as the payments system involves the movement of paper checks from one point to another, there will be delays in the check collection process that may justify an institution delaying availability of funds to some depositors on some items to protect against such risks.

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.

In conjunction with our responsibilities under the Monetary Control Act, the Federal Reserve has made a number of operational changes in our check collection operations, several of which offer the promise of accelerating collection. These include improving our transportation system to speed the physical movement of checks and establishing later hours during which institutions can deposit checks for collection and for us to present them for payment. We have also proposed a program to accelerate collection of checks drawn on institutions with high dollar volume located in cities remote from a Federal Reserve check processing office. This proposal would prevent the delays in collection arising from shifts in check clearing volume away from institutions located in cities with a Federal Reserve check processing office. Although it is our belief that these new procedures can greatly benefit the efficiency of checks as a payments mechanism, it is too early to tell the extent to which these changes will positively affect industry practices in regard to delayed funds availability.

Though I believe there is some justification for some of the practice of delayed availability, I also believe that a need exists for financial industry action and for additional operational improvements, which could alleviate much of the problem. Specifically, I am encouraged by a recent call by industry groups, such as the American Bankers Association, for voluntary action on the delayed funds issue by their members. The president of the ABA has written all member banks urging a written policy concerning delayed funds availability and disclosure of that policy to customers. In addition, the ABA has provided institutions with a model policy and disclosure form.

As an example of possible additional operational improvements now being pursued, we are pleased with the early results of a pilot program of the Dallas Federal Reserve Bank with regard to processing returned checks. This pilot program will help to determine the feasibility of establishing a nationwide service for the direct return of unpaid checks to the institution of first deposit, thereby shortening the chain of institutions in the return process and accelerating funds availability. A nationwide system for prompt return of checks would provide a framework for institutions to provide faster funds availability to their customers.

Disclosure

There are two reasons for promoting greater disclosure of funds availability policies. The first is simply the fairness of alerting the public to practices that may affect it adversely. The second is the impact that disclosure can have on the practice itself. As institution management formalizes its policies and prepares disclosures, it is likely to reexamine the necessity and reasonableness of existing practices.

Of course, the reasonableness of a particular institution's policy with respect to delaying availability is difficult to determine. Many factors go into an institution's or a bank employee's decision to delay availability and the length of the delay. Some institutions with short or no delays compensate for their risk of loss through increased service charges. Some institutions may establish blanket hold policies for certain categories of checks as the most operationally efficient hold policy. Other institutions may place holds on an individual basis, a more costly, but also generally a more equitable, procedure. Whether or not an institution's policy can be considered reasonable is best left up to its customers and to the discipline of the marketplace. But this requires that customers be informed about their institution's policy. Without disclosure by management, customers will not be able to judge the reasonableness of policies, and competition in the marketplace will not have an impact on the decisions of individual institutions.

In contemplation of the recent action by the ABA, and in order to provide a benchmark for measuring the effectiveness of this effort, the Board conducted a survey of consumers in March of this year to determine the level of consumer awareness of their institution's policy and the incidence of consumer problems with delayed availability. We plan to conduct a similar survey next year to measure any increase in awareness as a result of the ABA's suggestion. In addition, we are considering conducting a survey of financial institutions sometime next year to determine the number of institutions that are, in fact, disclosing their policies. The information from these surveys will be valuable in determining whether the banking industry has responded to the challenge of voluntarily dealing with the issue and whether disclosures, if made, result in an improvement in consumer awareness.

Of course, the problem of delayed funds is not limited to commercial banks. It involves all types of institutions, including credit unions, savings banks, savings and loan associations, and money market mutual funds. The effectiveness of a voluntary disclosure program will ultimately depend on the willingness of other industry groups and associations to encourage their members also to make voluntary disclosures. It would be our hope and it has been our advice to the industry that they pursue their efforts with all due speed. If successful, these efforts will be the most effective answer for customers in allowing them to determine whether their institution's policies are reasonable and, if not, allowing them to take action to avoid problems.

Federal Reserve Program

The Federal Reserve Bank of Dallas is currently conducting a pilot program to test the feasibility of the Federal Reserve System returning a dishonored check directly to the bank of first deposit rather than back through each step in the initial collection route. This program includes having the Federal Reserve provide wire notice to the last endorsing institution of nonpayment of checks in the amount of $2,500 or more during the first phase of the pilot, and in a later phase directly to the institution of first deposit. Direct returns could provide the framework for enabling depository institutions to provide faster availability to their customers.

The Dallas project is, however, currently limited to providing direct return of certain checks originally collected through the Dallas Reserve Bank to certain banks in the Dallas Federal Reserve District and there may be operational and legal obstacles to expanding the pilot program further. For example, five states and the District of Columbia do not permit the direct return of checks. The Federal Reserve is contacting the appropriate officials in those states to explore the possibility of stimulating changes in their laws to permit direct returns. If the results of the Dallas pilot program demonstrate that direct returns will enhance payments mechanism efficiency and these state laws continue to be an obstacle, federal legislation could be appropriate to enable direct returns to be implemented on a nationwide basis.

Even if a nationwide system of direct returns can successfully be implemented, it is still somewhat unclear whether such a system would automatically result in better availability for the institution's customers. For example, if a direct return approach is to be effective in providing a framework for improved funds availability, it may have to be universal. That is, even though some or even most returned checks are sent back directly and quickly, if others are not, the institution of first deposit will not know in advance which items will be returned directly and which will be returned by the present indirect, time-consuming manner. As a result, institutions may be reluctant to provide the earlier availability that the direct return concept may facilitate. Because of this potential problem, an incentive may need to be established for institutions to use the direct return system or some method instituted to minimize the risk of loss to the institution of first deposit. Although many of the issues of operational and practical feasibility of direct returns are still unknown, the Dallas pilot program should provide a great deal of information that will be useful in providing answers to questions on delayed funds availability.

CONCLUSION

In conclusion, the Board is very sympathetic to the need for disclosures by institutions to their customers. However, the industry is currently involved in efforts to accomplish this, and we think the voluntary industry action should be given a chance to work. We know from experience that disclosure laws are easy to conceptualize, but far more difficult to implement; and, to the extent laws like this may impose unnecessary costs by forcing industry activity into a few approved formats, the customer may ultimately be the loser.

In the next year we will be gaining additional experience with our pilot project to speed up the return item processing, and will be in a better position to gauge the extent to which this program may ultimately reduce the delayed funds problem. Perhaps a federal disclosure law will ultimately be necessary, but given the industry's recent first step toward self-correction of the problem and this pilot program, until an assessment can be made of their effectiveness, we suggest that the Congress defer adopting formal legislation.

The delayed funds problem should diminish as customers become more familiar with alternative forms of payments other than checks. Many payments, especially those that recur regularly such as salary, dividends, and Social Security, can be received through automated clearinghouses, and others can be handled as wire transfers. We believe that electronic payments represent a more efficient, faster, and more reliable means of payment than paper transfers. We just published for comment several proposed enhancements to the automated clearinghouse service and are inviting the public to comment on how we can improve this service further. In essence, electronic payments are the only real solution to the problem of delayed availability. The Federal Reserve continues to be committed—as it has been in the past—to promoting the efficiency of the nation's payments mechanism through the development of electronic payments.

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, October 5, 1983.

It is my pleasure to appear before this subcommittee to discuss the problems of the strong dollar.

The strength of the dollar over the past three years has been truly impressive. The dollar appreciated 46 percent from the fourth quarter of

1980 to September 1983 against a weighted average of the currencies of the other major industrial countries. Against the German mark the appreciation amounted to 40 percent; against the yen, 13 percent; against sterling, 59 percent; and against the French franc, 83 percent.

After making allowance for inflation differentials, the rise is somewhat smaller, because inflation in the United States over this period was less than that abroad. But even on an inflation-adjusted ("real") basis, the dollar's appreciation was still a very substantial 40 percent. Its real value is currently some 27 percent above its average value over the entire floating-rate period since March 1973. This type of calculation is sometimes used to measure the degree of "overvaluation" of the dollar on the grounds of current purchasing power parity. Of course, a different base period would lead to a different degree of overvaluation.

How, then, do we explain this extraordinary strength of the dollar? There does not appear to be any single, simple explanation. Broadly speaking, the economic factors that influence exchange rates can be grouped under three categories: (1) inflation, (2) interest rates and rates of return, and (3) current account deficits and surpluses.

High inflation works against a currency, and probably much more forcefully than in proportion to changes in relative purchasing power. By the same token, the sharp drop in inflation and inflation expectations that has occurred in the United States can be assumed to have contributed substantially to the strength of the dollar. The extent to which this has occurred is not measurable, but I do not doubt that an important change has occurred in international perceptions of the dollar as an asset worth holding.

As regards interest rate differentials, distinguishing between nominal and real interest rates is important. Using real rates implies making allowance, as already noted, for the effect of inflation on the relative purchasing power of currencies. To the extent that currencies are expected to move in proportion to purchasing power changes, it is real interest rates, which already embody these expectations, that are relevant to analyzing exchange rate movements. As the chart attached to my statement shows, there has been a broad association of the real interest differential between dollar and foreign currency assets and the dollar's real exchange value over the floating-rate period.[1] (I should note that any measurement of real interest rates is necessarily only an approximation because the concept of real interest rates involves expectations of future inflation, which cannot be measured directly.)

The real interest differential moved from nearly 1 percent against the dollar in October 1980 to more than 4 percent in favor of the dollar in August 1983. Unless such a shift were offset by a shift in exchange rate expectations, it would result in an attempt by asset holders to reallocate their existing portfolios toward dollar assets and away from foreign currency assets. Similarly, new world savings would be allocated more toward dollar investments.

It seems quite plausible that a large shift in real interest differentials in favor of the dollar should result in a large appreciation of the dollar. And it is quite plausible that the present high level of real interest rates in the United States, and thus the high interest rate differential, is mainly due to massive budget deficits (actual and expected) in the United States.

There may be a contributing factor tending to push up U.S. real interest rates, namely, an increase in the prospective profitability of real investment in the United States. There are some indications that this may have occurred. Changes in tax laws have helped to raise the return on capital. The discounted value of future profits of U.S. corporations, as represented in stock prices (Standard & Poor's index of 425 industrials) has surged some 60 percent since August 1982. Indeed, over the past year or so the profit outlook, reflected in relative movements of stock and bond prices, appears to have improved more in the United States than in any other industrial country, with the exception of Canada. Other evidence lending support to the increased profitability of real investment in the United States is the reported increase of one-third in profits from current production (economic profits) in the gross national product accounts from the fourth

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.

quarter of 1982 to the second quarter of this year. And business fixed investment is significantly higher in this recovery than had been predicted, given the level of real interest rates and the degree of capacity utilization. This profit picture stands against the background of the decline in profitability from the late 1960s through the 1970s.

This apparent increase in the profitability of real investment may reflect the effects of new technology, for example, the computer revolution, in which the United States leads. I believe that the apparent increase in profitability also reflects the beneficial effects, despite the painful transition, of moving from high inflation to low inflation. In any event, it appears plausible that foreigners should demand the currency of a country with increased profitability of real investment. This is not to downplay, however, the role of U.S. budget deficits in raising real U.S. interest rates. In my view the deficits are by far the main factor.

Recent current account developments seem to have played little role in the behavior of the dollar. The current account was only in small surplus in 1980–81 and has deteriorated sharply since mid-1982. The factors of strength in the exchange rate picture seem to have predominated over this factor of weakness.

There are also more special reasons for the dollar's strength over the past three years, however. The presence of actual and threatened political instability in many parts of the world, both in industrial and developing countries, has undoubtedly been a significant factor in foreign demand for dollars. And the United States is the "preferred habitat" of flight capital from Latin America. A final factor that should be mentioned is the international debt problem, which also, at least initially, tended to strengthen the dollar.

Given the presence of conflicting forces, predicting the future exchange value of the dollar is bound to be a hazardous undertaking. Some observers have thought that the dollar would decline with the development this year of massive U.S. balance of payments deficits on current account, especially since the 1984 deficit is expected to be even greater. Certainly these deficits would tend to cause the dollar to depreciate. But the exchange market, so far, has shrugged off the already large decline and the prospects, as of today, of further widening of the current account deficit. So long as investor demand for net dollar assets at existing exchange rates continues to be strong, the negative effect of the current account may be offset. The key question then is, when are those factors that have led to such a great demand for dollar assets—real interest differentials, political uncertainties, and the international debt situation—going to change? I am afraid that I do not possess any special powers of prognostication on these points. Clearly, action by the Congress and the administration significantly to reduce the budget deficit could have a substantial impact on real interest rates, and a decline in these rates would be widely expected to contribute to a depreciation of the dollar. In a similar vein, the assurance of adequate availability of official financing to those developing countries willing to pursue responsible adjustment policies might also tend to reduce the demand for dollars and thus mitigate upward pressures on our currency.

The subcommittee has asked me to address the question of the impact of the dollar's appreciation on various aspects of the domestic economy. In this connection, it is important to bear in mind that, given the major determinants of exchange rates mentioned above, changes in rates are likely to be responses to changes in those determinants, which, in turn, respond to a variety of events. These responses feed through the economic system via various channels, some of which, such as exchange rates and interest rates, can change very quickly, which then affects other economic variables that change more slowly, such as GNP, employment, and the general price level.

The Board staff has simulated the impact on the domestic economy of the appreciation of the dollar. Let me stress that these estimates should be treated with great caution. First, they are necessarily dependent upon the particular model being employed. Second, they represent only the effects of an assumed exogenous appreciation of the dollar, not the full effects of any policy change, such as tax cuts, that may have led to this appreciation. The overall effect of the tax cuts on GNP and employment, for example, may well have been positive, even after allowing for any negative effects of the dollar appreciation.

The Board staff estimates that the effect of the dollar's real appreciation since the fourth quarter of 1980, which was near the low point for the dollar, has led, by mid-1983, to a fall of 14 percent in the volume of U.S. merchandise exports and a rise of 15 percent in the volume of merchandise imports. In nominal terms, the effects were a decline of $50 billion (annual rate) in exports and a decline of $10 billion in the value of U.S. imports, with decreases in the dollar prices of imports more than offsetting volume increases. The effects of the dollar's appreciation are still working themselves out, and it is estimated that the full effect on the trade balance will reach about $50 billion (annual rate) by 1985. These estimates take into account the stimulative effect of the dollar's appreciation on income and prices abroad, as well as the opposite impact at home.

In these estimates, the effect on the U.S. consumer price level by mid-1983 is to lower it about 4½ percent below the level it would otherwise have reached—reducing the inflation rate about 1½ percent per year over this period. The levels of real GNP and employment are estimated to be lower by 1 percent and by 1 million respectively at mid-1983, but these effects are transitory and would be completely reversed by early 1985. The latter occurs because the initial negative impact on GNP and the price level induces a decline in interest rates that stimulates business investment and housing expenditure. When these effects have fully run their course, then, the level of GNP and total employment would show little net change, but employment in the traded goods sector would be lower by about 2 million and higher by the same amount in the nontraded sector, which is largely services. That is, about 2 million jobs would have been shifted from the traded goods to the nontraded goods sector. The regional impacts of such adjustments could be severe.

The subcommittee has requested comment on the question of how the dollar's exchange value could be reduced, or indeed whether it should be. It is in the nature of a smoothly functioning international monetary system that exchange rates should be determined by market forces. However, we must recognize also that some of the market forces that have driven up the dollar are of our own making—in particular, the large budget deficit and ensuing high real interest rates. Probably the most desirable policy action that could be taken, therefore, would be a sharp reduction in the budget deficit. This policy action would tend to reduce real interest rates, which in turn would tend to reduce the dollar's exchange value, improve the current account, and increase investment. This action on the budget therefore would have beneficial results in many directions quite aside from the exchange market, including reducing inflation and expectations of inflation.

Other means of seeking to influence the exchange rate are questionable. Intervention in the exchange market, if sterilized, as U.S. intervention routinely is, would have only limited effects, unless undertaken on an enormous scale. This was the conclusion I drew from the report of the Working Group on Exchange Market Intervention. There have, in fact, been significant net intervention sales by foreign central banks, amounting to $80 billion over the past three years. Intervention involving sales of dollars that was not sterilized would imply a change in our monetary policy in an inflationary direction. Clearly it would be highly undesirable to seek to depress the dollar by regenerating inflationary expectations.

As you know, the United States has intervened in only a minimal fashion since March 1981. We have basically sought to counter only the most severe instances of short-run disorder in exchange markets. Some have suggested intervention on a somewhat greater scale. The Federal Reserve would not object to this in certain circumstances, but we would not ordinarily expect the results on the dollar's exchange value to be large or long-lasting, in the absence of other more fundamental policy changes. The Federal Reserve routinely sterilizes the effects of U.S. and foreign dollar intervention on the reserve position of the U.S. banking system. Analytically, intervention sales of dollars may tend to put upward pressure on U.S. interest rates, when the monetary effects are sterilized, because more dollar securities would then have to be held by the public. But such operations would, in effect, offset the downward pressure on interest rates that arose from an initial excess demand for dollars that caused the dollar to appreciate.

Selective controls on external receipts and payments are undesirable. Historically they have been ineffective because there are usually so many alternative methods of accomplishing the same type of transactions. For a currency so widely held around the world and so widely traded in foreign markets as the dollar, controls are totally impracticable.

To conclude on this question, the present position of the U.S. balance of payments, and even more the prospective further increase in the current account deficit, in my personal view, is highly undesirable. It puts the United States in the unnatural position of borrowing on an unprecedented scale from the rest of the world. It tends to drive up real interest rates abroad, hampering recovery and making the debt burden of developing countries harder to bear. Putting very large amounts of dollars in foreign hands that may not be willing to hold dollars indefinitely, though they are eager to acquire them now, creates the danger, although in no way the certainty, of a future excessive drop of the dollar.

To the extent that the abnormal strength of the dollar is the result of the budget deficit, a reduction of the budget deficit seems to be the most appropriate remedy. In my view, that is very predominantly the case. On the other hand, to the extent that foreigners' purchases of dollar assets reflect a higher profitability of real investment in the United States, and to the extent that this situation should persist, strong demand for the dollar may be perpetuated and the economy probably would have to adapt and in consequence shift resources from the export sector to production for the domestic market.

Technically, it would also be possible to conduct monetary policy with a view toward influencing the exchange rate. Some central banks follow, from time to time, this kind of policy. For the United States, however, this would have the serious drawback of having to compromise our present anti-inflation policy. For instance, in order to achieve a lower level for the dollar, it would be necessary to take domestic action to expand the money supply and so lower, temporarily, interest rates. Pursued for any length of time, such action would be inflationary and have a reverse (and perverse) effect on interest rates. That is not to say that we should not consider the value of the dollar, along with other variables, in setting our monetary targets. I would note that it would be unwise, of course, to seek stability of exchange rates with respect to currencies that are themselves inflating. Against such currencies the dollar should appreciate over time. It also follows that the better we do on inflation, the less we need worry about the high exchange rate.

In light of present uncertain prospects, a word on the longer-run outlook for U.S. export markets seems appropriate. With the reconstruction and expansion of industrial capacity in foreign economies since World War II, the United States has shifted away from having a net export position during the late 1940s in virtually all categories of goods—agricultural products, capital goods, automotive products, consumer goods other than foods, and autos. The shift has been toward developing net export positions in products that are land-intensive, skill-intensive, and technologically advanced—such as agricultural products, capital goods, chemicals, and military equipment—while developing net import positions in fuels and in manufactures that can only be produced profitability at relatively lower real wage rates. This trend toward a greater degree of international specialization has on balance contributed to the growth of U.S. productivity and income.

Since the beginning of 1981, the U.S. net export position has declined in virtually all categories of goods except fuels and military equipment. Part of these declines are related to the appreciation of the dollar against the currencies of other industrial countries, part are related to the financing problems and adjustment measures of some important developing countries, and part to timing differences in the international business cycle. It is undeniable that severe costs have been imposed by these developments on firms and workers in export and import-competing industries. It also appears to be the case, however, that those sectors facing the greatest difficulties in competing with imports are industries that currently are paying relatively high wages. Such sectors can only profitably compete in the longer run by paying lower real wages or by receiving protection from imports in a manner that allows them to pass along their higher costs in higher prices for consumers or industrial users. Moreover, over time the rise in net imports of products that the United States produces relatively inefficiently has been counterpart to the growth in net exports of comparatively advantageous products. Protection of inefficient industries is likely to restrict the growth of these efficient industries. The United States must continue to resist pressures for import protection and to fight against foreign import restrictions or export subsidies—particularly those that impede our comparatively advantageous export sectors. □

Announcements

FEE SCHEDULES FOR SECURITIES SAFEKEEPING AND NONCASH COLLECTION SERVICES

The Federal Reserve Board has approved fee schedules for definitive securities safekeeping and noncash collection services, effective October 27, 1983.

Both definitive securities safekeeping and noncash collection are components of the Federal Reserve's securities service. Definitive securities safekeeping consists of vault storage, primarily of municipal and corporate securities. Noncash collection provides a payments mechanism designed to collect items that cannot be processed through normal check collection channels. These two services are interrelated as a large portion of bonds and coupons collected by the Federal Reserve Banks are derived from securities held by them in safekeeping. In accordance with the Monetary Control Act, the Federal Reserve began pricing these services in October 1981.

In June 1983, the Board proposed, for public comment, revisions of Federal Reserve fee schedules for definitive securities safekeeping and noncash collection services. Following review of public comment and further staff analysis, the Board approved the proposed changes to the fee structures. Some of the prices proposed in June were modified.

The revisions to the definitive securities safekeeping service include—as proposed—the elimination of the account switch and bond redemption fees and a differentiation in account maintenance fees based on the number of receipts or issues held in an account.

The changes to the noncash collection service include adding an out-of-district component to the coupon collection fee and converting the bond collection charge from a per-item to a per-transaction fee. The out-of-district fee is a sur-

Fee schedules for definitive securities safekeeping and noncash collection services

Dollars

District	Definitive safekeeping					Noncash collection			
	Deposits (per transaction)	Withdrawals (per transaction)	Maintenance[1] per receipt		Purchases and sales (per transaction)	Bond collection (per transaction)	Local coupon (per envelope)	Inter-District coupon (per envelope)	Per $1,000 coupon value
			1–400	400 or more					
Boston	12.50	12.50	2 80	2.10	15.00	12.50	2.00	2.55	1.00
New York	35.50	35.50	5.35	4.75	23 00	35.50	2.50	2.75	.50
Philadelphia	15.00	15.00	3.00	2.00	19.00	15.00	2.90[2]	2.55	1.00
Cleveland	15 00	15.00	2 25	1 75	25 00	15.00	3.00	2.50	.50
Richmond	15.00	15.00	1.50	1.00	20.00	20.00	2.00	2.50	1.00
Atlanta	(3)	(3)	(3)	(3)	. .	7.50	1.40	2.55	.75
Chicago	11.00	11.00	3.00	2.75	19.00	11 00	2.50	2.75	.70
Detroit	11 00	11.00	2 00	1.75	19.00	11.00	2.50	2.60	1.00
St Louis	8.00	8.00	1.25	.90	.	10.00	2.00	2.35	.75
Minneapolis	8.00	8.00	1.40	75	10 00	8 00	2 50	2 70	.60
Kansas City	15.00	15.00	1 50	1.25	20.00	15.00	3.20[4]	2.50	1.00
Dallas	10.00	10.00	2 75	2.50	26 50	15.00	2 10	2.55	1 00
San Francisco	. . .	. . .	. . .	. . .	23.50	35.50	4.00	. .	1.00

1. Maintenance is generally priced on a per-receipt basis except in New York, Cleveland, and Minneapolis where it is priced on a per-issue basis.

2. The Federal Reserve Bank of Philadelphia also offers a fixed service contract option on coupon collection. Additional information may be obtained from the Reserve Bank

3. The Federal Reserve Bank of Atlanta will continue its current prices under an experimental pricing structure Additional information may be obtained from any office in the Sixth District.

4. The Federal Reserve Bank of Kansas City offers a municipal coupon collection option. Additional information may be obtained from any office in the Tenth District

charge for coupons payable outside the Federal Reserve District in which they are deposited for collection.

REGULATION Q: AMENDMENT

The Federal Reserve Board has amended its Regulation Q (Interest on Deposits) effective October 1, 1983, to incorporate rules relating to the payment of interest on deposits adopted by the Depository Institutions Deregulation Committee (DIDC).

The DIDC was established by the Depository Institutions Deregulation Act of 1980, which transferred to the committee the authority of the Board (and similar authority of the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board) to prescribe interest rate ceilings and other rules relating to the payment of interest on deposits.

The technical amendments to Regulation Q effectuate DIDC actions abolishing ceiling interest rates on most time accounts. The resulting interest rate structure for commercial banks, including member banks, is the following:

Account	Interest rate ceiling (percent)	Required minimum deposit (dollars)
All time deposits of more than 31 days	None	None
Money market deposit accounts	None	2,500
Ceiling-free NOW accounts	None	2,500
Time deposits of 7 to 31 days	None	2,500
Time deposits of 7 to 31 days[1]	5¼	0–2,499
Passbook savings	5¼	None
NOW accounts	5¼	0–2,499

1 Member banks may continue to issue to governmental units time deposits of less than $2,500 with maturities or required notice periods of 7 to 31 days, subject to the previous ceiling of 8 percent in effect for such deposits.

The Board also revised its Regulation Q to incorporate DIDC actions effective October 1, 1983, that reduce penalties for early withdrawals from contracts entered into, renewed, or extended on or after October 1, 1983, according to the following schedule:

For time deposits of 7 to 31 days, a depositor must forfeit an amount at least equal to the greater of (1) all interest earned on the amount withdrawn during the term of the deposit; or (2) all interest that could have been earned on the amount withdrawn in half of the maturity or notice period.

For time deposits of between 32 days and one year, a depositor must forfeit an amount at least equal to one month's interest earned, or that could have been earned, on the amount withdrawn at the simple interest rate being paid on the deposit, however long the funds withdrawn had been on deposit.

For a time deposit of more than one year, a depositor must forfeit an amount at least equal to three months' interest earned, or that could have been earned, on the amount withdrawn at the simple interest rate being paid on the deposit, however long the funds withdrawn had been on deposit.

REGULATION D: AMENDMENT

The Federal Reserve Board has announced an amendment to Regulation D (Reserve Requirements of Depository Institutions) modifying reserve requirements on nonpersonal time deposits, effective October 6, 1983.

Under the amendment, nonpersonal time deposits with original maturities of 1½ years or more will have no required reserve.[1] Nonpersonal time deposits with original maturities of less than 1½ years will continue to be subject to a reserve requirement of 3 percent.

The existing reserve requirement for nonpersonal time accounts with original maturities of less than 2½ years is 3 percent. The Board amended the rule in connection with action by the Depository Institutions Deregulation Committee (DIDC) freeing most time deposits from interest rate ceilings effective October 1.

Nonpersonal time deposits are defined by the Monetary Control Act as time deposits that are transferable, regardless of the nature of the holder, and time deposits in which any beneficial interest is held by a depositor that is not a natural person.

The Board also amended Regulation D to lower the minimum maturity for all time deposits to 7 days, effective October 1. At present, time deposits are required to have minimum maturities of 14 days, except for deposits issued under

1. All stated reserve ratios are as of the completion of reserve phase-in periods required under the Monetary Control Act of 1980.

the category of 7- to 31-day accounts established by DIDC in September 1982. This action was taken in connection with actions by DIDC effective October 1, 1983, permitting the 7- to 31-day account to be issued as a negotiable instrument.

The Board's official notice of its actions will be issued shortly.

Proposed Actions

The Federal Reserve Board has announced that it is proposing to amend its Regulation J (Collection of Checks and Other Items and Wire Transfers of Funds) to permit Reserve Banks to charge for checks that would be presented for collection to a bank or other depository institution that is closed on a weekday during which the Reserve Bank is open. The Board requested comment by October 14, 1983.

The Federal Reserve Board has also requested comment on a revised and restructured fee schedule for services supplied by Federal Reserve Banks to automated clearinghouses (ACHs—computerized facilities for sorting and settling electronically originated payments).

The Board also requested comment on a number of proposed enhancements for Federal Reserve ACH services and on the reduction and pricing of float generated in connection with ACH transactions. All comments should be received by November 7, 1983.

Supplement to OTC Stock List

The Federal Reserve Board has published a supplement to its list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective October 17, 1983. The supplement should be used in conjunction with the list issued on June 20, 1983. Changes that have been made in the list, which now includes 1,740 OTC stocks, are as follows: 164 stocks have been included for the first time; 30 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing; and 44 stocks have been removed for reasons such as listing on a national securities exchange or acquisition of the companies by another firm.

The Board monitors the market activity of all OTC stocks to determine which stocks meet the requirements for inclusion and continued inclusion on the list of OTC margin stocks and periodically revises the list.

Meeting of Consumer Advisory Council

The Federal Reserve Board has announced that its Consumer Advisory Council met on October 26 and 27.

The Council comprises 30 members who represent a broad range of consumer and creditor interests. Its function is to advise the Board regarding its responsibilities under the Consumer Credit Protection Act and on other matters on which the Board seeks the advice of the Council.

Public Tours of Board Building

The Federal Reserve Board has announced a change in the hours of its public tour program.

Guided tours for the general public will be given each Thursday afternoon at 2:30, except on holidays. The tour features architectural highlights of the Marriner S. Eccles Federal Reserve Board Building; visits to the Board Room, the research library, and the computer room; and an award-winning movie about the functions of the central bank.

Group tours, for persons of high school age and older, may be arranged by appointment with the Tour Office, Federal Reserve Board, Washington, D.C., 20551 (202-452-3149).

System Membership: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period September 10 through October 10, 1983:

Florida

Miami .... M Bank

North Dakota

Wahpeton .... Dakota Bank of Wahpeton

Virginia

Roanoke......... Dominion Trust Company

Wise .... First Commonwealth Bank

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON AUGUST 23, 1983

1. Domestic Policy Directive

The information reviewed at this meeting suggested that real GNP, which had grown at an annual rate of about 9¼ percent in the second quarter, was continuing to expand quite rapidly in the current quarter, propelled to a large extent by the relatively sharp swing in business inventories from liquidation to accumulation that appeared to be in process. Available indicators of final purchases remained generally favorable, though suggestive of a slowing from the unusually strong rate of expansion in the second quarter.

Personal consumption expenditures in the second quarter had risen at an exceptional annual rate of nearly 10 percent in real terms. Much of the increased spending occurred in April and May, as sales in all major categories advanced sharply. In June and July the nominal value of retail sales showed little further change, but surveys indicated a continuing high level of consumer confidence. Sales of new domestic automobiles moved up in June to a relatively strong annual rate of 7¼ million units and continued at that pace in July. In early August auto sales rose somewhat further despite reductions in the availability and value of financing concessions and other purchase incentives.

Total private housing starts edged down in July, as they had in June, to an annual rate of 1¾ million units. Permits, however, rose over the June–July period—substantially for multifamily units and marginally on balance for single-family units. In the second quarter, combined sales of new and existing houses had risen to a rate more than 50 percent above the cyclical low in the third quarter of 1982, but there was evidence of some slowdown as the quarter progressed. Moreover, reports of an appreciable reduction in mortgage loan applications and an increase in cancellations of sales contracts suggested some weakening in home sales in July.

On the other hand, recent data continued on the average to indicate strengthening in business capital spending. The second quarter had marked a turnaround in that sector: new orders and shipments of nondefense capital goods were up 14 percent and 4¼ percent respectively from the previous quarter; and expenditures for equipment rose at an annual rate of 14 percent in real terms, the largest one-quarter advance in five years. This strengthening tendency appeared to be continuing. Production of business equipment remained strong in June and July, and shipments of nondefense capital goods rose in June to a level well above the average for the second quarter.

The index of industrial production rose 1.8 percent in July following large advances in the second quarter. As in other recent months, sizable gains in output occurred across a broad range of industries and were particularly large for consumer durable goods. By July the index had risen about 10¼ percent from its trough in November 1982, close to the average increase for comparable stages of economic recovery in the postwar period.

Nonfarm payroll employment, which had increased about 1 million in the second quarter, rose about ½ million further in July, and the civilian unemployment rate fell 0.5 percentage point to 9.5 percent. In manufacturing, employment advanced about 160,000, marking the fourth consecutive month of large gains, and the average workweek lengthened a bit further to 40.3 hours.

In July the producer price index for finished goods edged up 0.1 percent and the consumer price index rose 0.4 percent. Thus far in 1983, the producer price index has declined slightly, and the consumer price index and the index of average hourly earnings have risen at rates considerably below those in 1982.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies rose about 4½ percent further in July and early August but subsequently depreciated about 3 percent. The fluctuation in the exchange rate was related in part to movements in U.S. interest rates over the period. The U.S. foreign trade deficit was smaller in June than in May, but the deficit was much larger in the second quarter than in the first, as imports rose while exports were essentially unchanged.

At its meeting on July 12–13, 1983, the Committee had decided that open market operations in the period until this meeting should be directed at increasing slightly further the existing degree of reserve restraint. That action was expected to be associated with growth of M2 and M3 at annual rates of about 8½ and 8 percent respectively from June to September, consistent with the Committee's longer-run ranges of 7 to 10 percent for M2 for the period from February–March of 1983 to the fourth quarter of 1983 and 6½ to 9½ percent for M3 for the period from the fourth quarter of 1982 to the fourth quarter of 1983. The Committee had anticipated that a deceleration in growth of M1 to an annual rate of around 7 percent from June to September would be consistent with its third-quarter objectives for the broader aggregates and that expansion in total domestic nonfinancial debt would remain within its associated range of 8½ to 11½ percent for the year. The intermeeting range for the federal funds rate was retained at 6 to 10 percent.

Growth in M2 and M3 slowed substantially in July to annual rates of about 6¼ percent and 5 percent respectively. By July M2 was at a level near the midpoint of the Committee's range for 1983 and M3 was somewhat below the upper limit of its range. Growth in M1 decelerated to an annual rate of about 9 percent in July, less than half the average pace in the May–June period, but the level of M1 remained above the Committee's monitoring range for the second half of the year.

Total borrowing by domestic nonfinancial sectors was estimated to have slowed somewhat in July from its average in the second quarter, largely because of reduced borrowing by the federal government, with growth in nonfinancial debt remaining within its longer-run range for 1983. Expansion of bank credit was at an annual rate of around 10 percent in July, about the same as in the second quarter. Its composition, however, changed substantially. Total loans expanded at a rate more than double the pace in the second quarter, while acquisitions of U.S. Treasury securities slowed appreciably. Outstanding business loans, which had declined slightly in the second quarter, grew at an annual rate of about 12 percent in July, and consumer loans expanded at an annual rate of more than 20 percent, nearly twice the pace recorded in the second quarter. The pickup in lending to businesses by banks in part reflected reduced issuance of bonds by corporations in reaction to increases in long-term market interest rates.

Growth in total reserves decelerated to an annual rate of about 6 percent in July, but nonborrowed reserves (including extended credit at the discount window) changed little as adjustment plus seasonal borrowing rose from about $680 million in June to around $875 million in July. Such borrowing increased further in the first half of August to about $1 billion.

With a little greater restraint on reserve availability relative to demands, the federal funds rate and other short-term interest rates rose about 20 to 40 basis points on balance over the intermeeting period. Atypically, long-term rates rose by more than short-term rates, increasing about 80 basis points. Market participants apparently reacted to indications of further strength in the economy, to concern about possible increases in inflationary pressure later during the economic recovery, and to the heavy borrowing by the U.S. Treasury, particularly in connection with the mid-August financing, as well as to the slightly firmer degree of restraint on bank reserve positions. After reaching an intermeeting peak in the second week of August, most interest rates retraced the greater part of their earlier increases, apparently reflecting responses to slower-than-expected growth in the money supply and incoming data—including the leveling off of retail sales in June and July—that suggested a more moderate pace of economic expansion. Most commercial banks raised the prime rate charged on short-term business loans by ½ percentage point to 11 percent in the early part of August. Average rates on new commitments for fixed-rate conventional home mortgage loans at savings and loan associations were up about 60 basis points over the period; the ceiling rate on FHA- and VA-underwritten mortgage loans, which had been raised 1 percentage point as of August 1, was reduced ½ percentage point to 13 percent, effective on the day of this meeting.

The staff projections presented at this meeting indicated that the economic recovery would continue in the latter part of 1983 and in 1984, though at a more moderate pace than in the second and third quarters of this year. Consumer spending, while continuing to grow, was expected to become a less expansive factor. Gains stemming from expenditures on housing and increased business inventories were also expected to provide less stimulus over the projection period. On the other hand, the staff expected business fixed investment to provide some additional impetus to overall economic growth. The staff continued to project a gradual decline in the unemployment rate over the balance of the year and a further decline in 1984. Upward pressures on prices and wages were expected to remain relatively moderate over the projection horizon, although the impact on food prices of adverse weather conditions might be expected to raise prices, overall, a little more than had been previously projected.

During the Committee's discussion of the economic situation and outlook, the members noted the tentative indications of some slowing in the pace of the recovery, but they agreed that continuing economic expansion was a likely prospect for the period through 1984. Views differed to some extent regarding the prospective strength of the ongoing recovery, although all the members expected the rate of growth to moderate considerably from its recent pace. Several agreed that growth at about the moderate pace projected by the staff was a reasonable expectation for the next several quarters. But some believed that the expansion could be on the faster side, whereas others thought that slower growth was more probable.

Factors that would tend to strengthen the expansion included, it was noted, the substantial momentum of the recovery and the favorable prospects in such circumstances that a substantial pickup in business fixed investment might develop as businesses became more optimistic about the outlook. Orders for business equipment had been running higher over the course of recent months, and many businesses were reporting expanding sales and rising profits. On the other hand, members who were less sanguine about the long-run strength of the recovery cautioned that housing and other interest-sensitive sectors of the economy might weaken appreciably over coming months, given the current relatively high level of real interest rates. Reports of a slowdown in new mortgage applications, increased cancellations of existing sales contracts, and high vacancy rates in rental units were cited as indications that the recovery in the housing sector might wane. A few members also expressed the view that automobile sales might slow somewhat more than generally expected as the pent-up demand for automobiles began to be satisfied. Another member suggested more generally that growth in consumer spending would probably be more moderate than anticipated as consumers attempted to save a higher, and more normal, proportion of their incomes than had been the case in recent quarters.

Members continued to express concern about the prospects for large federal deficits. Although a stimulative fiscal policy had contributed to the rebound in economic activity, continued large deficits as the recovery proceeded would tend to intensify credit market pressures and divert financial and real resources from needed private investment in plant and equipment and housing. The view was expressed that actions to reduce future deficits, if of sufficient magnitude, could work to ease pressures on interest rates in a period of rising private credit demands. Actual interest rates would of course be influenced by a broad range of developments, including the degree of strength in private credit demands, the outlook for inflation, and the volume of capital inflows from abroad.

A number of members commented that strong competition in many markets, including foreign competition, along with successful efforts by many businesses to cut costs, was having a restraining effect on prices and wages. Concern was expressed, however, that upward pressures on prices and wages could develop as levels of capacity utilization and employment continued to rise. Members also noted the possibility that the domestic price level would be adversely affected by higher import prices if the value of the dollar were to decline substantially on foreign exchange markets and by rising food prices that would result from the interaction of adverse weather conditions and governmental policies to reduce farm supplies.

Turning to policy for the near term, the Committee considered whether any further adjustment in the degree of restraint on bank reserve conditions would be desirable under current economic and financial circumstances, given the behavior of the monetary and credit aggregates. The members noted that growth in the broader aggregates, on which the Committee had been placing primary emphasis, had slowed substantially. Both M2 and M3 appeared to be expanding at rates that were somewhat below their June-to-September target paths and their recent levels were within the longer-run ranges that the Committee had established for the year. A staff analysis suggested that the slowdown in the growth of M2 and M3 might have resulted in part from special factors, including an unusually large buildup in July in the average level of Treasury balances, which probably led to reduced bank reliance on managed liabilities to finance credit expansion. An unwinding of these developments in the weeks ahead could be associated with some acceleration in the growth of M2 and M3 over the balance of the third quarter. Growth in M1 had moderated somewhat further in July, but it remained above the short-run, June-to-September path that the Committee had expected would be consistent with its third-quarter objectives for the broader aggregates and also above its longer-run monitoring range. Incoming data suggested, however, that M1 growth would probably continue to decelerate in August.

At the conclusion of the discussion the members agreed that no change needed to be made at this time in the degree of pressure on bank reserves. Accordingly, a consensus was expressed in favor of maintaining about the existing degree of reserve restraint for the period immediately ahead. The members anticipated that such a policy course would be associated with growth of both M2 and M3 at annual rates of around 8 percent for the period from June to September. The members also agreed that the need for greater or lesser restraint on reserve conditions should be evaluated against the background of available evidence about trends in economic activity and prices and conditions in domestic and international financial markets, including foreign exchange markets. Depending upon such developments, lesser restraint would be acceptable in the event of a significant shortfall in the growth of the aggregates over the period ahead, while somewhat greater restraint would be acceptable in the context of more rapid growth in the aggregates. The Committee continued to anticipate that its third-quarter objectives for the broader aggregates would be consistent with a deceleration in M1 growth to an annual rate of around 7 percent from June to September, and that expansion in total nonfinancial debt would remain within the range of 8½ to 11½ percent established for the year. It was agreed that the intermeeting range for the federal funds rate, which provides a mechanism for initiating consultation of the Committee, would remain at 6 to 10 percent.

The following domestic policy directive was issued to the Federal Reserve Bank of New York:

The information reviewed at this meeting suggests continued rapid growth in real GNP in the current quarter. Industrial production increased sharply in July following large gains in the second quarter. Nonfarm payroll employment also rose substantially further in July and the civilian unemployment rate declined ½ percentage point to 9.5 percent. After rising sharply in the spring, retail sales have leveled off recently. Housing starts edged down over the past two months but permits continued to rise. Recent data on new orders and shipments on average continued to indicate strength in the demand for business equipment. In July, information on producer and consumer prices and the index of average hourly earnings was consistent with earlier indications of a considerable moderation in the rate of inflation.

Growth in the broader monetary aggregates slowed substantially in July, bringing M2 to a level near the midpoint of the Committee's range for 1983 and M3 to a level somewhat below the upper limit of its range. Growth in M1 decelerated considerably from its May–June pace, but its level remained above the Committee's monitoring range for the year. Interest rates rose appreciably through much of the intermeeting period but recently market rates have retraced most of their rise.

In part reflecting the course of U.S. interest rates, the weighted average value of the dollar against major foreign currencies rose substantially further in July and early August, but the rise was followed by a subsequent decline that reversed most of the earlier increase. The U.S. foreign trade deficit was smaller in June than in May, but the deficit in the second quarter was much larger than in the first as imports rose while exports were essentially unchanged.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation further, promote growth in output on a sustainable basis, and contribute to a sustainable pattern of international transactions. At its meeting in July the Committee reconsidered the growth ranges for monetary and credit aggregates established earlier for 1983 in furtherance of these objectives and set tentative ranges for 1984. The Committee recognized that the relationships between such ranges and ultimate economic goals have become less predictable; that the impact of new deposit accounts on growth of the monetary aggregates cannot be determined with a high degree of confidence; and that the availability of interest on large portions of transaction accounts may be reflected in some changes in the historical trends in velocity.

Against this background, the Committee at its July meeting reaffirmed the following growth ranges for the broader aggregates: for the period from February–March of 1983 to the fourth quarter of 1983, 7 to 10 percent at an annual rate for M2; and for the period from the fourth quarter of 1982 to the fourth quarter of 1983, 6½ to 9½ percent for M3. The Committee also agreed on tentative growth ranges for the period from the fourth quarter of 1983 to the fourth quarter of 1984 of 6½ to 9½ percent for M2 and 6 to 9 percent for M3. The Committee considered that growth in M1 in a range of 5 to 9 percent from the second quarter of 1983 to the fourth quarter of 1983, and in a range of 4 to 8 percent from the fourth quarter of 1983 to the fourth quarter of 1984 would be consistent with the ranges for the broader aggregates. The associated range for total domestic nonfinancial debt was reaffirmed at 8½ to 11½ percent for 1983 and tentatively set at 8 to 11 percent for 1984.

In implementing monetary policy, the Committee agreed that substantial weight would continue to be placed on the behavior of the broader monetary aggregates. The behavior of M1 and total domestic nonfinancial debt will be monitored, with the degree of weight placed on M1 over time dependent on evidence that velocity characteristics are resuming more predictable patterns. The Committee understood that policy implementation would involve continuing appraisal of the relationships between the various measures of money and credit and nominal GNP, including evaluation of conditions in domestic credit and foreign exchange markets.

The Committee seeks in the short run to maintain the existing degree of reserve restraint. The action is expected to be associated with growth of M2 and M3 at annual rates of around 8 percent from June to September, consistent with the targets established for these aggregates for the year. Depending on evidence about the strength of economic recovery and other factors bearing on the business and inflation outlook, lesser restraint would be acceptable in the context of a significant shortfall in growth of the aggregates from current expectations, while somewhat greater restraint would be acceptable should the aggregates expand more rapidly. The Committee anticipates that a deceleration in M1 growth to an annual rate of around 7 percent from June to September will be consistent with its third-quarter objectives for the broader aggregates, and that expansion in total domestic nonfinancial debt would remain within the range established for the year. The Chairman may call for Committee consultation if it appears to the Manager for Domestic Operations that pursuit of the monetary objectives and related reserve paths during the period before the next meeting is likely to be associated with a federal funds rate persistently outside a range of 6 to 10 percent.

Votes for this action: Messrs. Volcker, Solomon, Gramley, Guffey, Keehn, Martin, Morris, Partee, Rice, Roberts, Mrs. Teeters, and Mr. Wallich. Votes against this action: None.

2. *Authorization for Foreign Currency Operations*

In August 1982 the Committee had authorized the temporary establishment of a special swap arrangement of $325 million with the Bank of Mexico, in addition to the regular swap arrangement of $700 million, effective for the period from August 28, 1982, through August 23, 1983. At this meeting the Committee was apprised that the Bank of Mexico was making the final repayment of dollars drawn under the special swap facility and that the facility would expire today as scheduled. It was also noted that drawings made on the $700 million regular swap arrangement had been repaid earlier and that as of this date there would be no outstanding drawings on the Federal Reserve System by the Bank of Mexico.

Legal Developments

AMENDMENTS TO REGULATION O

The Board of Governors of the Federal Reserve System is amending Regulation O (12 C.F.R. Part 215), which governs loans by a member bank to insiders, to implement statutory amendments relating to the limitations on loans by a member bank to its executive officers, the aggregate dollar limitation on loans by a member bank to its insiders, and the dollar amount above which loans by a member bank to its insiders must be approved in advance by the board of directors of the member bank.

Effective October 20, 1983, the Board amends Regulation O as follows:

Part 215—Loans to Executive Officers, Directors, and Principal Shareholders of Member Banks

1. Paragraph (f) of Section 215.2 is amended by revising the first two sentences and adding a third sentence. As amended, paragraph (f) reads as follows:

Section 215.2—Definitions

* * * * *

(f) The "lending limit" for a member bank is an amount equal to the limit on loans to a single borrower established by section 5200 of the Revised Statutes.[2] 12 U.S.C. § 84. This amount is 15 per cent of the bank's unimpaired capital and unimpaired surplus in the case of loans that are not fully secured, and an additional 10 per cent of the bank's unimpaired capital and unimpaired surplus in the case of loans that are fully secured by readily marketable collateral having a market value, as determined by reliable and continuously available price quotations, at least equal to the amount of the loan. The lending limit also includes any higher amounts that are permitted by section 5200 of the Revised Statutes for the types of obligations listed therein as exceptions to the limit. A member bank's capital stock and unimpaired surplus equals the sum of (1) of the "total equity capital" of the member bank reported on its most recent consolidated report of condition filed under 12 U.S.C. 1817(a)(3), (2) any subordinated notes and debentures approved as an addition to the member bank's capital structure by the appropriate Federal banking agency, and (3) any valuation reserve created by charges to the member bank's income.

* * * * *

2. Where state law establishes a lending limit for a state member bank that is lower than the amount permitted in section 5200 of the Revised Statutes, the lending limit established by applicable state laws shall be the lending limit for the state member bank.

2. Paragraph (b)(1) of Section 215.4 is revised to read as follows:

Section 215.4—General Prohibitions

* * * * *

(b) Prior Approval.

(1) No member bank may extend credit (which term includes granting a line of credit) to any of its executive officers, directors, or principal shareholders or to any related interest of that person in an amount that, when aggregated with the amount of all other extensions of credit to that person and to all related interests of that person, exceeds the higher of $25,000 or 5 per cent of the member bank's capital and unimpaired surplus, unless: (i) the extension of credit has been approved in advance by a majority of the entire board of directors of that bank, and (ii) the interested party has abstained from participating directly or indirectly in the voting. In no event may a member bank extend credit to any one of its executive officers, directors, or principal shareholders, or to any related interest of that person, in an amount that, when aggregated with all other extensions of credit to that person, and all related interests of that person, exceeds $500,000, except by complying with the requirements of this paragraph.

3. The first sentence of paragraph (b) of Section 215.5 is revised to read as follows:

Section 215.5—Additional Restrictions on Loans to Executive Officers of Member Banks

* * * * *

(b) No member bank may extend credit in an aggregate amount greater than the amount permitted in paragraph (c)(3) of this section to a partnership in which one or more of the bank's executive officers are partners and, either individually or together, hold a majority interest.

* * * * *

4. The first sentence of paragraph (c)(3) of Section 215.5 is revised to read as follows:

* * * * *

(3) for any other purpose not specified in section 215.5(c)(1) and (2), if the aggregate amount of loans to that officer under this paragraph does not exceed at any one time the higher of 2.5 per cent of the bank's capital and unimpaired surplus or $25,000, but in no event more than $100,000.

5. Footnotes 2 to 11 are renumbered footnotes 3 to 12.

* * * * *

6. The Appendix is revised to read as follows:

Appendix

Section 5200 of the Revised Statutes

Total Loans and Extensions of Credit

(a)(1) The total loans and extensions of credit by a national banking association to a person outstanding at one time and not fully secured, as determined in a manner consistent with paragraph (2) of this subsection, by collateral having a market value at least equal to the amount of the loan or extension of credit shall not exceed 15 per centum of the unimpaired capital and unimpaired surplus of the association.

(2) The total loans and extensions of credit by a national banking association to a person outstanding at one time and fully secured by readily marketable collateral having a market value, as determined by reliable and continuously available price quotations, at least equal to the amount of the funds outstanding shall not exceed 10 per centum of the unimpaired capital and unimpaired surplus of the association. This limitation shall be separate from and in addition to the limitations contained in paragraph (1) of this subsection.

Definitions

(b) For the purposes of this section –

(1) the term "loans and extensions of credit" shall include all direct or indirect advances of funds to a person made on the basis of any obligation of that person to repay the funds or repayable from specific property pledged by or on behalf of the person, and to the extent specified by the Comptroller of the Currency, such term shall also include any liability of a national banking association to advance funds to or on behalf of a person pursuant to a contractual commitment; and

(2) the term "person" shall include an individual, sole proprietorship, partnership, joint venture, association, trust, estate, business trust, corporation, sovereign government, or agency, instrumentality, or political subdivision thereof, or any similar entity or organization.

Exceptions

(c) The limitations contained in subsection (a) of this section shall be subject to the following exceptions:

(1) Loans or extensions of credit arising from the discount of commercial or business paper evidencing an obligation to the person negotiating it with recourse shall not be subject to any limitation based on capital and surplus.

(2) The purchase of bankers' acceptances of the kind described in section 372 of this title and issued by other banks shall not be subject to any limitation based on capital and surplus.

(3) Loans and extensions of credit secured by bills of landing, warehouse receipts, or similar documents transferring or securing title to readily marketable staples shall be subject to a limitation of 35 per centum of capital and surplus in addition to the general limitations if the market value of the staples securing each additional loan or extension of credit at all times equals or exceeds 115 per centum of the outstanding amount of such loan or extension of credit. The staples shall be fully covered by insurance whenever it is customary to insure such staples.

(4) Loans or extensions of credit secured by bonds, notes, certificates of indebtedness, or Treasury bills of the United States or by other such obligations fully guaranteed as to principal and interest by the United States shall not be subject to any limitation based on capital and surplus.

(5) Loans or extensions of credit to or secured by unconditional takeout commitments or guarantees of any department, agency, bureau, board, commission, or establishment of the United States or any

corporation wholly owned directly or indirectly by the United States shall not be subject to any limitation based on capital and surplus.

(6) Loans or extensions of credit secured by a segregated deposit account in the lending bank shall not be subject to any limitation based on capital and surplus.

(7) Loans or extensions of credit to any financial institution or to any receiver, conservator, superintendent of banks, or other agent in charge of the business and property of such financial institution, when such loans or extensions of credit are approved by the Comptroller of the Currency, shall not be subject to any limitation based on capital and surplus.

(8)(A) Loans and extensions of credit arising from the discount of negotiable or nonnegotiable installment consumer paper which carries a full recourse endorsement or unconditional guarantee by the person transferring the paper shall be subject under this section to a maximum limitation equal to 25 per centum of such capital and surplus, notwithstanding the collateral requirements set forth in subsection (a)(2) of this section.

(B) If the bank's files or the knowledge of its officers of the financial condition of each maker of such consumer paper is reasonably adequate, and an officer of the bank designated for that purpose by the board of directors of the bank certifies in writing that the bank is relying primarily upon the responsibility of each maker for payment of such loans or extensions of credit and not upon any full or partial recourse endorsement or guarantee by the transferor, the limitations of this section as to the loans or extensions of credit of each such maker shall be the sole applicable loan limitations.

(9)(A) Loans and extensions of credit secured by shipping documents or instruments transferring or securing title covering livestock or giving a lien on livestock when the market value of the livestock securing the obligation is not at any time less than 115 per centum of the face amount of the note covered, shall be subject under this section notwithstanding the collateral requirements set forth in subsection (a)(2) of this section, to a maximum limitation equal to 25 per centum of such capital and surplus.

(B) Loans and extensions of credit which arise from the discount by dealers in dairy cattle of paper given in payment for dairy cattle, which paper carries a full recourse endorsement or unconditional guarantee of the seller, and which are secured by the cattle being sold, shall be subject under this section, notwithstanding the collateral requirements set forth in subsection (a)(2) of this section, to a limitation of 25 per centum of such capital and surplus.

(10) Loans or extensions of credit to the Student Loan Marketing Association shall not be subject to any limitation based on capital and surplus.

Authority of Comptroller of the Currency

(d)(1) The Comptroller of the Currency may prescribe rules and regulations to administer and carry out the purposes of this section, including rules or regulations to define or further define terms used in this section and to establish limits or requirements other than those specified in this section for particular classes or categories of loans or extensions of credit.

(2) The Comptroller of the Currency also shall have authority to determine when a loan putatively made to a person shall for purposes of this section be attributed to another person.

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

Orders Under Section 3 of Bank Holding Company Act

The Bank of New Mexico Holding Company, Albuquerque, New Mexico

Order Approving Formation of a Bank Holding Company

The Bank of New Mexico Holding Company, Albuquerque, New Mexico, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (the "Act")(12 U.S.C. § 1842(a)(1)) to become a bank holding company through the acquisition of a least 80 percent of the voting shares of The Bank of Albuquerque, Albuquerque, New Mexico ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which controls deposits of $19.2 million.[1] Upon acquisition

1. Banking data are as of June 30, 1982.

of Bank, Applicant would control the 73rd largest banking organization in New Mexico and approximately 0.32 percent of the total commercial bank deposits in the state.

Bank is the eleventh largest of twelve banking organizations in the relevant banking market,[2] and holds 0.91 percent of total commercial bank deposits in the market. Applicant's principals are not principals of any other depository institution in the relevant banking market. Therefore, consummation of Applicant's proposal would have no adverse effects on existing or potential competition nor would it result in an increase in the concentration of banking resources in any relevant market. Accordingly, competitive considerations are consistent with approval.

The financial and managerial resources of Applicant and Bank are regarded as generally satisfactory, and their prospects appear favorable, particularly in light of certain commitments made by Applicant. Specifically, Applicant has committed to provide Bank with $500 thousand of additional equity capital upon consummation of this transaction, and to maintain the capital to assets ratio of Bank at or above 7 percent in accordance with the Board's capital guidelines.[3]

Further, while Applicant will assume some debt as a result of the proposal, Applicant has committed that it will not increase its debt following consummation of the proposal. Moreover, Applicant appears to be capable of servicing its debt within the Board's guidelines[4] without adversely affecting the condition of Bank. Accordingly, the Board has determined that considerations relating to banking factors are consistent with approval.

Although consummation of this proposal would effect no immediate changes in the services offered by Bank, there is no evidence that the banking needs of the community to be served are not being met. Thus, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Accordingly, the Board has determined that consummation of this proposal would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective September 12, 1983.

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

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

Cambridge Financial Corporation, Cambridge, Wisconsin

Order Denying Formation of a Holding Company

Cambridge Financial Corporation, Cambridge, Wisconsin, 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 94 percent of Cambridge State Bank, Cambridge, Wisconsin ("Bank").

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

Applicant, a nonoperating Wisconsin corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $8.9 million.[1] Upon acquisition of Bank, Applicant would control the 536th largest commercial bank in Wisconsin, holding 0.04 percent of statewide commercial bank deposits.

Bank competes in the Jefferson banking market where it ranks as the ninth largest of 11 commercial banking organizations and holds 4.2 percent of total market deposits.[2] The principals of Applicant are not affiliated with any other banking organization in the

2. The relevant banking market is the Albuquerque RMA, as defined by the Rand McNally & Company *1982 Commercial Atlas and Marketing Guide*

3. See "Policy Statement for Formation of Small One-Bank Holding Companies," 66 FEDERAL RESERVE BULLETIN 320 (1980), reprinted in FRRS ¶¶4-855 and 4-856, amended by the Board and Comptroller of the Currency, "Capital Adequacy Guidelines," 68 FEDERAL RESERVE BULLETIN 33 (1982), reprinted in FRRS ¶ 3-1506; further amended by the Board and the Comptroller of the Currency, "Amendments to the Capital Adequacy Guidelines," 69 FEDERAL RESERVE BULLETIN 539 (1983).

4. 66 FEDERAL RESERVE BULLETIN 320, supra; FRRS ¶¶ 4-855 and 4-856 supra.

1. Deposit and banking data are as of December 31, 1982.

2. The Jefferson banking market is approximated by the southern half of Jefferson County and the five eastern most townships in Dane County: York, Medina, Deerfield, Christiana, and Albion.

Jefferson banking market. The proposed transaction is essentially a corporate reorganization, consummation of which would not result in any adverse effects upon competition or in an increase in the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval.

The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank and that the Board would closely examine the condition of an applicant in each case with this consideration in mind. In this case, after considering the reports of examination by Bank's primary Federal supervisor and other relevant documents, the Board concludes that the record in this application presents adverse financial and managerial considerations that warrant denial of the proposal to form a bank holding company.

In connection with this proposal, Applicant would incur a sizeable debt. Applicant projects that it will repay its debt within six years, while maintaining adequate capital in the Bank. However, in light of Bank's performance in recent years and other facts of record, Applicant's projections appear to be overly optimistic. Using less optimistic projections, the Board concludes that it is not likely that Applicant will be able to reduce its indebtedness within a reasonable period in accordance with the Board's Policy Statement on Assessment of Financial Factors of One-Bank Holding Companies.[3]

The Board's concern with respect to Applicant's ability to service its acquisition debt is heightened by Bank's recent overall performance, a continuation of which would further reduce Bank's ability to pay dividends necessary to enable Applicant to service its acquisition debt. Thus, it is the Board's judgment that Applicant would not have sufficient financial flexibility to service its debt while maintaining adequate capital in Bank in accordance with the Board's standards and the requirements of the Bank's primary supervisor. Moreover, based on the record it is not likely that Applicant would serve as a source of strength to Bank, or would have the financial and managerial resources to meet any unforeseen problems that might arise at Bank. Accordingly, based on the record in this case, the Board concludes that considerations relating to Applicant's financial and managerial resources and future prospects are adverse and weigh against approval of this application.

Applicant does not propose to make any significant changes in Bank's services. Accordingly, convenience and needs factors are consistent with, but lend no weight toward, approval of this application.

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

On the basis of the facts of record, the application is denied for the reasons summarized above.

By order of the Board of Governors, effective September 21, 1983.

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

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

Comerica Incorporated, Detroit, Michigan

Order Approving Acquisition of Bank, Formation of Bank Holding Company and Merger of Banks

Comerica Incorporated, Detroit, Michigan, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.) ("BHC Act"), has applied for the Board's approval under sections 3(a)(1) and (3) of the BHC Act (12 U.S.C. § 1842(a)(1),(3), and the Bank Merger Act (12 U.S.C. § 1828(c)) to acquire 100 percent of the outstanding shares of Bank of the Commonwealth, Detroit, Michigan ("Bank"). The transaction would be accomplished in several steps, resulting eventually in the merger of Bank with Applicant's lead bank, Comerica Bank—Detroit. Applicant has also applied for membership in the Federal Reserve System for two of the interim banks that would be created to accomplish the transaction.

Notice of the applications, affording interested persons the opportunity to submit comments has been given in accordance with section 3(b) of the BHC Act, and the Bank Merger Act. As required by the Bank Merger Act, reports of the competitive effects of the merger were requested from the United States Attorney General, the Comptroller of the Currency and the Federal Deposit Insurance Corporation. The time for

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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 BHC Act.

Applicant, with 17 banking subsidiaries, is the third largest commercial banking organization in Michigan with total deposits of $6.1 billion, representing 12.1 percent of the total deposits in commercial banks in the state.[1] Bank is the eleventh largest commercial banking organization in Michigan with total deposits of $774.7 million, representing 1.6 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed transaction, Applicant would become the second largest commercial banking organization in the state and control 13.7 percent of the total deposits in commercial banks in the state.

The Board has considered carefully the effects of the proposal on statewide banking structure. This proposal involves a combination of sizeable banking organizations and an increase in the percentage of banking resources controlled by the five largest banking organizations in the state from 55.4 percent to 57 percent. However, Michigan is not a highly concentrated state in terms of banking resources and would not become so upon consummation of the proposal. In addition, the Board notes that numerous banking alternatives would remain in Michigan upon consummation of the proposal. On the basis of these considerations, the Board concludes that the proposed transaction would have no substantial adverse effects on the concentration of banking resources in Michigan.

The financial and managerial resources and future prospects of Applicant and its subsidiary banks are satisfactory and their future prospects appear favorable. As a result of consummation of this proposal, which includes a capital injection into the resulting bank, the financial and managerial resources and future prospects of Bank will be strengthened. Thus, considerations relating to banking factors lend weight toward approval of the transaction.

Subsidiary banks of Applicant compete directly with Bank in the Detroit banking market.[2] Applicant is the second largest of 46 commercial banking organizations in the market, with total deposits of $4.07 billion, representing 17.9 percent of total deposits in commercial banks in the market.[3] Bank is the seventh largest commercial banking organization in the market with total deposits of $796.8 million, representing 3.5 percent of the total deposits in commercial banks in the market. Upon acquisition of Bank, Applicant would remain the second largest commercial banking organization in the market and would control 21.4 percent of the total deposits in commercial banks in the market. In addition, the percent of commercial bank deposits held by the four largest banking organizations in the market would increase from 71 percent to 74.5 percent and the market's Herfindahl-Hirschman Index ("HHI") would increase by 125 points from 1445 to 1570, making the transaction one that would be subject to challenge by the Department of Justice under its merger guidelines.[4]

Approval of this application would eliminate a competitor and increase concentration in the Detroit banking market. However, based upon the facts and circumstances of this case, the Board concludes that consummation of this transaction is not likely to result in substantial anticompetitive effects. In reaching this conclusion, the Board has considered the following factors. First, the record indicates that Bank's competitive position in the market, as measured by its share of the total deposits in commercial banks in the market, may be overstated. Bank has experienced severe financial difficulties for a number of years and has failed to offer banking services equivalent to those of other institutions of its approximate size in the market. Second, the Board notes that 44 commercial banking organizations, including nine of Michigan's 15 largest commercial banking organizations, would remain in the Detroit banking market following consummation of the proposal. In a number of previous cases, the Board has indicated that the competitive influence in a market of the largest bank holding companies in a state may be greater than what would be expected based on their market shares alone, especially with respect to their ability to serve local commercial customers.[5]

Finally, the Board has considered the fact that there are 21 thrift institutions in the market that hold deposits of $7.4 billion, which is approximately 25 percent of the total deposits in the market. Two of these institutions have deposits of over $1.5 billion. The Board has

1. Unless otherwise indicated, all banking data are as of June 30, 1983.

2. The Detroit banking market is approximated by Wayne, Macomb, and Oakland Counties plus 33 cities and townships from St. Clair, Lapeer, Livingston, Washtenaw, and Monroe counties, all in Michigan.

3. Market data are as of June 30, 1982.

4. United States Department of Justice merger guidelines, June 14, 1982. If the post-merger HHI is between 1000 and 1800, the Department is more likely than not to challenge a merger that produces an increase in the HHI of 100 points or more.

5. *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN, 298 (1983); *United Bank Corporation of New York*, 67 FEDERAL RESERVE BULLETIN, 358 (1981); *First Bancorporation of Ohio*, 67 FEDERAL RESERVE BULLETIN, 799 (1981); and *Bank of New York ("Empire")*, 66 FEDERAL RESERVE BULLETIN, 807 (1980).

previously indicated that thrift institutions have become, or at least have the potential to become, major competitors of commercial banks.[6] On this basis, the Board has accorded considerable weight to the influence of thrift institutions in its evaluation of the competitive effects of a proposal.[7] In this case, based upon the number, size and market shares of these institutions in the Detroit market, the Board has concluded that thrift institutions exert a significant competitive influence that substantially mitigates the anticompetitive effects of this proposal.[8]

The record of this application indicates that this transaction would provide substantial benefits to the convenience and needs of the community by averting further deterioration of Bank's financial condition.[9] In this context, the Board concludes that the benefit of maintaining services to Bank's customers that would be derived from this proposal are so substantial as to outweigh any anticompetitive effects of this proposal.[10]

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

By order of the Board of Governors, effective September 7, 1983.

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

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

Concurring Statement of Governor Teeters

I believe that the effect of this transaction would be substantially to lessen competition in the Detroit banking market and that this effect is not mitigated to any significant extent by the factors enumerated by the majority.

Upon consummation of this proposal, the four-firm concentration ratio in the Detroit banking market would increase from 71.0 percent to 74.5 percent. Applicant's share of total deposits in commercial banks in the Detroit banking market would increase to 21.4 percent and the Herfindahl-Hirschman Index (HHI) in the market would increase by 125 points from 1445 to 1570. I believe that these increases in market share and concentration reflect a transaction whose effect would be substantially to lessen competition in the relevant geographic market.

In addition, there is no evidence in the record in this case to indicate that thrift institutions in the Detroit banking market are exercising their expanded commercial lending authority to any great extent. Therefore, I do not believe that thrift institutions, which hold only 25 percent of the total deposits in the market, are competing over the full range of services offered by commercial banks. Based on these facts, and consistent with prior Board and judicial decisions, I do not believe that the competitive influence exerted by thrift institutions in the Detroit market mitigates the substantial anticompetitive effects of this transaction.

I am voting to approve this application, however, because I believe that the anticompetitive effects of this transaction are clearly outweighed in the public interest by the benefits to the public that would be derived from Applicant's acquisition of Bank. Bank has not been a viable competitor in the Detroit market for a number of years and has not offered services similar to those that are offered by other institutions of its size in the market. Because of its financial and managerial problems, Bank's survival as an independent entity is questionable. Acquisition of Bank by Applicant would ensure the continuation and improvement of banking services to Bank's customers. On this basis, I believe the application should be approved.

September 7, 1983

6. *General Bancshares Corporation*, 69 FEDERAL RESERVE BULLETIN 802; *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

7. *General Bancshares*, supra note 6, *Fidelcor, Inc. (Southeast National Bancshares of Pennsylvania, Inc.)*, 69 FEDERAL RESERVE BULLETIN 445 (1983), *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN, supra note 5.

8. If the thrift institutions in the Detroit banking market are included in the calculation of market concentration, the share of total deposits held by the four largest organizations in the market (one of which is a thrift institution) is 54.2 percent; the HHI declines to 951 and Applicant and Bank's respective market shares are 13.5 and 2.6 percent.

9. Applicant has also indicated that it will provide at Bank's offices, services such as ATM services and discount securities brokerage, that are not now offered by Bank.

10. Applicant has indicated that, upon consummation of the transactions, 20 offices of Bank will be closed. Seven of the closings are required by Michigan's branching laws. The remaining closings are considered necessary by Applicant for business and operational reasons. Applicant states that, with respect to all but one of the branches to be closed for business reasons, there is a Comerica Bank branch within a mile of each branch to be closed. In view of the facts of this case, particularly Bank's financial condition, the proposed office closings do not reflect adversely upon Applicant's commitment to the Detroit community.

First Arkansas Bankstock Corporation, Little Rock, Arkansas

Order Approving Acquisition of Bank

First Arkansas Bankstock Corporation, Little Rock, Arkansas, a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.), has applied for approval under section 3(a)(3) of the Act to acquire First National Bank of Camden, Camden, Arkansas.

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

Applicant, the largest commercial banking organization in Arkansas, controls four subsidiary banks with deposits of approximately $807.7 million, representing 6.9 percent of the total deposits in commercial banks in the state.[1] Bank, the 41st largest commercial banking organization in the state, holds $70.2 million in deposits. After consummation of the proposal and all planned divestitures, Applicant's share of the total deposits in commercial banks in the state would increase to 7.4 percent. Accordingly, consummation of this proposal would not result in a significant increase in the concentration of commercial banking resources in the state.

Applicant and Bank both compete in the Ouachita County banking market.[2] Bank is the largest of four commercial banks in the market and controls 47.5 percent of the total deposits in commercial banks in the market. Applicant operates Stephens Security Bank ("Stephens"), the third largest bank in the market, which controls 12.4 percent of the total deposits in commercial banks in the market. Upon consummation of this transaction, Applicant would control 59.9 percent of the total deposits in commercial banks in the market. In the Board's view, the effect of this transaction, absent any planned divestiture, may be substantially to lessen competition in the Ouachita banking market.

In order to eliminate the anticompetitive effects that might otherwise result from the acquisition, Applicant has committed to divest Stephens to two current directors of Stephens on or before the date of consummation of the acquisition.[3] The purchasers would not be indebted to Applicant or any of its subsidiaries in connection with this purchase and all director interlocks between Applicant and Stephens would be terminated before consummation. The Board concludes that the sale of Stephens, if consummated on or before Applicant's acquisition of Bank, would eliminate any substantial adverse effects on existing competition in the Ouachita County banking market that might otherwise result from Applicant's acquisition.

The financial and managerial resources of Applicant, its subsidiaries and Bank are regarded as generally satisfactory and their future prospects are favorable. Accordingly, banking factors are consistent with approval. Considerations relating to the convenience and needs of the community to be served also are consistent with approval. Thus, based on the foregoing and other facts of record, the Board has determined that consummation of the proposed transaction would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made 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 perod is extended for good cause by the Board, or by the Federal Reserve Bank of St. Louis pursuant to delegated authority.

By order of the Board of Governors, effective September 22, 1983.

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

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

1. Banking data are as of March 31, 1983.
2. The Ouachita County banking market is approximated by Ouachita County, Arkansas.

3. The Board's policy with regard to competitive divestitures, as stated in its Order approving the acquisition by *Barnett Banks of Florida, Inc.*, Jacksonville, Florida, of *First Marine Banks, Inc.*, Riviera Beach, Florida, 68 FEDERAL RESERVE BULLETIN 190 (1982), requires that divestitures intended to cure the anticompetitive effects resulting from a merger or acquisition occur on or before the date of consummation of the merger to avoid the existence of anticompetitive effects. See also, *InterFirst Corporation*, 69 FEDERAL RESERVE BULLETIN 383 (1983).

First Carmen Bancshares, Inc.,
Carmen, Oklahoma

First Gage Bancorporation, Inc.,
Gage, Oklahoma

First Sallisaw Bancshares, Inc.,
Sallisaw, Oklahoma

First Seminole Bancorporation, Inc.,
Seminole, Oklahoma

Sand Springs Bancshares, Inc.,
Sand Springs, Oklahoma

Order Approving Formation of Bank Holding Companies

First Carmen Bancshares, Inc., Carmen, Oklahoma ("Carmen"); First Gage Bancorporation, Inc., Gage, Oklahoma ("Gage"); First Sallisaw Bancshares, Inc., Sallisaw, Oklahoma ("Sallisaw"); First Seminole Bancorporation, Inc., Seminole, Oklahoma ("Seminole"); and Sand Springs Bancshares, Inc., Sand Springs, Oklahoma ("Sand Springs") (together, "Applicants"); have each applied for the Board's approval, pursuant to section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) ("Act") to become bank holding companies. Carmen proposes to acquire First National Bank in Carmen, Carmen, Oklahoma ("Carmen Bank"); Gage proposes to acquire First State Bank of Gage, Gage, Oklahoma ("Gage Bank"); Sallisaw proposes to acquire First National Bank, Sallisaw, Sallisaw, Oklahoma ("Sallisaw Bank"); Seminole proposes to acquire First National Bank in Seminole, Seminole, Oklahoma ("Seminole Bank"); and Sand Springs proposes to acquire First Bank and Trust Company, Sand Springs, Oklahoma ("Sand Springs Bank") (together, "Banks").[1]

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

Each Applicant is a nonoperating corporation organized for the purpose of acquiring one of Banks. Banks are relatively small banking organizations in the state, and together hold approximately $104.3 million in deposits, representing 0.45 percent of the total deposits in commercial banks in Oklahoma.[2] Each bank operates in a separate banking market. In one of these markets, however, a principal of Applicants is associated with two other banking organizations in that market. Specifically, in addition to Sand Springs Bank, a principal of Applicants is associated with Coweta Bancshares, Inc., a one-bank holding company with respect to Security National Bank of Coweta, Coweta, Oklahoma, and Jenks American, Inc., a one-bank holding company with respect to Bank of Commerce, Jenks, Oklahoma, all of which operate in the Tulsa RMA.[3] However, the combined market share of these organizations would be only 1.2 percent. Accordingly, in light of the small relative and absolute size of the organizations involved, it does not appear that consummation of the Sand Springs proposal would have a significant effect on competition or on the concentration of banking resources in any relevant area. Thus, the Board concludes that competitive considerations are consistent with approval of these applications.

Where principals of an applicant are engaged in operating a chain of banking organizations, the Board analyzes the proposal before it and, in addition, considers the total chain and analyzes the financial and managerial resources and future prospects of the chain and each banking organization that comprises the chain. In this connection, the Board has considered Applicants' proposals in light of the Board's capital adequacy guidelines generally applicable to bank holding companies and chain banking organizations with consolidated assets of over $150 million.[4] Based upon such an analysis, including recent undertakings by principals of Applicants with respect to other banking

1. Applicants are under the common control of the same four principals and, upon consummation, will become part of a chain banking organization controlled by these individuals.

2. As of June 30, 1982, Carmen Bank held deposits of $6.8 million; Gage Bank held deposits of $5.9 million; Sallisaw Bank held deposits of $18.9 million, Seminole Bank held deposits of $39.4 million and Sand Springs Bank held deposits of $33.3 million.

3. The Tulsa RMA is approximated by all of Tulsa County, the northeastern portion of Creek County, the western half of Wagoner County, the central and southwestern half of Rogers County, and the extreme southeastern portion of Osage County.

4. Federal Reserve Board and Comptroller of the Currency Press Release, December 17, 1981, 68 FEDERAL RESERVE BULLETIN 33 (1982), reprinted in *Federal Reserve Regulatory Service*, ¶ 3–1506. See also *"Definition of Bank Capital Adequacy Guidelines Program" (SR82-17)*, dated March 17, 1982.

organizations with which they are involved, the Board views the financial and managerial resources and future prospects of Applicants, their banking subsidiaries and the affiliated banking organizations as consistent with approval.

Although no significant changes in these banks' operations or in the services offered to customers are anticipated to follow from consummation of the proposed transactions, considerations relating to the convenience and needs of the communities to be served are consistent with approval of these applications. Based upon the foregoing and other facts of record, the Board concludes that consummation of the proposals 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. These transactions shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City pursuant to delegated authority.

By order of the Board of Governors, effective September 30, 1983.

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

WILLIAM W. WILES,
Secretary of the Board

[SEAL]

General Bancshares Corporation, St. Louis, Missouri

Order Approving Acquisition of Bank

General Bancshares Corporation, St. Louis, Missouri, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)), to acquire Security Bank & Trust Co., Mt. Vernon, Illinois ("Bank").

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

Applicant, with total assets of $1.6 billion,[1] is a bank holding company organized under the laws of Missouri. Applicant controls eight banks in Missouri, five banks in Illinois, and one bank in Tennessee. Through its five subsidiary banks in Illinois, Applicant is the eighteenth largest commercial banking organization in Illinois,[2] and controls commercial bank deposits of approximately $395.4 million, representing 0.43 percent of total deposits of commercial banks in the state. Bank is the 134th largest commercial banking organization in Illinois with deposits of $101.4 million, representing 0.11 percent of total deposits of commercial banks in the state. Upon consummation, Applicant would control 0.54 percent of total commercial bank deposits in the state. Accordingly, consummation of this proposal would not have an appreciable effect upon the concentration of commercial banking resources in Illinois.

Section 3(d) of the Bank Holding Company Act prohibits the Board from approving any application by a bank holding company to acquire any bank located outside of the state in which the operations of the bank holding company's subsidiaries are principally conducted, unless such acquisition is "specifically authorized by the statute laws of the state in which such bank is located, by language to that effect and not merely by implication."[3] Illinois law prohibits out-of-state bank holding companies from controlling or owning more than 5 percent of the voting shares of a bank in Illinois unless the bank holding company was a registered bank holding company and controlled at least two banks in Illinois as of December 31, 1981.[4] In addition, the bank to be acquired must have been engaged in banking for at least ten years.[5]

Applicant, an out-of-state bank holding company within the meaning of Illinois law, is eligible to acquire an Illinois bank because it was a registered bank holding company and controlled five banking subsidiaries in Illinois before December 31, 1981. In addition, Bank has been engaged in banking since 1910, and thus it can be acquired by a bank holding company under Illinois law. Therefore, based on the foregoing, the Board has determined, as required by section 3(d) of the Act, that the proposed acquisition is specifically authorized by, and conforms with, the statute laws of Illinois.

Because Applicant's subsidiaries and Bank do not operate in the same market, consummation of the proposal would not eliminate existing competition in any relevant market. The Board has examined the

1. Banking data are as of December 31, 1982

2. Applicant's rank in Illinois is calculated on deposit data as of March 31, 1983, adjusted to reflect bank holding company acquisitions approved as of June 15, 1983.

3. 12 U.S.C § 1842(d).

4. Ill. Ann. Stat. chap. 17 § 2510 (Smith-Hurd 1981).

5. Ill. Ann. Stat. chap. 17 § 2508 (Smith-Hurd 1981).

effect of the proposed acquisition by Applicant of Bank upon probable future competition in the relevant geographic market in light of the Board's guidelines on probable future competition.[6] These guidelines include a consideration of the level of concentration in the market, the number of potential entrants into the market, and the attractiveness of the market for de novo or foothold entry.

Bank operates in the Jefferson County banking market and is the largest of six banks in the market, controlling 42.3 percent of the total deposits in commercial banks in the market.[7] In terms of commercial bank deposits only, the three largest commercial banking organizations control 90.5 percent of the market's commercial bank deposits, a level viewed as highly concentrated under the Board's guidelines.

There are three thrift institutions in the market controlling approximately 33 percent of total market deposits. These institutions are the third, fourth, and sixth largest depository institutions in the market, controlling 18.5, 11.2, and 3.5 percent of deposits, respectively. One of these thrifts has offices outside the market and controls total deposits of over $1 billion. The Board has previously indicated that thrift institutions have become, or at least have the potential to become, major competitors of banks.[8] On this basis, the Board has accorded considerable weight to the competitive influence of thrifts in its evaluation of the competitive effects of a proposal.[9] In this case, the Board has considered the presence of thrifts in evaluating the level of concentration in the Jefferson County market.[10]

Utilizing the standards in the Board's guidelines, there are fewer than six probable future entrants into the Jefferson County market. However, when the Board published its proposed guidelines, it stated that the use of six probable future entrants as a determinant of a reasonable number of alternative entrants would only be a general guideline because no single number could be used as a true indicator in all circumstances. The Board was aware that the structure of a particular market and the limitations on expansion imposed by state law would have to be considered with regard to each case.

The Board has taken into consideration the limitations imposed by Illinois law in its review of Applicant's proposal. Illinois has divided the state into five separate banking regions. Under Illinois law, no bank holding company can control a bank except a bank whose main banking premises are located within same banking region or a contiguous banking region to the region in which the acquiring bank holding company is located.[11] In addition, a bank holding company eligible to acquire a bank in a particular region may not acquire a bank that has not engaged in banking business for at least ten years. Moreover, Illinois law does not permit banks to branch, except for limited-service facilities located near the bank.

Bank is located in Region 5 and the only banking organizations that can acquire Bank are those located in Region 5 or its contiguous region, Region 4. Although Illinois has eight commercial banking organizations with over $1 billion in assets that are not located in the market, none of these entities is based in Region 4 or 5 and thus none can legally enter the Jefferson County market. There are two commercial banking organizations that have over $500 million in assets that can legally enter the Jefferson County market and may be considered probable future entrants. In view of Applicant's size and resources, it also appears to be a probable future entrant into the market.

In this case it appears that several organizations with assets of less than $500 million could be regarded as probable future entrants into the Jefferson County market. While these organizations are smaller than the Board's guidelines specify, in view of the limitations on expansion in Illinois, acquisition of a bank in Jefferson County would offer one of a limited number of opportunities for them to expand. From the record, several organizations with over $100 million in assets have been identified that could be regarded as additional potential entrants into the Jefferson County in the particular circumstances of this case. The Board also notes that federal thrift institutions may establish branches in any area of the state and that there are

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

7. The Jefferson County banking market is defined as Jefferson County, Illinois.

8. *First Tennessee National Corporation*, 69 FEDERAL RESERVE BULLETIN 298 (1983).

9. *Fidelcor, Inc. (Southeast National Bancshares of Pennsylvania, Inc.)*, 69 FEDERAL RESERVE BULLETIN 445 (1983); *First Tennessee National Corporation*, note 8 supra.

10. If the thrift institutions in the Jefferson County market are included in the calculation of market concentration, the share of total deposits held by the three largest organizations in the market (one of which is a thrift) is less than 75 percent, the standard established in the Board's guidelines.

11. Ill. Ann. Stat. chap. 17 § 2507 (Smith-Hurd 1981) A bank holding company is considered to be located in the region where the main banking premises of the largest bank in Illinois controlled by the bank holding company is located. Ill. Ann. Stat. chap. 17 § 2506 (Smith-Hurd 1981).

numerous federal thrifts in Illinois with assets in excess of $500 million.

The Jefferson County market is not in a Standard Metropolitan Statistical Area, as specified in the Board's guidelines, although the market has approximately $250 million in deposits. The growth rate of deposits in the market has exceeded the growth rate of deposits in Illinois for the past two years, a fact which indicates that the market is attractive for entry.

In previous cases involving the doctrine of probable future competition, the Board has indicated that market extension mergers should generally be accomplished through de novo entry or foothold acquisitions. In this case, Applicant's subsidiary banks are precluded by state law from de novo entry into Jefferson County. With respect to the possibility of a foothold acquisition by Applicant, only six banks operate in the Jefferson County market. Three of the six banks have deposits of less than $10 million, and are located in small, rural towns outside Mt. Vernon, the county seat and commercial center of Jefferson County. Because of their location and the fact that they are precluded from branching into Mt. Vernon, these banks are not regarded as attractive vehicles for entry into the market.

Accordingly, based on the limitations imposed by state law, the structure of the market, the presence of thrift institutions in the market, and other facts of record, the Board concludes that consummation of the proposed acquisition would not have such adverse effects on probable future competition in the relevant market as to warrant denial of the proposal.

The financial and managerial resources of Applicant, its subsidiary banks, and Bank are generally satisfactory and their future prospects appear favorable. Accordingly, considerations relating to banking factors are consistent with approval. Although no changes in Bank's services are proposed by Applicant, there is no evidence in the record indicating that the banking needs of the community to be served are not being met. Accordingly, considerations relating to the convenience and needs of the community to be served also are consistent with approval. Based on the foregoing and other facts of record, the Board has determined that consummation of the proposed transaction would be consistent with the public interest and that the application should be approved.

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

By order of the Board of Governors, effective August 31, 1983.

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

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

Dissenting Statement of Governor Teeters

I would deny this application on the grounds that the proposed acquisition of Security Bank & Trust Co., by General Bancshares Corporation would have a significantly adverse effect on probable future competition in the Jefferson County banking market. I believe that General Bancshares Corporation has the capacity to enter the Jefferson County banking market on a foothold basis. In light of the concentrated nature of the market and the share of commercial bank deposits held by Security Bank & Trust Co., the elimination of General Bancshares Corporation as a probable future entrant is substantially anticompetitive.

I believe that the Board's action approving this application represents another situation in which the Board's proposed guidelines relating to probable future competition permit acquisitions by bank holding companies that have substantially anticompetitive consequences. As I have previously indicated, I continue to believe that the Board should develop and apply standards that more realistically reflect the adverse effects of the elimination of probable future competition.

Accordingly, I dissent from the Board's decision regarding this application.

August 31, 1983

Holcomb Bancshares, Inc., Ellsworth, Kansas

Order Denying Formation of Bank Holding Company

Holcomb Bancshares, Inc., Ellsworth, Kansas, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of the formation of a bank holding company through the acquisition of 100 percent of the voting shares of First National Bank of Holcomb, Holcomb, Kansas ("Bank").

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

Applicant is a recently organized corporation formed for the purpose of becoming a bank holding company through the acquisition of Bank, a newly chartered bank. Through an exchange of voting common stock, Applicant proposes to transfer ownership of Bank from individuals to a corporation owned by the same individuals, with little change in the Bank's management or operations. Bank is a de novo bank which opened on April 1, 1983, and has no record for asset growth or earnings. Therefore, no meaningful deposit figures or market data are yet available.

Bank is located in the Finney County, Kansas banking market.[1] The principals of Bank and Applicant operate another bank in Kansas located 150 miles from Bank. They do not control any other financial institution in Bank's market. Accordingly, the Board concludes that consummation of the proposal would not result in any adverse effects upon competition or increase the concentration of banking resources in any relevant area.

The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank, and every proposed acquisition or formation is closely examined in light of this consideration. With respect to this proposal, the Board concludes that the record presents adverse financial considerations that warrant denial of the proposal.

The Board has cautioned against the assumption of substantial amounts of debt in a bank holding company formation because of concern that the 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. A high debt-to-equity ratio also may give rise to the risks associated with leveraging. Such risks include 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.[2]

The Board generally regards an applicant's debt-to-equity ratio of 30 percent or less as satisfactory provided that other financial factors, such as applicant's capitalization, capital-to-assets ratio, and earnings projections are consistent with peer group levels. In order to facilitate the transfer of local ownership of small existing community banks, the Board has adopted guidelines for the formation of one-bank holding companies with as much as a 300 percent debt-to-equity ratio, provided that the Applicant demonstrates its ability to become a source of strength to its subsidiary bank within a relatively short period of time, such as by reducing its debt-to-equity ratio to a reasonable level (generally 30 percent) within 12 years of consummation.[3] In cases involving the formation of a small one-bank holding company through the acquisition of a de novo bank, however, the Board has indicated that, due to the absence of any record of earnings or growth, such a high debt-to-equity ratio would not be consistent with sound financial practices. In such cases, the Board has found that a debt-to-equity ratio of 100 percent or less at formation was appropriate.[4]

Applicant proposes to incur long-term debt for the purchase of Bank's shares representing 164 percent of its pro forma equity, well in excess of the Board's policy for bank holding company formations involving de novo banks.[5] Applicant proposes to service this debt by relying almost entirely upon the financial resources of Bank. The Board has generally found that a one-bank holding company that relies on the earnings of its subsidiary bank to service debt often creates a drain on the resources of its subsidiary bank.[6] In this case, moreover, the Board has carefully considered Applicant's earnings and growth projections for Bank and has concluded that these projections are overly optimistic.

Applicant bases its earnings projections on the performance of three de novo banks established in Kan-

1. The Finney County banking market includes Finney County and Garden City, Kansas.

2. See *Spur Bancshares Inc.*, 69 FEDERAL RESERVE BULLETIN 806, (1983).

3. "Federal Reserve Board Policy Statement for Assessing Financial Factors in the Formation of Small One-Bank Holding Companies", March 28, 1980. See also *First Dodge City Bancshares, Inc.*, 67 FEDERAL RESERVE BULLETIN 800 (1981), *Emerson First National Company*, 67 FEDERAL RESERVE BULLETIN 344 (1981).

4. See, e.g., *Water Tower Financial Group, Inc.*, Chicago, Illinois (60 FEDERAL RESERVE BULLETIN 731 (1974)) and *Mountain Financial Services, Inc.*, Denver, Colorado (60 FEDERAL RESERVE BULLETIN 677 (1974)) where the debt-to-equity ratios of both companies exceeded 100 percent and the Board denied their holding company formation applications.

5. This debt represents 62 percent of the purchase price. Applicant contends the debt represents 52 percent of the purchase price. However, this computation includes the capitalization of proceeds Bank expects to earn from the commencement of general insurance activities. The inclusion of such proceeds is not in conformity with generally accepted accounting principles.

6. *Emerson First National Company*, supra at 345.

sas. The Board disagrees that their performance supports Applicant's projections. During the first year of operations, all three banks experienced losses, which is not unusual for de novo banks, and although each of the banks became profitable in the second year, each either experienced a subsequent earnings decline or has not yet generated earnings approaching peer levels. Bank's earnings projections exceed applicable peer levels, and even if Bank's earnings performance followed the pattern of these three banks, Applicant would be unable to generate sufficient earnings to adequately service its debt and maintain capital in Bank.

To mitigate the Board's concerns regarding Applicant's high debt-to-equity ratio, Applicant has committed to maintain Bank's primary capital-to-assets ratio at seven percent and to seek prior approval before incurring additional debt. Based on information in the record concerning the financial resources of Applicant and its principal shareholders, however, the Board does not believe that these commitments provide sufficient financial support to overcome the adverse financial aspects of the proposal.[7]

Applicant further contends that through effective management the debt can be substantially reduced over a 12-year period.[8] Applicant has expressed plans to apply to engage in general insurance activities, the annual commissions from which would enhance Applicant's debt servicing ability. It is the Board s view that these plans do not provide sufficient financial flexibility to mitigate the adverse financial factors of this proposal. Inasmuch as the holding company formation would not affect Bank's services, the Board concludes that convenience and needs factors are consistent with approval, but lend no weight to outweigh the adverse financial factors of this application.

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

On the basis of the facts of record, the application is denied for the reasons summarized above.

By order of the Board of Governors, effective September 26, 1983.

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

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

7. In *Water Tower Financial Group, Inc.*, supra, the principals also committed to provide additional equity in the event the holding company debt could not be paid out of bank dividends, a commitment similar to Applicant's. However, the Board did not regard the commitment as providing adequate financial support for the new bank. Id. at 731.

8. Applicant projects that its debt-to-equity ratio can be reduced to below 30 percent in 12 years. However, the Board concludes that this would be possible only if Applicant borrowed additional funds in order to maintain a seven percent primary capital-to-assets ratio.

Spur Bancshares, Inc., Spur, Texas

Order Denying Formation of a Bank Holding Company

Spur Bancshares, Inc., Spur, Texas ("Applicant"), has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring at least 80 percent of the voting shares of Ranco Bancshares, Inc., Spur, Texas ("Company"), a registered one-bank holding company by virtue of its control of 98 percent of the voting shares of Spur Security Bank, Spur, Texas ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of acquiring Company and, thereby, indirectly acquiring Bank. Upon acquisition of Bank (total deposits of approximately $17.0 million), Applicant would control one of the smaller banks in the state.[1]

Bank is the only bank in the relevant banking market and controls 100 percent of the total deposits in commercial banks in the market.[2] Although Applicant's principals are associated with other banking organizations, none of these organizations competes in the relevant banking market. Thus, consummation of

1. All banking data are as of December 31, 1982.

2. The relevant banking market is approximated by Dickens County, Texas.

the proposed transaction would have no adverse effects on competition nor increase the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

In 1975, Company received approval to become a bank holding company through the acquisition of Bank. Company has retired all acquisition debt incurred in connection with that transaction. As part of this transaction, Company's principal proposes to transfer by sale and gift a total of 43.2 percent of Company's shares to three of his adult children ("Purchasers"). Purchasers propose to finance their acquisition by incurring $1.0 million in debt, which would be assumed by Applicant. Following consummation, Applicant would have a debt-to-equity ratio of 1.46 to 1. Applicant intends to service this debt by dividends from Bank as well as from the tax benefits associated with the formation of a bank holding company. Purchasers do not intend to use any of their personal resources in this transaction.

Purchasers' father, who is Company's principal shareholder, would receive 21.4 percent of Applicant's voting stock and 100 percent of Applicant's nonvoting preferred stock, and would continue to serve as president of Company and chairman of Bank. Upon consummation of this transaction, Purchasers' father would become president of Applicant. Purchasers have indicated that they do not intend to serve in any capacity with Applicant, Company, or Bank.

The Board has indicated on previous occasions that a bank holding company should serve as a source of strength to its subsidiary bank and that the Board will examine the condition of an applicant in each case with this consideration in mind. Specifically, the Board's experience indicates that a bank holding company with a substantial amount of debt generally lacks the financial flexibility to meet unexpected problems of its subsidiary bank. However, the Board has been willing to approve the formation of one-bank holding companies with substantial debt in order to facilitate the transfer of local ownership of small community banks, provided that the Applicant demonstrates its ability to become a source of strength to its subsidiary bank within a relatively short period of time, such as by reducing its debt-to-equity ratio to a reasonable level (generally 30 percent) within 12 years of consummation.[3]

In this case, Applicants's formation entails an amount of indebtedness that is so substantial that it will impair its ability to serve as a source of strength to its subsidiary bank[4] and would give rise to the risks associated with leveraging. Such risks include 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.

The Board is prepared to permit relatively high levels of debt such as is contemplated by this proposal only in order to facilitate the transfer of ownership of small banks, as discussed above, thereby promoting service to the convenience and needs of the community. In this case, however, although some voting stock of Company would be transferred to Purchasers, Purchaser would not use any of their personal resources in the transaction and would not be involved in the management of Applicant, Company, or Bank. In addition, Company's principal would remain the largest single shareholder of Applicant and would serve in management positions with Applicant, Company, and Bank. Based on these facts, the Board concludes that no actual change in the ownership and control of Bank is contemplated at this time. Moreover, no changes in the services offered by Bank are expected to follow from consummation of the proposed transaction. Consequently, the Board concludes that this proposal does not qualify for consideration under the Board's policy statement regarding small one-bank holding companies and that considerations relating to the convenience and needs of the community to be served lend no weight toward approval of the proposal. The managerial resources of Applicant, Company, and Bank, although satisfactory, lend no weight toward approval of the application.

Thus, based on the factors the Board is required to review under the Act, the Board concludes that the considerations relating to the financial resources of Applicant are adverse and are not outweighed by any procompetitive effects or any benefits to the convenience and needs of the community. Accordingly, it is the Board's judgment that approval of the application would not be in the public interest and the application should be denied.

On the basis of the record, the application is denied for the reasons summarized above.

By order of the Board of Governors, effective September 15, 1983.

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

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

3. Federal Reserve Board Policy Statement for Assessing Financial Factors in the Formation of Small One-Bank Holding Companies, March 28, 1980.

4. *First Dodge City Bancshares, Inc.*, 67 FEDERAL RESERVE BULLETIN 800 (1981); *Emerson First National Company*, 67 FEDERAL RESERVE BULLETIN 344 (1981).

Trilon Financial Corporation, Toronto, Ontaria, Canada

Order Approving Acquisition of Banks

Trilon Financial Corporation, Toronto, Ontario, Canada, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842) to become a bank holding company through the acquisition of 47 percent of the voting shares of Royal Trustco Limited, also of Toronto, a registered bank holding company by virtue of its ownership of all the voting shares of Royal Trust Bank Corp., Miami, Florida, which in turn owns Royal Trust Bank, N.A., Miami, Florida; Royal Trust Bank of Florida, N.A., St. Petersburg, Florida; Royal Trust Bank, St. Petersburg, Florida; Royal Trust Bank of Palm Beach, N.A., Palm Beach, Florida; and Royal Trust Bank of Jacksonville, Jacksonville, Florida (collectively, "Banks").

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

Applicant is a holding company whose primary assets are shares of London Life Insurance Company, London, Ontario, a Canadian life insurance company. Neither Applicant nor its subsidiaries control any banks or conduct any banking or nonbanking activities in the United States. Upon acquisition of Royal Trustco Limited, Applicant would become a qualifying foreign banking organization within the meaning of section 211.23(b) of the Board's Regulation K (12 C.F.R. § 211.23(b)).

Royal Trustco Limited is a bank holding company subject to the Act by virtue of its ownership and control of Banks. These Banks control approximately \$737 million in total assets and \$486.6 million in total domestic deposits, representing approximately one percent of total domestic deposits in commercial banks in Florida, and ranking Banks as the 17th largest commercial banking organization in Florida.[1] Royal Trustco Limited has negotiated the sale of all of these Banks to third parties. Applicant supports the decision of Royal Trustco Limited to sell its banking interests in the United States and has committed to take all action within its power to ensure that the sale is completed.

1. Banking data are as of December 31, 1982.

Inasmuch as Applicant and its subsidiaries do not control any other banks or conduct any banking operations in the United States, consummation of the proposed transaction would have no adverse effects on either existing or potential competition in any relevant market. and would not increase the concentration of resources in any relevant market. Therefore, the Board concludes that competitive considerations are consistent with approval of this application.

The financial and managerial resources and future prospects of Applicant and Banks appear satisfactory, and considerations relating to banking factors are consistent with approval of the application. Considerations relating to the convenience and needs of the communities to be served are also consistent with approval.

Based upon the foregoing, including all of the facts of record and the commitment made by Applicant, the Board has determined that the application should be and hereby is approved. The transaction shall not be consummated before the thirtieth calendar day following the effective date of 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 under delegated authority.

By order of the Board of Governors, effective September 12, 1983.

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

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

Unicorp Bancshares, Inc., Houston, Texas

Order Approving Acquisition of Bank

Unicorp Bancshares, Inc., Houston, Texas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire Unitedbank-Northwest, Houston, Texas ("Bank"), a proposed new bank.

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

Applicant, the 35th largest banking organization in Texas, controls two banking subsidiaries with aggregate deposits of approximately $192.2 million,[1] representing approximately 0.16 percent of statewide deposits.

Applicant has applied to acquire Bank, a proposed new bank. Applicant is thirteenth largest of 104 banking organizations in the relevant market, controlling approximately 0.6 percent of total deposits in commercial banks in the market.[2] In light of the de novo nature of this proposal, consummation of this transaction would have no adverse effects on competition or increase the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank(s), and that the Board will closely examine the condition of an applicant in each case with this consideration in mind. In addition, where the principal of an applicant controls other banking organizations, the Board considers the financial and managerial resources and future prospects of the institutions comprising the chain.[3] In this instance, Applicant is part of a chain banking organization consisting of four additional banks or bank holding companies, which had combined assets of approximately $444 million on June 30, 1983. Accordingly, the Board has considered Applicant's proposal in light of the Board's Capital Adequacy Guidelines[4] generally applicable to bank holding companies and chain banking organizations with consolidated assets of over $150 million.

The Board has determined that the financial and managerial resources and future prospects of Applicant, its subsidiary banks and Bank are considered generally satisfactory, especially in light of Applicant's commitment to increase its capital and to provide additional capital to Bank and the combined chain. Further, Applicant will not incur debt in connection with this proposal. Accordingly, considerations relating to banking factors are consistent with approval. Considerations relating to the convenience and needs of the community to be served also are consistent with approval. Thus, the Board has determined that consummation of the transaction would be in the public interest and that the application should be approved.

Accordingly, on the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made before the thirtieth calendar day following, or later than three months after, the effective date of this Order, and Bank shall be opened for business not later than six months after the effective date of this Order. The latter two periods each may be extended for good cause by the Board, or by the Federal Reserve Bank of Dallas acting pursuant to delegated authority.

By order of the Board of Governors, effective September 15, 1983.

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

JAMES MCAFEE,
[SEAL] Associate Secretary of the Board

1. Banking data are as of June 30, 1982, and reflect bank holding company acquisitions approved as of September 30, 1982.

2. The relevant banking market is approximated by the Houston RMA.

3. See *Nebraska Banco, Inc.*, Ord, Nebraska, 62 FEDERAL RESERVE BULLETIN 638 (1976).

4. Federal Reserve Board and Comptroller of the Currency Press Release, December 17, 1981. FEDERAL RESERVE BULLETIN 33 (1982), reprinted in Federal Reserve Regulatory Service, ¶ 3–1506. See also "Definition of Bank Capital and Capital Adequacy Guidelines Program" (SR82–17, dated March 17, 1983)

United Bancshares, Inc., Lincoln, Nebraska

Order Approving Formation of a Bank Holding Company

United Bancshares, Inc., Lincoln, Nebraska, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act of 1956, as amended ("Act") (12 U.S.C. § 1842(a)(1)), to form a bank holding company by acquiring at least 80 percent of the voting shares of Gateway Bank & Trust Company, Lincoln, Nebraska ("Bank").

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

Applicant is a nonoperating corporation organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $63.7 million.[1] Upon consummation of this proposal, Applicant will become the 31st largest banking organization in Nebraska controlling 0.56 percent of total deposits held by commercial banks in the state.

1. Banking data are as of December 31, 1982

Bank operates in the Lincoln banking market[2] where it is the third largest of 21 banks and controls 5.5 percent of total deposits in commercial banks in the market. Principals of Applicant already control a majority of Bank's voting shares. Principals of Applicant also control six other banks through one bank holding companies, two of which compete with Bank in the Lincoln banking market — Citizens State Bank, the sixth largest bank with deposits of $30.8 million, representing 2.7 percent of total deposits in commercial banks in the market, and Lincoln Bank East, the 12th largest bank with deposits of $12.3 million, representing 1.1 percent of total deposits in commercial banks in the market.

When principals of an applicant already control the bank to be acquired and also control other banks or bank holding companies in the same market, the Board, in addition to analyzing the competitive effects of the proposal before it, examines the transactions by which the banks involved came under common control to determine whether a particular application would further an anticompetitive arrangement.[3] In this case, while the original affiliation between Bank and Citizens State Bank and Lincoln Bank East eliminated some existing competition at the time of affiliation, several factors mitigate any adverse competitive effects.

The Lincoln banking market is regarded as highly concentrated with the three largest banking organizations controlling 79.7 percent of total deposits in commercial banks in the market and a Herfindahl-Hirschman Index ("HHI") of 2871. However, a large portion of the concentration in this market is due to the size of the two largest banks in the market, controlling 46.5 percent and 23.9 percent, respectively, of total deposits in commercial banks in the market. The affiliation of Citizens State Bank and Lincoln Bank East with Bank in 1982 resulted in a chain banking organization controlling $106.8 million in deposits, representing 9.3 percent of total deposits in commercial banks in the market, and ranking third among banking organizations in the market. This affiliation increased the market HHI by only 41 points.[4] Also, there are numerous independent banking alternatives in the market.

Accordingly, the affiliation of Bank with Citizens State Bank and Lincoln Bank East through common control did not result in elimination of any significant existing competition. Consummation of this proposal will not result in elimination of potential competition or concentration of banking resources in any relevant market. Therefore, the Board has determined that considerations relating to competitive factors are consistent with approval.

The financial and managerial resources of Applicant and Bank are regarded as generally satisfactory and their future prospects appear favorable, especially in light of Applicant's proposal to inject additional capital into Bank. Although Applicant proposes to incur debt in connection with its proposal, it appears that Applicant will be able to retire its debt within the Board's guidelines.[5] The Board also has considered the financial and managerial resources and future prospects of the other institutions in the chain and considers their resources and prospects to be satisfactory.[6]

Accordingly, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved. On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be consummated before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors, effective September 20, 1983.

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

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

2. The Lincoln banking market is defined as Lincoln County, Nebraska.

3. See *Mahaska Investment Company*, 63 FEDERAL RESERVE BULLETIN 579 (1977); *Citizens Bancorp, Inc.*, 63 FEDERAL RESERVE BULLETIN 1083 (1977); and *Mankato Bankshares, Inc.*, 64 FEDERAL RESERVE BULLETIN 760 (1978).

4. According to the Department of Justice's merger guidelines, the Department regards a market with post merger HHI of 1,800 points or greater to be highly concentrated, but the Department is not likely to challenge a merger or acquisition resulting in a HHI increase of less than 50 points.

5. Board, "Policy Statement For Formation of Small One-Bank Holding Companies," 66 FEDERAL RESERVE BULLETIN 320 (1980), reprinted in FRRS ¶¶4–855 and 4–856; amended by the Board and the Comptroller of the Currency, "Capital Adequacy Guidelines," 68 FEDERAL RESERVE BULLETIN 33 (1982), reprinted in FRRS ¶ 3–1506; further amended by the Board and the Comptroller of the Currency, "Amendments to the Capital Adequacy Guidelines," 69 FEDERAL RESERVE BULLETIN 539 (1983).

6. Where principals of an applicant are engaged in establishing or operating a chain of one bank holding companies, the Board analyzes such organizations by standards normally applied to multi-bank holding companies. *Nebraska Banco., Inc.*, 62 FEDERAL RESERVE BULLETIN 638 (1976).

Van Buren Bancorporation, Keosauqua, Iowa

Order Approving Acquisition of Bank

Van Buren Bancorporation, Keosauqua, Iowa, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) to acquire 86.4 percent of the voting shares of State Savings Bank, Cantril, Iowa.

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

Applicant controls one bank subsidiary, Farmers State Bank, Keosauqua, Iowa ("Farmers"), with total deposits of $25.1 million, representing 0.13 percent of total deposits held by commercial banks in the state.[1] It is the 246th largest of the 645 commercial banks in the state.

Bank is 450th largest commercial banking organization in the state with deposits of $12.6 million, representing approximately 0.06 percent of deposits held in commercial banks in Iowa. Acquisition of Bank would increase Applicant's share of statewide deposits to 0.19 percent, and would make Applicant the 145th largest commercial banking organization in the state. Because consummation of the transaction would increase Applicant's share of statewide deposits by only 0.06 percent, the Board concludes that consummation would not result in a significant increase in the concentration of banking resources in Iowa.

Applicant and Bank both compete in the Van Buren County banking market.[2] Applicant is the largest of four commercial banking organizations in the market, with total deposits of $25.1 million representing 42.0 percent of total deposits in commercial banks in the market. Bank is the third largest banking organization in the market with total deposits of $9.8 million representing 16.3 percent of total deposits.[3] Consummation of the proposal would increase Applicant's share of total deposits in commercial banks in the market to 58.3 percent. In light of these and other facts of record, the Board finds that consummation of the proposed transaction would eliminate existing competition between Bank and Applicant, would remove an independent competitor from the Van Buren County banking market, and would increase the concentration of banking resources in the market.

In view of the foregoing discussion and based on the facts of record, the Board concludes that the competitive effects of the proposal are substantially adverse. Under the standards set forth in section 3(c) of the Bank Holding Company Act, it is clear that the Board may not approve the subject proposal unless it finds that "the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served."

In assessing such considerations in light of the facts surrounding this proposal, the Board finds that the anticompetitive effects are clearly outweighed in the public interest. The financial and managerial resources and future prospects of Applicant and its subsidiary are considered satisfactory and consistent with approval of this application. Bank's financial and managerial resources, absent consummation of the instant proposal, are less than satisfactory, and its future prospects are uncertain. Bank has suffered losses in its operations and, lacking the internal capability of reversing the adverse trend, it appears unlikely that Bank will be able to continue as a viable organization in serving the public. Under this proposal, Applicant has agreed to inject capital of $700,000 and to provide significant managerial assistance to Bank. These actions would assure Bank's continued viability and the availability of Bank as a source of banking services in the Van Buren County banking market. Further, Applicant's proposal appears to be the only option available to prevent further deterioration of the Bank and to insure its viability. Bank was offered for sale to six other banking organizations located outside Van Buren County. None of these, however, expressed any interest in purchase of the Bank.

Although the Board would prefer a less anticompetitive acquisition as a means for assuring the continuation of Bank as a vehicle for serving the convenience and needs of the public, it appears that such an alternative is not readily available. Therefore, the Board views the improved financial prospects of Bank that would result from consummation of this proposal, and convenience and needs considerations as lending significant weight toward approval of the application and outweighing the substantially adverse competitive

1. All banking data are as of June 30, 1982.
2. The Van Buren County banking market is approximated by the boundaries of Van Buren County.
3. One of Bank's branches competes in another market. Applicant has no banking offices in this market, and in light of the facts of record, it appears that consummation of this proposal would have no adverse effect on potential competition.

effects that would result from consummation of the proposal. Accordingly, it is the Board's judgment that consummation of the proposal would be in the public interest and that the application should be approved.

On the basis of record, the application is approved for the reasons summarized above. The transaction shall not be made 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 September 14, 1983.

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

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

Orders Under Section 4 of Bank Holding Company Act

Old Stone Corporation, Providence, Rhode Island

Order Approving Acquisition of Stock Savings and Loan Association

Old Stone Corporation, Providence, Rhode Island, a bank holding company within the meaning of the Bank Holding Company Act (the "BHC Act"), has applied for the Board's approval under section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)), and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire all of the shares of Perpetual Savings and Loan Association, High Point, North Carolina ("Perpetual"), a state-chartered savings and loan association insured by the North Carolina Savings Guaranty Corporation. Upon consummation of the proposed acquisition, Applicant will engage through Perpetual in the activity of operating a savings and loan association. Although the Board has not added the operation of a thrift institution to the list of activities specified in section 225.4(a) of Regulation Y as generally permissible for bank holding companies, the Board has determined in several individual cases that the operation of a thrift institution is closely related to banking.[1]

In fulfillment of their statutory responsibilities, the Administrator of the Savings and Loan Division of the North Carolina Department of Commerce and the North Carolina Savings Guaranty Corporation have requested that the Board act immediately on this application in light of the current financial condition of Perpetual. As a result of amendments to the BHC Act contained in the Garn-St Germain Depository Institutions Act of 1982, section 4(c)(8) of the BHC Act provides that the Board may dispense with the notice and hearing requirements of section 4(c)(8) with regard to the acquisition of a thrift institution if the Board finds that an emergency exists that requires immediate action and the primary federal regulator of the institution concurs in this finding.

Perpetual is a thrift institution as that term is defined in the Act and on the basis of the request by North Carolina authorities and other information of record, the Board finds that an emergency exists that requires immediate action on this application. Since Perpetual does not have a federal regulator, the Board has determined that no further action is necessary to authorize the Board to dispense with notice and opportunity for hearing. Perpetual's only regulators, the Savings and Loan Administrator and the Guaranty Corporation, have both urged immediate action on the basis of Perpetual's condition, and the Board therefore believes that such action is appropriate under the statute.[2]

As noted above, this application has been filed under section 4(c)(8) of the BHC Act as a nonbanking activity. The BHC Act defines a bank as an institution that accepts deposits that the depositor has a legal right to withdraw on demand and that is engaged in the business of making commercial loans.

As a result of the Garn-St Germain Act, any institution that is insured by the FSLIC is exempt from the bank definition even if it accepts demand deposits and is engaged in the business of making commercial loans. Applicant has stated that it wishes to assure Perpetual's qualification as a nonbank under the Act by securing FSLIC insurance. In the interim, Perpetu-

1. *American Fletcher Corp.*, 60 FEDERAL RESERVE BULLETIN 868 (1974); *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). A recent Board staff study of thrift institutions supports the view that operating a thrift institution is closely related to banking. *Bank Holding Company Acquisitions of Thrift Institutions*, September 1981.

2. The provisions of section 4(c)(8) allowing the Board to dispense with notice and an opportunity for hearing were added to the BHC Act in conjunction with the passage of the "Regulator's Bill," which permits the acquisition of troubled thrifts across state lines under certain conditions designed to ensure that potential in-state thrift institutions purchasers are given priority. North Carolina authorities have not been able to secure an in-state purchaser for Perpetual and this proposal therefore complies with the spirit of the Regulator's Bill provisions.

al will not make commercial loans as that term has been interpreted by the Board in its decision regarding the Dreyfus Corporation's acquisition of Lincoln State Bank. In view of these commitments, and in light of the fact that Perpetual is a "thrift institution" as that term is defined in section 2(i) of the BHC Act, the Board concludes that this application may properly be considered under section 4 of the Act as a nonbanking application.

Applicant is a bank holding company by virtue of its control of Old Stone Bank, Providence, Rhode Island, which operates 30 banking offices throughout Rhode Island and controls $1.5 billion in deposits (as of March 31, 1983). Applicant also operates industrial banking, consumer finance and mortgage banking subsidiaries, but none of Applicant's subsidiaries have offices in North Carolina. Perpetual, a stock savings and loan association, operates six offices in western North Carolina and controls $173 million in deposits (as of March 31, 1983).

In view of the fact that Applicant's subsidiaries and Perpetual operate in separate markets and there is no significant amount of direct competition between them, consummation of the proposed acquisition would not have a significant effect on existing competition in any relevant market. In view of the relatively small size and limited presence of Perpetual in its markets, and the number of potential entrants into these markets, the Board finds that this acquisition would not have any significant adverse effect on potential competition. Indeed, the proposed acquisition would have a substantial beneficial impact on competition by ensuring the continued operation of Perpetual as a viable institution.

Section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) authorizes a bank holding company to acquire a nonbank company where the activities of the nonbank company 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. As earlier stated, the Board has determined previously that the operation of a thrift institution is closely related to banking, and reaffirms that determination in this order.

With respect to the "proper incident" requirement, however, section 4(c)(8) of the 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 since the potential adverse effects of generally allowing affiliations of banks and S&Ls were then sufficiently strong to outweigh such benefits as might result in individual cases. (*D. H. Baldwin & Co.* 63 FEDERAL RESERVE BULLETIN 280 (1977)).

Because of the considerations elaborated in *D.H. Baldwin & Co.*, 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 during 1982 the Board approved two 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 institution.[3] In addition, Congress has recognized the need to allow bank holding companies to acquire failing federally insured thrift institutions in the Garn-St Germain Act, and as noted above, the procedures followed by North Carolina authorities in this matter are consistent with the provisions of that 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,[4] including the potential for unfair competition, conflicts of interests, financial risks, diversion of funds, participation in impermissible activities, and evasion of interest rate limitations.

In view of the determination by the North Carolina Savings and Loan Administrator, the Guaranty Corporation, and the Board with respect to Perpetual's financial condition, the lack of any potential thrift institution purchaser for Perpetual, and the other considerations detailed below, the Board has determined that the substantial benefits to the public associated with preserving Perpetual as a thrift competitor 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 Perpetual to be a substantial and compelling public benefit in that Applicant will provide Perpetual with sufficient

3. *Interstate Financial Corp*, supra; *Citicorp*, supra

4. As stated above, the Board has examined the competitive effects associated with this particular application and has concluded that there are no significant adverse effects associated therewith

new capital funds to enable perpetual to continue its operations and to remain a viable competitor. 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. The acquisition will preserve a competitor in the markets served by Perpetual, thus ensuring the continuation of services by Perpetual to its customers and protecting the interests of Perpetuals' depositors.

The affiliation of Applicant and Perpetual also is not likely to result in unfair competition in view of the various commitments offered by Applicant to ensure that Perpetual will be operated independently and not utilized to further or enhance the activities of Applicants' other subsidiaries. In addition, Perpetual's activities will be limited to those permissible under the BHC Act and its offices will be limited to locations at which banks located in North Carolina may establish branches.

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 relied on the following commitments offered by Applicant:

1. Applicant will operate Perpetual as a savings and loan association having as its primary purpose the provision of residential housing credit. Perpetual will limit its activities to those permitted to federal savings and loan associations currently 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. These limitations will apply to perpetual's wholly owned service corporation, which shall have two years from the date of this Order to complete the divestiture of its impermissible real estate development projects.
2. Perpetual will not establish or operate a remote service unit at any location outside North Carolina.
3. Perpetual will not establish or operate branches at locations not permissible for national or state banks located in North Carolina.[5]
4. Perpetual 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 Perpetual will limit their operations to effect this condition, and will observe the following conditions:
   a. No banking or other subsidiary of Old Stone will link its deposit-taking activities to accounts at Perpetual in a sweeping arrangement or similar arrangement.
   b. Neither Old Stone nor any of its subsidiaries will solicit deposits or loans for Perpetual, nor shall perpetual solicit deposits or loans for any other subsidiary of Applicant.
5. Applicant will not change Perpetual's name to include the word "bank" or any other term that might confuse the public regarding Perpetual's status as a nonbank thrift institution.
6. Perpetual will not convert its charter to that of a national or state commercial bank without the Board's prior approval.
7. Perpetual will not engage in any transaction that would be in violation of section 23A of the Federal Reserve Act, as if Perpetual were a member bank.
8. To the extent necessary to ensure independent operation of Perpetual and prevent the improper diversion of funds, there shall be no transaction between Perpetual and Old Stone or any of its subsidiaries without the prior approval of the Federal Reserve Bank of Boston. This limitation encompasses the transfer, purchase, sale or loan of any assets or liabilities, but does not include infusions of capital from Old Stone, the payment of dividends by Perpetual to Old Stone, or the sale of residential real estate loans from Perpetual to any subsidiary of Old Stone.

The Board concludes that consummation of the proposal, subject to the commitments set out above, may not reasonably be expected to result in conflicts of interests, unsound banking practices, 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 Perpetual by Applicant would result in substantial and compelling public benefits 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 commitments described in this Order, and the record of this application.

The Board's decision is further subject to the conditions set forth in section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued

5. The Federal Reserve Bank of Boston is hereby delegated authority to act on applications by Applicant to open additional offices of Perpetual under section 225.4(b)(1) of Regulation Y. (12 C.F.R. § 225.4(b)(1)).

thereunder, or to prevent evasion thereof. The transaction shall be made not later than three months after the effective date of this Order, unless that period is extended for good cause by the Board or by the Federal Reserve Bank of Boston acting pursuant to authority hereby delegated.

By order of the Board of Governors, effective September 7, 1983.

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

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

Whitewater Bancorp, Inc., Whitewater, Wisconsin

Order Approving Application to Engage in Insurance Activities

Whitewater Bancorp, Inc., Whitewater, Wisconsin, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4 of the Board's Regulation Y (12 C.F.R. § 225.4), to engage de novo in general insurance agency activities in a community with a population greater than 5,000. While this activity has not been specified by the Board in Regulation Y as permissible for bank holding companies, Applicant, as a bank holding company with total assets of $50 million or less, relies on the statutory language contained in section 601(F) of the Garn-St Germain Depository Institutions Act of 1982[1] as authorization for this activity.

Notice of the application, affording interested persons an opportunity to submit comments on the proposal, has been duly published. (48 *Federal Register* 21201 (May 11, 1983)). The time for filing comments has expired and the Board has considered the application in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, with total assets of $45.2 million as of December 31, 1982, proposes to engage in general insurance activities in Whitewater, Wisconsin, a community with a population of 12,038 as of the 1970 census. Applicant states that the activities will be conducted from the offices of its subsidiary bank, First Citizens State Bank, Whitewater, Wisconsin (total deposits of $39.2 million as of March 31, 1983), and that its service area will be the state of Wisconsin.

In order to approve an application submitted pursuant to section 4(c)(8) of the Act, the Board is required to determine that the proposed activity is "so closely related to banking or managing or conducting banks as to be a proper incident thereto . . ." (12 U.S.C. § 1843(c)(8)). In this regard, the Board has not previously found that the sale of general insurance by bank holding companies with assets of less than $50 million is an activity closely related to banking within the meaning of section 4(c)(8) of the BHC Act. However, in 1982 Congress amended section 4(c)(8) by adoption of Title VI of the Garn-St Germain Depository Institutions Act. In relevant part Title VI of the Garn-St Germain Act reads as follows:

> It is not closely related to banking or managing or controlling banks for a bank holding company to provide insurance as principal, agent or broker except:
>
> * * * * *
>
> (F) Any insurance agency activity engaged in by a bank holding company, or any of its subsidiaries, which bank holding company has total assets of $50,000,000 or less; provided, however, that such bank holding company and its subsidiaries may not engage in the sale of life insurance or annuities except as provided in subparagraph (A), (B), or (C).

On the basis of the terms of the statute, an examination of the legislative history of the Garn-St Germain Act[2] and the facts of record, the Board concludes that the sale of general insurance by a bank holding company with consolidated assets of $50 million or less is an activity closely related to banking and is not prohibited by the provisions of the Garn-St Germain Act, except that the sale of life insurance or annuities is limited as provided in subsections (A), (B), and (C) of 12 U.S.C. § 1843(c)(8).[3]

However, while the activity as proposed by Applicant is closely related to banking, in order to approve the application, the Board must determine that the performance of the proposed activities by Applicant

1. Garn-St Germain Depository Institutions Act of 1982, Pub L. No. 97-320, 96 Stat. 1469 (1982), as amended by, S.J. Res 271, Pub. L. No 97-457, 96 Stat. 2508 (1983). ("Garn-St Germain Act")

2. H. Rep No 845, 96th Cong., 2d Sess 6, 15–16 (1980) ("House Report"). S. Rep. No. 923, 96th Cong., 2d Sess. 4, 9–10 (1980). S. Rep. No. 536, 97th Cong., 2d Sess. 41–42 (1982) ("Senate Report"). See 126 Cong. Rec. H4911 (daily ed. June 12, 1980) (remarks of Rep. Ashley), 125 Cong. Rec. 2591 (1979) (remarks of Rep. Hanley); 126 Cong. Rec H4871 (daily ed. June 12, 1980) (remarks of Rep. McGuire). Also see, Competition in Banking Act of 1980: Hearings on S.39, S.380 and H.R. 2255 before the Senate Committee on Banking, Housing and Urban Affairs, 96th Cong. 2d Sess 20–21 (1980).

3. The legislative history of Title VI states that such activities must be terminated if the holding company's assets exceed $50 million See Senate Report at 41–42. In this regard, Applicant has committed to divest itself of such activities if its assets exceed $50 million.

"can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." (12 U.S.C. § 1843(c)(8)).[4] In this regard, the Board views Applicant's proposal as procompetitive and in the public interest because de novo entry will provide greater convenience to the public and increased competition in the provision of insurance services in the geographic area to be served. Given the relative ease of entry into the market for insurance agency activities, possible adverse effects, such as undue concentration of resources or decreased or unfair competition, appear to be limited.

Based upon the foregoing and all the facts of record, the Board has determined that the public benefits associated with consummation of this proposal can reasonably be expected to outweigh possible adverse effects, and that the balance of the public interest factors favors approval of this application. Accordingly, the application is hereby approved.

This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The proposed activities shall commence 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 Chicago.

By order of the Board of Governors, effective September 22, 1983.

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

JAMES MCAFEE,
Associate Secretary of the Board

[SEAL]

4. See House Report at 15–16 (1980) (statement of Rep. Patterson); 126 Cong. Rec. H4907 (daily ed. June 12, 1980) (remarks of Rep. Hansen); Senate Report at 41–42.

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During September 1983 the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	Bank(s)	Board action (effective date)
Ellis Banking Corporation, Bradenton, Florida	Jacksonville National Bank, Jacksonville, Florida	September 26, 1983
First Bancshares Corporation of Illinois, Alton, Illinois	Airport National Bank, Bethalto, Illinois	September 26, 1983
Grand Lake Bancorp, Inc., Grove, Oklahoma	Grand Lake Bank, Grove, Oklahoma	September 15, 1983

Section 4

Applicant	Bank(s)	Effective date
American Fletcher Corporation, Indianapolis, Indiana	American Fletcher Mortgage Company, Inc., Indianapolis, Indiana	September 22, 1983

Section 4—Continued

Applicant	Bank(s)	Effective date
European American Bancorp, New York, New York	Dorman & Wilson, Inc., White Plains, New York	September 13, 1983
First Atlanta Corporation, Atlanta, Georgia	First Atlanta Mortgage Corporation, Atlanta, Georgia	September 13, 1983
Walter E. Heller International Corporation, Chicago, Illinois	Abacus Real Estate Finance Company, Chicago, Illinois	September 12, 1983

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
Allied Bancshares, Inc., Houston, Texas	Commercial National Bank of Longview, Longview, Texas	Dallas	August 26, 1983
Ashley Bancstock Company, Crossett, Arkansas	First National Bank of Crossett, Crossett, Arkansas	St. Louis	August 31, 1983
Baker Holding Company, Bozeman, Montana	The Bank of Baker, Baker, Montana	Minneapolis	September 2, 1983
Bank South Corporation, Atlanta, Georgia	Georgia Bancshares, Inc., Macon, Georgia	Atlanta	August 24, 1983
Baylor Bancshares, Inc., Seymour, Texas	Matador Bancshares, Inc., Matador, Texas	Dallas	August 24, 1983
Blanchard Bancshares, Inc., Blanchard, Oklahoma	First State Bank, Blanchard, Oklahoma	Kansas City	August 31, 1983
Borger First Corporation, Borger, Texas	First National Bank of Borger, Borger, Texas	Dallas	September 9, 1983
Buffalo Bancshares, Inc., Buffalo, Oklahoma	Oklahoma State Bank, Buffalo, Oklahoma	Kansas City	August 18, 1983
Burke Securities Company, Missoula, Montana	Bank of Sheridan, Sheridan, Montana	Minneapolis	September 1, 1983
Caney Valley Bancshares, Inc., Caney, Kansas	Caney Valley National Bank, Caney, Kansas	Kansas City	September 14, 1983
Central Bancshares Corporation, San Angelo, Texas	The Central National Bank of San Angelo, San Angelo, Texas The Central National Bank-West, San Angelo, Texas	Dallas	August 31, 1983
Central Montana Bancorporation, Roundup, Montana	First Security Bank of Roundup, Roundup, Montana Central Montana Agency, Inc., Roundup, Montana	Minneapolis	September 9, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Central Wisconsin Bankshares, Inc., Wausau, Wisconsin	The State Bank of Fall Creek, Fall Creek, Wisconsin	Chicago	August 31, 1983
Centurion Bancorp, Inc., Charleston, West Virginia	Citizens National Bank of St. Albans, St. Albans, West Virginia	Richmond	September 21, 1983
The Citizens Bancorp of Hickman, Inc., Hickman, Kentucky	The Citizens Bank, Hickman, Kentucky	St. Louis	August 24, 1983
Citizens Ban-Corporation, Rock Port, Missouri	Laddonia State Bank, Laddonia, Missouri	Kansas City	August 24, 1983
Citizens Community Bankshares, Inc., Wittenberg, Wisconsin	Citizens State Bank of Wittenberg, Wittenberg, Wisconsin	Chicago	September 9, 1983
Citizens Financial Service Corporation, Van Buren, Arkansas	Citizens Bank and Trust Company, Van Buren, Arkansas	St. Louis	September 2, 1983
Cobanco, Inc., Santa Cruz, California	County Bank and Trust, Santa Cruz, California	San Francisco	September 19, 1983
Comm. Bancorp, Inc., Forest City, Pennsylvania	Community National Bank, Forest City, Pennsylvania	Philadelphia	September 9, 1983
County Bankshares, Inc., Blue Island, Illinois	Crestwood Bank, Crestwood, Illinois	Chicago	August 30, 1983
Dix Bancshares, Inc., Dix, Illinois	First State Bank of Dix, Dix, Illinois	St. Louis	September 8, 1983
Eagle Bank Holding Corp., Clarissa, Minnesota	Citizens State Bank, Eagle Bend, Minnesota	Minneapolis	September 16, 1983
Farmers Bancshares, Inc., Cadwell, Georgia	The Security State Bank, McRae, Georgia	Atlanta	September 22, 1983
Farmers State Bancorporation, Inc., Waupaca, Wisconsin	The Farmers State Bank of Waupaca, Waupaca, Wisconsin	Chicago	September 1, 1983
Financial Management Bancshares of West Virginia, Inc., Morgantown, West Virginia	Farmers' and Merchants' Bank, Morgantown, West Virginia F & M Bank of Suncrest, Inc., Morgantown, West Virginia	Richmond	September 16, 1983
First Burlington Corporation, La Grange, Illinois	First Security Bank, Willowbrook, Willowbrook, Illinois	Chicago	August 26, 1983
First Connecticut Bancorp, Inc., Hartford, Connecticut	The Independent Bank and Trust Company, Willimantic, Connecticut	Boston	September 15, 1983
First Montgomery Bancorp, Inc., Litchfield, Illinois	Montgomery Bancgroup & Co., St. Louis, Missouri First National Bank of Litchfield, Litchfield, Illinois	St. Louis	September 23, 1983
First National Carlisle Corp., Carlisle, Kentucky	The First National Bank of Carlisle, Carlisle, Kentucky	Cleveland	August 25, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First Sweetwater Bancshares, Inc., Sweetwater, Texas	The Texas Bank and Trust Company, Sweetwater, Texas	Dallas	September 8, 1983
Flathead Lake Bancorporation, Inc., Polson, Montana	First Citizens Bank of Polson, Polson, Montana	Minneapolis	September 8, 1983
Florida Bay Banks, Inc., Panama City, Florida	Bay Bank and Trust Company, Panama City, Florida	Atlanta	September 1, 1983
Florida County Banks, Inc., Trenton, Florida	The Farmers and Merchants Bank of Trenton, Trenton, Florida	Atlanta	September 16, 1983
Frankfort Bancshares, Inc., Frankfort, Illinois,	Frankfort State Bank, Frankfort, Illinois	Chicago	September 8, 1983
Freeborn Bancorporation, Inc., Freeborn, Minnesota	First State Bank of Freeborn, Freeborn, Minnesota	Minneapolis	September 12, 1983
Fremont Bank Corporation, Canon City, Colorado	Fremont National Bank of Canon City, Canon City, Colorado	Kansas City	September 6, 1983
Frontier Financial Corporation, Everett, Washington	Frontier Bank, Everett, Washington	San Francisco	August 24, 1983
Genoa Bancshares, Inc., Genoa, Illinois	Genoa State Bank, Genoa, Illinois	Chicago	September 14, 1983
Grand Ridge Bancorporation, Inc., Grand Ridge, Illinois	Verona Exchange Bank, Verona, Illinois	Chicago	August 31, 1983
Great Lakes Financial Resources, Inc., Blue Island, Illinois	Community Bank of Homewood-Flossmoor, Homewood, Illinois	Chicago	September 7, 1983
Gulf Southwest Bancorp, Inc., Houston, Texas	Dickinson State Bank, Dickinson, Texas	Dallas	September 16, 1983
Harbor Country Banking Corporation, Three Oaks, Michigan	The Bank of Three Oaks, Three Oaks, Michigan	Chicago	August 31, 1983
Hill Investment Co., Jewell, Iowa	Great Mid-West Financial Company, Ames, Iowa	Chicago	September 8, 1983
Horizon Bancorp, Michigan City, Indiana	The First-Merchants National Bank of Michigan City, Michigan City, Indiana	Chicago	August 31, 1983
Independent Community Banks, Inc., Sanibel, Florida	Retirement Accounts, Inc., Winter Park, Florida	Atlanta	September 23, 1983
Iola Bancshares, Inc., Iola, Wisconsin	First Bank of Iola, Iola, Wisconsin	Chicago	September 16, 1983
Joaquin Bankshares, Inc., Huntington, Texas	Texas State Bank, Joaquin, Texas	Dallas	September 8, 1983
Jorgenson Insurance Agency, Inc., Kenmare, North Dakota	State Bank of Kenmare, Kenmare, North Dakota	Minneapolis	September 16, 1983
Latham Bancorp, Inc., Latham, Illinois	State Bank of Latham, Latham, Illinois	Chicago	September 19, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Leedey Bancorporation, Inc., Leedey, Oklahoma	The First National Bank of Leedey, Leedey, Oklahoma	Kansas City	September 12, 1983
Lewisville Bancshares, Inc., Lewisville, Texas	North Texas Bank, Lewisville, Texas	Dallas	August 29, 1983
Lincoln Bancshares, Inc., Lincoln, Missouri	The Farmers Bank of Lincoln, Lincoln, Missouri	Kansas City	September 9, 1983
Marionville Bancshares, Inc., Neosho, Missouri	First State Bank of Marionville, Marionville, Missouri	St. Louis	September 20, 1983
Mercantile Bancorporation Inc., St. Louis, Missouri	First Community Bancorporation, Joplin, Missouri	St. Louis	August 26, 1983
Mid Central BanCorp, Inc., Warsaw, Missouri	Osage Valley Bank, Warsaw, Missouri	Kansas City	August 30, 1983
Midwest Financial Group, Inc., Peoria, Illinois	Corn Belt Bank, Bloomington, Illinois	Chicago	September 23, 1983
Montana Bancsystem, Inc., Billings, Montana	Bank of Montana System, Great Falls, Montana	Minneapolis	September 19, 1983
Morgan Capital Corporation, Fort Morgan, Colorado	Fort Morgan State Bank, Fort Morgan, Colorado	Kansas City	September 2, 1983
MSB Holding Company, Inc., Moorhead, Iowa	Moorhead State Bank, Moorhead, Iowa	Chicago	September 19, 1983
NC Bancorp, Inc., Chicago, Illinois	Edens Plaza State Bank, Wilmette, Illinois	Chicago	September 7, 1983
Norban Financial Group, Inc., Coeur d'Alene, Idaho	Northern State Bank, Coeur d'Alene, Idaho	San Francisco	August 25, 1983
North Pacific Bancorporation, Tacoma, Washington	North Pacific Bank, Tacoma, Washington	San Francisco	August 22, 1983
Old National Bancshares, Inc., Centralia, Illinois	The Old National Bank of Centralia, Centralia, Illinois Farmers & Merchants Bank of Carlyle, Carlyle, Illinois	St. Louis	September 2, 1983
One Valley Bancorp of West Virginia, Inc., Charleston, West Virginia	Mercer County Bank, Princeton, West Virginia	Richmond	September 1, 1983
Oquawka Bancshares, Inc., Oquawka, Illinois	Bank of Oquawka, Oquawka, Illinois	Chicago	September 7, 1983
Palmetto State Bankshares, Inc., Hampton, South Carolina	Palmetto State Bank, Hampton, South Carolina	Richmond	September 9, 1983
Peoples BanCorp, Belleville, New Jersey	Carteret Bank & Trust Company, Carteret, New Jersey	New York	September 1, 1983
Peoples Bancorporation, Inc., Winfield, Alabama	Winfield State Bank, Winfield, Alabama	Atlanta	September 2, 1983
P.J.K., Inc., Forest City, Missouri	First State Bank of Forest City, Forest City, Missouri	Kansas	August 30, 1983
Post Bancorp, Inc., Colorado Springs, Colorado	Northern National Bank, Colorado Springs, Colorado	Kansas City	September 6, 1983
Randall Bancshares, Inc., Lake Andes, South Dakota	Andes State Bank, Lake Andes, South Dakota	Minneapolis	September 8, 1983

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
River Valley Bancorporation, Inc., Rothschild, Wisconsin	River Valley State Bank, Rothschild, Wisconsin	Chicago	September 20, 1983
Sandwich Banco, Inc., Sandwich, Illinois	The Sandwich State Bank, Sandwich, Illinois First National Bank in DeKalb, DeKalb, Illinois	Chicago	September 9, 1983
Stromsburg Financial Services, Inc., Stromsburg, Nebraska	Stromsburg Bank, Stromsburg, Nebraska	Kansas City	August 19, 1983
Tabor Enterprises, Inc., Tabor, Iowa	First State Bank, Tabor, Iowa	Chicago	September 2, 1983
TransTexas Bancshares, Inc., Beaumont, Texas	First State Bank, Pflugerville, Texas	Dallas	September 21, 1983
United Bankers, Inc., Waco, Texas	Travis Bank and Trust, Austin, Texas	Dallas	September 20, 1983
Wakefield Bancorporation, Inc., Wakefield, Michigan	First National Bank of Wakefield, Wakefield, Michigan	Minneapolis	September 9, 1983

Section 4

Applicant	Nonbanking company	Reserve Bank	Effective date
Douglas Bancorporation, Inc., Parker, Colorado	Parker Industrial Bank, Parker, Colorado	Kansas City	September 8, 1983
Eaton Capital Corporation, Eaton, Colorado	Alpha Insurance Management, Inc., Ault, Colorado	Kansas City	September 9, 1983
Fleet Financial Group, Inc., Providence, Rhode Island	Credico Financial, Inc., Iselin, New Jersey Colonial American Life Insurance Company, Metairie, Louisiana Credico Mortgage Corp., Altamonte Springs, Florida	Boston	September 16, 1983
Norwest Corporation, Minneapolis, Minnesota	USLife Credit Corporation, Schaumburg, Illinois	Minneapolis	September 16, 1983
South Carolina National Corporation, Columbia, South Carolina	Berkeley Loans, Inc., Charleston, South Carolina	Richmond	September 13, 1983

Sections 3 and 4

Applicant	Bank(s)/Nonbanking company	Reserve Bank	Effective date
Horizon Bancorp, Morristown, New Jersey	Northern National Corporation, Moorestown, New Jersey Northern National Financial Corp., Wilmington, Delaware	New York	August 29, 1983

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.

Independent Insurance Agents of America, Inc. and Independent Insurance Agents of Missouri, Inc. v. *Board of Governors*, filed June 1983, U.S.C.A. for the Eighth Circuit (two cases).

The Committee for Monetary Reform, et al., v. *Board of Governors*, filed June 1983, U.S.D.C. for the District of Columbia.

Dakota Bankshares, Inc. v. *Board of Governors*, filed May 1983, U.S.C.A. for the Eighth Circuit.

Jet Courier Services, Inc., et al. v. *Federal Reserve Bank of Atlanta, et al.* filed February 1983, U.S.C.A. for the Sixth Circuit.

Securities Industry Association v. *Board of Governors, et al.*, filed February 1983, U.S.C.A. for the Second Circuit.

Flagship Banks, Inc. v. *Board of Governors*, filed January 1983, U.S.D.C. for the District of Columbia.

Flagship Banks, Inc. v. *Board of Governors*, filed October 1982, U.S.D.C. for the District of Columbia.

Association of Data Processing Service Organizations, Inc., et al. v. *Board of Governors*, filed August 1982, U.S.C.A. for the District of Columbia.

Richter v. *Board of Governors, et al.* filed May 1982, U.S.D.C. for the Northern District of Illinois.

Wyoming Bancorporation v. *Board of Governors*, filed May 1982, U.S.C.A. for the Tenth Circuit.

First Bancorporation v. *Board of Governors*, filed April 1982, U.S.C.A. for the Tenth Circuit.

Charles G. Vick v. *Paul A. Volcker, et al.*, filed March 1982, U.S.D.C. for the District of Columbia.

Jolene Gustafson v. *Board of Governors*, filed March 1982, U.S.C.A. for the Fifth Circuit.

Edwin F. Gordon v. *Board of Governors, et al.*, filed October 1981, U.S.C.A. for the Eleventh Circuit (two consolidated cases).

Allen Wolfson v. *Board of Governors*, filed September 1981, U.S.D.C. for the Middle District of Florida.

Bank Stationers Association, Inc., et al. v. *Board of Governors*, filed July 1981, U.S.D.C. for the Northern District of Georgia.

Public Interest Bounty Hunters v. *Board of Governors, et al.*, filed June 1981, U.S.D.C. for the Northern District of Georgia.

First Bank & Trust Company v. *Board of Governors*, filed February 1981, U.S.D.C. for the Eastern District of Kentucky.

9 to 5 Organization for Women Office Workers v. *Board of Governors*, filed December 1980, U.S.D.C. for the District of Massachusetts.

Securities Industry Association v. *Board of Governors, et al.*, filed October 1980, U.S.C.A. for the District of Columbia.

A. G. Becker, Inc. v. *Board of Governors, et al.*, filed October 1980, U.S.C.A. for the District of Columbia.

A. G. Becker, Inc. v. *Board of Governors, et al.*, filed August 1980, U.S.C.A. for the District of Columbia.

Berkovitz, et al. v. *Government of Iran, et al.*, filed June 1980, U.S.D.C. for the Northern District of California.

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INTEREST AND EXCHANGE RATES

1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
	1982[r]		1983[r]		1983				
	Q3	Q4	Q1	Q2	Apr[r]	May[r]	June[r]	July[r]	Aug
Reserves of depository institutions									
1 Total	4.1	11.8	4.1	12.4	11.0	−.8	15.6	6.0	−3.4
2 Required	3.8	10.8	3.8	2.6	10.1	1	14.8	5.2	−1.5
3 Nonborrowed	11.2	13.6	3.5	6.2	4.4	1.1	−6.7	12.4	6.6
4 Monetary base[2]	6.7	8.2	9.5	11.1	7.8	10.5	10.1	5.1	6.5
Concepts of money and liquid assets[3]									
5 M1	6.1	13.1	14.1	12.2	2.7	26.3	10.2	8.9	3.3
6 M2	10.9	9.3	20.3	10.1	2.8	12.4	10.4	6.3	6.7
7 M3	12.5	9.5	10.2	8.1	3.4	11.0	11.0	5.0	8.7
8 L	12.1	8.6	n.a.	n.a.	7.3	10.3	n.a.	n.a.	n.a.
Time and savings deposits									
Commercial banks									
9 Total	14.7	5.3	14.7	3.0	7.3	3.1	10.1	6.6	5.7
10 Savings[4]	−1.8	13.4	−43.4	−14.8	−12.6	0	0	−10.2	11.2
11 Small-denomination time[5]	18.7	−.5	−48.5	24.1	19.5	−10.1	2.6	24.8	22.4
12 Large-denomination time[6]	18.1	−2.0	53.9	−24.8	23	38.0	−.8	−8.8	−2.9
13 Thrift institutions[7]	6.5	6.2	12.1	16.0	16.6	12.0	13.3	14.6	13.5
14 Total loans and securities at commercial banks[8]	6.0	5.5	9.8	9.8[r]	13.6	10.7	9.9	9.7	11.2

Item	Interest rates (levels, percent per annum)								
	1982	1983			1983				
	Q4	Q1	Q2	Q3	May	June	July	Aug	Sept
Short-term rates									
15 Federal funds[9]	9.28	8.65	8.80	9.46	8.63	8.98	9.37	9.56	9.45
16 Discount window borrowing[10]	9.25	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
17 Treasury bills (3-month, secondary market)[11]	7.90	8.11	8.40	9.14	8.19	8.79	9.08	9.34	9.00
18 Commercial paper (3-month)[11,12]	8.80	8.34	8.62	9.34	8.33	9.00	9.25	9.54	9.24
Long-term rates									
Bonds									
19 U.S. government[13]	10.72	10.87	10.81	11.79	10.67	11.12	11.59	11.96	11.82
20 State and local government[14]	9.90	9.43	9.23		9.11	9.52	9.53	9.72	9.58
21 Aaa utility (new issue)[15]	12.10	11.89	11.46	12.39	11.32	11.87	12.32	12.25	12.53
22 Conventional mortgages[16]	13.79	13.26	13.16	13.83	13.09	13.37	14.00	13.90	13.60

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

2. Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

3. M1: Averages of daily figures for (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) negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at banks and thrift institutions, credit union share draft (CUSD) accounts, and demand deposits at mutual savings banks.

M2: M1 plus money market deposit accounts (MMDAs), savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks, and balances of money market mutual funds (general purpose and broker/dealer).

M3: M2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations and balances of institution-only money market mutual funds.

L: M3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds.

4. Savings deposits exclude NOW and ATS accounts at commercial banks and thrifts and CUSD accounts at credit unions.

5. Small-denomination time deposits—including retail RPs—are those issued in amounts of less than $100,000.

6. Large-denomination time deposits are those issued in amounts of $100,000 or more.

7. Savings and loan associations, mutual savings banks, and credit unions.

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

9. Averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).

10. Rate for the Federal Reserve Bank of New York.

11. Quoted on a bank-discount basis.

12. Unweighted average of offering rates quoted by at least five dealers.

13. Market yields adjusted to a 20-year maturity by the U.S. Treasury.

14. *Bond Buyer* series for 20 issues of mixed quality.

15. Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.

16. Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Department of Housing and Urban Development.

NOTE. Revisions in reserves of depository institutions reflect the transitional phase-in of reserve requirements as specified in the Monetary Control Act of 1980.

1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week ending						
	1983			1983						
	July	Aug	Sept	Aug 17	Aug 24	Aug 31	Sept 7	Sept 14	Sept. 21^p	Sept 28^p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**164,799**	**163,698**	**168,154**	**165,081**	**164,934**	**163,699**	**163,830**	**163,970**	**169,100**	**173,651**
2 U.S. government securities[1]	143,971	144,901	148,550	145,456	145,584	144,901	145,379	144,732	149,095	153,334
3 Bought outright	143,122	144,578	145,487	145,456	145,584	144,578	144,751	144,732	145,805	146,463
4 Held under repurchase agreements	849	323	3,063	0	0	323	628	0	3,290	6,871
5 Federal agency securities	8,950	8,769	8,995	8,880	8,880	8,769	8,756	8,740	8,985	9,414
6 Bought outright	8,883	8,742	8,739	8,880	8,880	8,742	8,742	8,740	8,737	8,737
7 Held under repurchase agreements	67	27	256	0	0	27	14	0	248	677
8 Acceptances	55	30	139	0	0	30	41	0	61	289
9 Loans	1,382	1,712	1,446	1,474	1,579	1,712	1,246	1,150	2,109	1,281
10 Float	1,812	763	1,171	1,086	1,357	764	943	1,603	949	1,152
11 Other Federal Reserve assets	8,629	7,524	7,853	8,186	7,534	7,524	7,466	7,745	7,901	8,181
12 Gold stock	11,131	11,128	11,128	11,128	11,128	11,128	11,128	11,128	11,128	11,128
13 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
14 Treasury currency outstanding	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786
ABSORBING RESERVE FUNDS										
15 Currency in circulation	160,683	160,453	161,684	161,443	160,893	160,453	162,024	162,678	161,542	160,656
16 Treasury cash holdings	520	490	471	515	494	490	469	474	474	471
Deposits, other than reserves, with Federal Reserve Banks										
17 Treasury	4,017	3,300	7,584	3,310	3,559	3,300	3,414	3,438	7,175	14,157
18 Foreign	252	237	212	233	204	237	224	200	207	200
19 Other	623	431	491	446	449	431	498	461	605	417
20 Service-related balances and adjustment	902	1,066	1,117	1,065	977	1,066	1,093	1,070	1,113	1,048
21 Other Federal Reserve liabilities and capital	5,197	5,289	5,569	5,332	5,299	5,289	5,191	5,649	5,617	5,770
22 Reserve accounts[2]	22,139	21,965	20,557	22,269	22,592	21,966	20,449	19,533	21,901	20,466

Factors	End-of-month figures			Wednesday figures						
	1983			1983						
	July	Aug	Sept	Aug 17	Aug 24	Aug 31	Sept 7	Sept 14	Sept. 21^p	Sept 28^p
SUPPLYING RESERVE FUNDS										
23 **Reserve Bank credit outstanding**	**163,893**	**167,778**	**175,755**	**164,608**	**163,571**	**167,778**	**168,925**	**165,819**	**174,750**	**170,883**
24 U.S. government securities[1]	144,255	146,489	155,423	144,972	144,696	146,489	148,668	144,791	149,502	149,370
25 Bought outright	144,255	144,226	146,171	144,972	144,696	144,226	144,277	144,791	148,924	145,194
26 Held under repurchase agreements	0	2,263	9,252	0	0	2,263	4,391	0	578	4,176
27 Federal agency securities	8,880	8,932	9,288	8,880	8,880	8,932	8,840	8,737	8,998	9,071
28 Bought outright	8,880	8,742	8,737	8,880	8,880	8,742	8,742	8,737	8,737	8,737
29 Held under repurchase agreements	0	190	551	0	0	190	98	0	261	334
30 Acceptances	0	209	1,122	0	0	209	288	0	9	89
31 Loans	1,113	3,633	1,625	1,722	1,612	3,633	1,535	2,410	6,817	2,359
32 Float	1,066	979	−60	1,421	872	979	1,782	1,574	1,420	1,737
33 Other Federal Reserve assets	8,579	7,536	8,357	7,613	7,511	7,536	7,812	8,307	8,004	8,257
34 Gold stock	11,131	11,128	11,128	11,128	11,128	11,128	11,128	11,128	11,128	11,128
35 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
36 Treasury currency outstanding	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786	13,786
ABSORBING RESERVE FUNDS										
37 Currency in circulation	159,973	161,122	161,046	161,307	160,647	161,122	162,798	162,285	161,136	160,787
38 Treasury cash holdings	495	490	468	515	490	490	474	474	471	468
Deposits, other than reserves, with Federal Reserve Banks										
39 Treasury	3,815	4,189	16,557	3,991	3,025	4,189	3,355	3,273	12,806	14,253
40 Foreign	369	248	297	223	208	248	259	243	186	205
41 Other	566	465	438	452	540	465	450	443	470	416
42 Service-related balances and adjustment	830	845	911	843	845	845	863	885	898	908
43 Other Federal Reserve liabilities and capital	5,178	5,112	5,800	5,173	5,144	5,112	5,250	5,273	5,462	5,535
44 Reserve accounts[2]	22,201	24,839	19,769	21,636	22,204	24,839	25,008	22,475	22,853	17,843

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.

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 of daily figures									
	1981	1982	1983							
	Dec.	Dec.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept. p
1 Reserve balances with Reserve Banks[1]	26,163	24,804	23,530	22,168	22,565	22,010	21,808	22,139	21,965	20,533
2 Total vault cash (estimated)	19,538	20,392	20,035	19,484	19,569	19,710	20,098	20,413	20,035	20,791
3 Vault cash at institutions with required reserve balances[2]	13,577	14,292	13,705	13,027	13,246	13,339	13,593	13,647	13,656	14,007
4 Vault cash equal to required reserves at *other institutions*	2,178	2,757	2,562	2,844	2,839	2,933	3,014	3,161	3,039	3,303
5 Surplus vault cash at other institutions[3]	3,783	3,343	3,768	3,613	3,484	3,438	3,491	3,605	3,340	3,481
6 Reserve balances + total vault cash[4]	45,701	45,196	43,565	41,652	42,134	41,720	41,906	42,552	42,000	41,324
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	41,918	41,853	39,797	38,039	38,650	38,282	38,415	38,947	38,660	37,843
8 Required reserves (estimated)	41,606	41,353	39,362	37,602	38,174	37,833	37,935	38,440	38,214	37,410
9 Excess reserve balances at Reserve Banks[4,6]	312	500	435	437	476	449	480	507	446	433
10 Total borrowings at Reserve Banks	642	697	557	852	993	902	1,714	1,382	1,573	1,446
11 Seasonal borrowings at Reserve Banks	53	33	39	53	82	98	121	172	198	191
12 Extended credit at Reserve Banks	149	187	277	318	407	514	964	572	490	515
	Weekly averages of daily figures for week ending									
	1983									
	July 27p	Aug. 3	Aug. 10	Aug. 17	Aug. 24	Aug. 31	Sept. 7	Sept. 14	Sept. 21p	Sept. 28p
13 Reserve balances with Reserve Banks[1]	21,897	21,976	21,029	22,269	22,592	21,966	20,449	19,533	21,901	20,466
14 Total vault cash (estimated)	20,984	20,684	20,804	20,284	19,414	19,361	20,735	21,364	19,648	21,424
15 Vault cash at institutions with required reserve balances[2]	14,162	13,896	13,733	13,393	13,503	13,894	13,752	13,828	13,588	14,578
16 Vault cash equal to required reserves at other institutions	3,195	3,144	3,325	3,144	2,656	2,986	3,470	3,757	2,924	3,326
17 Surplus vault cash at other institutions[3]	3,627	3,644	3,746	3,747	3,255	2,481	3,513	3,779	3,136	3,520
18 Reserve balances + total vault cash[4]	42,881	42,660	41,833	42,553	42,006	41,327	41,184	40,897	41,549	41,890
19 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	39,254	39,016	38,087	38,806	38,751	38,846	37,671	37,118	38,413	38,370
20 Required reserves (estimated)	38,882	38,454	37,693	38,358	38,350	38,353	36,914	36,714	38,096	37,908
21 Excess reserve balances at Reserve Banks[4,6]	372	562	394	448	401	493	757	404	317	462
22 Total borrowings at Reserve Banks	1,387	1,311	1,520	1,474	1,579	1,712	1,246	1,150	2,109	1,281
23 Seasonal borrowings at Reserve Banks	203	192	178	194	207	216	192	185	186	204
24 Extended credit at Reserve Banks	464	445	457	502	524	499	489	501	520	542

1. As of Aug. 13, 1981, excludes required clearing balances of all depository institutions.
2. Before Nov. 13, 1980, the figures shown reflect only the vault cash held by member banks.
3. Total vault cash at institutions without required reserve balances less vault cash equal to their required reserves.
4. Adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy, effective Nov. 19, 1975, of permitting transitional relief on a graduated basis over a 24-month period when a nonmember bank merged into an existing member bank, or when a nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not *available*.
5. Reserve balances with Federal Reserve Banks, which exclude required clearing balances plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.
6. Reserve balances with Federal Reserve Banks, which exclude required clearing balances plus vault cash used to satisfy reserve requirements less required reserves. (This measure of excess reserves is comparable to the old excess reserve concept published historically.)

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

Averages of daily figures, in millions of dollars

By maturity and source	1983, week ending Wednesday								
	Aug. 3	Aug 10	Aug. 17	Aug. 24	Aug 31	Sept 7	Sept 14	Sept 21	Sept 28
One day and continuing contract									
1 Commercial banks in United States	60,046	62,652	58,593	53,344	52,437	59,161	61,633	56,262	52,230
2 Other depository institutions, foreign banks and foreign official institutions, and U S government agencies	23,992	24,440	23,822	24,299	23,803	23,687	23,248	25,292	24,304
3 Nonbank securities dealers	4,292	4,581	4,571	4,761	3,877	4,210	4,054	3,925	4,071
4 All other	24,222	24,340	25,478	25,886	25,195	24,940	25,675	25,611	25,121
All other maturities									
5 Commercial banks in United States	5,680	5,637	5,702	5,822	6,184	5,754	5,825	5,885	6,664
6 Other depository institutions, foreign banks and foreign official institutions, and U S government agencies	9,240	9,185	9,388	9,284	9,105	8,994	9,110	8,656	8,976
7 Nonbank securities dealers	6,324	6,326	6,169	6,232	6,582	6,134	5,689	5,814	6,415
8 All other	8,524	8,254	8,821	9,186	9,606	9,713	9,721	9,278	9,182
MEMO. Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	28,424	24,801	23,095	22,415	23,065	25,322	24,379	22,948	22,084
10 Nonbank securities dealers	4,631	4,675	5,289	5,354	4,710	4,736	4,750	4,012	4,469

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit			Extended credit[1]						Effective date for current rates
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		
	Rate on 9/30/83	Effective date	Previous rate	Rate on 9/30/83	Previous rate	Rate on 9/30/83	Previous rate	Rate on 9/30/83	Previous rate	
Boston	8½	12/14/82	9	8½	9	9½	10	10½	11	12/14/82
New York		12/15/82								12/15/82
Philadelphia		12/17/82								12/17/82
Cleveland		12/15/82								12/15/82
Richmond		12/15/82								12/15/82
Atlanta		12/14/82								12/14/82
Chicago		12/14/82								12/14/82
St. Louis		12/14/82								12/14/82
Minneapolis		12/14/82								12/14/82
Kansas City		12/15/82								12/15/82
Dallas		12/14/82								12/14/82
San Francisco	8½	12/14/82	9	8½	9	9½	10	10½	11	12/14/82

Range of rates in recent years[2]

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

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

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1981— May 5	13–14	14
8	14	14
Nov 2	13–14	13
6	13	13
Dec. 4	12	12
1982— July 20	11½–12	11½
23	11½	11½
Aug 2	11–11½	11
3	11	11
16	10½	10½
27	10–10½	10
30	10	10
Oct. 12	9½–10	9½
13	9½	9½
Nov 22	9–9½	9
26	9	9
Dec 14	8½–9	9
15	8½–9	8½
17	8½	8½
In effect Sept 30, 1983	8½	8½

1. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures See section 201 3(b)(2) of Regulation A

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

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

1.15 RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS[1]

Percent of deposits

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

Type of deposit, and deposit interval[5]	Depository institution requirements after implementation of the Monetary Control Act[6]	
	Percent	Effective date
Net transaction accounts[7,8]		
\$0–\$26.3 million	3	12/30/82
Over \$26.3 million	12	12/30/82
Nonpersonal time deposits[9]		
By original maturity		
Less than 2½ years	3	3/31/83
2½ years or more	0	3/31/83
Eurocurrency liabilities		
All types	3	11/13/80

1 For changes in reserve requirements beginning 1963, see Board's *Annual Statistical Digest, 1971–1975*, and for prior changes, see Board's *Annual Report* for 1976, table 13. Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

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

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

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

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

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

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

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

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

5. The Garn-St Germain Depository Institutions Act of 1982 (Public Law 97–320) provides that \$2 million of reservable liabilities (transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities) of each depository institution be subject to a zero percent reserve requirement The Board is to adjust the amount of reservable liabilities subject to this zero percent reserve requirement each year for the next succeeding calendar year by 80 percent of the percentage increase in the total reservable liabilities of all depository institutions, measured on an annual basis as of June 30 No corresponding adjustment is to be made in the event of a decrease Effective Dec. 9, 1982, the amount of the exemption was established at \$2 1 million 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 is about three years, depending on whether their new reserve requirements are greater or less than the old requirements All new institutions will have a two-year phase-in beginning with the date that they open for business, except for those institutions that have total reservable liabilities of \$50 million or more

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

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

9 In general, nonpersonal time deposits are time deposits, including savings deposits, that are not transaction accounts and in which the 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 After implementation of the Monetary Control Act, nonmembers may maintain reserves on a pass-through basis with certain approved institutions.

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

Percent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks (thrift institutions)			
	In effect Sept 30, 1983		*Previous maximum*		*In effect Sept 30, 1983*		*Previous maximum*	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts[2]	5¼	12/31/80	5	1/1/74	5¼	12/31/80	5	1/1/74
Time accounts[3]								
Fixed ceiling rates by maturity[4]								
3 14–89 days[5]	5¼	8/1/79	5	7/1/73	(6)		(6)	
4 90 days to 1 year	5¾	1/1/80	5½	7/1/73	6	1/1/80	5¾	(1)
5 1 to 2 years[7]	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years[7]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years[7]	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years[8]	7¼	11/1/73	(9)	.	7½	11/1/73	(9)	
9 6 to 8 years[8]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more[8]	7¾	6/1/78	(6)	.	8	6/1/78	(6)	
11 Issued to governmental units (all maturities)[10]	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 IRAs and Keogh (H R 10) plans (3 years or more)[10,11]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77

1 July 1, 1973, for mutual savings banks, July 6, 1973, for savings and loans

2 Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable order of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb 27, 1976, New York State on Nov. 10, 1978, New Jersey on Dec 28, 1979, and to similar institutions nationwide effective Dec 31, 1980. Effective Jan 5, 1983, the interest rate ceiling is removed for NOW accounts with an initial balance and average maintenance balance of $2,500.

3 For exceptions with respect to certain foreign time deposits, see the BULLETIN for October 1962 (p 1279), August 1965 (p 1084), and February 1968 (p. 167).

4 Effective Nov 10, 1980, the minimum notice period for public unit accounts at savings and loan associations was decreased to 14 days and the minimum maturity period for time deposits at savings and loan associations in excess of $100,000 was decreased to 14 days Effective Oct 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 to 14 days at mutual savings banks

5. Effective Oct 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 to 14 days at commercial banks

6. No separate account category

7. No minimum denomination. Until July 1, 1979, a minimum of $1,000 was required for savings and loan associations, except in areas where mutual savings banks permitted lower minimum denominations This restriction was removed for deposits maturing in less than 1 year, effective Nov 1, 1973

8. No minimum denomination. Until July 1, 1979, the minimum denomination was $1,000 except for deposits representing funds contributed to an individual retirement account (IRA) or a Keogh (H.R 10) plan established pursuant to the Internal Revenue Code The $1,000 minimum requirement was removed for such accounts in December 1975 and November 1976 respectively

9 Between July 1, 1973, and Oct. 31, 1973, certificates maturing in 4 years or more with minimum denominations of $1,000 had no ceiling, however, the amount of such certificates that an institution could issue was limited to 5 percent of its total time and savings deposits Sales in excess of that amount, as well as certificates of less than $1,000, were limited to the 6½ percent ceiling on time deposits maturing in 2½ years or more Effective Nov 1, 1973, ceilings were reimposed on certificates maturing in 4 years or more with minimum denominations of $1,000 There is no limitation on the amount of these certificates that banks can issue

10 Accounts subject to fixed-rate ceilings See footnote 8 for minimum denomination requirements

11 Effective Jan 1, 1980, commercial banks are permitted to pay the same rate as thrifts on IRA and Keogh accounts and accounts of governmental units when such deposits are placed in 2½-year-or-more variable-ceiling certificates or in 26-week money market certificates regardless of the level of the Treasury bill rate

NOTE Before Mar 31, 1980, the maximum rates that could be paid by federally insured commercial banks, mutual savings banks, and savings and loan associations were established by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board under the provisions of 12 CFR 217, 329, and 526 respectively Title II of the Depository Institutions Deregulation and Monetary Control Act of 1980 (P L 96-221) transferred the authority of the agencies to establish maximum rates of interest payable on deposits to the Depository Institutions Deregulation Committee The maximum rates on time deposits in denominations of $100,000 or more with maturities of 30–89 days were suspended in June 1970, the maximum rates for such deposits maturing in 90 days or more were suspended in May 1973 For information regarding previous interest rate ceilings on all types 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*

For deposits subject to variable ceiling rates and deposits not subject to interest rate ceilings see page A10.

1.16 Continued

TIME DEPOSITS SUBJECT TO VARIABLE CEILING RATES

91-day time deposits Effective May 1, 1982, depository institutions were authorized to offer time deposits that have a minimum denomination of $7,500 and a maturity of 91 days. Effective Jan. 5, 1983, the minimum denomination required for this deposit is reduced to $2,500. The ceiling rate of interest on these deposits is indexed to the discount rate (auction average) on most recently issued 91-day Treasury bills for thrift institutions and the discount rate minimum 25 basis points for commercial banks The rate differential ends 1 year from the effective date of these instruments and is suspended at any time the Treasury bill discount rate is 9 percent or below for four consecutive auctions The maximum allowable rates in September 1983 (in percent) for commercial banks and thrifts were as follows Sept 7, 9 21, Sept. 13, 9.04, Sept 20, 8 99, and Sept 27, 8 73.

Six-month money market time deposits Effective June 1, 1978, commercial banks and thrift institutions were authorized to offer time deposits with a maturity of exactly 26 weeks and a minimum denomination requirement of $10,000 Effective Jan. 5, 1983, the minimum denomination required for this deposit is reduced to $2,500. The ceiling rate of interest on these deposits is indexed to the discount rate (auction average) on most recently issued 26-week U S Treasury bills Interest on these certificates may not be compounded Effective for all 6-month money market certificates issued beginning Nov 1, 1981, depository institutions may pay rates of interest on these deposits indexed to the higher of (1) the rate for 26-week Treasury bills established immediately before the date of deposit (bill rate) or (2) the average of the four rates for 26-week Treasury bills established for the 4 weeks immediately before the date of deposit (4-week average bill rate) Ceilings are determined as follows.

Bill rate or 4-week average bill rate	*Commercial bank ceiling*
7.50 percent or below	7 75 percent
Above 7.50 percent	¼ of 1 percentage point plus the higher of the bill rate or 4-week average bill rate
	Thrift ceiling
7.25 percent or below	7 75 percent
Above 7 25 percent, but below 8.50 percent	½ of 1 percentage point plus the higher of the bill rate or 4-week average bill rate
8 50 percent or above, but below 8 75 percent	9 percent
8 75 percent or above	¼ of 1 percentage point plus the higher of the bill rate or 4-week average bill rate

The maximum rates in September 1983 for commercial banks and thrifts based on the bill rate were as follows Sept 7, 9 65, Sept 13, 9 39, Sept 20, 9 32, and Sept 27, 9 09, and based on the 4-week average bill rate were as follows Sept 7, 9 69, Sept 13, 9 59, Sept 20, 9 53, and Sept 27, 9 36

12-month all savers certificates Effective Oct. 1, 1981, depository institutions are authorized to issue all savers certificates (ASCs) with a 1-year maturity and an annual investment yield equal to 70 percent of the average investment yield for 52-week U.S. Treasury bills as determined by the auction of 52-week Treasury bills held immediately before the calendar week in which the certificate is issued. A maximum lifetime exclusion of $1,000 ($2,000 on a joint return) from gross income is generally authorized for interest income from ASCs The annual investment yield for ASCs issued in December 1982 (in percent) was as follows. Dec. 26, 6.26

1½-year to less than 2½-year time deposits. Effective Aug 1, 1981, commercial banks are authorized to pay interest on any variable ceiling nonnegotiable time deposit with an original maturity of 2½ years to less than 4 years at a rate not to exceed ¼ of 1 percent below the average 2½-year yield for U S Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit Effective May 1, 1982, the maximum maturity for this category of deposits was reduced to less than 3½ years Effective Apr 1, 1983, the maximum maturity for this category of deposits was reduced to less than 2½ years and the minimum maturity was reduced to 1½ years Thrift institutions may pay interest on these certificates at a rate not to exceed the average 1½-year yield for Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit If the announced average 1½-year yield for Treasury securities is less than 9.50 percent, commercial banks may pay 9.25 percent and thrift institutions 9 50 percent for these deposits. These deposits have no required minimum denomination, and interest may be compounded on them. The ceiling rates of interest at which they may be offered vary biweekly. The maximum allowable rates in September 1983 (in percent) for commercial banks were as follows Sept 13, 10.40, and Sept 27, 10 10, and for thrift institutions: Sept 13, 10 65; and Sept. 27, 10 35

Between Jan. 1, 1980, and Aug. 1, 1981, commercial banks and thrift institutions were authorized to offer variable ceiling nonnegotiable time deposits with no required minimum denomination and with maturities of 2½ years or more. Effective Jan 1, 1980, the maximum rate for commercial banks was ¾ percentage point below the average yield on 2½-year U S Treasury securities; the ceiling rate for thrift institutions was ¼ percentage point higher than that for commercial banks Effective Mar. 1, 1980, a temporary ceiling of 11¾ percent was placed on these accounts at commercial banks and 12 percent on these accounts at savings and loans. Effective June 2, 1980, the ceiling rates for these deposits at commercial banks and savings and loans were increased ½ percentage point The temporary ceiling was retained, and a minimum ceiling of 9 25 percent for commercial banks and 9 50 percent for thrift institutions was established

TIME DEPOSITS NOT SUBJECT TO INTEREST RATE CEILINGS

Money market deposit account Effective Dec. 14, 1982, depository institutions are authorized to offer a new account with a required initial balance of $2,500 and an average maintenance balance of $2,500 not subject to interest rate restrictions No minimum maturity period is required for this account, but depository institutions must reserve the right to require seven days' notice before withdrawals When the average balance is less than $2,500, the account is subject to the maximum ceiling rate of interest for NOW accounts; compliance with the average balance requirement may be determined over a period of one month Depository institutions may not guarantee a rate of interest for this account for a period longer than one month or condition the payment of a rate on a requirement that the funds remain on deposit for longer than one month. No more than six preauthorized, automatic, or other third-party transfers are permitted per month, of which no more than three can be checks Telephone transfers to third parties or to another account of the same depositor are regarded as preauthorized transfers.

IRAs and Keogh (H R 10) plans (18 months or more) Effective Dec. 1, 1981, depository institutions are authorized to offer time deposits not subject to interest rate ceilings when the funds are deposited to the credit of, or in which the entire beneficial interest is held by, an individual pursuant to an IRA agreement or Keogh (H R 10) plan Such time deposits must have a minimum maturity of 18 months, and additions may be made to the time deposit at any time before its maturity without extending the maturity of all or a portion of the balance of the account.

Time deposits of 7 to 31 days Effective Sept 1, 1982, depository institutions were authorized to issue nonnegotiable time deposits of $20,000 or more with a maturity or required notice period of 7 to 31 days The maximum rate of interest payable by thrift institutions was the rate established and announced (auction average on a discount basis) for U.S. Treasury bills with maturities of 91 days at the auction held immediately before the date of deposit or renewal ("bill rate"). Commercial banks could pay the bill rate minus 25 basis points. The interest rate ceiling was suspended when the bill rate is 9 percent or below for the four most recent auctions held before the date of deposit or renewal. Effective Jan. 5, 1983, the minimum denomination required for this deposit was reduced to $2,500 and the interest rate ceiling was removed

Time deposits of 2½ years or more. Effective May 1, 1982, depository institutions were authorized to offer negotiable or nonnegotiable time deposits with a minimum original maturity of 3½ years or more that are not subject to interest rate ceilings Such time deposits have no minimum denomination, but must be made available in a $500 denomination Additional deposits may be made to the account during the first year without extending its maturity Effective Apr 1, 1983, the minimum maturity period for this category of deposits was reduced to 2½ years

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

	Type of transaction	1980	1981	1982	1983						
					Feb	Mar	Apr	May	June	July	Aug.
	U.S. GOVERNMENT SECURITIES										
	Outright transactions (excluding matched transactions)										
	Treasury bills										
1	Gross purchases	7,668	13,899	17,067	1,456	1,259	2,880	516	1,721	666	1,768
2	Gross sales	7,331	6,746	8,369	934	0	0	0	0	0	289
3	Exchange	0	0	0	0	0	0	0	0	0	0
4	Redemptions	3,389	1,816	3,000	300	0	0	0	0	0	0
	Others within 1 year										
5	Gross purchases	912	317	312	0	0	0	173	0	156	0
6	Gross sales	0	23	0	0	0	0	0	0	0	0
7	Maturity shift	12,427	13,794	17,295	4,564	1,198	826	1,795	1,398	1,162	2,212
8	Exchange	−18,251	−12,869	−14,164	−2,688	−900	0	−1,842	−916	0	−5,344
9	Redemptions	0	0	0	0	0	0	0	87	0	0
	1 to 5 years										
10	Gross purchases	2,138	1,702	1,797	0	0	0	595	0	481	0
11	Gross sales	0	0	0	0	0	0	0	0	0	0
12	Maturity shift	−8,909	−10,299	−14,524	−4,564	−1,198	−684	−41	−1,398	−1,121	−2,212
13	Exchange	13,412	10,117	11,804	1,599	900	0	1,367	916	0	3,130
	5 to 10 years										
14	Gross purchases	703	393	388	0	0	0	326	0	215	0
15	Gross sales	0	0	0	0	0	0	0	0	0	0
16	Maturity shift	−3,092	−3,495	−2,172	229	0	−142	−1,754	0	−41	516
17	Exchange	2,970	1,500	2,128	650	0	0	300	0	0	1,300
	Over 10 years										
18	Gross purchases	811	379	307	0	0	0	108	0	124	0
19	Gross sales	0	0	0	0	0	0	0	0	0	0
20	Maturity shift	−426	0	−601	−229	0	0	0	0	0	−516
21	Exchange	1,869	1,253	234	439	0	0	175	0	0	914
	All maturities										
22	Gross purchases	12,232	16,690	19,870	1,456	1,259	2,880	1,719	1,721	1,642	1,768
23	Gross sales	7,331	6,769	8,369	934	0	0	0	0	0	289
24	Redemptions	3,389	1,816	3,000	300	0	0	0	87	0	0
	Matched transactions										
25	Gross sales	674,000	589,312	543,804	35,234	47,892	37,873	43,404	50,086	40,934	45,989
26	Gross purchases	675,496	589,647	543,173	38,204	47,724	36,205	45,001	47,783	43,037	44,480
	Repurchase agreements										
27	Gross purchases	113,902	79,920	130,774	6,697	3,526	7,671	0	7,891	7,816	2,263
28	Gross sales	113,040	78,733	130,286	6,697	3,526	3,984	3,687	6,730	8,978	0
29	Net change in U.S. government securities	3,869	9,626	8,358	3,192	1,090	4,899	−371	493	2,583	2,234
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions										
30	Gross purchases	668	494	0	0	0	0	0	0	0	0
31	Gross sales	0	0	0	0	0	0	0	0	0	0
32	Redemptions	145	108	189	5	8	7	*	17	10	138
	Repurchase agreements										
33	Gross purchases	28,895	13,320	18,957	276	379	340	0	678	558	189
34	Gross sales	28,863	13,576	18,638	276	379	92	248	463	773	0
35	Net change in federal agency obligations	555	130	130	−5	−8	241	−248	198	−225	51
	BANKERS ACCEPTANCES										
36	Repurchase agreements, net	73	−582	1,285	0	0	704	−704	203	−203	209
37	**Total net change in System Open Market Account**	**4,497**	**9,175**	**9,773**	**3,187**	**1,082**	**5,844**	**−1,322**	**893**	**2,155**	**2,493**

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 1983					End of month 1983		
	Aug 31	Sept 7	Sept. 14	Sept. 21	Sept. 28	July	Aug	Sept.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,128	11,128	11,128	11,128	11,128	11,131	11,128	11,128
2 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
3 Coin	415	409	416	433	444	411	415	443
Loans								
4 To depository institutions	3,633	1,535	2,410	6,817	2,359	1,113	3,633	1,625
5 Other	0	0	0	0	0	0	0	0
Acceptances—Bought outright								
6 Held under repurchase agreements	209	288	0	9	89	0	209	1,122
Federal agency obligations								
7 Bought outright	8,742	8,742	8,737	8,737	8,737	8,880	8,742	8,737
8 Held under repurchase agreements	190	98	0	261	334	0	190	551
U.S. government securities								
Bought outright								
9 Bills	60,953	61,004	61,518	65,651	61,921	60,982	60,953	62,898
10 Notes	63,044	63,044	63,044	63,044	63,044	63,958	63,044	63,044
11 Bonds	20,229	20,229	20,229	20,229	20,229	19,315	20,229	20,229
12 Total bought outright[1]	144,226	144,277	144,791	148,924	145,194	144,255	144,226	146,171
13 Held under repurchase agreements	2,263	4,391	0	578	4,176	0	2,263	9,252
14 Total U.S. government securities	146,489	148,668	144,791	149,502	149,370	144,255	146,489	155,423
15 **Total loans and securities**	**159,263**	**159,331**	**155,938**	**165,326**	**160,889**	**154,248**	**159,263**	**167,458**
16 Cash items in process of collection	8,158	11,108	9,181	8,648	8,298	8,635	8,158	7,490
17 Bank premises	553	553	553	553	553	552	553	552
Other assets								
18 Denominated in foreign currencies[2]	3,617	3,620	3,632	3,633	3,637	3,839	3,617	3,721
19 All other[3]	3,366	3,639	4,122	3,818	4,067	4,188	3,366	4,084
20 **Total assets**	**191,118**	**194,406**	**189,588**	**198,157**	**193,634**	**187,622**	**191,118**	**199,494**
LIABILITIES								
21 Federal Reserve notes	148,241	149,895	149,389	148,254	147,913	147,094	148,241	148,172
Deposits								
22 To depository institutions	25,702	25,884	23,378	23,776	18,767	23,046	25,702	20,697
23 U S Treasury—General account	4,189	3,355	3,273	12,806	14,253	3,815	4,189	16,557
24 Foreign—Official accounts	248	259	243	186	205	369	248	297
25 Other	447	437	425	445	400	551	447	421
26 **Total deposits**	**30,586**	**29,935**	**27,319**	**37,213**	**33,625**	**27,781**	**30,586**	**37,972**
27 Deferred availability cash items	7,179	9,326	7,607	7,228	6,561	7,569	7,179	7,550
28 Other liabilities and accrued dividends[4]	2,056	2,095	2,109	2,290	2,346	1,989	2,056	2,466
29 **Total liabilities**	**188,062**	**191,251**	**186,424**	**194,985**	**190,445**	**184,433**	**188,062**	**196,160**
CAPITAL ACCOUNTS								
30 Capital paid in	1,434	1,436	1,437	1,439	1,447	1,427	1,434	1,446
31 Surplus	1,359	1,359	1,359	1,359	1,359	1,359	1,359	1,359
32 Other capital accounts	263	360	368	374	383	403	263	529
33 **Total liabilities and capital accounts**	**191,118**	**194,406**	**189,588**	**198,157**	**193,634**	**187,622**	**191,118**	**199,494**
34 MEMO: Marketable U.S. government securities held in custody for foreign and international account	108,053	109,048	111,055	109,609	110,279	94,203	108,053	109,117
	Federal Reserve note statement							
35 Federal Reserve notes outstanding	171,346	171,490	172,212	172,644	173,014	169,213	171,346	173,093
36 LESS: Held by bank[5]	23,105	21,595	22,823	24,390	25,101	22,119	23,105	24,921
37 Federal Reserve notes, net	148,241	149,895	149,389	148,254	147,913	147,094	148,241	148,172
Collateral held against notes net								
38 Gold certificate account	11,128	11,128	11,128	11,128	11,128	11,131	11,128	11,128
39 Special drawing rights certificate account	4,618	4,618	4,618	4,618	4,618	4,618	4,618	4,618
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U S government and agency securities	132,495	134,149	133,643	132,508	132,167	131,345	132,495	132,426
42 **Total collateral**	**148,241**	**149,895**	**149,389**	**148,254**	**147,913**	**147,094**	**148,241**	**148,172**

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 Includes U S government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U.S Treasury 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.

5 Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1983					1983		
	Aug. 31	Sept. 7	Sept. 14	Sept. 21	Sept. 28	July 29	Aug. 31	Sept. 30
1 Loans—Total	3,633	1,535	2,410	6,817	2,359	1,113	3,633	1,625
2 Within 15 days	3,583	1,432	2,309	6,786	2,321	1,045	3,583	1,553
3 16 days to 90 days	50	103	101	31	38	68	50	72
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	209	288	0	9	89	0	209	1,122
6 Within 15 days	209	288	0	9	89	0	209	1,122
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	146,489	148,668	144,791	149,502	149,370	144,255	146,489	155,423
10 Within 15 days[1]	9,715	12,183	6,211	10,388	10,341	4,116	9,715	13,007
11 16 days to 90 days	28,657	30,529	31,099	29,998	29,913	34,748	28,657	33,599
12 91 days to 1 year	43,975	41,814	43,339	44,974	44,974	43,218	43,975	44,925
13 Over 1 year to 5 years	32,863	32,863	32,863	32,863	32,863	33,108	32,863	32,713
14 Over 5 years to 10 years	13,690	13,690	13,690	13,690	13,690	11,874	13,690	13,690
15 Over 10 years	17,589	17,589	17,589	17,589	17,589	17,191	17,589	17,589
16 Federal agency obligations—Total	8,932	8,840	8,737	8,998	9,071	8,880	8,932	9,288
17 Within 15 days[1]	336	178	70	467	508	82	336	725
18 16 days to 90 days	713	782	762	626	648	814	713	648
19 91 days to 1 year	1,832	1,843	1,933	1,933	1,897	1,914	1,832	1,897
20 Over 1 year to 5 years	4,370	4,356	4,311	4,311	4,331	4,418	4,370	4,331
21 Over 5 years to 10 years	1,163	1,163	1,143	1,143	1,169	1,134	1,163	1,169
22 Over 10 years	518	518	518	518	518	518	518	518

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	1979ʳ Dec.	1980ʳ Dec.	1981ʳ Dec.	1982ʳ Dec.	1983ʳ Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	Seasonally adjusted											
ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[1]												
1 **Total reserves**[2]	**30.71**	**32.46**	**33.75**	**36.23**	**35.63**	**36.10**	**36.80**	**37.15**	**37.13**	**37.61**	**37.80**	**37.71**
2 Nonborrowed reserves	29.24	30.77	33.11	35.60	35.10	35.52	36.01	36.14	36.18	35.98	36.35	36.16
3 Required reserves	30.38	31.94	33.43	35.73	35.09	35.66	36.37	36.68	36.68	37.13	37.29	37.25
4 Monetary base[3]	139.3	151.1	158.8	171.1	171.9	173.8	176.1	177.3	178.8	180.3	181.1	182.1
	Not seasonally adjusted											
5 **Total reserves**[2]	**31.26**	**33.4**	**34.61**	**36.96**	**37.61**	**35.97**	**36.06**	**36.91**	**36.64**	**36.79**	**37.34**	**37.08**
6 Nonborrowed reserves	29.79	31.72	33.98	36.33	37.08	35.39	35.26	35.90	35.69	35.15	35.89	35.53
7 Required reserves	30.93	32.89	34.29	36.46	37.06	35.54	35.62	36.44	36.19	36.31	36.83	36.62
8 Monetary base[3]	141.5	154.4	161.9	174.4	173.2	171.8	173.6	176.3	177.8	179.6	181.7	181.8
NOT ADJUSTED FOR CHANGES IN RESERVE REQUIREMENTS[4]												
9 **Total reserves**[2]	**43.91**	**40.66**	**41.92**	**41.85**	**41.86**	**39.80**	**38.04**	**38.65**	**38.28**	**38.42**	**38.95**	**38.68**
10 Nonborrowed reserves	42.43	38.97	41.29	41.22	41.33	39.22	37.24	37.64	37.33	36.78	37.50	37.13
11 Required reserves	43.58	40.15	41.60	41.35	41.32	39.36	37.60	38.17	37.83	37.93	38.44	38.21
12 Monetary base[3]	156.1	162.5	169.7	179.3	177.9	176.0	175.9	178.4	179.8	181.6	183.7	183.8

1. Reserve aggregates include required reserves of member banks and Edge Act corporations and other depository institutions. Discontinuities associated with the implementation of the Monetary Control Act, the inclusion of Edge Act corporation reserves, and other changes in Regulation D have been removed.

2. Reserve balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.

3. Consists of reserve balances and service-related balances and adjustments at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

4. Reserves of depository institutions series reflect actual reserve requirement percentages with no adjustments to eliminate the effect of changes in Regulation D including changes associated with the implementation of the Monetary Control Act. Includes required reserves of member banks and Edge Act corporations and beginning Nov. 13, 1980, other depository institutions. Under the transitional phase-in program of the Monetary Control Act of 1980, the net changes in required reserves of depository institutions have been as follows. Effective Nov. 13, 1980, a reduction of $2.9 billion, Feb. 12, 1981, an increase of $245 million, Mar. 12, 1981, an increase of $75 million; May 14, 1981, an increase of $245 million; Sept. 3, 1981, a reduction of $1.1 billion, Nov. 12, 1981, an increase of $210 million, Jan. 14, 1982, a reduction of $60 million; Feb. 11, 1982 an increase of $170 million, Mar. 4, 1982, an estimated reduction of $2.0 billion, May 13, 1982, an estimated increase of $150 million; Aug. 12, 1982 an estimated increase of $140 million; and Sept. 2, 1982, an estimated reduction of $1.2 billion, Oct. 28, 1982 an estimated reduction of $100 million, Dec. 23, 1982 an estimated reduction of $800 million; Mar. 3, 1983 an estimated reduction of $1.9 billion; and Sept. 1, 1983, an estimated reduction of $1.2 billion beginning with the week ended Dec. 23, 1981, reserve aggregates have been reduced by shifts of reservable liabilities to IBFs. On the basis of reports of liabilities transferred to IBFs by U.S. commercial banks and U.S. agencies and branches of foreign banks, it is estimated that required reserves were lowered on average by $60 million to $90 million in Dec. 1981 and $180 million to $230 million in Jan. 1982, mostly reflecting a reduction in reservable Eurocurrency transactions. Also, beginning with the week ending Apr. 20, 1983, required reserves were reduced an estimated $80 million as a result of the elimination of reserve requirements on nonpersonal time deposits with maturities of 2½ years or more to less than 3½ years.

NOTE. Latest monthly and weekly figures are available from the Board's H.3(502) statistical release. Back data and estimates of the impact on required reserves and 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 MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1979 Dec.	1980 Dec.	1981 Dec.	1982 Dec.	1983 May	1983 June	1983 July	1983 Aug
	Seasonally adjusted							
MEASURES[1]								
1 M1	389.0	414.1	440.6	478.2	507.4	511.7	515.5	516.7
2 M2	1,497.5	1,630.3	1,794.9	1,959.5	2,096.2	2,114.3	2,126.0[r]	2,136.9
3 M3	1,758.4	1,936.7	2,167.9	2,377.6	2,476.2[r]	2,498.7[r]	2,510.2[r]	2,528.5
4 L[2]	2,131.8	2,343.6	2,622.0	2,896.8	3,032.1[r]	n.a	n.a	n.a
SELECTED COMPONENTS								
5 Currency	106.5	116.2	123.2	132.8	139.3	140.3	140.9	141.8
6 Travelers checks[3]	3.7	4.1	4.5	4.2	4.7	4.7	4.6	4.7
7 Demand deposits	262.0	266.8	236.4	239.8	242.5	244.0	245.8[r]	244.5
8 Other checkable deposits[4]	17.0	26.9	76.6	101.3	120.9	122.7	124.2	125.8
9 Savings deposits[5]	423.1	400.7	344.4	359.3	323.1	325.0	323.5	322.1
10 Small-denomination time deposits[6]	635.9	731.7	828.6	859.1	720.1	722.1	735.1[r]	748.0
11 Large-denomination time deposits[7]	222.2	258.9	302.6	333.8	299.2[r]	304.1[r]	305.9	311.8
	Not seasonally adjusted							
MEASURES[1]								
12 M1	398.8	424.7	452.1	491.0	499.8	508.3	514.7	511.6
13 M2	1,502.1	1,635.0	1,799.6	1,964.5	2,092.7	2,114.0	2,127.4[r]	2,129.2
14 M3	1,766.1	1,944.9	2,175.9	2,385.3	2,471.5[r]	2,495.4[r]	2,508.1[r]	2,519.5
15 L[2]	2,138.9	2,350.8	2,629.7	2,904.7	3,030.6[r]	n.a	n.a.	
SELECTED COMPONENTS								
16 Currency	108.2	118.3	125.4	135.2	138.9	140.3	142.0	142.1
17 Travelers checks[3]	3.5	3.9	4.3	4.0	4.5	4.9	5.2	5.1
18 Demand deposits	270.1	275.2	244.0	247.7	238.2	242.1	245.1	241.3
19 Other checkable deposits[4]	17.0	27.2	78.4	104.0	118.2	121.0	122.5	123.0
20 Overnight RPs and Eurodollars[8]	21.2	28.4	36.1	44.3	55.1	56.0[r]	52.7[r]	52.5
21 Savings deposits[5]	420.7	398.3	342.1	356.7	324.6	326.3	326.6	321.5
22 Money market deposit accounts	n.a	n.a	n.a	43.2	356.8	367.3	368.4	366.3
23 Small-denomination time deposits[6]	633.1	728.3	824.1	853.9	722.7	723.9	734.3[r]	746.0
Money market mutual funds								
24 General purpose and broker/dealer	33.4	61.4	150.9	177.8	135.0	132.9	131.3	131.3
25 Institution only	9.5	14.9	36.0	43.1	35.7	34.7	34.0	33.9
26 Large-denomination time deposits[7]	226.0	262.4	305.9	336.5	298.0[r]	301.0[r]	302.3	310.5

1. Composition of the money stock measures is as follows

M1: Averages of daily figures for (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) negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at banks and thrift institutions, credit union share draft (CUSD) accounts, and demand deposits at mutual savings banks

M2: M1 plus money market deposit accounts, savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Eurodollars held by U.S. residents other than banks at Caribbean branches of member banks and balances of money market mutual funds (general purpose and broker/dealer)

M3: M2 plus large-denomination time deposits at all depository institutions, term RPs at commercial banks and savings and loan associations, and balances of institution-only money market mutual funds

2. L: M3 plus other liquid assets such as term Eurodollars held by U.S. residents other than banks, bankers acceptances, commercial paper, Treasury bills and other liquid Treasury securities, and U.S. savings bonds

3. Outstanding amount of U.S. dollar-denominated travelers checks of nonbank issuers

4. Includes ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks

5. Excludes NOW and ATS accounts at commercial banks and thrift institutions and CUSDs at credit unions and all money market deposit accounts (MMDAs)

6. Issued in amounts of less than $100,000 and includes retail RPs

7. Issued in amounts of $100,000 or more and are net of the holdings of domestic banks, thrift institutions, the U.S. government, money market mutual funds, and foreign banks and official institutions

8. Overnight (and continuing contract) RPs are those issued by commercial banks to other than depository institutions and money market mutual funds (general purpose and broker/dealer), and overnight Eurodollars are those issued by Caribbean branches of member banks to U.S. residents other than depository institutions and money market mutual funds (general purpose and broker/dealer)

NOTE. Latest monthly and weekly figures are available from the Board's H.6 (508) release. Back 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	1980[1]	1981[1]	1982[1]	1983 Mar	1983 Apr	1983 May	1983 June	1983 July	1983 Aug.
	Seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
1 All insured banks	62,757.8	80,858.7	90,914.4	102,206.1	103,022.3	107,273.3	106,799.4	107,884.4	111,538.1
2 Major New York City banks	25,156.1	33,891.9	37,932.9	44,327.4	46,025.6	46,891.2	46,445.4	46,978.0	48,373.3
3 Other banks	37,601.7	46,966.9	52,981.6	57,878.7	56,996.7	60,382.1	60,354.1	60,906.4	63,164.9
4 ATS-NOW accounts[3]	159.3	743.4	1,036.2	1,369.4	1,202.2	1,371.5	1,342.1	1,390.1	1,679.5
5 Savings deposits[4]	670.0	672.7	721.4	803.2	714.9	743.1	776.2	659.4	706.3
DEPOSIT TURNOVER									
Demand deposits[2]									
6 All insured banks	198.7	285.8	324.2	356.1	359.7	370.4	367.5	371.5	385.7
7 Major New York City banks	803.7	1,105.1	1,287.6	1,437.4	1,502.8	1,471.5	1,449.1	1,432.2	1,526.7
8 Other banks	132.2	186.2	211.1	225.9	222.9	234.3	233.4	236.5	245.3
9 ATS-NOW accounts[3]	9.7	14.0	14.5	15.6	13.9	15.2	14.7	15.0	17.9
10 Savings deposits[4]	3.6	4.1	4.5	5.7	5.1	5.4	5.6	4.8	5.2
	Not seasonally adjusted								
DEBITS TO									
Demand deposits[2]									
11 All insured banks	63,124.4	81,197.9	91,031.9	109,166.3	100,117.1	103,947.8	113,773.4	105,057.8	115,776.6
12 Major New York City banks	25,243.1	34,032.0	38,001.0	47,496.6	43,678.9	44,942.5	50,643.1	45,601.0	49,788.2
13 Other banks	37,881.3	47,165.9	53,030.9	61,669.7	56,438.1	59,005.4	63,130.4	59,456.8	65,988.3
14 ATS-NOW accounts[3]	158.0	737.6	1,027.1	1,398.4	1,405.3	1,353.1	1,420.7	1,325.3	1,468.9
15 MMDA[5]	0	0	0	454.9	545.8	505.6	714.3	603.3	655.5
16 Savings deposits[4]	669.8	672.9	720.0	820.4	779.9	722.2	779.3	661.6	694.3
DEPOSIT TURNOVER									
Demand deposits[2]									
17 All insured banks	202.3	286.1	325.0	391.8	347.9	368.1	393.1	357.6	406.7
18 Major New York City banks	814.8	1,114.2	1,295.7	1,561.1	1,446.9	1,471.0	1,563.6	1,383.5	1,621.6
19 Other banks	134.8	186.2	211.5	248.5	219.1	234.3	245.6	227.9	259.8
20 ATS-NOW accounts[3]	9.7	14.0	14.3	16.2	15.6	15.3	15.7	14.5	16.0
21 MMDA[5]	0	0	0	2.4	2.8	2.4	3.3	2.8	3.0
22 Savings deposits[4]	3.6	4.1	4.5	5.8	5.6	5.2	5.6	4.8	5.1

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

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

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars; averages of Wednesday figures

Category	1981 Dec.[2]	1982 Dec	1983 May	1983 June	1983 July[r]	1983 Aug	1981 Dec.[2]	1982 Dec.	1983 May	1983 June	1983 July[r]	1983 Aug
	Seasonally adjusted						Not seasonally adjusted					
1 **Total loans and securities[3]**	**1,316.3**	**1,412.1**	**1,474.4**	**1,488.0**	**1,499.9**	**1,513.2**	**1,326.1**	**1,422.5**	**1,468.1**	**1,485.6**	**1,493.6**	**1,507.0**
2 U.S Treasury securities	111.0	130.9	166.1	171.2	172.9	174.4	111.4	131.5	165.3	171.6	171.6	172.4
3 Other securities	231.4	239.1	245.0	246.2	246.1	247.8	232.8	240.6	245.2	245.9	244.8	247.0
4 Total loans and leases[3]	973.9	1,042.0	1,063.3	1,070.6	1,080.9	1,091.0	981.8	1,050.4	1,057.6	1,068.0	1,077.2	1,087.5
5 Commercial and industrial loans	358.0	392.4	393.0	395.0	399.2	402.7	360.1	394.7	393.1	394.4	397.9	400.2
6 Real estate loans	285.7	303.2	313.6	317.0	319.4	322.5	286.8	304.1	312.4	315.4	318.4	322.2
7 Loans to individuals	185.1	191.8	197.9	199.8	203.1	205.5	186.4	193.1	196.7	199.0	202.1	205.7
8 Security loans	21.9	24.7	23.4	22.3	23.7	22.9	22.7	25.5	22.5	23.5	23.1	23.6
9 Loans to nonbank financial institutions	30.2	31.1	31.1	31.1	31.2	30.9	31.2	32.1	30.7	30.7	30.6	30.7
10 Agricultural loans	33.0	36.1	36.9	36.7	36.8	37.2	33.0	36.1	36.7	36.9	37.2	37.6
11 Lease financing receivables	12.7	13.1	13.1	13.0	12.9	12.9	12.7	13.1	13.1	13.0	12.9	12.9
12 All other loans	47.2	49.7	54.4	55.7	54.6	56.5	49.2	51.7	52.5	55.2	55.0	54.6
MEMO												
13 **Total loans and securities plus loans sold[3,4]**	**1,319.1**	**1,415.0**	**1,477.2**	**1,490.7**	**1,502.6**	**1,515.7**	**1,328.9**	**1,425.4**	**1,470.9**	**1,488.3**	**1,496.3**	**1,509.6**
14 Total loans plus loans sold[3,4]	976.7	1,045.0	1,066.1	1,073.3	1,083.5	1,093.5	984.7	1,053.3	1,060.4	1,070.8	1,079.9	1,090.1
15 Total loans sold to affiliates[3,4]	2.8	2.9	2.8	2.7	2.7	2.6	2.8	2.9	2.8	2.7	2.7	2.6
16 Commercial and industrial loans plus loans sold[4]	360.2	394.6	395.1	397.2	401.3	404.7	362.3	396.9	395.3	396.5	400.0	402.2
17 Commercial and industrial loans sold[4]	2.2	2.3	2.2	2.1	2.1	2.0	2.2	2.3	2.2	2.1	2.1	2.0
18 Acceptances held	8.9	8.5	8.2	8.0	8.5	8.5	9.8	9.5	7.7	8.1	8.4	8.2
19 Other commercial and industrial loans	349.1	383.8	384.8	387.0	390.7	394.1	350.3	385.2	385.4	386.3	389.5	392.0
20 To U.S. addressees[5]	334.9	373.5	371.8	373.7	378.2	381.6	334.3	372.7	373.4	374.2	377.4	379.8
21 *To non-U.S. addressees*	14.2	10.3	13.0	13.3	12.5	12.5	16.1	12.4	12.0	12.1	12.1	12.2
22 Loans to foreign banks	19.0	13.5	15.1	15.0	14.4	14.5	20.0	14.5	14.5	14.5	14.0	14.0

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

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

3. Excludes loans to commercial banks in the United States.

4. Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

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

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	1981	1982			1983							
	Dec.	Oct.	Nov.	Dec	Jan.	Feb.	Mar.	Apr.	May	June	July[r]	Aug.
Total nondeposit funds												
1 Seasonally adjusted[2]	96.5	81.1	87.3	82.8	72.8	75.8	75.3	79.7	90.3	87.8[r]	75.9	81.4
2 Not seasonally adjusted	98.0	83.3	89.3	84.3	74.3	76.7	76.0	78.3	89.8	89.4[r]	77.9	85.6
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	111.6	126.2	129.2	127.5	131.8	134.7	134.8	139.3	145.3	140.1	132.0	130.2
4 Not seasonally adjusted	113.1	128.4	131.2	128.9	133.2	135.6	135.5	137.8	144.8	141.8	134.1	134.4
5 Net balances due to foreign-related institutions, not seasonally adjusted	−17.9	−47.9	−44.8	−47.6	−61.9	−61.9	−62.4	−62.5	−57.8	−55.1	−58.8	−51.4
6 Loans sold to affiliates, not seasonally adjusted[4]	2.8	2.8	2.9	2.9	3.0	3.0	3.0	3.0	2.8	2.7	2.7	2.6
MEMO												
7 Domestically chartered banks' net positions with own foreign branches, not seasonally adjusted[5]	−22.5	−40.4	−38.3	−39.8	−50.2	−50.6	−52.9	−52.6	−48.7	−49.2	−51.0	−45.1
8 Gross due from balances	54.9	69.8	69.9	72.4	79.4	78.9	79.8	80.1	76.3	75.8	77.5	73.7
9 Gross due to balances	32.4	29.4	31.6	32.6	29.2	28.3	26.9	27.5	27.6	26.6	26.5	28.6
10 Foreign-related institutions' net positions with directly related institutions, not seasonally adjusted[6]	4.3	−7.5	−6.4	−8.7	−12.0	−11.3	−9.4	−9.8	−9.1	−5.9	−7.8	−6.3
11 Gross due from balances	48.1	53.9	53.5	55.3	57.2	55.7	56.1	55.9	55.7	53.9	55.2	53.5
12 Gross due to balances	52.4	46.4	47.1	46.6	45.2	44.4	46.7	46.1	46.7	48.0	47.4	47.2
Security RP borrowings												
13 Seasonally adjusted[7]	59.0	69.0	71.5	71.0	72.2	74.3	74.7	79.3	84.6	81.4	75.5	74.2
14 Not seasonally adjusted	59.2	69.8	72.1	71.1	72.2	73.7	73.9	76.3	82.6	81.5	76.1	76.9
U.S. Treasury demand balances[8]												
15 Seasonally adjusted	12.2	14.4	10.6	11.9	15.7	8.8	12.5	13.5	11.3	13.0	24.0	20.5
16 Not seasonally adjusted	11.1	16.4	7.8	10.8	16.3	10.2	13.2	14.2	12.5	13.2	21.8	16.3
Time deposits, $100,000 or more[9]												
17 Seasonally adjusted	324.1	376.6	360.6	347.3	319.2	303.0	296.0	296.2	287.0	287.5	285.8	285.2
18 Not seasonally adjusted	330.4	364.9	361.7	353.9	325.4	310.5	300.7	293.0	285.0	283.5	281.5	284.0
IBF ADJUSTMENTS FOR SELECTED ITEMS[10]												
19 Items 1 and 2	22.4	33.1	33.3	33.9	34.2	...	...	...	...	...	...	...
20 Items 3 and 4	1.7	2.4	2.4	2.4	2.4	...	...	...	...	...	...	...
21 Item 5	20.7	30.7	30.9	31.5	31.8	...	...	...	...	...	...	...
22 Item 7	3.1	5.4	5.5	5.8	5.8	...	...	...	...	...	...	...
23 Item 10	17.6	25.3	25.4	25.7	26.0	...	...	...	...	...	...	...

1. Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates Includes averages of Wednesday data for domestically chartered banks and averages of current and previous month-end data for foreign-related institutions.
3. Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.
4. Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.
5. Averages of daily figures for member and nonmember banks
6. Averages of daily data.
7. Based on daily average data reported by 122 large banks.
8. Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks Averages of daily data
9. Averages of Wednesday figures.
10. Estimated effects of shifts of foreign assets from U.S. banking offices to international banking facilities (IBFs)

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

Billions of dollars except for number of banks

	1982		1983								
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr	May	June	July	Aug.[r]	Sept
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and securities, excluding interbank	1,347.0	1,370.4	1,370.8	1,373.7	1,392.2	1,404.0	1,411.9	1,435.2	1,437.5	1,457.1	1,466.0
2 Loans, excluding interbank	990.4	1,000.8	993.3	991.4	1,001.7	1,004.6	1,006.9	1,025.1	1,028.5	1,042.8	1,049.1
3 Commercial and industrial	355.4	357.9	355.6	356.3	358.6	358.5	357.3	360.6	361.7	363.4	364.6
4 Other	635.0	642.9	638.2	635.8	643.7	646.8	650.8	664.5	666.9	679.4	684.5
5 U.S. Treasury securities	122.2	129.0	136.0	141.4	150.6	155.5	160.9	166.0	165.1	167.5	171.2
6 Other securities	234.4	240.5	241.6	240.8	239.9	243.9	244.1	244.1	243.9	246.8	245.8
7 Cash assets, total	169.7	184.4	167.8	184.7	168.9	170.1	164.5	176.9	168.7	176.9	160.0
8 Currency and coin	19.0	23.0	20.4	20.3	19.9	20.4	20.3	21.3	20.7	21.0	20.8
9 Reserves with Federal Reserve Banks	22.0	25.4	23.9	25.3	20.5	23.9	22.4	18.8	20.6	22.5	15.4
10 Balances with depository institutions	64.6	67.6	67.7	71.6	67.1	66.1	65.6	69.7	67.1	69.0	66.7
11 Cash items in process of collection	64.1	68.4	55.9	67.5	61.5	59.6	56.3	67.1	60.3	64.4	56.9
12 Other assets[2]	241.8	265.3	260.1	263.6	257.9	252.4	248.3	253.2	254.5	257.3	252.4
13 Total assets/total liabilities and capital	**1,758.6**	**1,820.1**	**1,798.7**	**1,822.0**	**1,818.9**	**1,826.3**	**1,824.9**	**1,865.2**	**1,860.7**	**1,891.1**	**1,878.4**
14 Deposits	1,316.9	1,361.8	1,340.6	1,368.3	1,374.2	1,368.0	1,370.8	1,402.7	1,396.5	1,420.1	1,408.0
15 Demand	338.1	363.9	324.0	337.9	333.4	329.2	324.5	344.4	334.2	344.7	328.1
16 Savings	244.9	296.4	361.5	395.2	419.2	426.9	440.2	445.3	447.5	449.0	448.8
17 Time	733.9	701.5	655.1	635.2	621.6	611.9	606.1	613.1	614.8	626.4	631.2
18 Borrowings	198.1	215.1	221.6	218.0	211.3	224.0	214.1	221.2	217.5	217.2	217.8
19 Other liabilities	109.3	109.2	106.4	106.0	103.5	102.3	104.7	104.3	105.5	107.6	107.1
20 Residual (assets less liabilities)	134.3	133.9	130.1	129.6	130.0	132.0	135.1	137.0	141.1	146.2	145.5
MEMO:											
21 U.S. Treasury note balances included in borrowing	2.4	10.7	17.1	7.0	9.6	17.8	2.7	19.3	19.3	14.8	20.8
22 Number of banks	14,782	14,787	14,780	14,812	14,819	14,823	14,817	14,826	14,785	14,795	14,804
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and securities, excluding interbank	1,413.7	1,429.8	1,427.5	1,429.8	1,451.3	1,461.0	1,467.6	1,491.6	1,494.2	1,515.4	1,525.4
24 Loans, excluding interbank	1,052.1	1,054.9	1,044.8	1,042.3	1,054.5	1,055.2	1,055.9	1,074.6	1,078.3	1,094.3	1,101.9
25 Commercial and industrial	398.9	396.5	393.0	392.9	396.5	394.1	392.3	395.9	398.3	401.1	403.3
26 Other	653.2	658.4	652.4	650.0	658.6	661.8	664.7	678.7	680.0	693.2	698.6
27 U.S. Treasury securities	125.7	132.8	139.5	145.1	155.3	160.3	166.1	171.3	170.3	172.7	176.1
28 Other securities	235.9	242.1	243.2	242.4	241.5	245.5	245.8	245.7	245.6	248.4	247.5
29 Cash assets, total	181.2	200.7	183.7	200.5	185.5	186.3	180.3	193.5	185.2	193.3	174.7
30 Currency and coin	19.0	23.0	20.4	20.3	19.9	20.4	20.3	21.3	20.7	21.1	20.9
31 Reserves with Federal Reserve Banks	23.4	26.8	25.3	26.7	22.0	25.4	23.8	20.0	21.9	24.0	16.6
32 Balances with depository institutions	74.4	81.4	81.1	84.9	81.0	79.8	78.9	84.0	81.2	82.8	79.3
33 Cash items in process of collection	64.3	69.4	56.9	68.6	62.6	60.7	57.3	68.2	61.4	65.4	58.0
34 Other assets[2]	323.3	341.7	333.2	330.2	325.4	317.7	309.5	318.1	318.7	324.6	320.9
35 Total assets/total liabilities and capital	**1,918.2**	**1,972.2**	**1,944.4**	**1,960.4**	**1,962.2**	**1,964.9**	**1,957.5**	**2,003.2**	**1,998.1**	**2,033.4**	**2,021.0**
36 Deposits	1,358.1	1,409.7	1,385.4	1,412.6	1,419.5	1,411.0	1,413.1	1,443.8	1,438.1	1,461.4	1,448.8
37 Demand	344.9	376.2	335.9	350.2	345.7	341.1	336.4	356.4	346.4	356.6	340.0
38 Savings	245.1	296.7	361.9	395.6	419.7	427.3	440.7	445.7	448.0	449.5	449.3
39 Time	768.0	736.7	687.7	666.8	654.1	642.6	636.0	641.6	643.8	655.3	659.5
40 Borrowings	267.0	278.3	283.5	276.0	269.9	281.3	269.5	278.2	277.9	280.5	282.6
41 Other liabilities	156.6	148.4	143.5	140.4	141.1	138.7	137.9	142.3	139.1	143.4	142.3
42 Residual (assets less liabilities)	136.6	135.8	132.0	131.5	131.9	133.9	137.0	138.9	143.0	148.1	147.3
MEMO											
43 U.S. Treasury note balances included in borrowing	2.4	10.7	17.1	7.0	9.6	17.8	2.7	19.3	19.3	14.8	20.8
44 Number of banks	15,318	15,329	15,332	15,366	15,376	15,390	15,385	15,396	15,359	15,370	15,382

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

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

1.26 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $750 Million or More on December 31, 1977, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1983								
	Aug 3	Aug 10	Aug 17	Aug 24	Aug 31p	Sept 7p	Sept 14p	Sept 21p	Sept. 28p
1 Cash items in process of collection	15,948	14,191	15,675	14,689	17,099	14,667	14,492	14,584	14,313
2 Demand deposits due from banks in the United States	1,194	1,163	1,149	1,133	1,020	1,163	1,105	1,122	1,005
3 All other cash and due from depository institutions	7,014	8,569	5,397	4,683	6,303	8,348	5,565	5,664	3,477
4 Total loans and securities	**144,824**	**143,069**	**143,861**	**142,695**	**144,843**	**143,228**	**142,305**	**142,336**	**141,575**
Securities									
5 U S Treasury securities									
6 Trading account									
7 Investment account, by maturity	8,108	8,253	8,438	8,289	8,843	8,905	8,998	8,968	8,975
8 One year or less	2,452	2,481	2,464	2,458	2,396	2,391	2,360	2,343	2,708
9 Over one through five years	4,851	5,034	5,517	5,373	5,986	5,978	5,931	5,929	5,517
10 Over five years	805	738	457	458	461	536	708	696	750
11 Other securities									
12 Trading account									
13 Investment account	14,889	15,046	14,997	14,820	14,833	14,760	14,699	14,695	14,659
14 U S government agencies	1,547	1,544	1,533	1,586	1,592	1,578	1,578	1,578	1,500
15 States and political subdivisions, by maturity	12,554	12,713	12,657	12,428	12,435	12,385	12,328	12,338	12,380
16 One year or less	2,010	2,103	2,045	1,835	1,821	1,778	1,702	1,696	1,684
17 Over one year	10,544	10,610	10,612	10,593	10,614	10,607	10,626	10,642	10,695
18 Other bonds, corporate stocks and securities	788	789	807	806	806	796	793	778	780
Loans									
19 Federal funds sold[1]	10,437	10,217	10,700	10,457	10,672	9,927	9,910	8,654	9,872
20 To commercial banks	4,965	4,688	5,418	5,300	5,467	4,542	5,132	4,537	5,093
21 To nonbank brokers and dealers in securities	3,815	4,011	3,856	3,796	3,670	3,702	3,428	3,057	3,459
22 To others	1,657	1,517	1,425	1,362	1,535	1,683	1,350	1,060	1,320
23 Other loans, gross	115,396	113,566	113,728	113,134	114,536	113,708	112,786	114,126	112,136
24 Commercial and industrial	59,499	58,955	58,270	58,584	58,029	58,100	57,791	57,934	56,932
25 Bankers acceptances and commercial paper	1,171	1,040	975	1,195	950	1,008	1,069	1,132	1,064
26 All other	58,327	57,915	57,294	57,390	57,080	57,092	56,722	56,802	55,868
27 U.S. addressees	56,772	56,333	55,725	55,791	55,474	55,516	55,166	55,230	54,265
28 Non-U S addressees	1,555	1,582	1,569	1,598	1,606	1,576	1,556	1,572	1,602
29 Real estate	19,530	19,598	19,938	19,998	20,131	20,053	20,114	20,248	20,284
30 To individuals for personal expenditures	11,964	12,038	12,069	12,096	12,182	12,233	12,366	12,452	12,494
To financial institutions									
31 Commercial banks in the United States	1,787	1,625	1,582	1,720	1,906	1,829	1,614	1,869	1,591
32 Banks in foreign countries	2,909	2,617	2,510	2,516	2,737	2,767	2,524	2,551	2,597
33 Sales finance, personal finance companies, etc	3,903	3,811	3,692	3,663	3,820	3,868	3,729	3,883	3,831
34 Other financial institutions	4,390	4,510	4,430	4,321	4,373	4,421	4,336	4,353	4,385
35 To nonbank brokers and dealers in securities	5,892	4,984	5,781	4,861	6,144	4,969	4,620	5,780	4,729
36 To others for purchasing and carrying securities[2]	644	654	649	608	635	609	577	594	586
37 To finance agricultural production	432	432	419	393	422	428	434	466	452
38 All other	4,445	4,342	4,388	4,374	4,156	4,431	4,680	3,995	4,253
39 Less Unearned income	1,417	1,438	1,422	1,430	1,419	1,433	1,442	1,464	1,453
40 Loan loss reserve	2,588	2,576	2,579	2,575	2,622	2,638	2,647	2,642	2,613
41 Other loans, net	111,390	109,552	109,726	109,129	110,494	109,636	108,697	110,020	108,069
42 Lease financing receivables	2,075	2,072	2,078	2,080	2,074	2,060	2,060	2,057	2,057
43 All other assets	61,434	59,905	60,793	59,450	59,108	60,318	64,728	61,909	61,872
44 Total assets	**232,488**	**228,968**	**228,952**	**224,730**	**230,447**	**229,783**	**230,256**	**227,674**	**224,299**
Deposits									
45 Demand deposits	47,866	44,647	46,803	45,131	48,048	47,612	46,295	45,076	44,068
46 Mutual savings banks	364	340	373	286	332	343	232	329	240
47 Individuals, partnerships, and corporations	31,959	29,448	32,299	30,490	32,065	32,463	31,764	30,717	29,896
48 States and political subdivisions	710	598	692	559	586	660	580	666	629
49 U S government	695	539	226	506	172	324	684	363	446
50 Commercial banks in the United States	4,333	4,722	4,635	4,346	5,320	4,446	3,766	4,483	3,988
51 Banks in foreign countries	4,610	4,723	4,334	4,492	4,654	5,121	5,264	4,132	4,428
52 Foreign governments and official institutions	841	786	794	912	1,117	1,050	752	719	518
53 Certified and officers' checks	4,354	3,491	3,450	3,540	3,802	3,203	3,253	3,667	3,923
54 Time and savings deposits	73,102	73,127	73,507	73,027	73,285	73,262	73,158	72,304	72,359
55 Savings	29,281	29,114	28,940	28,847	28,872	29,230	29,323	29,289	29,417
56 Individuals and nonprofit organizations	26,636	26,468	26,300	26,189	26,214	26,504	26,586	26,539	26,638
57 Partnerships and corporations operated for profit	2,394	2,414	2,420	2,442	2,448	2,499	2,499	2,532	2,544
58 Domestic governmental units	212	198	184	177	171	192	198	179	201
59 All other	39	34	35	38	39	35	40	38	34
60 Time	43,821	44,013	44,567	44,180	44,413	44,032	43,835	43,016	42,942
61 Individuals, partnerships, and corporations	37,508	37,590	38,279	37,979	38,262	37,948	37,841	37,132	37,023
62 States and political subdivisions	2,199	2,210	2,233	2,235	2,096	2,052	2,010	1,983	2,003
63 U.S. government	22	22	22	24	24	24	22	22	22
64 Commercial banks in the United States	2,740	2,758	2,583	2,510	2,584	2,632	2,593	2,529	2,551
65 Foreign governments, official institutions, and banks	1,352	1,432	1,450	1,433	1,447	1,376	1,368	1,348	1,343
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	450				1,050		1,205	3,350	
67 Treasury tax-and-loan notes	2,317	2,119	2,432	2,755	2,790	1,415	2,186	4,035	4,034
68 All other liabilities for borrowed money[3]	54,112	54,074	50,296	48,718	49,473	53,978	53,539	48,012	48,823
69 Other liabilities and subordinated notes and debentures	35,027	35,278	36,163	35,327	36,022	33,645	33,998	35,200	35,429
70 Total liabilities	***212,874***	***209,245***	***209,201***	***204,958***	***210,668***	***209,912***	***210,381***	***207,976***	***204,713***
71 Residual (total assets minus total liabilities)[4]	19,614	19,723	19,751	19,772	19,779	19,872	19,874	19,698	19,586

1. Includes securities purchased under agreements to resell
2. Other than financial institutions and brokers and dealers
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. Not a measure of equity capital for use in capital adequacy analysis or for other analytic uses

1.27 LARGE WEEKLY REPORTING COMMERCIAL BANKS with Domestic Assets of $1 Billion or More on December 31, 1977, Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1983								
	Aug 3	Aug 10	Aug 17	Aug. 24	Aug. 31p	Sept 7p	Sept 14p	Sept 21p	Sept 28p
1 Cash items in process of collection	50,268	43,090	47,945	43,897	50,404	52,192	48,882	46,292	44,579
2 Demand deposits due from banks in the United States	7,424	6,645	7,347	6,749	7,820	7,780	7,509	7,727	7,363
3 All other cash and due from depository institutions	34,492	35,051	32,649	32,718	35,447	36,521	34,810	33,857	29,454
4 Total loans and securities	**672,010**	**666,098**	**668,026**	**666,443**	**670,862**	**671,386**	**668,254**	**667,620**	**669,408**
Securities									
5 U.S Treasury securities	51,564	50,337	52,075	51,615	51,401	52,674	53,485	52,101	52,100
6 Trading account	9,837	8,240	9,736	9,229	8,384	9,211	9,928	8,586	8,297
7 Investment account, by maturity	41,727	42,097	42,338	42,386	43,017	43,463	43,557	43,515	43,804
8 One year or less	14,460	14,382	13,591	13,684	13,890	14,168	13,940	13,761	14,307
9 Over one through five years	24,597	25,116	26,288	26,235	26,663	26,758	26,893	27,046	26,727
10 Over five years	2,670	2,599	2,460	2,466	2,464	2,536	2,724	2,708	2,770
11 Other securities	84,352	84,052	85,038	84,111	84,421	84,732	84,079	84,429	84,178
12 Trading account	6,416	6,045	7,059	6,322	6,651	6,962	6,420	6,581	6,454
13 Investment account	77,936	78,006	77,979	77,788	77,769	77,770	77,659	77,848	77,723
14 U S government agencies	16,445	16,393	16,468	16,551	16,389	16,438	16,271	16,317	16,132
15 States and political subdivisions, by maturity	57,988	58,094	58,007	57,644	57,756	57,678	57,731	57,889	57,948
16 One year or less	7,826	7,861	7,900	7,569	7,640	7,786	7,739	7,746	7,729
17 Over one year	50,162	50,233	50,108	50,075	50,116	49,891	49,992	50,143	50,219
18 Other bonds, corporate stocks and securities	3,503	3,519	3,503	3,593	3,624	3,654	3,656	3,641	3,643
Loans									
19 Federal funds sold[1]	44,049	41,543	39,756	40,406	41,216	40,065	38,363	36,092	39,436
20 To commercial banks	33,276	30,869	28,356	29,611	30,541	29,173	28,266	26,198	29,096
21 To nonbank brokers and dealers in securities	7,526	7,584	8,618	8,048	7,730	7,683	7,376	7,027	7,672
22 To others	3,246	3,090	2,782	2,747	2,946	3,208	2,721	2,867	2,668
23 Other loans, gross	505,436	503,573	504,564	503,724	507,293	507,476	505,893	508,582	507,202
24 Commercial and industrial	215,299	214,572	213,736	213,860	214,063	214,100	213,532	214,634	213,348
25 Bankers acceptances and commercial paper	4,268	3,762	3,656	3,977	3,955	4,048	4,218	3,916	3,653
26 All other	211,030	210,810	210,081	209,883	210,108	210,052	209,314	210,718	209,696
27 U.S addressees	204,094	203,929	203,186	203,006	203,199	203,186	202,471	203,807	202,775
28 Non-U S addressees	6,936	6,881	6,895	6,877	6,909	6,876	6,843	6,911	6,920
29 Real estate	135,575	135,984	136,485	136,641	137,078	137,224	137,592	137,939	138,142
30 To individuals for personal expenditures	77,528	77,781	78,104	78,460	79,033	79,093	79,458	79,845	80,290
To financial institutions									
31 Commercial banks in the United States	7,491	7,178	7,302	7,551	7,496	7,395	6,732	7,181	6,959
32 Banks in foreign countries	8,272	7,972	7,759	7,672	8,312	8,650	8,442	8,247	8,492
33 Sales finance, personal finance companies, etc.	9,420	9,194	9,079	9,094	9,287	9,391	9,155	9,275	9,350
34 Other financial institutions	16,283	16,375	16,283	15,956	15,954	16,199	16,340	16,245	16,163
35 To nonbank brokers and dealers in securities	8,842	8,143	9,234	7,990	9,421	8,911	7,788	9,231	8,290
36 To others for purchasing and carrying securities[2]	3,098	3,106	3,096	3,074	3,182	3,135	3,140	3,187	3,206
37 To finance agricultural production	7,094	7,140	7,122	7,085	7,124	7,166	7,125	7,186	7,147
38 All other	16,534	16,126	16,364	16,338	16,342	16,262	16,589	15,612	15,816
39 LESS Unearned income	5,040	5,067	5,042	5,059	5,034	5,040	5,054	5,071	5,048
40 Loan loss reserve	8,350	8,340	8,365	8,353	8,435	8,521	8,512	8,512	8,461
41 Other loans, net	492,046	490,165	491,157	490,312	493,823	493,915	492,327	494,998	493,693
42 *Lease financing receivables*	10,889	10,882	10,939	10,944	10,948	10,957	10,916	10,919	10,927
43 All other assets	143,127	143,321	142,779	139,668	140,125	141,418	145,287	143,228	142,450
44 Total assets	**918,210**	**905,086**	**909,686**	**900,420**	**915,606**	**920,255**	**915,656**	**909,643**	**904,182**
Deposits									
45 Demand deposits	179,472	169,240	174,505	166,490	177,389	181,364	179,118	170,580	167,698
46 Mutual savings banks	796	705	742	614	711	766	553	633	557
47 Individuals, partnerships, and corporations	134,492	129,359	134,212	126,855	134,789	137,965	137,874	130,820	128,737
48 States and political subdivisions	5,309	4,350	4,844	4,541	4,931	4,797	4,735	5,098	4,686
49 U.S. government	3,221	1,878	1,091	2,078	995	1,380	2,600	1,847	1,610
50 Commercial banks in the United States	20,146	18,361	19,409	18,050	20,049	21,231	18,712	18,569	17,960
51 Banks in foreign countries	5,923	6,085	5,692	5,748	5,971	6,532	6,578	5,396	5,660
52 Foreign governments and official institutions	1,065	996	992	1,109	1,361	1,312	970	894	732
53 Certified and officers' checks	8,520	7,506	7,522	7,495	8,582	7,380	7,098	7,321	7,754
54 Time and savings deposits	416,182	416,206	417,620	418,146	419,019	420,218	418,706	417,298	417,904
55 Savings	175,006	174,256	173,423	172,444	172,768	174,651	174,040	172,634	172,470
56 Individuals and nonprofit organizations	156,366	155,492	154,597	153,499	153,814	155,484	154,915	153,487	153,200
57 Partnerships and corporations operated for profit	17,483	17,584	17,649	17,771	17,786	17,968	17,906	17,945	18,086
58 Domestic governmental units	1,100	1,125	1,120	1,115	1,124	1,156	1,176	1,160	1,145
59 All other	57	54	56	58	45	42	43	42	38
60 Time	241,176	241,950	244,197	245,702	246,250	245,567	244,666	244,663	245,434
61 Individuals, partnerships, and corporations	214,371	214,607	216,703	217,944	218,694	217,983	217,048	217,106	218,042
62 States and political subdivisions	16,597	16,955	17,033	17,270	17,065	17,058	17,062	17,198	17,179
63 U S government	327	314	314	318	320	310	307	302	270
64 Commercial banks in the United States	6,694	6,844	6,833	6,822	6,815	6,951	6,945	6,782	6,803
65 Foreign governments, official institutions, and banks	3,187	3,230	3,314	3,346	3,355	3,264	3,304	3,275	3,140
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,412	146	392	363	2,409	446	1,280	5,638	1,105
67 Treasury tax-and-loan notes	10,753	8,797	9,996	11,012	11,162	6,730	7,806	15,312	15,159
68 All other liabilities for borrowed money[3]	162,587	162,645	157,022	155,615	156,931	163,997	160,859	153,366	154,216
69 Other liabilities and subordinated notes and debentures	86,701	86,771	89,058	87,672	87,311	85,955	86,326	86,157	86,885
70 Total liabilities	**857,108**	**843,805**	**848,594**	**839,298**	**854,222**	**858,749**	**854,096**	**848,350**	**842,966**
71 Residual (total assets minus total liabilities)[4]	61,102	61,281	61,092	61,122	61,384	61,505	61,561	61,293	61,215

1. Includes securities purchased under agreements to resell
2. Other than financial institutions and brokers and dealers.
3. Includes federal funds purchased and securities sold under agreement 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

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

Millions of dollars, Wednesday figures

Account	1983								
	Aug 3	Aug. 10	Aug 17	Aug. 24	Aug 31p	Sept. 7p	Sept 14p	Sept. 21p	Sept. 28p
1 Cash items in process of collection	47,265	40,568	45,214	41,189	47,487	48,752	45,706	43,352	41,997
2 Demand deposits due from banks in the United States	6,864	6,110	6,763	6,265	7,234	7,130	6,870	7,064	6,771
3 All other cash and due from depository institutions	31,467	31,927	29,550	29,569	32,437	33,431	31,888	30,668	26,412
4 **Total loans and securities**[1]	**624,634**	**618,665**	**620,477**	**619,022**	**623,027**	**623,113**	**619,904**	**619,580**	**621,120**
Securities									
5 U S Treasury securities[2]	46,848	45,552	47,286	46,746	46,618	47,798	48,587	47,272	47,159
6 Trading account[2]	9,751	8,153	9,609	9,076	8,302	9,047	9,765	8,421	8,144
7 Investment account, by maturity	37,097	37,399	37,677	37,670	38,316	38,751	38,822	38,851	39,014
8 One year or less	12,655	12,573	11,948	12,057	12,211	12,481	12,210	12,085	12,634
9 Over one through five years	22,027	22,483	23,523	23,400	23,923	23,981	24,135	24,304	23,854
10 Over five years	2,415	2,343	2,206	2,213	2,182	2,289	2,476	2,462	2,526
11 Other securities[2]	76,657	76,404	77,237	76,411	76,682	76,928	76,305	76,533	76,368
12 Trading account[2]	6,276	5,939	6,830	6,224	6,522	6,842	6,296	6,395	6,309
13 Investment account	70,382	70,465	70,407	70,186	70,160	70,086	70,008	70,138	70,058
14 U S government agencies	14,832	14,786	14,846	14,920	14,781	14,770	14,636	14,637	14,470
15 States and political subdivisions, by maturity	52,434	52,540	52,428	52,064	52,150	52,054	52,108	52,246	52,324
16 One year or less	7,171	7,206	7,235	6,908	6,956	7,106	7,058	7,067	7,084
17 Over one year	45,263	45,334	45,194	45,156	45,194	44,948	45,050	45,179	45,241
18 Other bonds, corporate stocks and securities	3,116	3,139	3,132	3,202	3,230	3,262	3,264	3,254	3,264
Loans									
19 Federal funds sold[3]	39,940	37,470	35,795	36,651	37,218	35,713	33,873	32,288	35,610
20 To commercial banks	29,620	27,222	24,890	26,328	27,045	25,312	24,362	23,005	25,962
21 To nonbank brokers and dealers in securities	7,098	7,189	8,148	7,601	7,253	7,219	6,821	6,445	7,008
22 To others	3,222	3,060	2,757	2,722	2,919	3,182	2,689	2,838	2,640
23 Other loans, gross	473,557	471,624	472,538	471,594	474,949	475,205	473,672	476,034	474,461
24 Commercial and industrial	203,373	202,679	201,922	202,018	202,138	202,226	201,781	202,752	201,427
25 Bankers' acceptances and commercial paper	3,974	3,475	3,381	3,735	3,729	3,849	4,032	3,723	3,466
26 All other	199,399	199,204	198,540	198,283	198,409	198,377	197,749	199,029	197,960
27 U S addressees	192,597	192,444	191,765	191,531	191,622	191,633	191,027	192,241	191,160
28 Non-U S. addressees	6,802	6,760	6,776	6,752	6,787	6,744	6,722	6,788	6,800
29 Real estate	127,172	127,502	127,926	128,095	128,503	128,571	128,876	129,180	129,317
30 To individuals for personal expenditures	68,781	68,993	69,278	69,581	70,086	70,133	70,457	70,806	71,195
To financial institutions									
31 Commercial banks in the United States	7,031	6,767	6,831	7,071	7,023	6,928	6,320	6,687	6,412
32 Banks in foreign countries	8,201	7,860	7,678	7,583	8,225	8,568	8,349	8,168	8,395
33 Sales finance, personal finance companies, etc	9,213	8,994	8,870	8,880	9,066	9,184	8,942	9,064	9,139
34 Other financial institutions	15,522	15,630	15,544	15,213	15,212	15,462	15,596	15,492	15,430
35 To nonbank brokers and dealers in securities	8,777	8,060	9,161	7,916	9,351	8,842	7,725	9,145	8,199
36 To others for purchasing and carrying securities[4]	2,839	2,842	2,834	2,812	2,918	2,865	2,874	2,928	2,936
37 To finance agricultural production	6,881	6,919	6,902	6,870	6,909	6,897	6,908	6,972	6,936
38 All other	15,767	15,377	15,591	15,554	15,519	15,527	15,844	14,841	15,076
39 LESS Unearned income	4,453	4,478	4,449	4,463	4,445	4,451	4,462	4,478	4,457
40 Loan loss reserve	7,915	7,906	7,930	7,917	7,995	8,080	8,069	8,070	8,021
41 Other loans, net	461,189	459,239	460,159	459,214	462,508	462,673	461,140	463,486	461,983
42 Lease financing receivables	10,480	10,471	10,527	10,529	10,531	10,538	10,495	10,496	10,502
43 All other assets[5]	138,771	138,955	138,590	135,598	135,740	137,200	141,169	138,974	138,164
44 **Total assets**	**859,482**	**846,696**	**851,120**	**842,173**	**856,457**	**860,163**	**856,033**	**850,134**	**844,967**
Deposits									
45 Demand deposits	166,591	156,992	162,364	154,487	164,678	168,108	166,136	157,973	155,738
46 Mutual savings banks	759	680	713	589	682	735	533	609	534
47 Individuals, partnerships, and corporations	124,476	119,625	124,587	117,420	124,750	127,624	127,686	121,218	119,231
48 States and political subdivisions	4,788	3,850	4,346	3,940	4,394	4,244	4,196	4,388	4,164
49 U.S. government	2,961	1,717	943	1,906	884	1,191	2,162	1,384	1,457
50 Commercial banks in the United States	18,408	16,840	17,899	16,568	18,369	19,388	17,221	17,077	16,491
51 Banks in foreign countries	5,876	6,044	5,643	5,703	5,925	6,486	6,524	5,357	5,612
52 Foreign governments and official institutions	1,064	990	989	1,108	1,358	1,312	968	889	731
53 Certified and officers' checks	8,258	7,245	7,243	7,254	8,316	7,127	6,846	7,051	7,518
54 Time and savings deposits	385,938	385,898	387,158	387,646	388,513	389,552	388,068	386,695	387,258
55 Savings	161,909	161,174	160,390	159,537	159,807	161,503	160,874	159,654	159,552
56 Individuals and nonprofit organizations	144,878	144,035	143,191	142,214	142,458	143,942	143,372	142,145	141,935
57 Partnerships and corporations operated for profit	15,987	16,073	16,138	16,280	16,291	16,474	16,394	16,417	16,546
58 Domestic governmental units	987	1,013	1,006	986	998	1,030	1,051	1,036	1,019
59 All other	57	53	56	58	59	57	57	57	52
60 Time	224,029	224,724	226,768	228,109	228,706	228,049	227,194	227,040	227,706
61 Individuals, partnerships, and corporations	199,125	199,299	201,170	202,298	203,078	202,367	201,464	201,331	202,164
62 States and political subdivisions	14,918	15,248	15,360	15,564	15,369	15,380	15,385	15,556	15,488
63 U S government	242	240	242	246	247	239	240	237	251
64 Commercial banks in the United States	6,557	6,707	6,681	6,655	6,656	6,799	6,801	6,641	6,662
65 Foreign governments, official institutions, and banks	3,187	3,230	3,314	3,346	3,355	3,264	3,304	3,275	3,140
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,407	436	392	338	2,399	420	1,270	5,576	1,058
67 Treasury tax-and-loan notes	10,128	8,255	9,351	10,295	10,449	6,333	7,356	14,496	14,360
68 All other liabilities for borrowed money[6]	153,464	153,198	147,639	146,455	147,676	154,288	151,344	143,970	144,557
69 Other liabilities and subordinated notes and debentures	84,720	84,811	86,946	85,640	85,217	83,822	84,158	83,979	84,647
70 **Total liabilities**	**802,248**	**789,289**	**793,851**	**784,861**	**798,932**	**802,524**	**798,332**	**792,690**	**787,618**
71 Residual (total assets minus total liabilities)[7]	57,233	57,407	57,270	57,312	57,525	57,639	57,701	57,444	57,349

1 Excludes trading account securities
2 Not available due to confidentiality
3 Includes securities purchased under agreements to resell.
4 Other than financial institutions and brokers and dealers
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

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1983								
	Aug 3	Aug 10	Aug 17	Aug 24	Aug 31p	Sept 7p	Sept 14p	Sept 21p	Sept 28p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	644,632	641,457	645,775	642,693	646,294	648,379	646,823	647,825	646,862
2 Total loans (gross) adjusted[1]	508,717	507,068	508,662	506,967	510,472	510,973	509,259	511,295	510,584
3 Demand deposits adjusted[2]	105,836	105,912	106,060	102,465	105,941	106,561	108,925	103,872	103,548
4 Time deposits in accounts of $100,000 or more	142,375	142,637	144,303	145,418	145,492	144,550	143,317	143,018	143,712
5 Negotiable CDs	93,172	93,199	94,528	95,185	95,127	94,073	92,634	92,335	93,384
6 Other time deposits	49,204	49,438	49,775	50,233	50,366	50,477	50,683	50,683	50,328
7 Loans sold outright to affiliates[3]	2,623	2,611	2,533	2,579	2,529	2,588	2,617	2,492	2,535
8 *Commercial and industrial*	2,024	2,010	1,934	2,022	1,993	2,020	2,019	1,896	1,940
9 Other	599	601	598	558	536	568	598	596	595
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	600,352	597,061	601,135	598,003	601,399	603,404	601,754	602,436	601,224
11 Total loans (gross) adjusted[1]	476,847	475,105	476,612	474,846	478,098	478,677	476,862	478,631	477,697
12 Demand deposits adjusted[2]	97,958	97,866	98,308	94,824	97,938	98,777	101,047	96,160	95,793
13 Time deposits in accounts of $100,000 or more	134,087	134,291	135,795	136,797	136,932	136,022	134,890	134,444	135,056
14 Negotiable CDs	88,550	88,530	89,755	90,336	90,352	89,360	88,033	87,624	88,535
15 Other time deposits	45,537	45,761	46,040	46,460	46,580	46,662	46,856	46,820	46,521
16 Loans sold outright to affiliates[3]	2,574	2,562	2,484	2,531	2,480	2,539	2,568	2,444	2,484
17 Commercial and industrial	1,981	1,967	1,890	1,978	1,949	1,976	1,975	1,852	1,894
18 Other	593	595	594	553	530	563	593	591	591
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	142,078	140,770	140,862	139,681	141,511	140,928	139,648	140,036	138,957
20 Total loans (gross) adjusted[1]	119,081	117,470	117,427	116,571	117,835	117,263	115,950	116,374	115,323
21 Demand deposits adjusted[2]	26,890	25,195	26,267	25,590	25,457	28,175	27,353	25,645	25,321
22 Time deposits in accounts of $100,000 or more	32,757	32,964	33,417	33,008	33,144	32,695	32,417	31,634	31,702
23 Negotiable CDs	21,910	22,072	22,600	22,207	22,468	22,119	21,766	21,020	21,054
24 Other time deposits	10,846	10,892	10,818	10,801	10,676	10,576	10,651	10,614	10,648

1 Exclusive of loans and federal funds transactions with domestic commercial banks

2. All demand deposits except U S government and domestic banks less cash items in process of collection

3 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.

4 Excludes trading account securities

1.30 LARGE WEEKLY REPORTING BRANCHES AND AGENCIES OF FOREIGN BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1983								
	Aug 3	Aug 10	Aug 17	Aug 24	Aug 31p	Sept 7p	Sept 14p	Sept 21p	Sept 28p
1 Cash and due from depository institutions	7,874	7,366	7,283	6,846	7,323	6,827	6,483	6,476	6,121
2 Total loans and securities	40,852	41,225	40,804	41,572	42,942	42,416	42,337	43,338	44,846
3 U.S. Treasury securities	4,100	4,060	4,255	4,215	4,418	4,346	4,196	4,034	4,080
4 Other securities	847	848	862	862	861	859	872	905	934
5 Federal funds sold[1]	2,174	2,534	1,876	2,503	2,711	2,264	1,995	2,023	2,804
6 To commercial banks in United States	1,999	2,258	1,728	2,396	2,520	2,190	1,812	1,811	2,740
7 To others	175	276	148	106	190	74	182	212	64
8 Other loans, gross	33,731	33,783	33,811	33,992	34,952	34,947	35,274	36,375	37,027
9 Commercial and industrial	18,116	18,034	18,358	18,318	18,609	18,491	18,610	18,726	19,131
10 Bankers acceptances and commercial paper	3,037	3,163	3,099	3,013	3,004	3,112	3,161	3,141	3,122
11 All other	15,079	14,871	15,259	15,305	15,606	15,379	15,449	15,586	16,009
12 U.S. addressees	13,343	13,123	13,450	13,496	13,813	13,594	13,643	13,720	14,104
13 Non-U.S. addressees	1,736	1,748	1,809	1,810	1,793	1,785	1,806	1,866	1,905
14 To financial institutions	11,462	11,782	11,472	11,636	12,080	12,179	12,628	13,356	13,623
15 Commercial banks in United States	9,141	9,522	9,174	9,294	9,689	9,752	10,244	10,966	11,123
16 Banks in foreign countries	1,732	1,659	1,685	1,740	1,802	1,807	1,804	1,805	1,915
17 Nonbank financial institutions	590	600	613	602	589	620	580	586	585
18 For purchasing and carrying securities	401	298	365	408	591	573	499	727	536
19 All other	3,752	3,670	3,615	3,629	3,672	3,704	3,537	3,565	3,736
20 Other assets (claims on nonrelated parties)	11,109	11,250	11,304	11,370	11,436	11,432	11,568	11,578	11,750
21 Net due from related institutions	11,543	11,097	10,968	11,874	12,615	12,287	11,759	12,378	11,521
22 Total assets	71,379	70,938	70,360	71,663	74,317	72,963	72,146	73,770	74,237
23 Deposits or credit balances[2]	21,089	20,876	20,326	20,635	21,197	20,414	20,357	20,416	20,517
24 Credit balances	195	166	190	147	188	176	196	189	196
25 Demand deposits	1,937	1,816	1,770	1,734	1,976	1,774	1,627	1,657	1,736
26 Individuals, partnerships, and corporations	844	785	834	781	809	800	780	745	748
27 Other	1,093	1,030	936	952	1,167	974	847	911	989
28 Total time and savings	18,957	18,894	18,366	18,754	19,033	18,464	18,534	18,570	18,584
29 Individuals, partnerships, and corporations	16,095	16,146	15,647	15,950	16,381	15,744	15,783	15,876	15,756
30 Other	2,862	2,749	2,719	2,804	2,652	2,720	2,751	2,694	2,828
31 Borrowings[3]	32,599	32,179	32,414	32,731	33,824	33,830	33,648	35,008	34,643
32 Federal funds purchased[4]	9,716	9,141	9,318	9,312	10,243	9,610	8,630	9,037	8,737
33 From commercial banks in United States	7,790	7,270	7,510	7,281	8,152	7,832	6,755	7,026	6,951
34 From others	1,925	1,870	1,808	2,032	2,091	1,778	1,875	2,010	1,786
35 Other liabilities for borrowed money	22,883	23,038	23,095	23,419	23,580	24,219	25,018	25,970	25,906
36 To commercial banks in United States	18,695	19,062	19,168	19,480	19,618	20,274	20,897	21,910	22,045
37 To others	4,188	3,976	3,927	3,939	3,962	3,945	4,121	4,061	3,861
38 Other liabilities to nonrelated parties	11,730	11,889	12,083	12,144	12,168	12,102	12,430	12,446	12,491
39 Net due to related institutions	5,961	5,994	5,536	6,153	7,128	6,617	5,712	5,900	6,587
40 Total liabilities	71,379	70,938	70,360	71,663	74,317	72,963	72,146	73,770	74,237
MEMO									
41 Total loans (gross) and securities adjusted[5]	29,713	29,445	29,903	29,882	30,732	30,474	30,281	30,561	30,983
42 Total loans (gross) adjusted[5]	24,766	24,537	24,785	24,804	25,453	25,270	25,212	25,622	25,968

1. Includes securities purchased under agreements to resell
2. Balances due to other than directly related institutions
3. Borrowings from other than directly related institutions
4. Includes securities sold under agreements to repurchase.
5. Excludes loans and federal funds transactions with commercial banks in United States

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

Billions of dollars, estimated daily-average balances

Type of holder	Commercial banks									
	1978 Dec	1979[2] Dec	1980 Dec	1981 Dec	1982				1983	
					Mar	June	Sept	Dec.	Mar	June
1 **All holders—Individuals, partnerships, and corporations**	**294.6**	**302.2**	**315.5**	**288.9**	**268.9**	**271.5**	**276.7**	**295.4**	**283.5**	**289.5**
2 Financial business	27.8	27.1	29.8	28.0	27.8	28.6	31.9	35.5	34.0	35.1
3 Nonfinancial business	152.7	157.7	162.3	154.8	138.7	141.4	142.9	151.7	144.4	147.7
4 Consumer	97.4	99.2	102.4	86.6	84.6	83.7	83.3	88.1	85.5	86.9
5 Foreign	2.7	3.1	3.3	2.9	3.1	2.9	2.9	3.0	3.2	3.0
6 Other	14.1	15.1	17.2	16.7	14.6	15.0	15.7	17.1	16.4	16.8
	Weekly reporting banks									
	1978 Dec	1979[4] Dec	1980 Dec	1981 Dec	1982				1983	
					Mar	June	Sept.	Dec	Mar	June
7 **All holders—Individuals, partnerships, and corporations**	**147.0**	**139.3**	**147.4**	**137.5**	**126.8**	**127.9**	**132.1**	**144.0**	**140.7**	**141.9**
8 Financial business	19.8	20.1	21.8	21.0	20.2	20.2	23.4	26.7	25.2	26.3
9 Nonfinancial business	79.0	74.1	78.3	75.2	67.1	67.7	68.7	74.2	72.7	73.1
10 Consumer	38.2	34.3	35.6	30.4	29.2	29.7	29.6	31.9	31.2	30.4
11 Foreign	2.5	3.0	3.1	2.8	2.9	2.8	2.7	2.9	3.0	2.9
12 Other	7.5	7.8	8.6	8.0	7.3	7.5	7.7	8.4	8.6	9.3

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

3 Demand deposit ownership survey estimates for June 1981 are not available due to unresolved reporting errors.

4 After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2; nonfinancial business, 67.2; consumer, 32.8; foreign, 2.5; other, 6.8.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1978 Dec.	1979[1] Dec.	1980 Dec.	1981 Dec.	1982 Dec.[2]	1983 Mar.	1983 Apr.	1983 May	1983 June	1983 July	1983 Aug.
	Commercial paper (seasonally adjusted unless noted otherwise)										
1 **All issuers**	**83,438**	**112,803**	**124,374**	**165,455**	**166,208**	**167,665**	**170,659**	**169,503**	**170,716**	**172,199**[r]	**174,669**
Financial companies[3]											
Dealer-placed paper[4]											
2 Total	12,181	17,359	19,599	29,904	34,067	36,255	37,481	38,645	39,850	39,027	40,749
3 Bank-related (not seasonally adjusted)	3,521	2,784	3,561	6,045	2,516	2,030	1,950	1,954	2,192	2,367	2,353
Directly placed paper[5]											
4 Total	51,647	64,757	67,854	81,715	84,183	85,773	87,831	87,238	87,749	89,585	90,628
5 Bank-related (not seasonally adjusted)	12,314	17,598	22,382	26,914	32,034	32,951	32,495	32,943	33,420	33,613	35,085
6 Nonfinancial companies[6]	19,610	30,687	36,921	53,836	47,958	45,637	45,347	43,620	43,117	43,587[r]	43,292
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**33,700**	**45,321**	**54,744**	**69,226**	**79,543**	**70,843**	**70,389**	**68,797**	**70,907**	**72,710**	n.a.
Holder											
8 Accepting banks	8,579	9,865	10,564	10,857	10,910	10,518	9,494	8,223	9,147	9,008	n.a.
9 Own bills	7,653	8,327	8,963	9,743	9,471	9,083	7,951	7,497	7,998	8,231	n.a.
10 Bills bought	927	1,538	1,601	1,115	1,439	1,435	1,543	726	1,148	777	n.a.
Federal Reserve Banks											
11 Own account	587	704	776	195	1,480	0	0	0	0	0	n.a.
12 Foreign correspondents	664	1,382	1,791	1,442	949	758	778	788	792	670	n.a.
13 Others	23,870	33,370	41,614	56,926	66,204	59,568	60,118	59,786	60,968	63,032	n.a.
Basis											
14 Imports into United States	8,574	10,270	11,776	14,765	17,683	14,217	14,418	13,858	14,324	15,122	n.a.
15 Exports from United States	7,586	9,640	12,712	15,400	16,328	16,826	17,124	16,074	16,356	16,286	n.a.
16 All other	17,540	25,411	30,257	39,061	45,532	39,800	38,848	38,865	40,226	41,301	n.a.

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.
2. Effective Dec. 1, 1982, there was a break in the commercial paper series. The key changes in the content of the data involved additions to the reporting panel, the exclusion of broker or dealer placed borrowings under any master note agreements from the reported data, and the reclassification of a large portion of bank-related paper from dealer-placed to directly placed.
3. 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.

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

Percent per annum

Effective date	Rate	Effective Date	Rate	Month	Average rate	Month	Average rate
1981—Nov. 24	16.00	1982—Aug. 23	13.50	1982—Jan	15.75	1983—Jan.	11.16
Dec. 1	15.75	Oct. 7	13.00	Feb.	16.56	Feb	10.98
		14	12.00	Mar	16.50	Mar.	10.50
		Nov. 22	11.50	Apr.	16.50	Apr.	10.50
				May	16.50	May	10.50
1982—Feb. 18	17.00			June	16.50	June	10.50
23	16.50			July	16.26	July	10.50
July 20	16.00			Aug.	14.39	Aug	10.89
29	15.50			Sept.	13.50	Sept.	11.00
Aug. 2	15.00	1983—Jan. 11	11.00	Oct.	12.52		
16	14.50	Feb. 28	10.50	Nov.	11.85		
18	14.00	Aug. 8	11.00	Dec.	11.50		

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 1–5, 1983

Item	All sizes	Size of loan (in thousands of dollars) 1–24	25–49	50–99	100–499	500–999	1,000 and over
SHORT-TERM COMMERCIAL AND INDUSTRIAL LOANS							
1 Amount of loans (thousands of dollars)	36,819,868	949,559	668,400	1,094,777	2,138,132	986,449	30,982,550
2 Number of loans	171,400	115,850	20,397	17,109	12,274	1,478	4,291
3 Weighted-average maturity (months)	1.2	3.7	4.3	3.4	4.0	3.9	.8
4 With fixed rates	.7	3.3	4.2	2.6	3.5	2.8	.4
5 With floating rates	2.1	4.6	4.5	4.7	4.3	4.5	1.5
6 Weighted-average interest rate (percent per annum)	11.09	13.99	13.56	12.73	11.89	11.81	10.81
7 Interquartile range[1]	10.52–11.07	13.10–14.93	12.25–14.50	11.85–13.65	11.02–12.53	11.02–12.46	10.52–11.01
8 With fixed rates	11.01	14.41	13.98	12.97	12.08	11.90	10.76
9 With floating rates	11.23	13.28	12.87	12.50	11.80	11.77	10.92
Percentage of amount of loans							
10 With floating rate	36.2	37.6	38.3	50.4	66.0	71.7	32.4
11 Made under commitment	64.3	32.9	33.2	45.9	51.8	65.7	67.4
12 With no stated maturity	11.3	11.2	15.7	24.7	25.2	36.4	8.9
13 With one-day maturity	38.0	1	1	2	.6	9	45.0
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS		1–99					
14 Amount of loans (thousands of dollars)	4,491,493	531,982			386,952	151,196	3,421,363
15 Number of loans	26,332	23,262			2,176	228	667
16 Weighted-average maturity (months)	55.3	48.8			68.5	40.0	55.5
17 With fixed rates	61.8	54.2			112.8	53.1	52.6
18 With floating rates	53.7	38.3			46.5	37.7	55.9
19 Weighted-average interest rate (percent per annum)	11.83	14.53			12.06	11.66	11.39
20 Interquartile range[1]	10.92–12.40	12.68–15.60			11.02–12.96	11.02–12.13	10.92–11.73
21 With fixed rates	13.00	15.54			12.05	11.77	11.17
22 With floating rates	11.53	12.59			12.07	11.64	11.42
Percentage of amount of loans							
23 With floating rate	79.8	34.1			66.8	85.4	88.1
24 Made under commitment	66.0	17.1			43.8	72.3	75.8
CONSTRUCTION AND LAND DEVELOPMENT LOANS		1–24	25–49	50–99		500 and over	
25 Amount of loans (thousands of dollars)	1,340,014	166,917	85,626	47,270	481,527	558,674	
26 Number of loans	23,995	18,146	2,401	726	2,485	237	
27 Weighted-average maturity (months)	15.5	5.4	10.4	11.5	19.7	17.0	
28 With fixed rates	14.1	3.2	10.9	9.4	22.9	4.6	
29 With floating rates	16.5	10.1	8.1	12.3	14.0	18.4	
30 Weighted-average interest rate (percent per annum)	12.99	14.91	13.47	12.70	12.97	12.40	
31 Interquartile range[1]	12.13–13.81	13.24–15.51	13.50–13.81	12.13–13.24	11.07–14.37	11.62–13.24	
32 With fixed rates	14.18	15.57	13.66	13.10	14.08	12.61	
33 With floating rates	12.33	13.50	12.81	12.56	11.93	12.37	
Percentage of amount of loans							
34 With floating rate	64.1	32.1	22.0	73.3	51.7	90.0	
35 Secured by real estate	80.8	81.8	97.5	89.5	96.3	63.8	
36 Made under commitment	75.4	80.1	60.9	74.6	83.5	69.3	
37 With no stated maturity	10.1	1.0	2.7	7.6	24.8	1.4	
38 With one-day maturity	.4	.1	.2	.8	.3	.5	
Type of construction							
39 1- to 4-family	23.3	65.5	17.0	36.2	12.1	20.2	
40 Multifamily	10.5	7.2	4.9	16.6	8.2	13.9	
41 Nonresidential	66.2	27.3	78.1	47.2	79.7	65.9	
LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
42 Amount of loans (thousands of dollars)	942,246	157,098	153,852	152,314	129,834	89,163	259,986
43 Number of loans	62,461	44,542	10,599	4,307	1,987	642	383
44 Weighted-average maturity (months)	7.1	6.7	6.1	7.0	8.0	6.4	8.0
45 Weighted-average interest rate (percent per annum)	13.72	14.30	14.03	14.15	13.79	13.60	12.94
46 Interquartile range[1]	12.87–14.49	13.42–14.85	13.42–14.57	13.50–14.63	13.00–14.49	12.43–14.97	11.84–14.49
By purpose of loan							
47 Feeder livestock	13.05	14.35	14.31	14.07	13.91	11.57	12.03
48 Other livestock	14.14	16.89	13.90	14.70	(2)	13.33	(2)
49 Other current operating expenses	13.93	14.01	14.03	14.07	13.99	13.81	13.74
50 Farm machinery and equipment	14.26	14.55	13.91	14.40	(2)	(2)	(2)
51 Other	13.17	14.21	13.88	13.92	13.05	13.95	11.67

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

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

1.35 INTEREST RATES Money and Capital Markets

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

Instrument	1980	1981	1982	1983 June	1983 July	1983 Aug.	1983 Sept	1983, week ending Sept. 2	Sept. 9	Sept 16	Sept 23	Sept. 30
Money Market Rates												
1 Federal funds[1,2]	13.36	16.38	12.26	8.98	9.37	9.56	9.45	9.44	9.53	9.54	9.48	9.04
Commercial paper[3,4]												
2 1-month	12.76	15.69	11.83	8.97	9.15	9.41	9.19	9.34	9.33	9.28	9.16	8.97
3 3-month	12.66	15.32	11.89	9.00	9.25	9.54	9.24	9.46	9.39	9.30	9.18	9.01
4 6-month	12.29	14.76	11.89	9.03	9.36	9.68	9.28	9.61	9.47	9.35	9.20	9.02
Finance paper, directly placed[3,4]												
5 1-month	12.44	15.30	11.64	8.86	9.13	9.35	9.15	9.34	9.27	9.20	9.10	8.97
6 3-month	11.49	14.08	11.23	8.81	9.11	9.41	9.09	9.34	9.33	9.08	9.06	8.83
7 6-month	11.28	13.73	11.20	8.80	9.10	9.42	9.09	9.32	9.34	9.09	9.06	8.81
Bankers acceptances[4,5]												
8 3-month	12.72	15.32	11.89	9.04	9.33	9.59	9.23	9.52	9.36	9.30	9.15	9.03
9 6-month	12.25	14.66	11.83	9.06	9.47	9.71	9.26	9.68	9.43	9.33	9.13	9.01
Certificates of deposit, secondary market[6]												
10 1-month	12.91	15.91	12.04	9.06	9.30	9.52	9.28	9.46	9.37	9.32	9.28	9.08
11 3-month	13.07	15.91	12.27	9.20	9.50	9.77	9.39	9.73	9.54	9.43	9.34	9.17
12 6-month	12.99	15.77	12.57	9.45	9.91	10.17	9.64	10.14	9.85	9.68	9.52	9.36
13 Eurodollar deposits, 3-month[2]	14.00	16.79	13.12	9.67	10.00	10.27	9.82	10.13	10.14	9.91	9.85	9.50
U.S. Treasury bills[4]												
Secondary market[7]												
14 3-month	11.43	14.03	10.61	8.79	9.08	9.34	9.00	9.26	9.13	9.08	8.94	8.75
15 6-month	11.37	13.80	11.07	8.89	9.26	9.51	9.15	9.52	9.35	9.21	9.02	8.89
16 1-year	10.89	13.14	11.07	8.87	9.34	9.60	9.27	9.64	9.47	9.33	9.15	9.04
Auction average[8]												
17 3-month	11.506	14.029	10.686	8.82	9.12	9.39	9.05	9.28	9.21	9.04	8.99	8.73
18 6-month	11.374	13.776	11.084	8.89	9.29	9.53	9.19	9.53	9.40	9.14	9.06	8.84
19 1-year	10.748	13.159	11.099	8.80	9.36	9.77	9.64	...	9.64	...	...	
Capital Market Rates												
U.S. Treasury notes and bonds[9]												
Constant maturities[10]												
20 1-year	12.05	14.78	12.27	9.66	10.20	10.53	10.16	10.57	10.38	10.21	10.01	9.89
21 1-½-year[11]	...	...		...	...	...	...	...	10.65	...	10.35	...
22 2-year	11.77	14.56	12.80	10.18	10.69	11.07	10.79	11.14	10.95	10.83	10.70	10.56
23 2-½-year[12]		...	...	...	...		...	...	10.85		10.80	...
24 3-year	11.55	14.44	12.92	10.32	10.90	11.30	11.07	11.41	11.23	11.14	10.99	10.82
25 5-year	11.48	14.24	13.01	10.63	11.21	11.63	11.43	11.73	11.56	11.46	11.37	11.22
26 7-year	11.43	14.06	13.06	10.83	11.35	11.77	11.61	11.88	11.73	11.64	11.54	11.42
27 10-year	11.46	13.91	13.00	10.85	11.38	11.85	11.65	11.94	11.76	11.69	11.59	11.46
28 20-year	11.39	13.72	12.92	11.12	11.59	11.96	11.82	12.09	11.92	11.85	11.78	11.64
29 30-year	11.30	13.44	12.76	10.93	11.40	11.82	11.63	11.92	11.73	11.67	11.57	11.45
Composite[13]												
30 Over 10 years (long-term)	10.81	12.87	12.23	10.64	11.10	11.42	11.26	11.52	11.37	11.28	11.20	11.09
State and local notes and bonds												
Moody's series[14]												
31 Aaa	7.85	10.43	10.88	8.76	8.70	9.04	8.97	9.10	9.05	9.00	8.90	8.80
32 Baa	9.01	11.76	12.48	10.21	10.06	10.25	10.10	10.25	10.20	10.10	10.00	9.95
33 *Bond Buyer* series[15]	8.59	11.33	11.66	9.52	9.53	9.72	9.58	9.75	9.67	9.62	9.42	9.46
Corporate bonds												
Seasoned issues[16]												
34 All industries	12.75	15.06	14.94	12.54	12.73	13.01	12.91	13.03	12.98	12.94	12.88	12.81
35 Aaa	11.94	14.17	13.79	11.74	12.15	12.51	12.37	12.54	12.47	12.40	12.31	12.22
36 Aa	12.50	14.75	14.41	12.15	12.39	12.72	12.62	12.76	12.68	12.67	12.58	12.49
37 A	12.89	15.29	15.43	12.88	12.99	13.17	13.11	13.16	13.15	13.15	13.10	13.04
38 Baa	13.67	16.04	16.11	13.37	13.39	13.64	13.55	13.65	13.60	13.55	13.51	13.49
Aaa utility bonds[17]												
39 New issue	12.74	15.56	14.41	11.87	12.32	12.25	12.53	...	...	12.63	...	12.43
40 Recently offered issues	12.70	15.56	14.45	11.81	12.39	12.75	12.50	12.80	12.59	12.55	12.31	12.38
Memo: Dividend/price ratio[18]												
41 Preferred stocks	10.60	12.36	12.53	10.81	11.06	11.07	11.06	11.05	11.18	11.07	11.02	10.96
42 Common stocks	5.26	5.20	5.81	4.26	4.21	4.35	4.24	4.32	4.22	4.29	4.23	4.23

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

2. Weekly figures are statement week averages—that is, averages for the week ending Wednesday.

3. 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

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

5 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)

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

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

8. 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

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

10 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.

11. Each biweekly figure is the average of five business days ending on the Monday following the date indicated. Beginning Apr. 1, 1983, this rate determines the maximum interest payable in the following two-week period on 1-½-year small saver certificates (See table 1 16.)

12 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)

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

14. General obligations only, based on figures for Thursday, from Moody's Investors Service.

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

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

17. Compilation of the Federal Reserve Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering, those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.

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

1.36 STOCK MARKET Selected Statistics

Indicator	1980	1981	1982	1983 Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
	Prices and trading (averages of daily figures)											
Common stock prices												
1 New York Stock Exchange (Dec. 31, 1965 = 50)	68.06	74.02	68.93	83.25	84.74	87.50	90.61	94.61	96.43	96.74	93.96	96.70
2 Industrial	78.64	85.44	78.18	95.37	97.26	100.61	104.46	109.43	112.52	113.21	109.50	112.76
3 Transportation	60.52	72.61	60.41	75.65	79.44	83.28	85.26	89.07	92.22	92.91	88.06	94.56
4 Utility	37.35	38.90	39.75	45.59	45.92	45.89	46.22	47.62	46.76	46.61	46.94	48.16
5 Finance	64.28	73.52	71.99	85.66	86.57	93.22	99.07	102.45	101.22	99.60	95.76	97.00
6 Standard & Poor's Corporation (1941–43 = 10)[1]	118.71	128.05	119.71	145.13	146.80	151.88	157.71	164.10	166.39	166.96	162.42	167.16
7 American Stock Exchange[2] (Aug. 31, 1973 = 100)	150.47	171.79	141.31	180.47	187.17	191.88	202.51	223.97	237.51	244.03	230.10	234.36
Volume of trading (thousands of shares)												
8 New York Stock Exchange	44,867	46,967	64,617	88,463	85,026	82,694	89,627	93,016	89,729	79,508	74,191	82,866
9 American Stock Exchange	6,377	5,346	5,283	9,220	8,256	7,354	8,576	12,260	10,874	8,199	6,329	6,629
	Customer financing (end-of-period balances, in millions of dollars)											
10 Regulated margin credit at brokers–dealers[3]	**14,721**	**14,411**	**13,325**	**13,370**	**13,985**	**14,483**	**15,590**	**16,713**	**18,292**	**19,218**	**19,437**	n.a.
11 Margin stock[4]	14,500	14,150	12,980	13,070	13,680	14,170	15,260	16,370	17,930	18,870	19,090	n.a.
12 Convertible bonds	219	259	344	299	304	312	329	342	361	347	346	n.a.
13 Subscription issues	2	2	1	1	1	1	1	1	1	1	1	n.a.
Free credit balances at brokers[5]												
14 Margin-account	2,105	3,515	5,735	6,257	6,195	6,370	6,090	6,090	6,150	6,275	6,350	n.a.
15 Cash-account	6,070	7,150	8,390	8,225	7,955	7,965[r]	7,970	8,310	8,590	8,145	8,035	n.a.
	Margin-account debt at brokers (percentage distribution, end of period)											
16 Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	n.a.
By equity class (in percent)[6]												
17 Under 40	14.0	37.0	21.0	18.0	18.0	17.0	14.0	14.0	13.0	21.0	23.0	n.a.
18 40–49	30.0	24.0	24.0	23.0	20.0	21.0	19.0	19.0	21.0	28.0	28.0	n.a.
19 50–59	25.0	17.0	24.0	25.0	27.0	25.0	28.0	30.0	29.0	21.0	20.0	n.a.
20 60–69	14.0	10.0	14.0	16.0	16.0	18.0	19.0	16.0	16.0	14.0	13.0	n.a.
21 70–79	9.0	6.0	9.0	9.0	10.0	10.0	10.0	11.0	12.0	9.0	9.0	n.a.
22 80 or more	8.0	6.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0	7.0	7.0	n.a.
	Special miscellaneous-account balances at brokers (end of period)											
23 Total balances (millions of dollars)[7]	**21,690**	**25,870**	**35,598**	**43,838**	**43,006**	**43,472**	**44,999**	**45,465**	**47,100**	**50,580**	**50,267**	n.a.
Distribution by equity status (percent)												
24 Net credit status	47.8	58.0	62.0	65.0	66.0	62.0	64.0	62.0	62.0	62.0	62.0	n.a.
Debt status, equity of												
25 60 percent or more	44.4	31.0	29.0	28.0	27.0	28.0	30.0	32.0	33.0	31.0	31.0	n.a.
26 Less than 60 percent	7.7	11.0	9.0	8.0	7.0	9.0	6.0	6.0	5.0	6.0	7.0	n.a.

Margin requirements (percent of market value and effective date)[8]

Indicator	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

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

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

3. Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exhange.

Besides assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

4. A distribution of this total by equity class is shown on lines 17–22.

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

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	1980	1981	1982			1983							
			Oct	Nov	Dec.	Jan	Feb.	Mar	Apr.[r]	May[r]	June[r]	July	Aug.[p]
	Savings and loan associations												
1 **Assets**	**630,712**	**664,167**	**692,549**	**697,189**	**706,045**	**714,676**	**772,352**	**723,616**	**728,487**	**728,156**	**731,275**	**739,575**	**745,303**
2 Mortgages	503,192	518,547	489,923	488,614	482,234	481,470	481,090	475,688	476,248	472,124	473,134	477,919	482,093
3 Cash and investment securities[1]	57,928	63,123	75,638	78,122	84,767	90,662	94,080	96,649	99,226	103,468	101,284	101,754	98,949
4 Other	69,592	82,497	126,988	130,453	139,044	142,544	147,182	151,279	153,013	152,564	156,857	159,902	164,261
5 **Liabilities and net worth**	**630,712**	**664,167**	**692,549**	**697,189**	**706,045**	**714,676**	**772,352**	**723,616**	**728,487**	**728,156**	**731,275**	**739,575**	**745,303**
6 Savings capital	511,636	525,061	547,112	548,439	566,189	582,918	591,913	597,112	601,171	599,673	603,178	608,683	613,426
7 Borrowed money	64,586	88,782	100,881	102,948	97,979	88,925	86,544	84,884	83,640	82,722	84,328	84,682	84,242
8 FHLBB	47,045	62,794	65,015	64,202	63,861	60,415	58,841	56,859	55,933	54,392	54,234	53,579	52,261
9 Other	17,541	25,988	35,866	38,746	34,118	28,510	27,703	28,025	27,707	28,330	30,094	31,103	31,981
10 Loans in process	8,767	6,385	8,484	8,967	9,934	10,453	11,039	12,245	13,462	14,528	15,972	17,063	17,894
11 Other	12,394	15,544	20,018	21,048	15,720	16,658	17,524	14,767	16,210	18,323	15,548	17,931	19,104
12 Net worth[2]	33,329	28,395	24,538	24,754	26,157	26,175	26,371	26,853	27,466	27,438	28,221	28,279	28,531
13 MEMO: Mortgage loan commitments outstanding[3]	16,102	15,225	18,407	19,682	18,054	19,453	22,051	24,885	27,920	30,089	30,630	31,667	32,594
	Mutual savings banks[4]												
14 **Assets**	**171,564**	**175,728**	**172,908**	**172,287**	**174,197**	**174,726**	**176,378**	**178,814**	**178,826**	**180,071**	**181,975**	**182,822**	
Loans													
15 Mortgage	99,865	99,997	94,261	94,017	94,091	93,944	93,607	93,822	93,311	93,587	94,000	93,998	
16 Other	11,733	14,753	17,035	16,702	16,957	17,420	18,211	17,837	18,353	17,893	17,438	18,134	
Securities													
17 U.S. government[5]	8,949	9,810	9,219	9,456	9,743	10,248	11,081	12,187	12,364	13,110	13,572	13,931	
18 State and local government	2,390	2,288	2,505	2,496	2,470	2,446	2,440	2,403	2,311	2,260	2,257	2,248	
19 Corporate and other[6]	39,282	37,791	35,599	35,753	36,161	36,430	36,905	37,827	38,342	39,142	40,206	40,667	
20 Cash	4,334	5,442	6,749	6,291	6,919	6,275	6,104	6,548	6,039	5,960	6,224	5,322	
21 Other assets	5,011	5,649	7,540	7,572	7,855	7,963	8,031	8,189	8,107	8,118	8,276	8,522	n.a.
22 **Liabilities**	**171,564**	**175,728**	**172,908**	**172,287**	**174,197**	**174,726**	**176,378**	**178,814**	**178,826**	**180,071**	**181,975**	**182,822**	
23 Deposits	154,805	155,110	152,210	151,304	155,196	157,113	159,162	161,489	161,262	162,287	163,990	164,848	
24 Regular[7]	151,416	153,003	149,928	149,167	152,777	154,876	156,915	159,088	158,760	159,840	161,573	162,271	
25 Ordinary savings	53,971	49,425	48,520	49,208	46,862	41,850	41,165	41,183	40,379	40,467	40,451	39,983	
26 Time	97,445	103,578	101,408	99,959	96,369	90,184	87,377	86,276	84,593	83,506	84,705	85,445	
27 Other	2,086	2,108	2,283	2,137	2,419	2,237	2,247	2,401	2,502	2,447	2,417	2,577	
28 Other liabilities	6,695	10,632	11,556	11,893	8,336	7,722	7,542	7,395	7,631	3,114	7,754	7,596	
29 General reserve accounts	11,368	9,986	9,141	9,089	9,235	9,196	9,197	9,342	9,352	9,377	9,575	9,684	
30 MEMO: Mortgage loan commitments outstanding[8]	1,476	1,293	1,281	1,400	1,285	1,253	1,295	1,639	1,860	1,860	1,884	1,969	
	Life insurance companies												
31 **Assets**	**479,210**	**525,803**	**571,902**	**578,200**	**584,311**	**589,490**	**595,959**	**602,770**	**609,298**	**591,375**	**628,224**	**633,569**	
Securities													
32 Government	21,378	25,209	31,791	32,682	34,558	35,567	36,946	38,469	39,210	42,522	43,348	44,751	
33 United States[9]	5,345	8,167	13,538	14,370	16,072	16,731	17,877	19,213	19,213	20,705	21,141	22,228	
34 State and local	6,701	7,151	7,871	7,935	8,094	8,225	8,333	8,368	8,524	10,053	10,355	10,504	
35 Foreign[10]	9,332	9,891	10,382	10,377	10,392	10,611	10,736	10,888	10,940	11,764	11,852	12,019	
36 Business	238,113	255,769	279,918	283,650	283,799	290,178	293,427	296,223	300,558	309,254	313,510	316,934	n.a.
37 Bonds	190,747	208,098	226,879	229,101	228,220	233,380	235,376	236,420	238,689	245,833	248,248	252,397	
38 Stocks	47,366	47,670	53,039	54,549	55,579	56,798	58,051	59,803	61,869	63,421	65,262	64,537	
39 Mortgages	131,030	137,747	140,678	140,956	141,919	142,277	142,683	143,031	143,011	143,758	144,725	145,086	
40 Real estate	15,063	18,278	20,293	20,480	21,019	20,922	21,014	21,175	21,352	21,344	21,629	21,690	
41 Policy loans	41,411	48,706	52,751	52,916	53,114	53,239	53,383	53,560	53,715	53,804	53,914	53,972	
42 Other assets	31,702	40,094	46,471	47,516	49,902	47,307	48,506	50,322	51,452	49,889	51,098	51,136	
	Credit unions[11]												
43 **Total assets/liabilities and capital**	**71,709**	**77,682**	**68,157**	**68,876**	**69,572**	**69,639**	**71,190**	**73,630**	**74,607**	**76,605**	**78,143**		
44 Federal	39,801	42,382	44,388	44,986	45,483	45,418	46,449	48,057	48,628	49,869	50,829		
45 State	31,908	35,300	23,769	23,890	24,089	24,221	24,741	25,573	25,979	26,736	27,314		
46 Loans outstanding	47,774	50,448	42,971	42,995	43,223	42,942	42,785	43,081	43,509	44,012	44,861	n.a.	n.a.
47 Federal	25,627	27,458	27,648	27,728	27,941	27,724	27,592	27,733	27,995	28,336	28,859		
48 State	22,147	22,990	15,323	15,267	15,282	15,218	15,193	15,348	15,514	15,676	16,002		
49 Savings	64,399	68,871	61,829	62,673	62,977	63,226	64,587	67,164	68,404	70,080	71,601		
50 Federal (shares)	36,348	37,574	40,535	41,076	41,341	41,441	42,404	43,890	44,741	45,782	46,654		
51 State (shares and deposits)	28,051	31,297	21,294	21,597	21,636	21,785	22,183	23,274	23,663	24,298	24,947		

For notes see bottom of opposite page.

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982	Calendar year					
				1982		1983	1983		
				H1	H2	H1	June	July	Aug.
U.S. budget									
1 Receipts[1]	517,112	599,272	617,766	322,478	286,338	306,331	66,517	43,948	49,683
2 Outlays[1,2]	576,675	657,204	728,375	348,678	390,846	396,477	63,116	65,360	67,160
3 Surplus, or deficit (−)	−59,563	−57,932	−110,609	−26,200	−104,508	−90,146	3,401	−21,412	−17,477
4 Trust funds	8,801	6,817	5,456	−17,690	−6,576	22,680	3,722	−5,592	289
5 Federal funds[3]	−68,364	−64,749	−116,065	−43,889	−97,934	−112,822	−318	−15,820	−17,765
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−14,549	−20,769	−14,142	−7,942	−4,923	−5,418	−1,128	−1,326	−1,112
7 Other[4]	303	−236	−3,190	227	−2,267	−528	−889	33	−155
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−73,808	−78,936	−127,940	−33,914	−111,699	−96,094	1,382	−22,705	−18,744
Source or financing									
9 Borrowing from the public	70,515	79,329	134,993	41,728	119,609	102,538	25,719	11,877	20,522
10 Cash and monetary assets (decrease, or increase (−))[5]	−355	−1,878	−11,911	−408	−9,057	−9,664	−23,605	6,317	4,328
11 Other[6]	3,648	1,485	4,858	−7,405	1,146	3,222	−3,496	4,511	−6,106
MEMO:									
12 Treasury operating balance (level, end of period)	20,990	18,670	29,164	10,999	19,773	100,243	27,997	21,646[r]	18,469
13 Federal Reserve Banks	4,102	3,520	10,975	4,099	5,033	19,442	8,764	3,815[r]	4,189
14 Tax and loan accounts	16,888	15,150	18,189	6,900	14,740	72,037	19,233	17,831[r]	14,280

1. Effective Feb. 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function.
2. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
3. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
4. Other off-budget includes Postal Service Fund, Rural Electrification and Telephone Revolving Fund, and Rural Telephone Bank; it also includes petroleum acquisition and transportation and strategic petroleum reserve effective November 1981.
5. Includes U.S. Treasury operating cash accounts; special drawing rights; gold tranche drawing rights; loans to International Monetary Fund; and other cash and monetary assets.
6. Includes accrued interest payable to the public; allocations of special drawing rights; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seigniorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment; and profit on the sale of gold.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and the *Budget of the United States Government, Fiscal Year 1984*.

NOTES TO TABLE 1.37

1. Holdings of stock of the Federal Home Loan Banks are included in "other assets."
2. Includes net undistributed income, which is accrued by most, but not all, associations.
3. Excludes figures for loans in process, which are shown as a liability.
4. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis. Before that date, data were reported on a gross-of-valuation-reserves basis.
5. Beginning April 1979, includes obligations of U.S. government agencies. Before that date, this item was included in "Corporate and other."
6. Includes securities of foreign governments and international organizations and, before April 1979, nonguaranteed issues of U.S. government agencies.
7. Excludes checking, club, and school accounts.
8. Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York.
9. Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities.
10. Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.
11. As of June 1982, data include only federal or federally insured state credit unions serving natural persons.

NOTE. *Savings and loan associations*: Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks 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 benchmark data.

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1980	Fiscal year 1981	Fiscal year 1982	Calendar year					
				1982		1983	1983		
				H1	H2	H1	June	July	Aug.
RECEIPTS									
1 **All sources**[1]	**517,112**	**599,272**	**617,766**	**322,478**	**286,338**	**306,331**	**66,517**	**43,948**	**49,683**
2 Individual income taxes, net	244,069	285,917	297,744	150,565	145,676	144,550	32,773	21,938	23,259
3 Withheld	223,763	256,332	267,513	133,575	131,567	135,531	23,641	21,437	22,519
4 Presidential Election Campaign Fund	39	41	39	34	5	30	3	3	2
5 Nonwithheld	63,746	76,844	84,691	66,174	20,040	63,014	11,131	2,160	1,967
6 Refunds	43,479	47,299	54,498	49,217	5,938	54,024	2,003	1,662	1,228
Corporation income taxes									
7 Gross receipts	72,380	73,733	65,991	37,836	25,661	33,522	11,680	2,562	1,816
8 Refunds	7,780	12,596	16,784	8,028	11,467	13,809	1,724	1,706	1,433
9 Social insurance taxes and contributions, net	157,803	182,720	201,498	108,079	94,278	110,521	17,903	15,317	20,089
10 Payroll employment taxes and contributions[2]	133,025	156,932	172,744	88,795	85,063	90,912	16,366	14,108	16,137
11 Self-employment taxes and contributions[3]	5,723	6,041	7,941	7,357	177	6,427	901	−632	0
12 Unemployment insurance	15,336	15,763	16,600	9,809	6,857	11,146	285	1,454	3,529
13 Other net receipts[1,4]	3,719	3,984	4,212	2,119	2,181	2,196	351	387	423
14 Excise taxes	24,329	40,839	36,311	17,525	16,556	16,904	3,100r	3,369	3,112
15 Customs deposits	7,174	8,083	8,854	4,310	4,299	4,010	857	772	967
16 Estate and gift taxes	6,389	6,787	7,991	4,208	3,445	2,883	530	559	514
17 Miscellaneous receipts[5]	12,748	13,790	16,161	7,984	7,891	7,751	1,400	1,137	1,359
OUTLAYS									
18 **All types**[1]	**576,675**	**657,204**	**728,424**	**348,683**	**390,847**	**396,477**	**63,116**	**65,360**	**67,160**
19 National defense	135,856	159,765	187,418	93,154	100,419	105,072	18,337	17,394	18,548
20 International affairs	10,733	11,130	9,982	5,183	4,406	4,705	817	1,038	209
21 General science, space, and technology	5,722	6,359	7,070	3,370	3,903	3,486	667	687	707
22 Energy	6,313	10,277	4,674	2,946	2,059	2,073	372	243	258
23 Natural resources and environment	13,812	13,525	12,934	5,636	6,940	5,892	1,033	955	1,188
24 Agriculture	4,762	5,572	14,875	7,087	13,260	10,154	483	685	−5
25 Commerce and housing credit	7,788	3,946	3,865	1,408	2,244	2,164	545	665	−332
26 Transportation	21,120	23,381	20,560	9,915	10,686	9,918	1,755	1,875	2,101
27 Community and regional development	10,068	9,394	7,165	3,055	4,186	3,124	757	514	689
28 Education, training, employment, social services	30,767	31,402	26,300	12,607	12,187	12,801	2,171	1,943	2,673
29 Health[1]	55,220	65,982	74,017	37,219	39,073	41,206	7,020	6,672	7,420
30 Income security	193,100	225,101	248,343	112,782	133,779	143,001	25,381	22,536	22,418
31 Veterans benefits and services	21,183	22,988	23,955	10,865	13,241	11,334	1,903	2,024	2,258
32 Administration of justice	4,570	4,696	4,671	2,334	2,373	2,522	379	453	491
33 General government	4,505	4,614	4,726	2,400	2,322	2,434	160	−93	1,248
34 General-purpose fiscal assistance	8,584	6,856	6,393	3,325	3,152	3,124	277	1,178	36
35 Net interest[6]	52,458	68,726	84,697	41,883	44,948	50,383	12,939	7,606	8,695
36 Undistributed offsetting receipts[7]	−9,887	−16,509	−13,270	−6,490	−8,333	−16,912	−11,881	−1,017	−1,444

1 Effective Feb. 8, 1982, supplemental medical insurance premiums and voluntary hospital insurance premiums, previously included in other insurance receipts, have been reclassified as offsetting receipts in the health function

2. Old-age, disability, and hospital insurance, and railroad retirement accounts.

3. Old-age, disability, and hospital insurance.

4. Federal employee retirement contributions and civil service retirement and disability fund.

5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts

6. Net interest function includes interest received by trust funds.

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

SOURCE "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U S. Government, Fiscal Year 1984*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1981			1982				1983	
	June 30	Sept. 30	Dec 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
1 **Federal debt outstanding**	**977.4**	**1,003.9**	**1,034.7**	**1,066.4**	**1,084.7**	**1,147.0**	**1,201.9**	**1,249.3**	**1,324.3**
2 Public debt securities	971.2	997.9	1,028.7	1,061.3	1,079.6	1,142.0	1,197.1	1,244.5	1,319.6
3 Held by public	771.3	789.8	825.5	858.9	867.9	925.6	987.7	1,043.3	1,090.3
4 Held by agencies	199.9	208.1	203.2	202.4	211.7	216.4	209.4	201.2	229.3
5 Agency securities	6.2	6.1	6.0	5.1	5.0	5.0	4.8	4.8	4.7
6 Held by public	4.7	4.6	4.6	3.9	3.9	3.7	3.7	3.7	3.6
7 Held by agencies	1.5	1.5	1.4	1.2	1.2r	1.2r	1.2r	1.1	1.1
8 **Debt subject to statutory limit**	**972.2**	**998.8**	**1,029.7**	**1,062.2**	**1,080.5**	**1,142.9**	**1,197.9**	**1,245.3**	**1,320.4**
9 Public debt securities	970.6	997.2	1,028.1	1,060.7	1,079.0	1,141.4	1,196.5	1,243.9	1,319.0
10 Other debt[1]	1.6	1.6	1.6	1.5	1.5	1.5	1.4	1.4	1.4
11 MEMO Statutory debt limit	985.0	999.8	1,079.8	1,079.8	1,143.1	1,143.1	1,290.2	1,290.2	1,389.0

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

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

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

Billions of dollars, end of period

Type and holder	1979	1980	1981	1982	1983				
					May	June	July	Aug	Sept
1 **Total gross public debt**	**845.1**	**930.2**	**1,028.7**	**1,197.1**	**1,291.4**	**1,319.6**	**1,326.9**	**1,348.4**	**1,377.2**
By type									
2 Interest-bearing debt	844.0	928.9	1,027.3	1,195.5	1,289.9	1,318.1	1,320.7	1,346.9	1,375.8
3 Marketable	530.7	623.2	720.3	881.5	957.3	978.9	985.7	1,010.4	1,024.0
4 Bills	172.6	216.1	245.0	311.8	325.2	334.3	337.6	340.4	340.7
5 Notes	283.4	321.6	375.3	465.0	513.6	527.1	527.2	544.2	557.5
6 Bonds	74.7	85.4	99.9	104.6	118.5	117.5	120.9	125.8	125.7
7 Nonmarketable[1]	313.2	305.7	307.0	314.0	332.6	339.2	335.0	336.5	351.8
8 Convertible bonds[2]	2.2	...	...	...	...	...	...	...	...
9 State and local government series	24.6	23.8	23.0	25.7	29.6	33.1	33.2	33.9	35.1
10 Foreign issues[3]	28.8	24.0	19.0	14.7	11.1	11.4	11.2	11.1	11.5
11 Government	23.6	17.6	14.9	13.0	10.5	10.8	11.2	11.1	11.5
12 Public	5.3	6.4	4.1	1.7	.6	.6	.0	0	.0
13 Savings bonds and notes	79.9	72.5	68.1	68.0	69.2	69.4	69.7	70.0	70.3
14 Government account series[4]	177.5	185.1	196.7	205.4	222.4	225.0	220.6	221.4	234.7
15 Non-interest-bearing debt	1.2	1.3	1.4	1.6	1.5	1.5	6.2	1.5	1.5
By holder[5]									
16 U.S. government agencies and trust funds	187.1	192.5	203.3	209.4		229.3			
17 Federal Reserve Banks	117.5	121.3	131.0	139.3		141.7			
18 Private investors	540.5	616.4	694.5	848.4		950.5			
19 Commercial banks	96.4	116.0	109.4	131.4		171.6			
20 Mutual savings banks	4.7	5.4	5.2	n.a					
21 Insurance companies	16.7	20.1	19.1	38.7					
22 Other companies	22.9	25.7	37.8	n.a.	n.a	n.a.	n.a	n.a.	n.a.
23 State and local governments	69.9	78.8	85.6	113.4					
Individuals									
24 Savings bonds	79.9	72.5	68.0	68.3		69.7			
25 Other securities	36.2	56.7	75.6	48.2		50.7			
26 Foreign and international[6]	124.4	127.7	141.4	149.4		159.9			
27 Other miscellaneous investors[7]	90.1	106.9	152.3	233.2		n.a.			

1. Includes (not shown separately): Securities issued to the Rural Electrification Administration, depository bonds, retirement plan bonds, and individual retirement bonds.
2. These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ percent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category (line 5).
3. Nonmarketable dollar-denominated and foreign currency-denominated series held by foreigners.
4. Held almost entirely by U.S. government agencies and trust funds
5. Data for Federal Reserve Banks and U S government agencies and trust funds are actual holdings, data for other groups are Treasury estimates
6. Consists of investments of foreign balances and international accounts in the United States.
7. Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain government deposit accounts, and government sponsored agencies

NOTE. Gross public debt excludes guaranteed agency securities.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S Treasury Department); data by holder from *Treasury Bulletin*

1.42 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

	Item	1980	1981	1982	1983			1983, week ending Wednesday					
					July[r]	Aug.	Sept.	Aug. 10[r]	Aug. 17[r]	Aug. 24	Aug. 31	Sept. 7	Sept. 14
	Immediate delivery[1]												
1	U.S. government securities	18,331	24,728	32,271	38,095	45,684	47,617	43,108	48,116	41,962	48,052	46,610	39,807
	By maturity												
2	Bills	11,413	14,768	18,398	21,941	23,911	24,031	21,699	25,077	21,404	25,915	24,281	20,460
3	Other within 1 year	421	621	810	575	669	665	513	712	526	884	698	820
4	1–5 years	3,330	4,360	6,272	7,124	10,192	10,311	7,768	10,144	9,482	11,992	7,128	7,857
5	5–10 years	1,464	2,451	3,557	4,177	4,814	7,343	5,146	5,457	4,698	4,822	10,455	6,006
6	Over 10 years	1,704	2,528	3,234	4,278	6,098	5,267	7,984	6,726	5,852	4,439	4,048	4,664
	By type of customer												
7	U.S. government securities dealers	1,484	1,640	1,769	2,134	2,179	2,377	2,119	2,400	1,819	2,384	2,366	1,900
8	U.S. government securities brokers	7,610	11,750	15,659	19,058	23,951	24,261	22,230	25,382	22,104	24,911	22,863	19,651
9	All others[2]	9,237	11,337	15,344	16,904	19,553	20,980	18,760	20,334	18,039	20,758	21,381	18,255
10	Federal agency securities	3,258	3,306	4,142	5,005	5,267	6,170	4,209	7,005	5,083	5,326	4,532	6,287
11	Certificates of deposit	2,472	4,477	5,001	4,504	4,425	4,736	3,280	5,024	5,050	4,401	4,415	4,586
12	Bankers acceptances	n.a.	1,807	2,502	2,615	2,658	3,061	2,407	2,731	3,031	2,369	3,059	3,086
13	Commercial paper	n.a.	6,128	7,595	8,275	7,130	7,633	7,006	7,614	6,911	7,071	8,261	7,460
	Futures transactions[3]												
14	Treasury bills	n.a.	3,523	5,031	6,684	7,459	5,979	6,505	7,603	6,307	8,068	5,432	4,858
15	Treasury coupons	n.a.	1,330	1,490	2,503	3,144	2,749	2,957	3,298	3,298	3,076	1,978	2,182
16	Federal agency securities	n.a.	234	259	446	270	191	316	361	204	229	139	163
	Forward transactions[4]												
17	U.S. government securities	n.a.	365	835	1,498	1,795	2,116	1,944	809	1,894	1,146	1,084	1,833
18	Federal agency securities	n.a.	1,370	982	1,591	2,118	1,886	2,358	2,752	1,840	1,416	1,276	1,892

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

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

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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

	Item	1980	1981	1982	1983			1983, week ending Wednesday				
					June	July[r]	Aug.	Aug 3	Aug. 10	Aug. 17	Aug. 24	Aug. 31
		Positions										
	Net immediate[1]											
1	U.S. government securities	4,306	9,033	9,328	3,877[r]	572	3,255	1,108	3,819	2,956	2,843	4,270
2	Bills	4,103	6,485	4,837	3,657[r]	411	880	189	606	1,003	859	958
3	Other within 1 year	−1,062	−1,526	−199	63	126	−198	125	201	−89	−553	−541
4	1–5 years	434	1,488	2,932	−183	326	2,216	1,786	2,250	1,248	1,818	3,779
5	5–10 years	166	292	−341	550	352	147	18	617	374	168	−457
6	Over 10 years	665	2,294	2,001	−210	−643	211	−1,009	145	421	551	530
7	Federal agency securities	797	2,277	3,712	5,631	6,904	7,994	7,462	8,423	8,641	7,287	7,904
8	Certificates of deposit	3,115	3,435	5,531	4,488	4,729	4,687	4,425	4,683	4,526	4,461	5,230
9	Bankers acceptances	n.a.	1,746	2,832	2,405	2,764	2,917	2,817	2,840	2,890	2,875	2,986
10	Commercial paper	n.a.	2,658	3,317	2,894	2,782	2,755	2,899	3,013	2,643	2,462	2,744
	Futures positions											
11	Treasury bills	n.a.	−8,934	−2,508	−1,023	−1,578	1,493	1,960	5,396	3,413	−970	−3,208
12	Treasury coupons	n.a.	−2,733	−2,361	−2	−1,077	−1,715	−1,999	−2,523	−2,015	−1,118	−952
13	Federal agency securities	n.a.	522	−224	204	381	428	96	403	626	439	435
	Forward positions											
14	U.S. government securities	n.a.	−603	−788	−635	−1,631	−4,348	−3,925	−4,269	−4,676	−4,652	−3,940
15	Federal agency securities	n.a.	−451	−1,190	−1,802	−2,199	−4,046	−2,726	−3,242	−4,682	−4,320	−4,721
		Financing[2]										
	Reverse repurchase agreements[3]											
16	Overnight and continuing	n.a.	14,568	26,754	29,613	34,936	n.a.	31,969	31,019	32,870	31,967	n.a.
17	Term agreements	n.a.	32,048	48,247	49,145	48,064	n.a.	49,325	50,484	50,725	53,484	n.a.
	Repurchase agreements[4]											
18	Overnight and continuing	n.a.	35,919	49,695	56,459	59,099	n.a.	58,369	57,932	60,765	56,115	n.a.
19	Term agreements	n.a.	29,449	43,410	39,423	36,772	n.a.	37,866	39,189	41,511	45,851	n.a.

For notes see opposite page.

1.44 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1980	1981	1982	1983 Mar	Apr.	May	June	July	Aug.
1 **Federal and federally sponsored agencies**	**188,665**	**221,946**	**237,085**	**234,412**	**234,852**	**234,289**	**235,041**	**236,037**	**236,931**
2 Federal agencies	28,606	31,806	33,055	33,083	33,120	33,065	33,353	33,436	33,420
3 Defense Department[1]	610	484	354	335	318	308	298	284	274
4 Export-Import Bank[2,3]	11,250	13,339	14,218	14,304	14,304	14,303	14,563	14,563	14,564
5 Federal Housing Administration[4]	477	413	288	271	255	243	228	220	213
6 Government National Mortgage Association participation certificates[5]	2,817	2,715	2,165	2,165	2,165	2,165	2,165	2,165	2,165
7 *Postal Service*[6]	*1,770*	*1,538*	*1,471*	*1,471*	*1,471*	*1,404*	*1,404*	*1,404*	*1,404*
8 Tennessee Valley Authority	11,190	13,115	14,365	14,415	14,485	14,520	14,570	14,675	14,675
9 United States Railway Association[6]	492	202	194	122	122	122	125	125	125
10 Federally sponsored agencies[7]	160,059	190,140	204,030	201,329	201,732	201,224	201,688	202,601	203,511
11 Federal Home Loan Banks	37,268	54,131	55,967	51,899	50,297	49,756	48,871	49,065	49,081
12 Federal Home Loan Mortgage Corporation	4,686	5,480	4,524	4,475	5,160	5,777	6,500	6,146	5,875
13 Federal National Mortgage Association	55,182	58,749	70,052	71,366	72,058	70,769	71,303	71,612	72,163
14 Farm Credit Banks	62,923	71,359	71,896	72,047	72,227	72,548	72,652	73,306	73,744
15 Student Loan Marketing Association	(8)	421	1,591	1,542	1,990	2,374	2,362	2,472	2,648
MEMO:									
16 **Federal Financing Bank debt**[9]	**87,460**	**110,698**	**126,424**	**127,717**	**129,125**	**130,528**	**131,987**	**133,367**	**134,505**
Lending to federal and federally sponsored agencies									
17 Export-Import Bank[3]	10,654	12,741	14,177	14,232	14,232	14,232	14,493	14,493	14,493
18 Postal Service[6]	1,520	1,288	1,221	1,221	1,221	1,154	1,154	1,154	1,154
19 Tennessee Valley Authority	9,465	11,390	12,640	12,675	12,760	12,795	12,845	12,950	12,950
20 United States Railway Association[6]	492	202	194	122	122	122	125	125	125
Other Lending[10]									
21 Farmers Home Administration	39,431	48,821	53,261	52,686	53,541	54,586	54,946	55,776	56,386
22 Rural Electrification Administration	9,196	13,516	17,157	17,817	17,970	18,076	18,378	18,497	18,638
23 Other	13,982	18,140	27,774	28,964	29,279	29,563	30,046	30,372	30,759

1. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2. Includes participation certificates reclassified as debt beginning Oct 1, 1976.
3. Off-budget Aug. 17, 1974, through Sept. 30, 1976, on-budget thereafter.
4. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5. Certificates of participation issued before fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare, Department of Housing and Urban Development, Small Business Administration, and the Veterans Administration.
6. Off-budget.
7. Includes outstanding noncontingent liabilities: Notes, bonds, and debentures
8 Before late 1981, the Association obtained financing through the Federal Financing Bank.
9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting
10. Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

NOTES TO TABLE 1.43

1. Immediate positions are net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase (RPs). The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities to resell (reverse RPs). Before 1981, data for immediate positions include forward positions
2. Figures cover financing involving U.S government and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper.
3. Includes all reverse repurchase agreements, including those that have been arranged to make delivery on short sales and those for which the securities obtained have been used as collateral on borrowings, that is, matched agreements.
4. Includes both repurchase agreements undertaken to finance positions and "matched book" repurchase agreements

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

1.45 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1980	1981	1982	1982	1983						
				Dec	Jan.[r]	Feb[r]	Mar[r]	Apr[r]	May[r]	June[r]	July
1 **All issues, new and refunding[1]**	**48,367**	**47,732**	**78,950**	**9,761**	**3,777**	**6,165**	**8,733**	**10,930**	**9,426**	**6,970**	**4,084**
Type of issue											
2 General obligation	14,100	12,394	21,088	1,623	869	1,256	2,261	3,456	3,532	1,491	806
3 U.S. government loans[2]	38	34	225	37	0	3	3	2	6	7	7
4 Revenue	34,267	35,338	57,862	8,138	2,908	4,909	6,472	7,474	5,894	5,479	3,278
5 U.S. government loans[2]	57	55	461	62	0	2	5	9	14	16	26
Type of issuer											
6 State	5,304	5,288	8,406	220	237	252	724	1,745	830	249	484
7 Special district and statutory authority	26,972	27,499	45,000	6,171	2,200	4,250	5,417	5,767	4,440	4,010	2,914
8 Municipalities, counties, townships, school districts	16,090	14,945	25,544	3,370	1,340	1,663	2,592	3,418	4,156	2,711	686
9 **Issues for new capital, total**	**46,736**	**46,530**	**74,612**	**9,531**	**3,275**	**5,074**	**7,513**	**8,927**	**6,921**	**5,562**	**3,641**
Use of proceeds											
10 Education	4,572	4,547	6,444	895	355	1,089	831	673	817	780	532
11 Transportation	2,621	3,447	6,256	1,342	50	542	816	560	416	225	269
12 Utilities and conservation	8,149	10,037	14,254	1,891	977	1,050	1,732	2,590	1,504	927	252
13 Social welfare	19,958	12,729	26,605	3,121	907	1,511	2,775	3,114	2,057	2,002	1,854
14 Industrial aid	3,974	7,651	8,256	1,308	323	183	389	452	683	478	265
15 Other purposes	7,462	8,119	12,797	974	663	699	970	1,598	1,444	1,150	469

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

SOURCE. Public Securities Association.

1.46 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1980	1981	1982	1982	1983						
				Dec	Jan	Feb	Mar.	Apr	May	June	July
1 **All issues[1,2]**	**73,694**	**70,441**	**84,198**	**9,830**	**7,709**	**8,491**	**11,728**	**10,468**	**11,489**	**8,165**	**6,474**
2 **Bonds**	**53,206**	**45,092**	**53,636**	**5,636**	**4,569**	**3,839**	**5,317**	**6,015**	**7,017**	**2,244**	**2,550**
Type of offering											
3 Public	41,587	38,103	43,838	4,264	4,569	3,839	5,317	6,015	7,017	2,244	2,550
4 Private placement	11,619	6,989	9,798	1,372	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Industry group											
5 Manufacturing	15,409	12,325	13,123	1,204	849	655	962	1,449	2,158	706	60
6 Commercial and miscellaneous	6,693	5,229	5,681	565	562	335	511	1,109	1,055	425	228
7 Transportation	3,329	2,052	1,474	120	32	250	0	175	150	115	148
8 Public utility	9,557	8,963	12,155	944	313	763	950	755	1,115	363	322
9 Communication	6,683	4,280	2,265	372	0	0	650	725	505	250	1,100
10 Real estate and financial	11,534	12,243	18,938	2,431	2,813	1,836	2,244	1,802	2,034	385	692
11 **Stocks[3]**	**20,489**	**25,349**	**30,562**	**4,194**	**3,140**	**4,652**	**6,411**	**4,453**	**4,472**	**5,921**	**3,924**
Type											
12 Preferred	3,631	1,797	5,113	421	594	1,962	893	440	492	665	290
13 Common	16,858	23,552	25,449	3,773	2,546	2,690	5,518	4,013	3,980	5,256	3,634
Industry group											
14 Manufacturing	4,839	5,074	5,649	921	888	1,038	1,654	1,424	1,545	2,449	1,015
15 Commercial and miscellaneous	5,245	7,557	7,770	693	994	646	1,225	1,494	922	1,358	1,415
16 Transportation	549	779	709	22	355	283	91	113	221	109	337
17 Public utility	6,230	5,577	7,517	742	350	534	674	639	264	550	72
18 Communication	567	1,778	2,227	1,361	187	2	1,133	37	8	138	20
19 Real estate and financial	3,059	4,584	6,690	455	366	2,149	1,634	746	1,512	1,317	1,065

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

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

1.47 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1981	1982	1983							
			Jan.	Feb	Mar.	Apr	May	June	July[r]	Aug.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	20,596	45,675	8,095	6,115	7,871	8,418	7,577	8,107	6,944	6,032
2 Redemptions of own shares[3]	15,866	30,078	4,233	3,510	5,066	6,482	4,486	5,416	4,500	4,879
3 Net sales	4,730	15,597	3,862	2,605	2,805	1,936	3,091	2,691	2,444	1,153
4 Assets[4]	55,207	76,841[r]	80,384	84,981	90,075	98,669	101,423	106,449	104,279	104,529
5 Cash position[5]	5,277	5,999	6,943	7,404	7,904	8,496	8,771	9,110	8,815	8,045
6 Other	49,930	70,742	73,441	77,577	82,171	90,173	92,652	97,339	95,464	96,484

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	1980	1981	1982	1981		1982				1983	
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1 Corporate profits with inventory valuation and capital consumption adjustment	175.4	192 3	164 8	197.6	192 0	162 0	166 8	168 5	161 9	181.8	218.2
2 Profits before tax	234.6	227 0	174.2	227 7	217 2	173 2	178 8	177 3	167.5	169.7	203.3
3 Profits tax liability	84 8	82.8	59 2	83 7	75.6	60.3	61 4	60.8	54.0	61 5	76 0
4 Profits after tax	149 8	144 1	115.1	144 0	141 6	112 9	117 4	116 5	113 5	108 2	127.2
5 Dividends	58 6	64 7	68.7	66 4	67 3	67 7	67 8	68 8	70.4	71 4	72.0
6 Undistributed profits	91 2	79 5	46 6	77 6	74 3	45 2	49.6	47.7	43.1	36.7	55 2
7 Inventory valuation	−42.9	−23 6	−8.4	−19 4	−15 7	−5 5	−8 5	−9 0	−10 3	−1.7	−10.6
8 Capital consumption adjustment	−16.3	−11.0	−1 1	−10 7	−9 5	−5 6	−3 5	0.1	4 7	13 9	25 6

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

1.49 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1977	1978	1979r	1980r	1981r	1982r Q1	1982r Q2	1982r Q3	1982r Q4	1983 Q1
1 **Current assets**	**912.7**	**1,043.7**	**1,214.8**	**1,327.0**	**1,419.1**	**1,417.6**	**1,416.6**	**1,440.9**	**1,424.3**	**1,435.0**
2 Cash	97 2	105 5	118 0	126.9	131 8	121 8	124.0	126.7	143 8	139.5
3 U.S government securities	18.2	17 2r	16 7	18 7	17 4	16.5	16 5	18.9	22.4	25 8
4 Notes and accounts receivable	330.3	388.0	459 0	506 8	530.3	533.2	530.9	533.8	510.6	517 2
5 Inventories	376 9	431.8	505.1	542.8	585.1	591.5	587.5	596.4	575.0	572.9
6 Other	90.1	101.1r	116.0	131.8	154.6	154.7	157.8	165.1	172.4	179.7
7 **Current liabilities**	**557.1**	**669.5**	**807.3**	**889.3**	**976.8**	**985.7**	**985.6**	**1,002.5**	**971.1**	**976.9**
8 Notes and accounts payable	317 6	383 0r	460.8	513.6	559.1	550.7	550 1	555 1	542 7	530 0
9 Other	239.6	286.5r	346.5	375.7	417.7	435.0	435 5	447.5	428.4	446.8
10 **Net working capital**	**355.5**	**374.3**	**407.5**	**437.8**	**442.3**	**431.9**	**431.0**	**438.4**	**453.2**	**458.1**
11 MEMO. Current ratio[1]	1 638	1 559	1.505	1.492	1.453	1.438	1.437	1.437	1.467	1.469

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

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

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

SOURCE. Federal Trade Commission and Bureau of the Census.

1.50 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry[1]	1981	1982	1983[1]	1982 Q2	1982 Q3	1982 Q4	1983 Q1	1983 Q2	1983 Q3[1]	1983 Q4[1]
1 **Total nonfarm business**	**321.49**	**316.43**	**306.57**	**323.22**	**315.79**	**302.77**	**293.03**	**293.46**	**313.04**	**326.73**
Manufacturing										
2 Durable goods industries	61.84	56.44	51.49	59.03	57.14	50.50	50.74	48.48	53 00	53.73
3 Nondurable goods industries	64.95	63.23	62.49	64.74	62.32	59.59	59.12	60.31	64 44	66 07
Nonmanufacturing										
4 Mining	16.86	15 45	12 71	16.56	14.63	13.31	12.03	10.91	13 29	14.60
Transportation										
5 Railroad	4 24	4 38	3 75	4.73	3.94	4.31	3.35	3.64	3 70	4.31
6 Air	3.81	3.93	3.75	3.54	4.11	4.85	4 09	4 10	3 10	3.69
7 Other	4.00	3.64	3.63	4.06	3.24	3.25	3.60	3.14	3.70	4.08
Public utilities										
8 Electric	29.74	33.40	34.46	32.26	34.98	35.12	33.97	34.86	34 34	34 67
9 Gas and other	8.65	8.55	7.72	9.14	8.40	7.77	7.64	6.62	7.76	8.86
10 Trade and services	86.33	86.95	87.68	88.85	87.31	84.00	82.38	85.85	89 31	93 18
11 Communication and other[2]	41 06	40.46	38.90	40.33	39 73	40.06	36.11	35.54	40.40	43.54

1. Anticipated by business.
2 "Other" consists of construction; social services and membership organizations; and forestry, fisheries, and agricultural services.

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

1.51 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1977	1978	1979	1980	1981	1982 Q2	1982 Q3	1982 Q4	1983 Q1	1983 Q2
ASSETS										
Accounts receivable, gross										
1 Consumer	44.0	52.6	65.7	73.6	85.5	88.0	88.3	89.5	89.9	91.3
2 Business	55.2	63.3	70.3	72.3	80.6	82.6	82.2	81.0	82.2	84.9
3 Total	99.2	116.0	136.0	145.9	166.1	170.6	170.5	170.4	172.1	176.2
4 LESS: Reserves for unearned income and losses	12.7	15.6	20.0	23.3	28.9	30.2	30.4	30.5	29.7	30.4
5 Accounts receivable, net	86.5	100.4	116.0	122.6	137.2	140.4	140.1	139.8	142.4	145.8
6 Cash and bank deposits	2.6	3.5								
7 Securities	.9	1.3	24.9[1]	27.5	34.2	37.3	39.1	39.7	42.8	44.3
8 All other	14.3	17.3								
9 **Total assets**	**104.3**	**122.4**	**140.9**	**150.1**	**171.4**	**177.8**	**179.2**	**179.5**	**185.2**	**190.2**
LIABILITIES										
10 Bank loans	5.9	6.5	8.5	13.2	15.4	14.5	16.8	18.6	16.6	16.3
11 Commercial paper	29.6	34.5	43.3	43.4	51.2	50.3	46.7	45.8	45.2	49.0
Debt										
12 Short-term, n.e.c.	6.2	8.1	8.2	7.5	9.6	9.3	9.9	8.7	9.8	9.6
13 Long-term, n.e.c.	36.0	43.6	46.7	52.4	54.8	60.3	60.9	63.5	64.7	64.5
14 Other	11.5	12.6	14.2	14.3	17.8	18.9	20.5	18.7	22.8	24.0
15 Capital, surplus, and undivided profits	15.1	17.2	19.9	19.4	22.8	24.5	24.5	24.2	26.0	26.7
16 **Total liabilities and capital**	**104.3**	**122.4**	**140.9**	**150.1**	**171.4**	**177.8**	**179.2**	**179.5**	**185.2**	**190.2**

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

NOTE. Components may not add to totals due to rounding

1.52 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding July 31, 1983[1]	Changes in accounts receivable 1983 May	June	July	Extensions 1983 May	June	July	Repayments 1983 May	June	July
1 **Total**	**84,299**	**428**	**789**	**396**	**25,322**	**25,341**	**23,387**	**24,894**	**24,552**	**22,991**
2 Retail automotive (commercial vehicles)	16,809	580	599	503	1,615	1,675	1,615	1,035	1,076	1,112
3 Wholesale automotive	11,747	239	52	−239	6,971	7,468	6,363	6,732	7,416	6,602
4 Retail paper on business, industrial, and farm equipment	27,818	−167	−98	−67	1,344	1,331	1,220	1,511	1,429	1,287
5 Loans on commercial accounts receivable and factored commercial accounts receivable	9,333	−137	−8	189	13,457	13,071	12,616	13,594	13,079	12,427
6 All other business credit	18,592	−87	−244	10	1,935	1,796	1,573	2,022	1,552	1,563

1. Not seasonally adjusted

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted

Item	1980	1981	1982	1983 Feb	1983 Mar	1983 Apr	1983 May	1983 June	1983 July	1983 Aug
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	83.4	90.4	94.6	88.4	80.1	89.6	92.1	93.0	97.3	94.0
2 Amount of loan (thousands of dollars)	59.2	65.3	69.8	66.6	60.5	66.5	67.8	69.2	72.3	66.6
3 Loan/price ratio (percent)	73.2	74.8	76.6	77.9	76.8	74.2	77.5	76.9	76.5	73.0
4 Maturity (years)	28.2	27.7	27.6	27.2	24.2	26.9	26.8	27.3	28.1	25.5
5 Fees and charges (percent of loan amount)[2]	2.09	2.67	2.95	2.78	2.21	2.09	2.44	2.43	2.54	1.90
6 Contract rate (percent per annum)	12.25	14.16	14.47	12.62	12.97	12.02	12.21	11.90	12.02	11.99
Yield (percent per annum)										
7 FHLBB series[3]	12.65	14.74	15.12	13.16	13.41	12.42	12.67	12.36	12.50	12.35
8 HUD series[4]	13.95	16.52	15.79	13.18	13.17	13.02	13.09	13.37	14.00	13.90
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	13.44	16.31	15.31	12.65	12.68	12.50	12.41	12.96	14.23	13.78
10 GNMA securities[6]	12.55	15.29	14.68	11.94	11.87	11.76	11.72	12.09	12.54	13.01
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
11 Total	55,104	58,675	66,031	73,555	73,666	73,554	74,116	74,669	74,630	75,057
12 FHA/VA-insured	37,365	39,341	39,718	38,768	38,409	37,901	37,669	37,376	37,092	36,894
13 Conventional	17,725	19,334	26,312	34,788	35,257	35,653	36,446	37,293	37,583	38,163
Mortgage transactions (during period)										
14 Purchases	8,099	6,112	15,116	1,594	1,433	1,004	1,579	1,333	1,358	1,213
15 Sales	0	2	2	1	777	586	204	83	786	18
Mortgage commitments[7]										
16 Contracted (during period)	8,083	9,331	22,105	785	1,184	1,023	1,534	2,506	1,198	1,282
17 Outstanding (end of period)	3,278	3,717	7,606	6,475	6,187	5,811	5,726	5,887	5,099	5,165
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[8]										
18 Total	4,362	5,245	5,153	4,450	4,795	4,997	6,026	6,235	6,182	n.a.
19 FHA/VA	2,116	2,236	1,921	1,000	995	990	984	982	971	n.a.
20 Conventional	2,246	3,010	3,224	3,450	3,800	4,008	5,042	5,253	5,211	n.a.
Mortgage transactions (during period)										
21 Purchases	3,723	3,789	23,671	1,688	2,849	1,807	2,439	1,494	1,523	n.a.
22 Sales	2,527	3,531	24,164	1,756	2,469	1,525	1,408	1,244	1,491	n.a.
Mortgage commitments[9]										
23 Contracted (during period)	3,859	6,974	28,187	868	1,438	3,079	2,334	2,358	4,671	n.a.
24 Outstanding (end of period)	447	3,518	7,549	7,238	5,845	7,253	6,889	7,719	10,794	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, rounded to the nearest 5 basis points; from Department of Housing and Urban Development.
5. Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6 Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.
7 Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.
8. Includes participation as well as whole loans.
9. Includes conventional and government-underwritten loans. FHLMC's mortgage commitments and mortgage transactions include activity under mortgage/securities swap programs, while the corresponding data for FNMA exclude swap activity.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1980	1981	1982	1982			1983	
				Q2	Q3	Q4	Q1	Q2
1 **All holders**	**1,471,786**	**1,583,264**	**1,654,667**	**1,624,279**	**1,632,161**	**1,654,667**	**1,682,634**	**1,723,739[r]**
2 1- to 4-family	986,979	1,065,294	1,112,343	1,089,522	1,097,507	1,112,343	1,134,538	1,164,425[r]
3 Multifamily	137,134	136,354	136,725	138,332	136,508	136,725	137,938	140,350[r]
4 Commercial	255,655	279,889	298,708	290,951	291,740	298,708	303,130	310,572
5 Farm	92,018	101,727	106,891	105,474	106,406	106,891	107,028	108,392
6 Major financial institutions	997,168	1,040,827	1,023,339	1,042,904	1,027,027	1,023,339	1,030,068	1,048,339
7 Commercial banks[1]	263,030	284,536	301,742	294,022	298,342	301,742	305,672	312,663
8 1- to 4-family	160,326	170,013	177,122	172,596	175,126	177,122	179,430	183,533
9 Multifamily	12,924	15,132	15,841	15,431	15,666	15,841	16,147	16,634
10 Commercial	81,081	91,026	100,269	97,522	99,050	100,269	101,575	103,898
11 Farm	8,699	8,365	8,510	8,473	8,500	8,510	8,520	8,598
12 Mutual savings banks	99,865	99,997	97,444	96,346	94,382	97,444	105,379	119,830
13 1- to 4-family	67,489	68,187	66,533	65,381	63,849	66,533	72,912	84,483
14 Multifamily	16,058	15,960	15,247	15,338	15,026	15,247	15,862	17,011
15 Commercial	16,278	15,810	15,635	15,598	15,479	15,635	16,577	18,308
16 Farm	40	40	29	29	28	29	28	28
17 Savings and loan associations	503,192	518,547	482,234	512,997	493,899	482,234	475,688	471,638
18 1- to 4-family	419,763	433,142	396,361	425,890	410,035	396,361	389,967	384,630
19 Multifamily	38,142	37,699	36,023	38,321	36,894	36,023	35,534	35,231
20 Commercial	45,287	47,706	49,850	48,786	46,970	49,850	50,187	51,777
21 Life insurance companies	131,081	137,747	141,919	139,539	140,404	141,919	143,329	144,208
22 1- to 4-family	17,943	17,201	16,743	16,451	16,865	16,743	16,855	16,965
23 Multifamily	19,514	19,283	18,847	18,982	18,967	18,847	19,076	19,100
24 Commercial	80,666	88,163	93,501	91,113	91,640	93,501	94,727	95,443
25 Farm	12,958	13,100	12,828	12,993	12,932	12,828	12,671	12,700
26 Federal and related agencies	114,300	126,094	138,185	131,456	134,409	138,185	140,028	142,001[r]
27 Government National Mortgage Association	4,642	4,765	4,227	4,669	4,110	4,227	3,753	3,660
28 1- to 4-family	704	693	676	688	682	676	665	651
29 Multifamily	3,938	4,072	3,551	3,981	3,428	3,551	3,088	3,009
30 Farmers Home Administration	3,492	2,235	1,786	1,335	947	1,786	2,077	1,605
31 1- to 4-family	916	914	783	491	302	783	707	381
32 Multifamily	610	473	218	179	46	218	380	555
33 Commercial	411	506	377	256	164	377	337	248
34 Farm	1,555	342	408	409	435	408	653	421
35 Federal Housing and Veterans Administration	5,640	5,999	5,228	5,908	5,362	5,228	5,138	5,084[r]
36 1- to 4-family	2,051	2,289	1,980	2,218	2,130	1,980	1,867	1,911[r]
37 Multifamily	3,589	3,710	3,248	3,690	3,232	3,248	3,271	3,173[r]
38 Federal National Mortgage Association	57,327	61,412	71,814	65,008	68,841	71,814	73,666	74,669
39 1- to 4-family	51,775	55,986	66,500	59,631	63,495	66,500	68,370	69,396
40 Multifamily	5,552	5,426	5,314	5,377	5,346	5,314	5,296	5,273
41 Federal Land Banks	38,131	46,446	50,350	49,270	49,983	50,350	50,544	50,858
42 1- to 4-family	2,099	2,788	3,068	2,954	3,029	3,068	3,059	3,030
43 Farm	36,032	43,658	47,282	46,316	46,954	47,282	47,485	47,828
44 Federal Home Loan Mortgage Corporation	5,068	5,237	4,780	5,266	5,166	4,780	4,850	6,125
45 1- to 4-family	3,873	5,181	4,733	5,209	5,116	4,733	4,795	6,025
46 Multifamily	1,195	56	47	57	50	47	55	100
47 Mortgage pools or trusts[2]	142,258	163,000	216,654	183,657	198,376	216,654	234,596	252,318
48 Government National Mortgage Association	93,874	105,790	118,940	111,459	114,776	118,940	127,939	139,276
49 1- to 4-family	91,602	103,007	115,831	108,487	111,728	115,831	124,482	135,628
50 Multifamily	2,272	2,783	3,109	2,972	3,048	3,109	3,457	3,648
51 Federal Home Loan Mortgage Corporation	16,854	19,853	42,964	28,703	35,132	42,964	48,008	50,587
52 1- to 4-family	13,471	19,501	42,560	28,329	34,739	42,560	47,575	50,112
53 Multifamily	3,383	352	404	374	393	404	433	475
54 Federal National Mortgage Association[3]	n a	717	14,450	4,556	8,133	14,450	18,157	20,933
55 1- to 4-family	n a	717	14,450	4,556	8,133	14,450	18,157	20,933
56 Farmers Home Administration	31,530	36,640	40,300	38,939	40,335	40,300	40,492	41,522
57 1- to 4-family	16,683	18,378	20,005	19,357	20,079	20,005	20,263	20,728
58 Multifamily	2,612	3,426	4,344	4,044	4,344	4,344	4,344	4,343
59 Commercial	5,271	6,161	7,011	6,762	7,056	7,011	7,115	7,303
60 Farm	6,964	8,675	8,940	8,776	8,856	8,940	8,770	9,148
61 Individual and others[4]	218,060	253,343	276,489	266,262	272,349	276,489	277,942	281,081
62 1- to 4-family[5]	138,284	167,297	184,998	177,284	182,199	184,998	185,434	186,019
63 Multifamily	27,345	27,982	30,532	29,586	30,068	30,532	30,995	31,798
64 Commercial	26,661	30,517	32,065	30,914	31,381	32,065	32,612	33,595
65 Farm	25,770	27,547	28,894	28,478	28,701	28,894	28,901	29,669

1. Includes loans held by nondeposit trust companies but not bank trust departments.
2. Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.
3. Outstanding balances on FNMA's issues of securities backed by pools of conventional mortgages held in trust. The program was implemented by FNMA in October 1981.
4. Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or for which separate data are not readily available.
5. Includes a new estimate of residential mortgage credit provided by individuals.

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

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

Millions of dollars

Holder, and type of credit	1980	1981	1982	1983 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
	Amounts outstanding (end of period)										
1 **Total**	**313,472**	**331,697**	**344,798**	**343,151**	**340,343**	**342,568**	**344,748**	**347,189**	**353,012**	**358,020**	**363,662**
By major holder											
2 Commercial banks	147,013	147,622	152,069	150,906	150,257	151,319	152,408	153,471	156,603	159,666	163,313
3 Finance companies	76,756	89,818	94,322	95,080	93,859	94,817	94,675	95,364	96,349	97,319	97,708
4 Credit unions	44,041	45,954	47,253	46,946	46,757	47,081	47,505	47,838	48,652	49,139	50,121
5 Retailers[2]	28,448	29,551	30,202	28,859	27,734	27,472	27,455	27,541	27,804	27,900	28,067
6 Savings and loans	9,911	11,598	13,891	14,209	14,860	15,083	15,551	15,842	16,207	16,369	16,615
7 Gasoline companies	4,468	4,403	4,063	4,102	3,780	3,669	3,980	3,943	4,159	4,356	4,457
8 Mutual savings banks	2,835	2,751	2,998	3,049	3,096	3,127	3,174	3,190	3,238	3,271	3,381
By major type of credit											
9 Automobile	116,838	125,331	130,227	129,482	129,055	130,959	131,976	133,640	136,183	138,689	141,677
10 Commercial banks	61,536	58,081	58,851	57,740	57,971	58,567	59,291	60,384	61,870	63,425	66,065
11 Indirect paper	35,233	34,375	35,178	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
12 Direct loans	26,303	23,706	23,673	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
13 Credit unions	21,060	21,975	22,596	22,458	22,360	22,518	22,721	22,880	23,269	23,502	23,972
14 Finance companies	34,242	45,275	48,780	49,284	48,724	49,874	49,964	50,376	51,044	51,762	51,640
15 Revolving	58,352	62,819	67,184	65,562	63,372	63,091	63,521	63,459	64,899	65,856	66,913
16 Commercial banks	29,765	32,880	36,688	36,282	35,481	35,533	35,651	35,536	36,515	37,173	37,973
17 Retailers	24,119	25,536	26,433	25,178	24,111	23,889	23,890	23,980	24,225	24,327	24,483
18 Gasoline companies	4,468	4,403	4,063	4,102	3,780	3,669	3,980	3,943	4,159	4,356	4,457
19 Mobile home	17,322	18,373	18,988	19,291	19,374	19,379	19,400	19,448	19,647	19,750	19,882
20 Commercial banks	10,371	10,187	9,684	9,828	9,806	9,739	9,624	9,581	9,651	9,717	9,741
21 Finance companies	3,745	4,494	4,965	4,981	4,960	4,967	4,970	4,976	4,995	4,982	5,012
22 Savings and loans	2,737	3,203	3,836	3,984	4,112	4,174	4,303	4,384	4,485	4,530	4,598
23 Credit unions	469	489	503	498	496	499	503	507	516	521	531
24 Other	120,960	125,174	128,399	128,816	128,542	129,139	129,851	130,642	132,283	133,725	135,190
25 Commercial banks	45,341	46,474	46,846	47,056	46,999	47,480	47,842	47,970	48,567	49,351	49,534
26 Finance companies	38,769	40,049	40,577	40,815	40,175	39,976	39,741	40,012	40,310	40,575	41,056
27 Credit unions	22,512	23,490	24,154	23,990	23,901	24,064	24,281	24,451	24,867	25,116	25,618
28 Retailers	4,329	4,015	3,769	3,681	3,623	3,583	3,565	3,561	3,579	3,573	3,584
29 Savings and loans	7,174	8,395	10,055	10,225	10,748	10,909	11,248	11,458	11,722	11,839	12,017
30 Mutual savings banks	2,835	2,751	2,998	3,049	3,096	3,127	3,174	3,190	3,238	3,271	3,381
	Net change (during period)[4]										
31 **Total**	**1,448**	**18,217**	**2,418**	**2,725**	**735**	**2,582**	**2,271**	**2,696**	**4,406**	**4,840**	**3,388**
By major holder											
32 Commercial banks	-7,163	607	1,111	410	788	1,354	1,186	1,540	2,422	2,766	2,317
33 Finance companies	8,438	13,062	1,024	1,881	-658	487	-520	362	470	909	239
34 Credit unions	-2,475	1,913	197	20	43	143	708	288	573	662	510
35 Retailers[2]	329	1,103	-91	-14	36	422	147	169	368	272	5
36 Savings and loans	1,485	1,682	201	412	677	187	394	374	456	188	147
37 Gasoline companies	739	-65	-51	-78	-200	-35	299	-51	77	5	65
38 Mutual savings banks	95	-85	27	94	49	24	57	14	40	38	105
By major type of credit											
39 Automobile	477	8,495	1,491	625	-233	1,221	689	1,313	1,973	2,421	2,521
40 Commercial banks	-5,830	-3,455	527	-581	321	240	612	1,066	1,284	1,482	2,359
41 Indirect paper	-3,104	-858	429	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
42 Direct loans	-2,726	-2,597	98	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
43 Credit unions	-1,184	914	89	20	15	68	341	137	275	328	232
44 Finance companies	7,491	11,033	875	1,186	-569	913	-264	110	414	611	-70
45 Revolving	1,415	4,467	501	68	-135	1,177	917	514	1,210	821	313
46 Commercial banks	-97	3,115	650	130	61	786	468	373	806	556	217
47 Retailers	773	1,417	-98	16	4	426	150	192	327	260	31
48 Gasoline companies	739	-65	-51	-78	-200	-35	299	-51	77	5	65
49 Mobile home	483	1,049	-37	420	204	-61	22	17	151	141	70
50 Commercial banks	-276	-186	-74	193	26	-95	-99	-86	28	68	-14
51 Finance companies	355	749	-15	53	59	-23	8	1	-6	7	15
52 Savings and loans	430	466	49	175	120	54	107	98	123	59	64
53 Credit unions	-25	20	3	-1	-1	3	6	4	6	7	5
54 Other	-927	4,206	463	1,612	899	245	643	852	1,072	1,457	484
55 Commercial banks	-960	1,133	8	668	380	423	205	187	304	660	-245
56 Finance companies	592	1,280	164	642	-148	-403	-264	251	62	291	294
57 Credit unions	-1,266	975	105	1	29	72	361	147	292	327	273
58 Retailers	-444	-314	7	-30	32	-4	-3	-23	41	12	-26
59 Savings and loans	1,056	1,217	152	237	557	133	287	276	333	129	83
60 Mutual savings banks	95	-85	27	94	49	24	57	14	40	38	105

1. The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.
2. Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.
3. Not reported after December 1982.
4. For 1982 and earlier, net change equals extensions, seasonally adjusted less liquidations, seasonally adjusted. Beginning 1983, net change equals outstandings, seasonally adjusted less outstandings of the previous period, seasonally adjusted.

NOTE: Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to, not seasonally adjusted, \$74.8 billion at the end of 1980, \$80.6 billion at the end of 1981, and \$85.9 billion at the end of 1982.

▲ These data have been revised from December 1980 through February 1983.

1.56 TERMS OF CONSUMER INSTALLMENT CREDIT

Percent unless noted otherwise

Item	1980	1981	1982	1983						
				Feb	Mar	Apr	May	June	July	Aug.
INTEREST RATES										
Commercial banks[1]										
1 48-month new car[2]	14.30	16.54	16.83	14.81	...	...	13.90	...	...	13.50
2 24-month personal	15.47	18.09	18.65	17.47		...	16.57	...		16.28
3 120-month mobile home[2]	14.99	17.45	18.05	16.73	...		15.84	...	...	15.58
4 Credit card	17.31	17.78	18.51	18.82	...	...	18.79	...	...	18.75
Auto finance companies										
5 New car	14.82	16.17	16.15	12.05	12.07	11.90	11.94	11.57	11.84	12.77
6 Used car	19.10	20.00	20.75	19.91	19.38	18.91	18.76	18.58	18.28	18.25
OTHER TERMS[3]										
Maturity (months)										
7 New car	45.0	45.4	46.0	45.9	45.9	45.8	45.4	45.6	45.7	45.9
8 Used car	34.8	35.8	34.0	37.7	37.7	37.7	37.9	38.0	38.0	38.0
Loan-to-value ratio										
9 New car	87.6	86.1	85.3	86.0	84.0	86.0	86.0	87	87	87
10 Used car	94.2	91.8	90.3	90.0	91.0	91.0	92.0	92	93	93
Amount financed (dollars)										
11 New car	6,322	7,339	8,178	8,755	8,829	8,662	8,572	8,512	8,642	8,724
12 Used car	3,810	4,343	4,746	4,731	4,802	4,869	4,984	5,039	5,052	5,103

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

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

Transaction category, sector	1977	1978	1979	1980	1981	1982	1980 H2	1981 H1	1981 H2	1982 H1	1982 H2	1983 H1
	Nonfinancial sectors											
1 **Total net borrowing by domestic nonfinancial sectors**	**319.4**	**369.8**	**386.0**	**343.2**	**377.2**	**395.3**	**371.3**	**392.4**	**362.0**	**356.8**	**434.8**	**504.9**
By sector and instrument												
2 U.S. government	56.8	53.7	37.4	79.2	87.4	161.3	92.5	87.8	86.9	106.9	215.5	230.2
3 Treasury securities	57.6	55.1	38.8	79.8	87.8	162.1	93.1	88.3	87.3	108.3	215.9	230.2
4 Agency issues and mortgages	-.9	-1.4	-1.4	-.6	-.5	-.9	-.6	-.5	-.4	-1.4	-.4	-.1
5 Private domestic nonfinancial sectors	262.6	316.2	348.6	264.0	289.8	234.1	278.7	304.6	275.1	249.9	219.3	274.7
6 Debt capital instruments	171.1	199.7	211.2	192.0	158.4	152.4	189.9	179.3	137.5	139.7	166.1	222.7
7 Tax-exempt obligations	21.9	28.4	30.3	30.3	21.9	50.5	31.9	21.1	22.6	41.7	59.4	58.1
8 Corporate bonds	22.9	21.1	17.3	26.7	22.1	18.8	20.7	26.1	18.0	10.8	26.9	20.9
9 Mortgages	126.3	150.2	163.6	135.1	114.5	83.0	137.3	132.0	96.9	87.3	79.9	143.7
10 Home mortgages	94.0	112.2	120.0	96.7	75.9	56.6	99.2	92.6	59.2	55.8	58.6	110.2
11 Multifamily residential	7.1	9.2	7.8	8.8	4.3	1.3	9.6	4.9	3.7	4.2	-1.7	7.7
12 Commercial	18.1	21.7	23.9	20.2	24.6	20.0	20.9	25.2	23.9	21.4	18.6	22.5
13 Farm	7.1	7.2	11.8	9.3	9.7	5.2	7.6	9.3	10.1	5.9	4.4	3.3
14 Other debt instruments	91.6	116.5	137.5	72.0	131.5	81.6	88.8	125.3	137.6	110.1	53.2	52.0
15 Consumer credit	40.2	48.8	45.4	4.9	24.1	18.3	13.0	28.9	19.3	19.3	17.4	38.8
16 Bank loans n.e.c.	27.1	37.4	51.2	36.7	54.7	54.4	59.7	45.5	63.9	70.1	38.8	14.0
17 Open market paper	2.9	5.2	11.1	5.7	19.2	-3.3	-9.2	12.0	26.3	6.5	-13.0	-16.3
18 Other	21.3	25.1	29.7	24.8	33.4	12.2	25.3	38.9	28.0	14.3	10.2	15.6
19 By borrowing sector	262.6	316.2	348.6	264.0	289.8	234.1	278.7	304.6	275.1	249.9	219.3	274.7
20 *State and local governments*	15.4	19.1	20.5	20.3	9.7	36.3	21.7	9.1	10.2	29.3	43.3	47.8
21 Households	137.3	169.4	176.4	117.5	120.6	86.3	121.3	139.8	101.3	87.6	86.1	154.6
22 Farm	12.3	14.6	21.4	14.4	16.3	9.0	12.8	20.1	12.5	9.0	9.1	-.6
23 Nonfarm noncorporate	28.0	32.4	34.4	33.7	39.6	29.8	40.6	39.8	39.5	34.6	24.9	34.6
24 Corporate	69.7	80.6	96.0	78.1	103.7	72.7	82.3	95.8	111.5	89.3	56.0	38.2
25 Foreign net borrowing in United States	13.5	33.8	20.2	27.2	27.2	15.7	26.7	31.9	22.5	12.8	18.6	17.7
26 Bonds	5.1	4.2	3.9	.8	5.4	6.6	-.4	3.3	7.6	2.4	10.8	4.4
27 Bank loans n.e.c.	3.1	19.1	2.3	11.5	3.7	-6.2	18.5	3.1	4.2	-5.1	-7.2	11.8
28 Open market paper	2.4	6.6	11.2	10.1	13.9	10.7	4.5	20.6	7.1	12.5	9.0	-3.7
29 U.S. government loans	3.0	3.9	2.9	4.7	4.2	4.5	4.0	4.9	3.5	3.0	6.0	5.2
30 **Total domestic plus foreign**	**332.9**	**403.6**	**406.2**	**370.4**	**404.4**	**411.0**	**397.9**	**424.4**	**384.5**	**369.6**	**453.4**	**522.6**
	Financial sectors											
31 **Total net borrowing by financial sectors**	**45.8**	**74.6**	**82.5**	**63.3**	**85.4**	**69.3**	**64.0**	**87.4**	**83.4**	**89.8**	**48.7**	**71.9**
By instrument												
32 U.S. government related	22.0	37.1	47.9	44.8	47.4	64.9	40.4	45.2	49.6	61.3	68.4	67.3
33 Sponsored credit agency securities	7.0	23.1	24.3	24.4	30.5	14.9	20.8	28.9	32.1	23.6	6.3	-2.5
34 Mortgage pool securities	16.1	13.6	23.1	19.2	15.0	49.5	18.6	14.9	15.1	37.0	62.1	69.8
35 Loans from U.S. government	-1.1	.4	.6	1.2	1.9	.4	1.1	1.4	2.4	.8		...
36 Private financial sectors	23.8	37.5	34.6	18.5	38.0	4.4	23.6	42.2	33.8	28.5	-19.7	4.6
37 Corporate bonds	10.1	7.5	7.8	7.1	-.8	2.3	3.1	-.3	-1.4	-1.2	5.8	13.0
38 Mortgages	*	.1	*	-.1	-.5	.1	-.2	-.8	-.2	.1	.1	.1
39 Bank loans n.e.c.	-.3	2.8	-.4	-.4	2.2	3.2	-.4	3.2	1.1	5.2	1.2	-4.2
40 Open market paper	9.6	14.6	18.0	4.8	20.9	-2.0	10.8	23.5	18.4	14.0	-18.0	8.6
41 Loans from Federal Home Loan Banks	4.3	12.5	9.2	7.1	16.2	.8	10.3	16.7	15.8	10.4	-8.8	-12.9
By sector												
42 Sponsored credit agencies	5.9	23.5	24.8	25.6	32.4	15.3	21.8	30.3	34.5	24.4	6.3	-2.5
43 Mortgage pools	16.1	13.6	23.1	19.2	15.0	49.5	18.6	14.9	15.1	37.0	62.1	69.8
44 Private financial sectors	23.8	37.5	34.6	18.5	38.0	4.4	23.6	42.2	33.8	28.5	-19.7	4.6
45 Commercial banks	1.1	1.3	1.6	.5	.4	1.2	.3	.2	.5	.7	1.7	1.7
46 Bank affiliates	2.0	7.2	6.5	6.9	8.3	1.9	8.0	6.9	9.7	9.7	-5.8	6.1
47 Savings and loan associations	6.9	13.5	12.6	7.4	15.5	-3.0	12.3	16.8	14.1	9.1	-15.2	-10.1
48 Finance companies	16.9	18.1	16.6	6.3	14.1	4.9	5.8	18.5	9.7	9.5	.2	7.5
49 REITs	-2.5	-1.4	-1.3	-2.2	.2	.1	-2.5	.2	.2	.1	.1	.1
	All sectors											
50 **Total net borrowing**	**378.7**	**478.2**	**488.7**	**433.7**	**489.8**	**480.3**	**462.0**	**511.8**	**467.9**	**459.4**	**502.1**	**594.5**
51 U.S. government securities	79.9	90.5	84.8	122.9	133.0	225.9	132.0	131.8	134.3	167.6	284.0	297.6
52 State and local obligations	21.9	28.4	30.3	30.3	21.9	50.5	31.9	21.1	22.6	41.7	59.4	58.1
53 Corporate and foreign bonds	38.0	32.8	29.0	34.6	26.7	27.7	23.5	29.1	24.2	12.0	43.5	38.3
54 Mortgages	126.2	150.2	163.5	134.9	113.9	83.0	137.0	131.1	96.6	87.3	79.8	143.7
55 Consumer credit	40.2	48.8	45.4	4.9	24.1	18.3	13.0	28.9	19.3	19.3	17.4	38.8
56 Bank loans n.e.c.	29.9	59.3	53.0	47.8	60.6	51.4	77.8	51.8	69.3	70.2	32.8	21.6
57 Open market paper	15.0	26.4	40.3	20.6	54.0	5.4	6.1	56.1	51.9	33.0	-22.1	-11.4
58 Other loans	27.5	41.9	42.4	37.8	55.8	17.9	40.7	61.8	49.7	28.4	7.4	7.9
	External corporate equity funds raised in United States											
59 **Total new share issues**	**6.5**	**1.9**	**-3.8**	**22.2**	**-3.7**	**35.4**	**28.0**	**10.2**	**-17.7**	**23.7**	**47.0**	**80.8**
60 Mutual funds	.9	-.1	.1	5.2	6.8	18.6	4.6	8.1	5.6	13.2	24.0	38.5
61 All other	5.6	1.9	-3.9	17.1	-10.6	16.8	23.3	2.1	-23.2	10.6	23.0	42.3
62 Nonfinancial corporations	2.7	-.1	-7.8	12.9	-11.5	11.4	18.8	.9	-23.8	7.0	15.8	32.3
63 Financial corporations	2.5	2.5	3.2	2.1	.9	4.1	2.3	.5	1.2	3.8	4.4	4.4
64 Foreign shares purchased in United States	.4	-.5	.8	2.1	*	1.3	2.2	.7	-.7	-.2	2.9	5.7

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	1977	1978	1979	1980	1981	1982	1980 H2	1981 H1	1981 H2	1982 H1	1982 H2	1983 H1
1 **Total funds advanced in credit markets to domestic nonfinancial sectors**	**319.4**	**369.8**	**386.0**	**343.2**	**377.2**	**395.3**	**371.3**	**392.4**	**362.0**	**356.8**	**434.8**	**504.9**
By public agencies and foreign												
2 Total net advances	79.3	102.3	75.2	97.0	97.4	109.3	77.2	113.8	81.0	107.9	110.8	123.1
3 U.S. government securities	34.9	36.1	-6.3	15.7	17.2	17.9	-.8	31.2	3.1	17.7	18.2	47.7
4 Residential mortgages	20.0	25.7	35.8	31.7	23.4	61.1	28.2	21.9	25.0	48.1	74.0	77.7
5 FHLB advances to savings and loans	4.3	12.5	9.2	7.1	16.2	8	10.3	16.7	15.8	10.4	-8.8	-12.9
6 Other loans and securities	20.2	28.0	36.5	42.4	40.6	29.5	39.4	44.1	37.1	31.7	27.4	10.6
Total advanced, by sector												
7 U.S. government	10.0	17.1	19.0	23.7	24.1	16.7	22.2	27.9	20.3	14.2	19.1	8.8
8 Sponsored credit agencies	22.5	40.3	53.0	45.6	48.2	65.3	44.0	47.2	49.2	62.5	68.1	69.3
9 Monetary authorities	7.1	7.0	7.7	4.5	9.2	9.8	-10.3	2.4	16.0	1	19.5	12.7
10 Foreign	39.6	38.0	-4.6	23.2	16.0	17.6	21.3	36.4	-4.4	31.1	4.1	32.3
Agency and foreign borrowing not in line 1												
11 Sponsored credit agencies and mortgage pools	22.0	37.1	47.9	44.8	47.4	64.9	40.4	45.2	49.6	61.3	68.4	67.3
12 Foreign	13.5	33.8	20.2	27.2	27.2	15.7	26.7	31.9	22.5	12.8	18.6	17.7
Private domestic funds advanced												
13 Total net advances	275.6	338.4	379.0	318.2	354.4	366.6	361.2	355.7	353.1	323.0	411.0	466.8
14 U.S. government securities	45.1	54.3	91.1	107.2	115.9	207.9	132.7	100.6	131.1	149.9	265.8	249.9
15 State and local obligations	21.9	28.4	30.3	30.3	21.9	50.5	31.9	21.1	22.6	41.7	59.4	58.1
16 Corporate and foreign bonds	24.1	23.4	18.5	19.3	19.4	15.4	11.8	20.9	17.9	-1.7	32.4	23.4
17 Residential mortgages	81.0	95.6	91.9	73.7	56.7	-3.3	80.5	75.5	37.9	11.7	-17.2	40.1
18 Other mortgages and loans	107.8	149.3	156.3	94.8	156.9	96.8	114.5	154.3	159.5	131.7	62.0	82.5
19 Less: Federal Home Loan Bank advances	4.3	12.5	9.2	7.1	16.2	8	10.3	16.7	15.8	10.4	-8.8	-12.9
Private financial intermediation												
20 Credit market funds advanced by private financial institutions	258.8	302.3	294.7	262.3	305.2	271.2	282.8	317.3	293.1	272.8	268.9	361.4
21 Commercial banking	87.8	129.0	123.1	101.1	103.6	108.5	146.5	99.6	107.6	109.7	107.1	140.9
22 Savings institutions	78.5	72.8	56.7	54.9	27.2	30.6	72.9	41.5	12.8	29.5	31.0	118.4
23 Insurance and pension funds	69.0	75.0	66.4	74.4	79.3	94.2	65.6	75.3	83.4	95.4	93.0	102.8
24 Other finance	23.6	25.5	48.5	32.0	95.2	37.9	-2.2	101.0	89.4	38.1	37.8	-.6
25 Sources of funds	258.8	302.3	294.7	262.3	305.2	271.2	282.8	317.3	293.1	272.8	268.9	361.4
26 Private domestic deposits and RP's	139.0	141.0	142.0	168.6	211.7	173.4	174.2	213.8	209.6	163.4	182.7	223.3
27 Credit market borrowing	23.8	37.5	34.6	18.5	38.0	4.4	23.6	42.2	33.8	28.5	-19.7	4.6
28 Other sources	96.1	123.8	118.1	75.2	55.5	93.5	85.0	61.3	49.8	80.8	105.9	133.6
29 Foreign funds	1.4	6.5	27.6	-21.7	-8.7	-27.7	-15.3	-8.7	-8.7	-30.1	-25.4	-23.1
30 Treasury balances	4.3	6.8	4	-2.6	-1.1	6.1	1.0	6.5	8.7	-2.1	14.1	7.0
31 Insurance and pension reserves	51.4	62.2	49.1	65.4	73.2	85.9	61.3	62.7	83.8	85.4	86.4	85.4
32 Other, net	39.0	48.4	41.0	34.0	-7.9	29.2	38.0	.8	-16.7	27.6	30.7	64.2
Private domestic nonfinancial investors												
33 Direct lending in credit markets	40.6	73.6	118.9	74.4	87.2	99.7	102.0	80.6	93.8	78.7	122.4	110.0
34 U.S. government securities	24.6	36.3	61.4	38.3	47.4	58.1	58.6	37.2	57.6	43.1	72.7	72.8
35 State and local obligations	-8	3.6	9.9	7.0	9.6	30.9	9.2	9.5	9.7	28.4	33.4	41.4
36 Corporate and foreign bonds	-3.2	-1.8	5.7	6	-8.9	-9.4	-2	-5.5	-12.4	-26.3	7.4	-2.3
37 Open market paper	9.6	15.6	12.1	-4.3	3.7	-2.0	1.4	-3.3	10.7	6.7	-10.7	-11.1
38 Other	10.4	19.9	29.8	32.9	35.4	22.1	32.9	42.7	28.2	26.8	19.6	9.2
39 Deposits and currency	148.6	152.2	151.4	180.0	221.7	179.4	185.5	222.6	220.7	166.2	192.1	243.2
40 Currency	8.3	9.3	7.9	10.3	9.5	8.4	9.7	8.0	11.0	4.5	12.3	14.7
41 Checkable deposits	17.2	16.2	18.7	5.0	18.1	13.0	9.9	29.8	6.5	6.7	19.1	61.3
42 Small time and savings accounts	93.6	65.9	59.2	83.1	47.2	137.0	90.2	30.7	63.6	95.1	178.6	305.8
43 Money market fund shares	2	6.9	34.4	29.2	107.5	24.7	-3.4	104.1	110.8	39.4	10.0	-84.0
44 Large time deposits	25.7	44.4	23.0	44.7	36.4	-5.2	69.8	41.6	31.2	21.2	-31.6	-73.5
45 Security RPs	2.2	7.5	6.6	6.5	2.5	3.8	7.8	7.7	-2.6	1.1	6.6	13.7
46 Deposits in foreign countries	1.3	2.0	1.5	1.1	5	-2.4	1.7	8	.2	-1.8	-2.9	5.2
47 **Total of credit market instruments, deposits and currency**	**189.1**	**225.8**	**270.3**	**254.4**	**308.9**	**279.1**	**287.5**	**303.3**	**314.5**	**244.9**	**314.5**	**353.2**
48 Public holdings as percent of total	23.8	25.3	18.5	26.2	24.1	26.6	19.4	26.8	21.1	29.2	24.4	23.6
49 Private financial intermediation (in percent)	93.9	89.3	77.7	82.4	86.1	74.0	78.3	89.2	83.0	84.4	65.4	77.4
50 Total foreign funds	41.0	44.6	23.0	1.5	7.3	10.2	6.0	27.8	-13.1	1.0	-21.3	9.2
MEMO: Corporate equities not included above												
51 **Total net issues**	**6.5**	**1.9**	**-3.8**	**22.2**	**-3.7**	**35.4**	**28.0**	**10.2**	**-17.7**	**23.7**	**47.0**	**80.8**
52 Mutual fund shares	9	-1	.1	5.2	6.8	18.6	4.6	8.1	5.6	13.2	24.0	38.5
53 Other equities	5.6	1.9	3.9	17.1	-10.6	16.8	23.3	2.1	-23.2	10.6	23.0	42.3
54 Acquisitions by financial institutions	7.4	4.5	9.7	16.8	22.1	27.9	22.3	25.3	18.9	19.3	36.4	66.3
55 Other net purchases	-9	2.7	-13.5	5.4	-25.9	7.5	5.7	-15.1	-36.6	4.4	10.6	14.5

NOTES BY LINE NUMBER
1. Line 1 of table 1.58.
2. Sum of lines 3–6 or 7–10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by federally sponsored credit agencies, and net issues of federally related mortgage pool securities.
13. Line 1 less line 2 plus line 11 and 12. Also line 20 less line 27 plus line 33. Also sum of lines 28 and 47 less lines 40 and 46.
18. Includes farm and commercial mortgages.
26. Line 39 less lines 40 and 46.
27. Excludes equity issues and investment company shares. Includes line 19.
29. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
30. Demand deposits at commercial banks.
31. Excludes net investment of these reserves in corporate equities.
32. Mainly retained earnings and net miscellaneous liabilities.
33. Line 12 less line 20 plus line 27.
34–38. Lines 14–18 less amounts acquired by private finance. Line 38 includes mortgages.
40. Mainly an offset to line 9.
47. Lines 33 plus 39, or line 13 less line 28 plus 40 and 46.
48. Line 2/line 1.
49. Line 20/line 13.
50. Sum of lines 10 and 29.
51, 53. Includes issues by financial institutions.

NOTE. Full statements for sectors and transaction types in flows and in amounts outstanding, may be obtained from Flow of Funds Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

1967 = 100; monthly and quarterly data are seasonally adjusted. Exceptions noted.

Measure	1980	1981	1982	1983 Jan	Feb.	Mar	Apr	May	June	July	Aug.	Sept.
1 **Industrial production**[1]	**147.0**	**151.0**	**138.6**	**137.4**	**138.1**	**140.0**	**142.6**	**144.4**	**146.4**	**149.6**	**151.4**	**153.7**
Market groupings												
2 Products, total	146.7	150.6	141.8	140.9	140.3	141.6	144.5	146.2	148.1	150.9	152.5	155.0
3 Final, total	145.3	149.5	141.5	140.1	138.9	139.9	142.8	144.5	146.4	149.0	150.2	152.7
4 Consumer goods	145.4	147.9	142.6	143.6	143.4	144.3	147.7	150.4	152.4	155.0	156.0	158.2
5 Equipment	145.2	151.5	139.8	135.3	132.7	133.8	136.2	136.5	138.2	140.7	142.4	145.2
6 Intermediate	151.9	154.4	143.3	143.7	145.3	147.8	150.8	152.2	154.5	158.1	161.0	163.2
7 Materials	147.6	151.6	133.7	132.0	134.9	137.6	139.7	141.7	143.7	147.5	149.6	151.7
Industry groupings												
8 Manufacturing	146.7	150.4	137.6	136.7	138.2	140.4	143.1	145.1	147.4	150.4	152.3	155.0
Capacity utilization (percent)[1,2]												
9 Manufacturing	79.6	79.4	71.1	70.0	70.6	71.6	72.9	73.8	74.9	76.3	77.1	78.4
10 Industrial materials industries	80.4	80.7	70.1	68.7	70.1	71.5	72.5	73.5	74.4	76.4	77.4	78.4
11 Construction contracts (1977 = 100)[3]	107.0	111.0	111.0	127.0	119.0	131.0	129.0	148.0	151.0	137.0[r]	146.0	n.a.
12 Nonagricultural employment, total[4]	137.4	138.5	136.2	135.1	134.9	135.0	135.4	135.9	136.5	137.0[r]	136.4[r]	137.5
13 Goods-producing, total	110.1	109.4	102.6	99.5	98.9	98.8	99.4	100.2	100.9	101.8	102.2	102.7
14 Manufacturing, total	104.3	103.7	96.9	93.8	93.8	93.9	94.5	95.1	95.6	96.3[r]	96.6[r]	97.0
15 Manufacturing, production-worker	99.3	98.0	89.4	85.9	86.0	86.1	86.9	87.6	88.2	89.2	89.4	89.9
16 Service-producing	152.4	154.4	154.7	154.6	154.6	154.8	155.2	155.5	156.1	156.3[r]	155.1[r]	156.6
17 Personal income, total	343.7	386.5	409.3	421.0	420.7	423.8	426.8[r]	432.1	434.2	436.3[r]	437.3[r]	n.a.
18 Wages and salary disbursements	317.7	349.7	367.2	376.8	376.2	378.6	382.2	386.9	389.0	391.8[r]	393.4[r]	n.a.
19 Manufacturing	264.4	287.3	286.2	286.2	286.9	289.3	293.4	296.4	299.3	302.8[r]	304.3[r]	n.a.
20 Disposable personal income[5]	333.8	373.7	397.3	411.2	410.3	413.7	417.4	420.5[r]	422.0[r]	429.3[r]	430.2	n.a.
21 Retail sales[6]	303.8	330.6	326.0	352.7	348.3	356.4	364.7	376.1	378.9	380.3[r]	374.3[r]	380.4
Prices[7]												
22 Consumer	246.8	272.4	289.1	293.1	293.2	293.4	295.5	297.1	298.1	299.3[r]	300.3[r]	n.a.
23 Producer finished goods	247.0	269.8	280.7	283.9	284.1	283.4	283.0	284.3	285.0	285.7[r]	286.2[r]	n.a.

1 The capacity utilization series has been revised back to January 1967

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 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	Output (1967 = 100) 1982 Q4	1983 Q1	1983 Q2[r]	1983 Q3	Capacity (percent of 1967 output) 1982 Q4	1983 Q1	1983 Q2[r]	1983 Q3	Utilization rate (percent) 1982 Q4	1983 Q1	1983 Q2[r]	1983 Q3
1 **Total industry**	**135.3**	**138.5**	**144.5**	**151.6**	**193.7**	**194.6**	**195.5**	**196.4**	**69.8**	**71.2**	**73.9**	**77.2**
2 Mining	117.0	116.7	112.3	116.1	165.1	165.2	165.3	165.4	70.9	70.6	67.9	70.2
3 Utilities	166.2	163.6	169.6	176.6	207.4	208.5	209.8	211.1	80.1	78.5	80.8	83.6
4 **Manufacturing**	**134.5**	**138.4**	**145.2**	**152.6**	**194.8**	**195.7**	**196.6**	**197.5**	**69.0**	**70.7**	**73.8**	**77.3**
5 Primary processing	129.3	137.0	145.2	152.7	193.7	194.3	194.8	195.3	66.8	70.5	74.6	78.2
6 Advanced processing	137.3	139.7	145.1	152.3	195.4	196.5	197.6	198.6	70.2	71.1	73.5	76.7
7 **Materials**	**128.7**	**134.8**	**141.7**	**149.6**	**191.7**	**192.3**	**192.9**	**193.4**	**67.1**	**70.1**	**73.5**	**77.4**
8 Durable goods	117.1	125.2	134.7	143.8	194.8	195.2	195.6	196.0	60.2	64.2	68.9	73.4
9 Metal materials	66.5	78.6	84.9	89.0	140.3	140.2	139.9	139.8	47.4	56.1	60.7	63.7
10 Nondurable goods	157.0	163.7	171.7	178.8	216.9	217.8	218.8	219.6	72.4	75.2	78.5	81.4
11 Textile, paper, and chemical	160.8	169.3	179.6	187.7	228.3	229.4	230.7	231.6	70.5	73.8	77.9	81.0
12 Paper	147.6	149.9	153.4	n.a.	164.4	165.3	166.1	n.a.	89.7	90.7	92.3	n.a.
13 Chemical	191.9	204.7	219.4	n.a.	292.8	294.8	296.6	n.a.	65.5	69.4	74.0	n.a.
14 Energy materials	121.5	122.2	121.5	127.6	153.3	153.9	154.3	154.7	79.2	79.5	78.7	82.4

2.11 Continued

Series	Previous cycle[1]		Latest cycle[2]		1982	1983								
	High	Low	High	Low	Sept	Jan	Feb	Mar	Apr	May	June[r]	July[r]	Aug.[r]	Sept
	Capacity utilization rate (percent)													
15 **Total industry**	**88.4**	**71.1**	**87.3**	**76.5**	**71.1**	**70.7**	**71.0**	**71.8**	**73.1**	**73.9**	**74.8**	**76.3**	**77.1**	**78.1**
16 Mining	91.8	86.0	88.5	84.0	69.6	73.8	69.9	68.1	67.5	68.2	68.1	69.5	70.2	70.9
17 Utilities	94.9	82.0	86.7	83.8	81.0	78.4	77.7	79.4	80.9	80.9	80.8	83.6	84.3	83.1
18 **Manufacturing**	**87.9**	**69.0**	**87.5**	**75.5**	**70.6**	**70.0**	**70.6**	**71.6**	**72.9**	**73.8**	**74.9**	**76.3**	**77.1**	**78.4**
19 Primary processing	93.7	68.2	91.4	72.6	69.0	68.6	70.8	72.1	73.4	74.6	75.7	77.0	78.2	79.4
20 Advanced processing	85.5	69.4	85.9	77.0	71.4	70.9	70.8	71.5	72.5	73.4	74.4	75.9	76.5	77.8
21 **Materials**	**92.6**	**69.3**	**88.9**	**74.2**	**69.0**	**68.7**	**70.1**	**71.5**	**72.5**	**73.5**	**74.4**	**76.4**	**77.4**	**78.4**
22 Durable goods	91.4	63.5	88.4	68.4	63.2	62.3	64.2	66.0	67.7	68.9	70.0	72.0	73.4	74.8
23 Metal materials	97.8	68.0	95.4	59.4	52.6	53.3	56.1	58.8	59.9	61.0	61.2	62.2	63.8	65.2
24 Nondurable goods	94.4	67.4	91.7	77.5	73.3	73.4	75.3	76.8	77.2	78.7	79.6	80.4	81.2	82.6
25 Textile, paper, and chemical	95.1	65.4	92.3	75.5	71.3	71.4	74.1	75.8	76.4	78.1	79.2	80.1	80.8	82.1
26 Paper	99.4	72.4	97.9	89.8	90.8	90.9	90.8	90.3	91.0	92.9	93.1	96.7	95.5	n.a.
27 Chemical	95.5	64.2	91.3	70.7	66.5	66.4	69.9	71.9	72.6	74.0	75.3	75.6	76.2	n.a.
28 Energy materials	94.5	84.4	88.7	84.4	79.1	80.1	79.2	79.2	78.9	78.5	78.8	82.7	82.7	81.8

1 Monthly high 1973, monthly low 1975

2 Preliminary, monthly highs December 1978 through January 1980, monthly lows July through October 1980

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1980	1981	1982	1983						
				Mar	Apr	May	June	July	Aug	Sept
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population**[1]	**169,847**	**172,272**	**174,451**	**175,850**	**175,996**	**176,151**	**176,320**	**176,498**	**176,648**	**176,811**
2 Labor force (including Armed Forces)[1]	109,042	110,812	112,384	112,678	112,988	112,947	114,127	114,067	114,469	114,577
3 Civilian labor force	106,940	108,670	110,204	110,484	110,786	110,749	111,932	111,875	112,261	112,368
Employment										
4 Nonagricultural industries[2]	95,938	97,030	96,125	95,729	96,088	96,190	97,264	97,758	98,074	98,655
5 Agriculture	3,364	3,368	3,401	3,375	3,371	3,367	3,522	3,527	3,489	3,290
Unemployment										
6 Number	7,637	8,273	10,678	11,381	11,328	11,192	11,146	10,590	10,699	10,423
7 Rate (percent of civilian labor force)	7.1	7.6	9.7	10.3	10.2	10.1	10.0	9.5	9.5	9.3
8 Not in labor force	60,805	61,460	62,067	63,172	63,008	63,204	62,193	62,431	62,179	62,234
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment**[3]	**90,406**	**91,156**	**89,596**	**88,814**	**89,101**	**89,421**	**89,844**[r]	**90,152**[r]	**89,735**[r]	**90,468**
10 Manufacturing	20,285	20,170	18,853	18,267	18,376	18,493	18,582[r]	18,733[r]	18,785[r]	18,854
11 Mining	1,027	1,132	1,122	1,006	997	994	1,003[r]	1,017[r]	1,025[r]	1,023
12 Contract construction	4,346	4,176	3,912	3,757	3,786	3,860	3,933[r]	3,974[r]	4,022[r]	4,050
13 Transportation and public utilities	5,146	5,157	5,057	4,963	4,988	4,993	4,992[r]	4,984[r]	4,343[r]	5,015
14 Trade	20,310	20,551	20,547	20,350	20,329	20,356	20,494[r]	20,529[r]	20,591[r]	20,494
15 Finance	5,160	5,301	5,350	5,391	5,423	5,435	5,451	5,465[r]	5,488[r]	5,485
16 Service	17,890	20,547	20,401	19,356	19,478	19,546	19,668[r]	19,770[r]	19,829[r]	19,889
17 Government	16,241	16,024	15,784	15,724	15,724	15,744	15,721[r]	15,680[r]	15,652[r]	15,658

1. Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day, annual data are averages of monthly figures. By definition, seasonality does not exist in population figures Based on data from *Employment and Earnings* (U S Department of Labor).

2. Includes self-employed, unpaid family, and domestic service workers

3 Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces Data are adjusted to the March 1983 benchmark and only seasonally adjusted data are available at this time Based on data from *Employment and Earnings* (U S Department of Labor)

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted

Grouping	1967 proportion	1982 avg	1982 Sept	1982 Oct	1982 Nov.	1982 Dec	1983 Jan	1983 Feb	1983 Mar.	1983 Apr.	1983 May	1983 June[r]	1983 July	1983 Aug.[p]	1983 Sept[e]
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**138.6**	**137.3**	**135.7**	**134.9**	**135.2**	**137.4**	**138.1**	**140.0**	**142.6**	**144.4**	**146.4**	**149.6**	**151.4**	**153.7**
2 Products	60.71	141.8	140.8	139.3	139.0	139.9	140.9	140.3	141.6	144.5	146.2	148.1	150.9	152.5	155.0
3 Final products	47.82	141.5	140.0	138.7	138.3	139.5	140.1	138.9	139.9	142.8	144.5	146.4	149.0	150.2	152.7
4 Consumer goods	27.68	142.6	143.4	142.2	141.3	142.0	143.6	143.4	144.3	147.7	150.4	152.4	155.0	156.0	158.2
5 *Equipment*	20.14	139.8	135.2	134.0	134.2	136.1	135.3	132.7	133.8	136.2	136.5	138.2	140.7	142.4	145.2
6 Intermediate products	12.89	143.3	143.7	141.6	141.8	141.5	143.7	145.3	147.8	150.8	152.2	154.5	158.1	161.0	163.2
7 Materials	39.29	133.7	132.0	130.0	128.4	127.8	132.0	134.9	137.6	139.7	141.7	143.7	147.5	149.6	151.7
Consumer goods															
8 Durable consumer goods	7.89	129.2	131.3	126.5	124.6	125.9	131.6	134.4	136.3	140.5	145.5	149.2	153.0	154.3	158.2
9 Automotive products	2.83	129.5	135.5	123.6	120.7	128.7	136.2	144.3	142.6	144.9	152.2	160.0	167.0	167.9	172.9
10 Autos and utility vehicles	2.03	99.0	105.8	89.6	86.9	99.0	107.0	120.8	116.4	117.8	124.9	135.4	145.4	147.0	152.9
11 Autos	1.90	86.6	94.3	79.5	77.7	87.9	97.1	107.3	99.9	102.7	107.4	118.3	129.8	132.0	135.0
12 Auto parts and allied goods	.80	206.9	210.7	210.0	206.6	204.0	210.2	203.9	209.3	213.6	221.5	222.6	221.9	221.0	223.7
13 Home goods	5.06	129.1	128.9	128.1	126.8	124.3	129.1	128.8	132.8	138.1	141.8	143.2	145.1	146.7	150.0
14 Appliances, A/C, and TV	1.40	102.6	99.4	106.1	104.8	94.2	109.5	105.8	105.0	106.1	112.8	114.4	115.3	121.2	127.0
15 Appliances and TV	1.33	104.6	104.1	110.5	108.4	98.3	112.9	108.8	108.5	109.7	116.1	118.4	118.7	125.1	..
16 Carpeting and furniture	1.07	149.7	153.3	151.9	151.4	150.8	149.0	156.7	168.3	180.5	181.9	185.6	189.3	187.4	
17 Miscellaneous home goods	2.59	135.0	134.9	130.1	128.6	129.8	131.4	129.7	133.3	137.9	140.9	141.3	143.0	143.6	145.9
18 Nondurable consumer goods	19.79	148.0	148.2	148.5	147.9	148.4	148.3	147.0	147.5	150.5	152.3	153.6	155.8	156.6	158.3
19 Clothing	4.29	.		.	.	.		.. .		.				.
20 Consumer staples	15.50	159.0	158.8	159.1	158.1	158.8	158.6	157.4	158.1	161.1	162.8	164.3	166.4	167.0	168.3
21 Consumer foods and tobacco	8.33	149.7	148.6	150.2	149.0	149.5	150.9	149.5	148.4	150.9	153.2	155.9	157.0		.....
22 Nonfood staples	7.17	169.7	170.7	169.5	168.7	169.6	167.6	166.5	169.4	172.9	174.0	174.1	177.4	178.8	180.1
23 Consumer chemical products	2.63	219.9	221.7	220.0	218.9	220.9	222.6	220.9	225.6	225.5	227.8	229.0	233.8	236.1	
24 Consumer paper products	1.92	127.7	128.2	125.3	125.1	128.3	127.1	127.9	128.1	129.2	128.6	130.1	133.1	134.5	
25 Consumer energy products	2.62	150.2	150.6	151.1	150.2	148.4	142.2	140.2	143.3	152.2	153.4	151.2	153.2	153.8	
26 Residential utilities	1.45	170.8	169.5	169.1	171.5	169.3	164.1	162.9	166.1	175.5	174.3	170.5	173.2		
Equipment															
27 Business	12.63	157.9	150.5	147.1	146.4	148.1	146.6	142.7	143.7	146.9	147.7	150.2	153.0	154.8	158.4
28 *Industrial*	6.77	134.9	123.8	118.3	117.2	117.9	118.4	113.7	113.1	113.5	114.5	116.3	119.4	122.0	124.8
29 Building and mining	1.44	214.2	182.1	169.3	165.7	171.9	173.8	153.6	145.3	141.8	146.2	148.7	154.4	158.6	164.2
30 Manufacturing	3.85	107.2	101.6	98.0	97.5	97.0	97.6	97.9	99.7	101.7	102.5	105.0	108.5	110.4	112.9
31 Power	1.47	129.9	124.7	121.0	121.0	119.7	118.3	116.0	116.2	116.6	115.0	114.1	113.6	116.3	117.4
32 Commercial transit, farm	5.86	184.4	181.4	180.5	180.2	183.0	179.2	176.1	179.2	185.4	186.1	189.5	191.9	192.7	197.3
33 Commercial	3.26	253.5	254.0	253.5	254.8	258.6	254.9	251.2	255.7	264.3	265.0	270.9	275.9	275.2	281.0
34 Transit	1.93	103.9	95.5	93.2	92.3	96.2	90.8	88.2	90.1	92.0	92.6	93.2	92.0	95.5	97.5
35 Farm	.67	80.5	76.1	76.8	70.7	65.1	66.0	63.4	63.4	70.2	71.3	70.4	70.8	71.3	....
36 Defense and space	7.51	109.4	109.5	111.9	113.6	115.9	116.4	116.1	117.0	118.2	117.6	118.0	120.0	121.5	122.9
Intermediate products															
37 Construction supplies	6.42	124.3	125.5	122.5	123.4	123.0	127.0	129.7	133.1	136.4	138.4	142.1	145.8	148.6	150.7
38 Business supplies	6.47	162.1	161.8	160.5	160.1	159.8	160.3	160.9	162.3	165.2	166.0	166.8	170.3	173.3	.
39 Commercial energy products	1.14	181.1	179.2	180.4	182.4	182.4	180.6	178.6	180.3	183.3	183.1	181.4	185.6	185.6	....
Materials															
40 Durable goods materials	20.35	125.0	123.0	118.5	116.4	116.5	121.5	125.3	128.7	132.4	134.7	137.0	140.9	143.9	146.6
41 Durable consumer parts	4.58	95.3	97.1	91.4	90.0	91.1	96.2	101.6	104.0	106.5	108.5	109.5	115.6	120.1	123.5
42 Equipment parts	5.44	166.8	158.3	155.4	155.1	155.3	157.5	158.8	162.5	167.2	170.6	175.8	180.8	182.7	185.1
43 Durable materials n.e.c.	10.34	116.2	115.8	111.1	107.7	107.4	113.8	118.2	121.9	125.4	127.5	128.7	131.2	134.0	136.6
44 Basic metal materials	5.57	79.9	77.7	73.0	69.1	68.7	78.1	82.4	86.0	87.8	89.3	89.6	90.6	93.1	
45 Nondurable goods materials	10.47	157.5	158.5	158.2	157.3	155.6	159.7	164.0	167.5	168.7	172.1	174.3	176.4	178.3	181.6
46 Textile, paper, and chemical materials	7.62	161.1	162.2	161.5	161.0	160.0	163.7	170.0	174.3	175.9	180.2	182.8	185.5	187.2	190.5
47 Textile materials	1.85	102.2	103.3	104.4	102.5	102.1	104.7	106.4	110.6	110.6	114.6	116.0	118.3	121.5	
48 Paper materials	1.62	145.6	148.9	148.9	149.7	144.1	150.1	150.1	149.5	150.8	154.4	155.0	161.1	159.4	
49 Chemical materials	4.15	193.5	193.7	192.0	191.6	192.0	195.4	206.2	212.5	214.9	219.6	223.6	225.0	227.4	..
50 Containers, nondurable	1.70	161.4	167.3	164.9	160.8	155.2	162.1	159.6	163.8	163.2	164.3	166.1	166.5	169.6	
51 Nondurable materials n.e.c.	1.14	127.9	121.1	125.5	127.4	127.2	129.6	130.5	127.7	129.1	129.7	129.9	130.3	131.9	
52 Energy materials	8.48	125.1	121.0	122.6	121.4	120.4	123.0	121.8	121.9	121.6	121.1	121.8	127.8	128.0	126.9
53 Primary energy	4.65	116.0	111.1	114.4	113.7	113.5	116.5	115.4	114.4	113.9	113.8	112.6	115.6	115.8	...
54 Converted fuel materials	3.82	136.3	133.0	132.6	130.8	128.9	130.8	129.6	131.1	131.0	129.9	132.9	142.6	142.9	....
Supplementary groups															
55 Home goods and clothing	9.35	119.6	120.1	119.9	119.6	118.2	120.8	119.9	122.0	126.3	129.2	130.2	132.3	134.0	137.1
56 Energy, total	12.23	135.7	132.7	134.1	133.3	132.2	132.4	131.0	131.9	133.9	133.8	133.6	138.6	138.9	138.0
57 Products	3.76	159.6	159.3	160.0	160.0	158.7	153.8	151.9	154.5	161.7	162.4	160.4	163.0	163.4	. .
58 Materials	8.48	125.1	121.0	122.6	121.4	120.4	123.0	121.8	121.9	121.6	121.1	121.8	127.8	128.0	126.9

2.13 Continued

Grouping	SIC code	1967 pro-portion	1982 avg	1982				1983								
				Sept	Oct	Nov.	Dec.	Jan	Feb	Mar.	Apr.	May	June^r	July	Aug^p	Sept^e
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	..	12.05	146.3	139.7	140.4	140.4	140.1	141.3	141.7	137 7	138 9	139.7	139.6	143.8	145 3	145 0
2 Mining	.	6.36	126.1	114.7	115.9	116.8	118.4	121.9	114.5	112.6	111.6	112 8	112.6	114.9	116 1	117 3
3 Utilities	...	5.69	168.7	167.5	167.8	166.7	164.2	163.1	171.9	165.8	169.3	169.7	169.8	176.0	177.9	175 9
4 Electric	...	3 88	190 5	188 2	188 4	188.3	185 6	184 4	191 6	188.2	192.7	192.9	192 0	201.1	203 6	200 4
5 Manufacturing	. ...	87.95	137.6	137.1	135.0	134.0	134.5	136.7	138.0	140 4	143.1	145.1	147.4	150.4	152.3	155 0
6 Nondurable	.	35.97	156.2	156.7	156.2	155.3	155.6	157.4	157 5	160 7	163 3	165.4	167.8	170.2	172 1	174 2
7 Durable	.	51 98	124 7	123 5	120.3	119.3	119.9	122.5	124.5	126 3	129.1	131 0	133.2	136.8	138.6	141.7
Mining																
8 Metal	10	51	82.4	55 4	63.1	70 4	74.9	81.7	71.2	75.2	79.8	84.4	82.9	82.5	82.2	. .
9 Coal	11 12	69	142 7	127 9	143.2	134.1	129.7	144.8	135.0	127 3	125 3	125 6	124.6	139.9	141.2	140 2
10 Oil and gas extraction	13	4.40	131.1	121.0	119.1	120.3	122.9	124.6	117.5	114 4	112.2	112.5	112.6	114.1	115.2	116 7
11 Stone and earth minerals	14	75	112.1	106.3	108.5	111.9	111.7	112.8	108.1	114.0	117 7	122 5	121.7	118.9	121.6	. .
Nondurable manufactures																
12 Foods	20	8.75	151.1	149.0	151 5	152.0	152.8	154 4	147.0	152.0	153.7	155.6	157 7	159.3		.
13 Tobacco products	21	.67	118 0	113 3	110 6	113.0	109 9	104.7	115 9	113.4	114.8	112.9	120 0	112 9		..
14 Textile mill products	22	2 68	124.5	126 1	125 9	123 1	122.2	125.8	128.7	131.9	136.6	139 6	141 8	146 7	149.3	...
15 Apparel products	23	3 31	.	.		.			.	...	...	....	..		.	..
16 Paper and products	26	3 21	150 8	154 3	155.0	154 5	151 1	158 8	160 9	156 3	157.0	161.5	163 0	165 0	167 3	168.9
17 Printing and publishing	27	4 72	144 1	144 3	142 0	141 7	142 8	141.3	135.8	145.9	145 7	145 2	147.4	151.0	154.3	156.2
18 Chemicals and products	28	7.74	196 1	196.4	194 1	192 8	195 9	197 6	200.0	205 7	208.5	211.0	214 7	217 6	220.2	. . .
19 Petroleum products	29	1 79	121 8	122.6	123 8	120 0	118 7	113 5	108 6	114.8	120.6	123.8	123 0	125 2	123 1	127 2
20 Rubber and plastic products	30	2 24	254.7	262.0	256 3	250.2	249.7	256.2	275.2	272 0	283 0	288.0	293.8	296.1	303 7	.
21 Leather and products	31	86	60 9	60 9	59 5	57 7	56 0	59 5	64 1	59.4	58.7	59 6	60 1	62.3	62 9	...
Durable manufactures																
22 Ordnance, private and government	19.91	3 64	86.9	86 9	89 5	91.9	92.5	93.5	93.4	91 9	93 2	92 6	93.3	95.2	96 5	97 9
23 Lumber and products	24	1 64	112 6	119 9	117 2	119 1	121 4	130.0	130 5	128.7	132.1	135.8	137 4	141 3	144 5	.
24 Furniture and fixtures	25	1 37	151.9	155.7	154.3	152.4	153.7	150 0	162 5	161 0	167 7	169.6	173.1	174 9	175 6	
25 Clay, glass, stone products	32	2 74	128.2	130.4	128.1	127.3	125.4	128.0	124.8	135 6	138 3	139.2	141.7	145.8	149 7	.
26 Primary metals	33	6 57	75.3	73.2	69.6	63.6	63.5	73.1	79.4	81.2	83 1	84.9	84.8	85.5	87.4	89.8
27 Iron and steel	331.2	4 21	61.7	56.4	54.1	47.5	46.6	59.0	64.3	66 9	68 5	69 5	69.7	71.8	74.6	
28 Fabricated metal products	34	5.93	114.8	112.3	107 6	107.0	107.3	107 6	112 3	113 9	115 3	115.5	118.5	122 5	125 1	127 6
29 Nonelectrical machinery	35	9 15	149.0	144.9	140.4	139.6	139.2	138.0	137 1	138 6	143 1	146.1	149.5	154.2	157.1	160 6
30 Electrical machinery	36	8 05	169 3	167 0	165 4	165.5	165 5	169 5	170 1	173 8	177.2	180 1	182 4	188 2	187 9	193.9
31 Transportation equipment	37	9 27	104.9	105.3	100.8	100.2	103.7	106.3	110.5	110.1	111 4	113.8	116.6	119 7	121.4	123 6
32 Motor vehicles and parts	371	4.50	109.8	113.5	103.0	101.7	108.8	113.9	124.8	123 2	125 5	130.4	136.2	142 3	145.1	148 9
33 Aerospace and miscellaneous transportation equipment	372–9	4 77	100 4	97 6	98 6	98 7	98 9	99 1	97 0	97.7	98 1	98 1	98 1	98 5	99 1	99 8
34 Instruments	38	2.11	161.9	161.9	157.4	155.8	155.2	154.5	151.6	154.0	155 1	156.0	156.1	159 3	162.3	165 8
35 Miscellaneous manufactures	39	1.51	137.0	132.9	129 6	129.5	128.2	131.3	130 6	136 9	145 0	149.0	151 0	153 7	153 8	155 6
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
36 Products, total		**507.4**	**579.6**	**575.3**	**570.0**	**568.4**	**572.9**	**578.1**	**578.4**	**584.1**	**592.6**	**601.8**	**610.5**	**619.4**	**623.7**	**636.0**
37 Final	.....	390 9	451.1	446 3	442.8	441.3	445.8	448.3	447 3	451.3	457.7	465.6	471.8	477.8	479.7	490.3
38 Consumer goods	.	277 5	308 0	309 3	306 6	305 6	306 8	310.9	312.0	313.8	318.8	325 6	330 4	333 4	335 5	341.4
39 Equipment		113 4	143.1	137.0	136.2	135 7	138.9	137.4	135 3	137.5	138.9	140 0	141.4	144.4	144.2	148.9
40 Intermediate	. ...	116.6	128.5	129.0	127 2	127.1	127.1	129.8	131 1	132 8	134.9	136.2	138.7	141.6	144 0	145.7

1. 1972 dollar value

2.14 HOUSING AND CONSTRUCTION

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

Item	1980	1981	1982	1982 Nov.	1982 Dec	1983 Jan	1983 Feb.	1983 Mar	1983 Apr	1983 May[r]	1983 June[r]	1983 July[r]	1983 Aug
	Private residential real estate activity (thousands of units)												
NEW UNITS													
1 Permits authorized	1,191	986	1,001	1,227	1,326	1,447	1,479	1,467	1,536	1,635	1,761	1,782	1,666
2 1-family	710	564	546	738	753	866	835	859	841	940	1,013	920	913
3 2-or-more-family	480	421	454	489	573	581	644	608	695	695	748	862	753
4 Started	1,292	1,084	1,062	1,361	1,280	1,694	1,784	1,605	1,506	1,807	1,736	1,785	1,935
5 1-family	852	705	663	868	842	1,126	1,103	1,008	1,001	1,183	1,127	1,025	1,135
6 2-or-more-family	440	379	400	493	438	568	681	597	505	624	609	760	800
7 Under construction, end of period[1]	896	682	720	712	730	756	796	828	859	900	935	968	n.a.
8 1-family	515	382	400	395	411	428	455	472	489	518	535	542	n.a.
9 2-or-more-family	382	301	320	317	319	329	341	356	370	382	400	426	n.a.
10 Completed	1,502	1,266	1,006	1,053	1,035	1,195	1,138	1,147	1,164	1,353	1,383	1,413	n.a.
11 1-family	957	818	631	679	647	782	709	788	803	851	954	984	n.a.
12 2-or-more-family	545	447	374	374	388	413	429	359	361	502	429	429	n.a.
13 Mobile homes shipped	222	241	239	251	243	284	283	276	291	298	308	299	n.a.
Merchant builder activity in 1-family units													
14 Number sold	545	436	413	545	529	611	593	611	635	665	666	609	578
15 Number for sale, end of period[1]	342	278	255	246	251	259	262	262	266	273	285	292	297
Price (thousands of dollars)[2]													
Median													
16 Units sold	64.7	68.8	69.3	73.5	71.7	73.5	73.8	72.5	74.7	74.5	75.9	75.2	77.1
Average													
17 Units sold	76.4	83.1	83.8	87.8	86.7	87.2	86.8	86.2	87.6	88.8	90.6	88.0	92.4
EXISTING UNITS (1-family)													
18 Number sold	2,974	2,418	1,991	2,150	2,260	2,580	2,460	2,710	2,730	2,900	2,940	2,790	2,710
Price of units sold (thousands of dollars)[2]													
19 Median	62.1	66.1	67.7	67.7	67.8	68.1	68.2	68.9	68.8	69.2	71.4	71.8	71.9
20 Average	72.7	78.0	80.4	80.4	80.6	80.0	80.3	81.1	81.3	81.7	84.7	84.2	85.2
	Value of new construction[3] (millions of dollars)												
CONSTRUCTION													
21 **Total put in place**	**230,712**	**239,418**	**232,048**	**243,714**	**240,207**	**247,914**	**243,032**	**241,908**	**247,360[r]**	**254,763**	**264,321**	**269,495**	**276,099**
22 Private	175,700	186,069	180,979	190,520	190,768	195,032	194,331	194,865	199,462[r]	206,029	214,729	218,399	223,462
23 Residential	87,262	86,567	74,809	81,245	86,018	89,701	93,568	96,127	101,961[r]	107,494	113,524	118,094	120,235
24 Nonresidential, total	88,438	99,502	106,170	109,275	104,750	105,331	100,763	98,738	97,501[r]	98,535	101,205	100,305	103,227
Buildings													
25 Industrial	13,839	17,031	17,346	16,716	15,631	15,182	14,315	14,263	13,223	13,047	13,136	12,227	13,438
26 Commercial	29,940	34,243	37,281	37,861	36,934	38,167	36,675	35,469	33,619	33,291	35,898	35,871	36,857
27 Other	8,654	9,543	10,507	11,517	11,784	11,983	11,664	11,598	10,770	11,237	10,974	11,250	12,136
28 Public utilities and other	36,005	38,685	41,036	43,181	40,401	39,999	38,109	37,408	39,889[r]	40,960	41,197	40,957	40,796
29 Public	55,011	53,346	51,068	53,194	49,439	52,882	48,701	47,043	47,897[r]	48,734	49,592	51,096	52,637
30 Military	1,880	1,966	2,205	2,572	2,432	2,341	2,421	2,541	2,784[r]	2,255	1,894	2,336	2,196
31 Highway	13,770	13,599	13,521	14,409	13,048	13,966	12,509	11,866[r]	12,900	13,044	12,925	14,091	15,274
32 Conservation and development	5,089	5,300	5,029	4,708	4,625	4,756	4,532	4,894	5,023[r]	4,548	4,853	5,612	5,100
33 Other	34,272	32,481	30,313	31,505	29,334	31,819	29,239	27,742	27,190[r]	28,887	29,920	29,057	30,067

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 Aug. 1983 (1967 = 100)[1]
	1982 Aug	1983 Aug.	1982		1983		1983					
			Sept.	Dec.	Mar.	June	Apr.	May	June	July	Aug.	
Consumer Prices[2]												
1 **All items**	**5.9**	**2.6**	**4.1**	**.5**	**.4**	**5.4**	**.6**	**.5**	**.2**	**.4**	**.4**	**300.3**
2 Food	3.6	1.7	6	8	2 8	1 7	.4	.3	−.3	−.1	2	292.2
3 Energy items	2.0	1.2	8.1	10.2	−25.1	21.0	2.0	2.5	.3	.3	.7	429 8
4 All items less food and energy	7.1	3.0	4 7	− 3	4 4	3 9	.4	.3	.3	6	5	288.2
5 Commodities	5 7	4 5	2.4	5.4	5 7	2.9	1	.2	.4	.7	.5	244 2
6 Services	8.2	1 7	4 6	−4 8	3 7	4 6	.5	.3	.3	.4	.4	339 3
Producer Pricfs												
7 Finished goods	4 0	1.4	4.2	5 2	−4 7	2.9	0[r]	.2[r]	.5	.1	.4	286.2
8 Consumer foods	1.3	.5	−7.7	.8	4.1	−.3	1.1	−.5	− 6	− 6	.4	261.0
9 Consumer energy	.3	−5 4	30 9	7 0	−35 5	12.0	−2.5[r]	2.3[r]	3.2	2	.3	798.8
10 Other consumer goods	5 6	3 1	4.2	7.9	−2.0	2.5	1	.0[r]	.5	.5	.2	240 6
11 Capital equipment	5.6	2.6	3.5	3.6	2.0	2.1	−.1[r]	.4[r]	.2	.1	.7	288.0
12 Intermediate materials[3]	.5	1.0	2.3	1.5	−4.7	3.6	−.6[r]	.6[r]	.9	3	4	319.2
13 Excluding energy	.8	2.3	1 0	1.0	.8	2.8	− 1	.4	.4	.3	4	295 9
Crude materials												
14 Foods	−4 7	2.8	−26 4	1 3	18.1	.8	3 0	−1.2	−1.6	−2.6	3.9	256 6
15 Energy	1.9	−2.0	8.7	6.4	−9.2	−4.8	−1.0[r]	−.2[r]	0	− 6	−.2	785 9
16 Other	−13.3	9.6	2 9	−8 0	−16 2	59 3	2 5[r]	4.8[r]	4.6	2.2	1 0	255 7

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	1980	1981	1982	1982 Q2	1982 Q3	1982 Q4	1983 Q1	1983 Q2[r]
GROSS NATIONAL PRODUCT								
1 **Total**	**2,631.7**	**2,954.1**	**3,073.0**	**3,070.2**	**3,090.7**	**3,109.6**	**3,171.5**	**3,272.0**
By source								
2 Personal consumption expenditures	1,668.1	1,857.2	1,991.9	1,972.8	2,008.8	2,046.9	2,073.0	2,147.0
3 Durable goods	214.7	236.1	244.5	242.9	243.4	252.1	258.5	277.7
4 Nondurable goods	668.8	733.9	761.0	754.7	766.6	773.0	777.1	799.6
5 Services	784.5	887.1	986.4	975.2	998.9	1,021.8	1,037.4	1,069.7
6 Gross private domestic investment	401.9	474.9	414.5	432.5	425.3	377.4	404.1	450.1
7 Fixed investment	411.7	456.5	439.1	443.7	430.2	433.8	443.5	464.6
8 Nonresidential	308.8	352.2	348.3	352.7	342.3	337.0	332.1	336.3
9 Structures	110.9	133.4	141.9	144.2	140.0	138.6	132.9	127.4
10 Producers' durable equipment	197.9	218.9	206.4	208.5	202.2	198.4	199.3	208.8
11 Residential structures	102.9	104.3	90.8	91.0	87.9	96.8	111.3	128.4
12 Nonfarm	98.1	99.8	86.0	86.1	83.4	91.2	106.7	123.3
13 Change in business inventories	−9.8	18.5	−24.5	−11.2	−4.9	−56.4	−39.4	−14.5
14 Nonfarm	−4.5	10.9	−23.1	−8.8	−2.3	−53.7	−39.0	−10.3
15 Net exports of goods and services	24.0	26.3	17.4	33.3	.9	5.6	17.0	−8.5
16 Exports	338.8	368.8	347.6	364.5	346.0	321.6	326.9	327.1
17 Imports	314.8	342.5	330.2	331.2	345.0	316.1	309.9	335.6
18 Government purchases of goods and services	537.8	595.7	649.2	631.6	655.7	679.7	677.4	683.4
19 Federal	197.1	229.2	258.7	244.1	261.7	279.2	273.5	273.7
20 State and local	340.8	366.5	390.5	387.5	394.0	400.5	404.0	409.7
By major type of product								
21 Final sales, total	2,641.5	2,935.6	3,097.5	3,081.4	3,095.6	3,165.9	3,210.9	3,286.6
22 Goods	1,140.6	1,291.9	1,280.9	1,290.8	1,286.7	1,264.8	1,292.2	1,346.8
23 Durable	477.9	528.0	500.8	514.3	518.4	474.0	482.7	536.8
24 Nondurable	662.7	763.9	780.1	776.5	768.3	790.8	809.5	810.0
25 Services	1,225.2	1,374.2	1,511.2	1,496.4	1,527.2	1,560.5	1,588.4	1,623.4
26 Structures	266.0	288.0	281.0	283.0	276.9	284.3	290.9	301.9
27 Change in business inventories	−9.8	18.5	−24.5	−11.2	−4.9	−56.4	−39.4	−14.5
28 Durable goods	−4.1	3.6	−15.5	−2.5	6.4	−45.0	−38.2	−8.9
29 Nondurable goods	−5.7	14.9	−9.1	−8.7	−11.3	−11.4	−1.2	−5.7
30 MEMO: **Total GNP in 1972 dollars**	**1,475.0**	**1,513.8**	**1,485.4**	**1,489.3**	**1,485.7**	**1,480.7**	**1,490.1**	**1,525.1**
NATIONAL INCOME								
31 **Total**	**2,116.6**	**2,373.0**	**2,450.4**	**2,448.9**	**2,458.9**	**2,474.0**	**2,528.5**	**2,612.8**
32 Compensation of employees	1,599.6	1,769.3	1,865.7	1,859.9	1,879.5	1,889.0	1,923.7	1,968.7
33 Wages and salaries	1,356.6	1,493.2	1,568.1	1,563.9	1,579.8	1,586.0	1,610.6	1,647.1
34 Government and government enterprises	260.3	284.4	306.0	303.1	307.7	314.5	319.2	323.3
35 Other	1,096.4	1,208.8	1,262.1	1,260.8	1,272.1	1,271.5	1,291.5	1,323.8
36 Supplement to wages and salaries	243.0	276.0	297.6	296.0	299.7	302.9	313.1	321.6
37 Employer contributions for social insurance	115.0	132.5	140.9	140.6	141.5	142.5	148.8	151.5
38 Other labor income	128.0	143.5	156.6	155.4	158.2	160.4	164.3	170.1
39 Proprietors' income[1]	117.5	120.2	109.0	104.9	103.6	116.2	120.6	127.2
40 Business and professional[1]	95.6	89.7	87.5	88.1	87.8	90.2	98.4	106.2
41 Farm[1]	21.8	30.5	21.5	16.8	15.8	26.0	22.2	21.0
42 Rental income of persons[2]	31.5	41.4	49.9	49.0	50.9	52.3	54.1	54.8
43 Corporate profits[1]	175.4	192.3	164.8	166.8	168.5	161.9	181.8	218.2
44 Profits before tax[3]	234.6	227.0	174.2	178.8	177.3	167.5	169.7	203.3
45 Inventory valuation adjustment	−42.9	−23.6	−8.4	−8.5	−9.0	−10.3	−1.7	−10.6
46 Capital consumption adjustment	−16.3	−11.0	−1.1	−3.5	.1	4.7	13.9	25.6
47 Net interest	192.6	249.9	261.1	268.3	256.4	254.7	248.3	243.8

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	1980	1981	1982	1982 Q2	1982 Q3	1982 Q4	1983 Q1	1983 Q2r
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**2,165.3**	**2,435.0**	**2,578.6**	**2,563.2**	**2,591.3**	**2,632.0**	**2,657.7**	**2,713.6**
2 Wage and salary disbursements	1,356.7	1,493.2	1,568.1	1,563.8	1,579.8	1,586.0	1,610.7	1,648.4
3 Commodity-producing industries	468.1	509.5	509.2	513.7	508.9	499.5	508.6	522.2
4 Manufacturing	354.6	385.3	383.8	386.8	384.8	377.4	385.4	397.4
5 Distributive industries	330.7	361.6	378.8	378.1	381.9	383.5	386.4	394.3
6 Service industries	297.6	337.7	374.1	369.1	381.2	388.5	396.4	407.3
7 Government and government enterprises	260.3	284.4	306.0	303.0	307.7	314.5	319.2	324.6
8 Other labor income	128.0	143.5	156.6	155.4	158.2	160.4	164.3	170.1
9 Proprietors' income[1]	117.5	120.2	109.0	104.9	103.6	116.2	120.6	127.2
10 Business and professional[1]	95.6	89.7	87.5	88.1	87.8	90.2	98.4	106.2
11 Farm[1]	21.8	30.5	21.5	16.8	15.8	26.0	22.2	21.0
12 Rental income of persons[2]	31.5	41.4	49.9	49.0	50.9	52.3	54.1	54.8
13 Dividends	56.8	62.8	66.4	65.6	66.4	67.9	68.8	69.3
14 Personal interest income	266.0	341.3	366.2	371.9	364.8	363.1	357.2	357.1
15 Transfer payments	297.6	337.2	374.6	364.2	380.4	399.0	398.5	405.3
16 Old-age survivors, disability, and health insurance benefits	154.2	182.0	204.5	197.3	209.3	216.5	217.4	221.1
17 LESS: Personal contributions for social insurance	88.7	104.6	112.0	111.7	112.7	112.9	116.5	118.6
18 EQUALS: Personal income	2,165.3	2,435.0	2,578.6	2,563.2	2,591.3	2,632.0	2,657.7	2,713.6
19 LESS: Personal tax and nontax payments	336.5	387.4	402.1	404.2	399.8	404.1	401.8	412.6
20 EQUALS: Disposable personal income	1,828.9	2,047.6	2,176.5	2,159.0	2,191.5	2,227.8	2,255.9	2,301.0
21 LESS: Personal outlays	1,718.7	1,912.4	2,051.1	2,031.9	2,068.4	2,107.0	2,134.2	2,209.5
22 EQUALS: Personal saving	110.2	135.3	125.4	127.1	123.0	120.8	121.7	91.5
MEMO: Per capita (1972 dollars)								
23 Gross national product	6,478	6,584	6,399	6,425	6,393	6,355	6,382	6,518
24 Personal consumption expenditures	4,092	4,161	4,179	4,180	4,178	4,205	4,226	4,319
25 Disposable personal income	4,487	4,587	4,567	4,574	4,558	4,576	4,599	4,629
26 Saving rate (percent)	6.0	6.6	5.8	5.9	5.6	5.4	5.4	4.0
GROSS SAVING								
27 **Gross saving**	**405.9**	**483.8**	**405.8**	**439.5**	**397.9**	**351.3**	**398.5**	**420.6**
28 Gross private saving	435.4	509.6	521.6	520.7	524.9	526.6	541.5	535.0
29 Personal saving	110.2	135.3	125.4	127.1	123.0	120.8	121.7	91.5
30 Undistributed corporate profits[1]	32.1	44.8	37.0	37.5	38.9	37.5	48.9	70.1
31 Corporate inventory valuation adjustment	−42.9	−23.6	−8.4	−8.5	−9.0	−10.3	1.7	−10.6
Capital consumption allowances								
32 Corporate	179.3	202.9	222.0	220.2	224.5	227.7	228.3	229.8
33 Noncorporate	113.8	126.6	137.2	135.9	138.5	140.5	142.6	143.5
34 Wage accruals less disbursements	.0	0	.0	0	.0	.0	0	.0
35 Government surplus, or deficit (−), national income and product accounts	−30.7	−26.9	−115.8	−81.2	−127.0	−175.3	−142.9	−114.4
36 Federal	−61.3	−62.2	−147.1	−113.2	−158.3	−208.2	−183.3	−166.1
37 State and local	30.6	35.3	31.3	32.0	31.3	32.9	40.4	51.7
38 Capital grants received by the United States, net	1.2	1.1	.0	.0	.0	.0	0	.0
39 **Gross investment**	**408.2**	**478.9**	**406.2**	**441.3**	**400.5**	**355.5**	**397.4**	**417.1**
40 Gross private domestic	401.9	474.9	414.5	432.5	425.3	377.4	404.1	450.1
41 Net foreign	6.3	4.0	−8.3	8.7	−24.8	−21.9	−6.7	−33.0
42 **Statistical discrepancy**	**2.3**	**−4.9**	**.5**	**1.7**	**2.5**	**4.2**	**−1.2**	**−3.5**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

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

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1980	1981	1982	1982			1983	
				Q2	Q3	Q4	Q1[r]	Q2[p]
1 Balance on current account	421	4,592	−11,211	1,434	−6,596	−6,621	−3,587	−9,712
2 Not seasonally adjusted	...	...	...	2,218	−8,143	−5,546	−3,395	−8,942
3 Merchandise trade balance[2]	−25,544	−28,067	−36,389	−5,854	−13,078	−11,354	−8,810	−14,661
4 Merchandise exports	224,237	237,019	211,217	54,996	52,241	48,344	49,506	48,913
5 Merchandise imports	−249,781	−265,086	−247,606	−60,850	−65,319	−59,698	−58,316	−63,574
6 Military transactions, net	−2,286	−1,355	179	201	54	−26	516	201
7 Investment income, net[3]	29,570	33,484	27,304	7,536	6,821	6,008	5,089	5,933
8 Other service transactions, net	5,738	7,462	5,729	1,353	1,349	1,182	1,179	653
9 Remittances, pensions, and other transfers	−2,347	−2,382	−2,621	−702	−656	−661	−608	−640
10 U.S. government grants (excluding military)	−4,709	−4,549	−5,413	−1,100	−1,086	−1,770	−953	−1,198
11 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−5,140	−5,078	−5,732	−1,489	−2,502	−934	−1,053	−1,126
12 Change in U.S. official reserve assets (increase, −)	−8,155	−5,175	−4,965	−1,132	−794	−1,949	−787	16
13 Gold	0	0	0	0	0	0	0	0
14 Special drawing rights (SDRs)	−16	−1,823	−1,371	−241	−434	−297	−98	−303
15 Reserve position in International Monetary Fund	−1,667	−2,491	−2,552	−814	−459	−732	−2,139	−212
16 Foreign currencies	−6,472	−861	−1,041	−77	99	−920	1,450	531
17 Change in U.S. private assets abroad (increase, −)[3]	−72,757	−100,348	−107,348	−38,313	−22,803	−16,670	−19,859	−259
18 Bank-reported claims	−46,838	−83,851	−109,346	−38,653	−20,631	−17,511	−15,935	3,547
19 Nonbank-reported claims	−3,174	−1,181	6,976	−277	998	2,337	−2,374	n.a.
20 U.S. purchase of foreign securities, net	−3,524	−5,636	−7,986	−546	−3,331	−3,527	−1,808	−3,222
21 U.S. direct investments abroad, net[3]	−19,221	−9,680	3,008	1,163	161	2,031	258	−584
22 Change in foreign official assets in the United States (increase, +)	15,566	5,430	3,172	1,930	2,642	1,661	49	2,686
23 U.S. Treasury securities	9,708	4,983	5,759	−2,094	4,834	4,346	3,008	2,012
24 Other U.S. government obligations	2,187	1,289	−670	258	−71	−556	−371	−164
25 Other U.S. government liabilities[4]	685	−28	504	459	−160	130	−270	332
26 Other U.S. liabilities reported by U.S. banks	−159	−3,479	−2,054	3,271	−1,911	−1,717	−1,939	1,333
27 Other foreign official assets[5]	3,145	2,665	−367	36	−50	−542	−379	−827
28 Change in foreign private assets in the United States (increase, +)[3]	39,356	75,248	84,693	29,683	14,971	9,856	16,404	8,016
29 U.S. bank-reported liabilities	10,743	42,154	64,263	24,778	10,977	2,823	10,588	1,128
30 U.S. nonbank-reported liabilities	6,845	942	−3,104	−2,517	−425	20	−2,136	n.a.
31 Foreign private purchases of U.S. Treasury securities, net	2,645	2,982	7,004	2,095	1,364	2,257	2,912	2,934
32 Foreign purchases of other U.S. securities, net	5,457	7,171	6,141	2,434	420	1,975	2,986	2,464
33 Foreign direct investments in the United States, net[3]	13,666	21,998	10,390	2,893	2,635	2,781	2,054	1,490
34 Allocation of SDRs	1,152	1,093	0	0	0	0	0	0
35 Discrepancy	29,556	24,238	41,390	7,887	15,082	14,657	8,833	379
36 Owing to seasonal adjustments	...	...	...	881	−1,190	1,042	−212	801
37 Statistical discrepancy in recorded data before seasonal adjustment	29,556	24,238	41,390	7,006	16,272	13,615	9,045	−422
MEMO: Changes in official assets								
38 U.S. official reserve assets (increase, −)	−8,155	−5,175	−4,965	−1,132	−794	−1,949	−787	16
39 Foreign official assets in the United States (increase, +)	14,881	5,458	2,668	1,471	2,802	1,531	319	2,354
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	12,769	13,581	7,420	3,024	368	−1,162	−1,397	−3,349
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	756	680	644	125	267	158	42	30

1. Seasonal factors are no longer calculated for lines 12 through 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 of incorporated affiliates.
4. Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
5. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1980	1981	1982	1983 Feb.	Mar.	Apr	May	June	July	Aug.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	220,626	233,677	212,193	16,326	16,752	16,074	15,566	17,008	16,629	16,630
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	244,871	261,305	243,952	19,015	19,525	19,771	21,514	21,024	21,950	22,782
3 **Trade balance**	**−24,245**	**−27,628**	**−31,759**	**−2,689**	**−2,774**	**−3,697**	**−5,948**	**−4,016**	**−5,321**	**−6,152**

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	1980	1981	1982	1983 Mar	Apr	May	June	July	Aug	Sept
1 **Total**	**26,756**	**30,075**	**33,958**	**34,261**	**34,173**	**33,931**	**33,876**	**33,373**	**32,624r**	**33,066**
2 Gold stock, including Exchange Stabilization Fund[1]	11,160	11,151	11,148	11,138	11,132	11,132	11,131	11,131	11,128	11,128
3 Special drawing rights[2,3]	2,610	4,095	5,250	5,229	5,192	5,525	5,478	5,496	5,543	5,628
4 Reserve position in International Monetary Fund[2]	2,852	5,055	7,348	9,293	9,284	9,424	9,413	9,475	9,296r	9,399
5 Foreign currencies[4,5]	10,134	9,774	10,212	8,601	8,565	7,850	7,854	7,271	6,657	6,911

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
5. Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies in 1979 and 1980

3.13 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1980	1981	1982	1983 Mar	Apr	May	June	July	Aug.	Sept
1 Deposits	411	505	328	424	322	445	279	369	248	297
Assets held in custody										
2 U.S. Treasury securities[1]	102,417	104,680	112,544	114,999	114,880	115,401	114,499	118,105	113,476	113,498
3 Earmarked gold[2]	14,965	14,804	14,716	14,726	14,723	14,727	14,724	14,727	14,693	14,621

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

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

3.14 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1980	1981	1982	1983						
				Jan.	Feb	Mar[r]	Apr	May	June	July[p]
	All foreign countries									
1 **Total, all currencies**	**401,135**	**462,847**	**469,367**	**462,112**	**458,201**	**465,332**	**453,219**	**452,173**	**465,770**	**455,871**
2 Claims on United States	28,460	63,743	91,768	89,695	87,476[r]	93,718	91,262	91,888	97,689	97,205
3 Parent bank	20,202	43,267	61,629	59,694	58,451[r]	63,342	61,792	62,596	65,821	67,726
4 Other	8,258	20,476	30,139	30,001	29,025	30,376	29,470	29,292	31,868	29,479
5 Claims on foreigners	354,960	378,954	358,195	352,906	351,456[r]	352,623	343,994	342,240	350,007	340,716
6 Other branches of parent bank	77,019	87,821	91,143	89,488	89,772	89,099	84,839	86,436[r]	88,352	84,891
7 Banks	146,448	150,763	133,577	131,028	129,218[r]	132,310	127,290	123,997[r]	130,356	123,423
8 Public borrowers	28,033	28,197	24,090	24,602	24,734	24,715	25,114	25,547	25,443	25,864
9 Nonbank foreigners	103,460	112,173	109,385	107,788	107,732	106,499	106,751	106,260	105,856	106,538
10 Other assets	17,715	20,150	19,404	19,511	19,269	18,991	17,963	18,045	18,074	17,950
11 **Total payable in U.S. dollars**	**291,798**	**350,735**	**361,647**	**354,749**	**350,562**	**356,641**	**344,541**	**343,771**	**357,405**	**350,505**
12 Claims on United States	27,191	62,142	90,048	88,001	85,868[r]	91,281	88,985	89,532	95,414	94,749
13 Parent bank	19,896	42,721	60,973	58,926	57,766[r]	62,409	61,156	61,797	64,494	66,300
14 Other	7,295	19,421	29,075	29,075	28,102	28,872	27,829	27,735	30,920	28,449
15 Claims on foreigners	255,391	276,937	259,583	254,926	253,070[r]	253,757	245,022	243,838	251,400	244,982
16 Other branches of parent bank	58,541	69,398	73,512	71,188	71,937	70,782	66,337	67,787[r]	69,496	67,182
17 Banks	117,342	122,110	106,275	103,596	100,830[r]	103,642	98,603	96,013[r]	102,933	97,051
18 Public borrowers	23,491	22,877	18,374	18,785	18,962	18,766	18,941	19,001	18,707	19,098
19 Nonbank foreigners	56,017	62,552	61,422	61,357	61,341	60,567	61,141	61,037	60,264	61,651
20 Other assets	9,216	11,656	12,016	11,822	11,624	11,603	10,534	10,401	10,591	10,774
	United Kingdom									
21 **Total, all currencies**	**144,717**	**157,229**	**161,067**	**157,464**	**156,577**	**156,022**	**152,408**	**151,821**	**155,629**	**153,229**
22 Claims on United States	7,509	11,823	27,354	27,175	26,423	26,259	25,139	24,847	26,277	26,009
23 Parent bank	5,275	7,885	23,017	22,539	21,962	21,912	20,657	20,456	21,382	20,846
24 Other	2,234	3,938	4,337	4,636	4,461	4,347	4,482	4,391	4,895	5,163
25 Claims on foreigners	131,142	138,888	127,734	124,354	124,214	123,993	121,727	121,187	123,835	121,781
26 Other branches of parent bank	34,760	41,367	37,000	34,959	35,437	36,171	32,973	33,361	35,787	25,636
27 Banks	58,741	56,315	50,767	49,497	48,580	48,976	48,301	47,623	48,328	46,596
28 Public borrowers	6,688	7,490	6,240	6,421	6,592	6,337	6,591	6,599	6,570	6,425
29 Nonbank foreigners	30,953	33,716	33,727	33,477	33,605	32,509	33,862	33,604	33,150	33,124
30 Other assets	6,066	6,518	5,979	5,935	5,940	5,770	5,542	5,787	5,517	5,439
31 **Total payable in U.S. dollars**	**99,699**	**115,188**	**123,740**	**120,233**	**119,273**	**118,891**	**113,170**	**112,585**	**118,023**	**116,526**
32 Claims on United States	7,116	11,246	26,761	26,581	25,829	25,597	24,374	24,044	25,536	25,179
33 Parent bank	5,229	7,721	22,756	22,250	21,700	21,626	20,354	20,092	21,017	20,433
34 Other	1,887	3,525	4,005	4,331	4,129	3,971	4,020	3,952	4,519	4,746
35 Claims on foreigners	89,723	99,850	92,228	89,137	88,973	88,797	84,981	84,779	88,587	87,447
36 Other branches of parent bank	28,268	35,439	31,648	29,380	29,918	30,589	27,131	27,579	30,025	30,126
37 Banks	42,073	40,703	36,717	35,616	34,499	34,442	33,228	32,801	34,417	33,082
38 Public borrowers	4,911	5,595	4,329	4,600	4,789	4,413	4,522	4,497	4,547	4,410
39 Nonbank foreigners	14,471	18,113	19,534	19,541	19,767	19,353	20,100	19,902	19,598	19,829
40 Other assets	2,860	4,092	4,751	4,515	4,471	4,497	3,815	3,762	3,900	3,900
	Bahamas and Caymans									
41 **Total, all currencies**	**123,837**	**149,108**	**145,091**	**142,115**	**138,730**	**145,663**	**142,049**	**140,941**	**146,792**	**142,433**
42 Claims on United States	17,751	46,546	59,403	57,302	56,225	62,576	61,417	62,526	66,355	66,289
43 Parent bank	12,631	31,643	34,653	32,958	32,839	37,967	37,971	39,031	40,497	42,944
44 Other	5,120	14,903	24,750	24,344	23,386	24,609	23,446	23,495	25,858	23,345
45 Claims on foreigners	101,926	98,057	81,387	80,722	78,527	79,150	76,959	74,759	76,834	72,427
46 Other branches of parent bank	13,342	12,951	18,720	20,091	19,730	17,512	18,295	18,537	16,658	15,583
47 Banks	54,861	55,151	42,636	40,770	39,101	42,347	39,607	37,531	41,778	37,303
48 Public borrowers	12,577	10,010	6,413	6,434	6,494	6,540	6,388	6,170	5,935	6,541
49 Nonbank foreigners	21,146	19,945	13,618	13,427	13,202	12,751	12,669	12,521	12,463	13,000
50 Other assets	4,160	4,505	4,301	4,091	3,978	3,937	3,673	3,656	3,603	3,17
51 **Total payable in U.S. dollars**	**117,654**	**143,743**	**139,540**	**136,278**	**132,884**	**139,549**	**136,115**	**135,112**	**140,702**	**136,299**

3.14 Continued

Liability account	1980	1981	1982	1983						
				Jan.	Feb.	Mar.[r]	Apr	May	June	July[p]
	All foreign countries									
52 **Total, all currencies**	**401,135**	**462,847**	**469,367**	**462,112**	**458,201**	**465,332**	**453,219**	**452,173**	**465,770**	**455,871**
53 To United States	91,079	137,767	178,878	178,390	178,244	189,044	184,017	183,793	191,466	187,381
54 Parent bank	39,286	56,344	75,521	79,893	79,447	85,214	81,050	80,786	84,505	81,703
55 Other banks in United States	14,473	19,197	33,368	32,797	32,650	33,974	32,687	31,815	33,682	31,378
56 Nonbanks	37,275	62,226	69,989	65,700	66,147	69,856	70,280	71,192	73,279	74,300
57 To foreigners	295,411	305,630	270,653	265,278	261,672	258,508	251,273	250,791	256,201	250,183
58 Other branches of parent bank	75,773	86,396	90,148	88,993	88,555	86,928	84,347	85,102[r]	86,791	84,122
59 Banks	132,116	124,906	96,739	92,875	90,244	91,738	86,950	84,647[r]	87,335	85,101
60 Official institutions	32,473	25,997	19,614	20,246	19,739	17,808	18,384	17,189	18,621	18,290
61 Nonbank foreigners	55,049	68,331	64,152	63,164	63,134	62,034	61,592	63,853	63,454	62,670
62 Other liabilities	14,690	19,450	19,836	18,444	18,285	17,780	17,929	17,589	18,103	18,307
63 **Total payable in U.S. dollars**	**303,281**	**364,447**	**378,938**	**370,202**	**367,606**	**374,642**	**363,515**	**363,251**	**376,000**	**368,483**
64 To United States	88,157	134,700	175,391	174,765	174,571	185,546	180,596	180,017	187,970	183,889
65 Parent bank	37,528	54,492	73,195	77,621	77,114	82,903	78,968	78,520	82,308	79,422
66 Other banks in United States	14,203	18,883	33,003	32,273	32,223	33,534	32,226	31,222	33,252	31,006
67 Nonbanks	36,426	61,325	69,193	64,871	65,234	69,109	69,402	70,275	72,410	73,461
68 To foreigners	206,883	217,602	192,323	185,298	183,656	179,696	173,533	174,154	178,921	175,063
69 Other branches of parent bank	58,172	69,299	72,878	71,100	70,887	69,038	66,387	66,863[r]	68,554	67,439
70 Banks	87,497	79,594	57,355	52,225	51,234	52,145	48,428	47,434[r]	50,098	48,483
71 Official institutions	24,697	20,288	15,055	15,940	15,381	13,536	13,801	12,631	13,912	13,520
72 Nonbank foreigners	36,517	48,421	47,035	46,033	46,154	44,977	44,917	47,226	46,357	45,621
73 Other liabilities	8,241	12,145	11,224	10,139	9,379	9,400	9,386	9,080	9,109	9,531
	United Kingdom									
74 **Total, all currencies**	**144,717**	**157,229**	**161,067**	**157,464**	**156,577**	**156,022**	**152,408**	**151,821**	**155,629**	**153,229**
75 To United States	21,785	38,022	53,954	52,650	51,927	55,309	52,883	53,603	56,950	56,659
76 Parent bank	4,225	5,444	13,091	14,287	14,080	14,616	14,343	13,907	14,461	15,009
77 Other banks in United States	5,716	7,502	12,205	12,343	12,198	13,172	12,119	12,773	13,503	12,878
78 Nonbanks	11,844	25,076	28,658	26,020	25,649	27,521	26,421	26,923	28,986	28,772
79 To foreigners	117,438	112,255	99,567	97,827	97,515	93,835	92,460	91,071	91,545	89,524
80 Other branches of parent bank	15,384	16,545	18,361	19,343	21,008	19,653	19,470	20,235	18,376	17,556
81 Banks	56,262	51,336	44,020	41,073	39,892	40,867	38,960	37,594	38,238	37,405
82 Official institutions	21,412	16,517	11,504	12,377	12,025	10,252	10,520	9,413	10,848	10,146
83 Nonbank foreigners	24,380	27,857	25,682	25,034	24,590	23,063	23,510	23,829	24,083	24,417
84 Other liabilities	5,494	6,952	7,546	6,987	7,135	6,878	7,065	7,147	7,134	7,046
85 **Total payable in U.S. dollars**	**103,440**	**120,277**	**130,261**	**126,286**	**126,007**	**126,088**	**120,683**	**120,301**	**124,705**	**123,200**
86 To United States	21,080	37,332	53,029	51,808	50,977	54,520	51,993	52,473	56,092	55,787
87 Parent bank	4,078	5,350	12,814	14,105	13,859	14,476	14,212	13,696	14,308	14,785
88 Other banks in United States	5,626	7,249	12,026	12,128	12,041	12,987	11,929	12,439	13,313	12,720
89 Nonbanks	11,376	24,733	28,189	25,575	25,077	27,057	25,852	26,338	28,471	28,282
90 To foreigners	79,636	79,034	73,477	71,000	71,994	68,309	65,485	64,621	65,428	64,114
91 Other branches of parent bank	10,474	12,048	14,300	15,081	16,709	14,918	14,815	15,636	14,117	13,398
92 Banks	35,388	32,298	28,810	25,177	25,563	26,395	23,821	22,960	23,895	23,635
93 Official institutions	17,024	13,612	9,668	10,657	10,121	8,419	8,474	7,306	8,786	8,065
94 Nonbank foreigners	16,750	21,076	20,699	20,085	19,601	18,577	18,375	18,719	18,630	19,016
95 Other liabilities	2,724	3,911	3,755	3,478	3,036	3,259	3,205	3,207	3,185	3,299
	Bahamas and Caymans									
96 **Total, all currencies**	**123,837**	**149,108**	**145,091**	**142,115**	**138,730**	**145,663**	**142,049**	**140,941**	**146,792**	**142,433**
97 To United States	59,666	85,759	104,385	104,398	104,520	111,424	109,644	108,789	111,591	108,591
98 Parent bank	28,181	39,451	47,041	50,441	49,634	55,620	52,009	51,087	53,626	50,730
99 Other banks in United States	7,379	10,474	18,466	17,561	17,328	17,328	17,451	16,143	16,882	15,498
100 Nonbanks	24,106	35,834	38,878	36,396	37,558	38,476	40,184	41,559	41,083	42,363
101 To foreigners	61,218	60,012	38,249	35,470	31,858	32,030	30,187	29,976	33,127	31,594
102 Other branches of parent bank	17,040	20,641	15,796	14,258	11,808	11,536	10,515	10,272	12,020	12,461
103 Banks	29,895	23,202	10,166	9,279	8,451	8,999	8,126	7,618	9,063	8,086
104 Official institutions	4,361	3,498	1,967	1,849	1,720	1,678	1,710	1,734	1,796	2,104
105 Nonbank foreigners	9,922	12,671	10,320	10,084	9,879	9,817	9,836	10,352	10,248	8,943
106 Other liabilities	2,953	3,337	2,457	2,247	2,352	2,209	2,218	2,176	2,074	2,248
107 ***Total payable in U.S. dollars***	**119,657**	**145,284**	**141,843**	**138,702**	**135,377**	**142,465**	**138,910**	**137,845**	**143,502**	**139,247**

3.15 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1981	1982	1983						
			Feb.	Mar.	Apr.	May	June[r]	July	Aug.[p]
1 **Total**[1]	**169,926**	**172,598**	**172,739**	**172,915**	**173,335**	**175,054**	**174,545**	**175,897**	**173,076**
By type									
2 Liabilities reported by banks in the United States[2]	26,928	24,918	21,464	22,980	22,821	24,111	23,677	21,742	22,807
3 U S Treasury bills and certificates[3]	52,389	46,658	49,954	47,917	48,399	49,281	49,068	53,524	50,965
U.S. Treasury bonds and notes									
4 Marketable	53,186	67,684	69,272	70,233	70,554	70,585	71,003	70,089	68,990
5 Nonmarketable[4]	11,791	8,750	7,950	7,950	7,950	7,950	7,950	7,950	7,950
6 U.S. securities other than U.S. Treasury securities[5]	25,632	24,588	24,099	23,835	23,611	23,127	22,847	22,592	22,364
By area									
7 Western Europe[1]	65,707	61,242	61,882	61,470	61,923	62,994	63,649	66,316	64,009
8 Canada	2,403	2,070	2,754	2,942	2,770	3,613	3,117	3,293	3,713
9 Latin America and Caribbean	6,953	6,032	6,099	5,576	6,281	5,918	6,509	5,421	5,714
10 Asia	91,791	95,993	95,723	96,850	95,377	95,581	94,701	94,342	92,902
11 Africa	1,829	1,350	1,327	1,162	1,208	1,203	1,075	1,138	1,150
12 Other countries[6]	1,243	5,911	4,954	4,915	5,776	5,745	5,494	5,387	5,589

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	1979	1980	1981	1982		1983	
				Sept.	Dec	Mar.	June
1 Banks' own liabilities	1,918	3,748	3,523	4,575	4,760	5,072	5,810
2 Banks' own claims	2,419	4,206	4,980	6,350[r]	7,700	8,101	7,817
3 Deposits	994	2,507	3,398	3,429	4,245	3,725	3,878
4 Other claims	1,425	1,699	1,582	2,921[r]	3,455	4,376	3,940
5 Claims of banks' domestic customers[1]	580	962	971	506	676	637	684

1. Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers

NOTE. Data on claims exclude foreign currencies held by U S. monetary authorities.

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

Millions of dollars, end of period

Holder and type of liability	1980	1981▲	1982	1983						
				Feb	Mar	Apr.	May	June[r]	July	Aug[p]
1 **All foreigners**	**205,297**	**244,043**	**305,368**	**304,925**	**316,831**	**308,359**	**316,722**	**320,984**	**326,795**	**333,309**
2 Banks' own liabilities	124,791	163,738	225,427	219,939	235,031	225,721	232,881	236,845	238,920	246,652
3 Demand deposits	23,462	19,628	15,959	17,405	16,495	15,606	16,935	17,314	15,982	16,014
4 Time deposits[1]	15,076	28,977	67,093	65,321	68,491	67,495	69,772	73,938	73,471	77,975
5 Other[2]	17,583	17,632	23,870	20,366	24,566	21,877	24,002	24,881	22,462	22,875
6 Own foreign offices[3]	68,670	97,500	118,505	116,846	125,479	120,743	122,173	120,712	127,004	129,788
7 Banks' custody liabilities[4]	80,506	80,305	79,941	84,987	81,800	82,638	83,841	84,139	87,875	86,657
8 U.S. Treasury bills and certificates[5]	57,595	55,316	55,614	61,904	58,748	60,087	60,508	61,245	65,225	63,900
9 Other negotiable and readily transferable instruments[6]	20,079	19,019	20,625	19,205	18,830	18,823	19,187	18,731	18,017	18,507
10 Other	2,832	5,970	3,702	3,877	4,222	3,728	4,146	4,163	4,634	4,249
11 **Nonmonetary international and regional organizations**[7]	**2,344**	**2,721**	**4,597**	**5,969**	**3,945**	**5,917**	**5,260**	**5,456**	**5,678**	**5,555**
12 Banks' own liabilities	444	638	1,584	1,695	1,300	2,542	2,925	3,048	4,030	3,433
13 Demand deposits	146	262	106	195	221	252	267	165	307	325
14 Time deposits[1]	85	58	1,339	1,367	913	2,031	2,447	2,483	3,010	2,507
15 Other[2]	212	318	139	134	166	259	211	400	713	601
16 Banks' custody liabilities[4]	1,900	2,083	3,013	4,275	2,645	3,375	2,335	2,408	1,648	2,121
17 U.S. Treasury bills and certificates	254	541	1,621	3,153	1,501	2,230	1,280	1,538	678	1,294
18 Other negotiable and readily transferable instruments[6]	1,646	1,542	1,392	1,122	1,144	1,145	1,055	870	970	828
19 Other	0	0	0	0	0	0	0	0	0	0
20 **Official institutions**[8]	**86,624**	**79,318**	**71,576**	**71,419**	**70,897**	**71,220**	**73,391**	**72,747**	**75,265**	**73,773**
21 Banks' own liabilities	17,826	17,094	16,571	14,662	16,443	16,188	17,365	16,723	15,613	16,582
22 Demand deposits	3,771	2,564	1,981	2,063	2,287	2,322	2,058	2,198	1,958	2,030
23 Time deposits[1]	3,612	4,230	5,504	5,485	5,331	6,039	6,374	6,352	6,587	6,753
24 Other[2]	10,443	10,300	9,087	7,114	8,825	7,826	8,933	8,173	7,068	7,800
25 Banks' custody liabilities[4]	68,798	62,224	55,006	56,756	54,454	55,032	56,026	56,023	59,652	57,191
26 U.S. Treasury bills and certificates[5]	56,243	52,389	46,658	49,954	47,917	48,399	49,281	49,068	53,524	50,965
27 Other negotiable and readily transferable instruments[6]	12,501	9,787	8,319	6,769	6,512	6,618	6,724	6,937	6,100	6,186
28 Other	54	47	28	33	25	15	22	17	29	39
29 **Banks**[9]	**96,415**	**136,030**	**185,081**	**181,114**	**193,415**	**183,100**	**188,605**	**191,977**	**194,856**	**201,954**
30 Banks' own liabilities	90,456	124,312	168,658	163,102	175,038	164,647	169,167	172,521	174,735	181,514
31 Unaffiliated foreign banks	21,786	26,812	50,153	46,256	49,560	43,904	46,994	51,809	47,731	51,726
32 Demand deposits	14,188	11,614	8,675	9,627	8,264	7,601	8,832	9,134	8,279	8,300
33 Time deposits[1]	1,703	8,720	28,249	25,318	27,617	24,329	25,123	27,944	26,446	29,694
34 Other[2]	5,895	6,477	13,228	11,312	13,679	11,974	13,039	14,730	13,006	13,732
35 Own foreign offices[3]	68,670	97,500	118,505	116,846	125,479	120,743	122,173	120,712	127,004	129,788
36 Banks' custody liabilities[4]	5,959	11,718	16,423	18,012	18,377	18,453	19,438	19,456	20,121	20,440
37 U.S. Treasury bills and certificates	623	1,687	5,809	6,791	7,122	7,475	7,824	8,396	8,601	9,000
38 Other negotiable and readily transferable instruments[6]	2,748	4,421	7,848	8,345	8,265	8,041	8,333	7,771	7,821	7,599
39 Other	2,588	5,611	2,766	2,876	2,990	2,937	3,282	3,289	3,699	3,841
40 **Other foreigners**	**19,914**	**25,974**	**44,113**	**46,423**	**48,573**	**48,122**	**49,466**	**50,805**	**50,996**	**52,027**
41 Banks' own liabilities	16,065	21,694	38,615	40,480	42,250	42,344	43,425	44,552	44,542	45,122
42 Demand deposits	5,356	5,189	5,197	5,521	5,724	5,430	5,777	5,817	5,439	5,359
43 Time deposits	9,676	15,969	32,001	33,152	34,631	35,095	35,828	37,158	37,428	39,020
44 Other[2]	1,033	537	1,416	1,807	1,896	1,819	1,819	1,578	1,675	743
45 Banks' custody liabilities[4]	3,849	4,279	5,499	5,943	6,323	5,778	6,041	6,253	6,454	6,905
46 U.S. Treasury bills and certificates	474	699	1,525	2,006	2,207	1,983	2,123	2,242	2,422	2,641
47 Other negotiable and readily transferable instruments[6]	3,185	3,268	3,065	2,970	2,909	3,018	3,076	3,154	3,126	3,895
48 Other	190	312	908	968	1,207	776	842	857	906	369
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	10,745	10,747	14,296	11,611	11,383	11,604	11,555	11,589	11,062	10,720

1. *Excludes negotiable time certificates of deposit, which are included in* "Other negotiable and readily transferable instruments."

2. Includes borrowing under repurchase agreements

3. U.S banks includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks, principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank.

4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks

5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries

6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.

8. Foreign central banks and foreign central governments, and the Bank for International Settlements

9. Excludes central banks, which are included in "Official institutions."

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents

3.17 Continued

	Area and country	1980	1981▲	1982	1983 Feb.	Mar.	Apr.	May	June[r]	July	Aug.[p]
1	**Total**	**205,297**	**244,043**	**305,368**	**304,925**	**316,831**	**308,359**	**316,722**	**320,984**	**326,795**	**333,309**
2	**Foreign countries**	**202,953**	**241,321**	**300,771**	**298,956**	**312,886**	**302,442**	**311,462**	**315,528**	**321,117**	**327,754**
3	Europe	90,897	91,309	117,705	116,195	116,457	111,233	115,950	118,531	118,790	120,429
4	Austria	523	596	512	513	604	576	574	640	610	556
5	Belgium-Luxembourg	4,019	4,117	2,517	2,295	2,726	2,800	2,608	2,843	2,955	3,116
6	Denmark	497	333	509	1,197	765	849	732	616	612	573
7	Finland	455	296	748	369	408	437	280	447	292	459
8	France	12,125	8,486	8,169	7,770	6,780	7,091	6,647	6,766	8,847	8,490
9	Germany	9,973	7,665	5,375	6,227	6,458	3,437	3,971	3,423	3,707	3,537
10	Greece	670	463	537	595	597	670	648	567	588	636
11	Italy	7,572	7,290	5,674	4,514	4,312	5,021	5,573	6,634	7,790	7,267
12	Netherlands	2,441	2,823	3,362	3,196	3,704	3,968	3,543	3,246	3,413	3,633
13	Norway	1,344	1,457	1,567	1,407	1,061	1,565	2,227	1,719	900	1,044
14	Portugal	374	354	388	370	363	346	427	350	338	335
15	Spain	1,500	916	1,405	1,524	1,640	1,484	1,621	1,615	1,694	1,584
16	Sweden	1,737	1,545	1,380	1,645	1,379	1,210	1,356	1,493	1,407	1,205
17	Switzerland	16,689	18,720	29,060	30,263	30,433	29,390	29,781	29,941	29,958	29,628
18	Turkey	242	518	296	246	254	231	248	198	224	316
19	United Kingdom	22,680	28,287	48,169	47,294	47,703	44,980	48,762	50,343	48,015	51,259
20	Yugoslavia	681	375	499	452	491	504	549	504	427	462
21	Other Western Europe[1]	6,939	6,526	6,913	5,940	6,365	6,215	6,023	6,666	6,514	5,914
22	U.S.S.R.	68	49	50	41	40	44	53	71	45	31
23	Other Eastern Europe[2]	370	493	573	335	374	413	327	448	453	384
24	Canada	10,031	10,250	12,217	13,618	15,159	14,492	16,284	16,345	16,676	17,903
25	Latin America and Caribbean	53,170	85,159	112,939	111,184	120,591	117,708	118,260	120,440	124,242	128,393
26	Argentina	2,132	2,445	3,577	4,785	4,686	4,603	4,746	4,763	5,017	4,249
27	Bahamas	16,381	34,856	44,040	45,249	49,524	49,086	49,682	49,741	54,491	53,809
28	Bermuda	670	765	1,572	1,913	2,124	2,128	1,821	2,064	2,360	2,953
29	Brazil	1,216	1,568	2,014	1,926	1,948	2,474	2,483	2,675	2,681	3,078
30	British West Indies	12,766	17,794	26,366	24,114	27,520	23,889	22,943	24,213	24,172	26,810
31	Chile	460	664	1,626	1,280	1,084	1,196	1,345	1,355	1,385	1,465
32	Colombia	3,077	2,993	2,594	2,336	1,887	1,820	1,873	1,719	1,618	1,674
33	Cuba	6	9	9	10	9	12	8	13	11	12
34	Ecuador	371	434	453	499	575	534	658	581	532	598
35	Guatemala	367	479	670	669	675	666	711	705	697	718
36	Jamaica	97	87	126	103	134	107	108	130	108	106
37	Mexico	4,547	7,170	7,967	7,380	8,118	8,351	8,536	9,027	9,142	9,444
38	Netherlands Antilles	413	3,182	3,597	3,474	3,416	3,426	3,622	3,514	3,434	3,485
39	Panama	4,718	4,857	4,738	4,943	5,617	5,620	5,749	5,670	5,608	5,925
40	Peru	403	694	1,147	903	927	966	1,005	1,148	1,055	1,127
41	Uruguay	254	367	759	817	818	852	919	955	958	1,050
42	Venezuela	3,170	4,245	8,392	7,671	8,146	8,585	8,563	8,631	7,715	8,575
43	Other Latin America and Caribbean	2,123	2,548	3,291	3,113	3,382	3,394	3,487	3,537	3,257	3,314
44	Asia	42,420	50,005	48,698	49,615	52,545	50,181	52,117	51,957	53,025	52,473
	China										
45	Mainland	49	158	203	196	208	187	158	208	191	176
46	Taiwan	1,662	2,082	2,751	3,515	3,549	3,600	3,765	3,744	3,913	4,085
47	Hong Kong	2,548	3,950	4,465	4,986	5,725	5,127	5,195	5,587	5,554	5,574
48	India	416	385	433	962	521	669	719	669	606	528
49	Indonesia	730	640	849	614	856	1,028	765	554	1,245	839
50	Israel	883	592	606	515	985	761	789	835	670	812
51	Japan	16,281	20,750	16,078	16,613	17,022	17,052	17,403	17,006	17,655	16,861
52	Korea	1,528	2,013	1,692	1,458	1,418	1,147	1,459	1,326	1,552	1,552
53	Philippines	919	874	770	787	718	712	783	818	770	912
54	Thailand	464	534	629	529	488	528	566	692	537	529
55	Middle-East oil-exporting countries[3]	14,453	13,174	13,433	11,705	13,159	11,756	12,610	11,832	11,866	11,724
56	Other Asia	2,487	4,854	6,788	7,735	7,895	7,614	7,906	8,685	8,467	8,879
57	Africa	5,187	3,180	3,070	3,103	2,910	2,829	2,876	2,693	2,916	2,836
58	Egypt	485	360	398	432	533	466	513	467	554	447
59	Morocco	33	32	75	51	57	48	50	54	57	48
60	South Africa	288	420	277	317	281	299	358	355	403	458
61	Zaire	57	26	23	31	33	28	32	59	55	29
62	Oil-exporting countries[4]	3,540	1,395	1,280	1,333	975	1,071	867	743	928	934
63	Other Africa	783	946	1,016	939	1,031	916	1,057	1,014	919	920
64	Other countries	1,247	1,419	6,143	5,241	5,224	5,999	5,974	5,562	5,469	5,719
65	Australia	950	1,223	5,904	5,052	4,933	5,804	5,778	5,404	5,250	5,512
66	All other	297	196	239	190	291	195	196	159	219	208
67	Nonmonetary international and regional organizations	2,344	2,721	4,597	5,969	3,945	5,917	5,260	5,456	5,678	5,555
68	International	1,157	1,661	3,724	5,186	3,182	5,194	4,540	4,747	4,987	4,861
69	Latin American regional	890	710	517	487	478	494	453	443	454	441
70	Other regional[5]	296	350	357	296	285	229	267	266	237	252

1. Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.
2. Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.
3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4. Comprises Algeria, Gabon, Libya, and Nigeria.
5. Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."
▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

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

Millions of dollars, end of period

Area and country	1980	1981▲	1982	1983 Feb.	Mar.	Apr.	May	June[r]	July	Aug.[p]
1 **Total**	**172,592**	**251,356**	**355,131**	**361,102**	**372,887**	**361,187**	**363,392**	**372,437**	**365,913**	**374,009**
2 **Foreign countries**	**172,514**	**251,300**	**355,063**	**361,025**	**372,818**	**361,095**	**363,315**	**372,337**	**365,828**	**373,924**
3 Europe	32,108	49,191	84,629	84,638	88,097	84,325	83,517	86,335	84,456	87,917
4 Austria	236	121	215	226	255	307	278	342	383	642
5 Belgium-Luxembourg	1,621	2,851	5,129	5,377	5,711	5,350	5,479	5,796	5,449	5,551
6 Denmark	127	187	554	650	1,135	1,124	1,061	1,077	1,064	1,080
7 Finland	460	546	990	967	961	844	766	870	777	637
8 France	2,958	4,127	6,856	7,396	7,218	7,342	7,829	7,941	7,900	8,576
9 Germany	948	940	1,869	1,740	1,810	1,273	1,186	1,404	1,112	1,126
10 Greece	256	333	452	653	652	628	607	576	458	375
11 Italy	3,364	5,240	7,515	7,011	7,142	7,403	6,985	7,323	7,401	7,355
12 Netherlands	575	682	1,425	1,358	1,629	1,250	1,262	1,165	967	1,048
13 Norway	227	384	572	587	544	628	683	652	598	625
14 Portugal	331	529	950	841	820	797	815	846	844	848
15 Spain	993	2,100	3,739	3,227	3,120	3,004	3,059	3,199	3,339	3,367
16 Sweden	783	1,205	3,034	2,693	2,414	2,289	2,298	2,864	2,910	2,806
17 Switzerland	1,446	2,213	1,639	1,497	1,668	1,653	1,085	1,598	1,727	1,630
18 Turkey	145	424	560	616	595	608	578	570	629	588
19 United Kingdom	14,917	23,774	45,290	46,101	48,710	46,072	45,793	46,250	45,306	47,990
20 Yugoslavia	853	1,224	1,429	1,429	1,393	1,432	1,481	1,463	1,381	1,347
21 Other Western Europe[1]	179	209	378	321	322	232	236	334	356	403
22 U.S.S.R.	281	377	263	240	310	392	349	373	288	232
23 Other Eastern Europe[2]	1,410	1,725	1,769	1,709	1,690	1,697	1,686	1,692	1,566	1,692
24 Canada	4,810	9,192	14,322	15,633	16,505	15,087	16,539	16,616	16,487	17,477
25 Latin America and Caribbean	92,992	138,251	187,953	193,747	198,737	195,821	197,899	198,880	195,033	197,519
26 Argentina	5,689	7,522	10,974	11,536	11,264	11,228	11,550	11,243	11,112	11,317
27 Bahamas	29,419	43,517	56,484	56,796	59,575	57,177	58,923	62,153	58,815	57,240
28 Bermuda	218	346	603	536	500	385	628	447	358	390
29 Brazil	10,496	16,914	23,260	23,754	23,551	23,715	23,530	23,333	23,711	24,184
30 British West Indies	15,663	21,965	29,244	33,560	35,232	34,985	33,265	32,536	30,349	31,656
31 Chile	1,951	3,690	5,513	5,420	5,209	5,131	5,568	5,161	5,188	5,379
32 Colombia	1,752	2,018	3,211	3,162	3,166	3,155	3,484	3,600	3,656	3,592
33 Cuba	3	3	3	2	2	0	0	0	0	0
34 Ecuador	1,190	1,531	2,062	2,148	2,054	2,093	2,040	2,038	2,018	2,004
35 Guatemala[3]	137	124	124	120	84	77	90	90	96	100
36 Jamaica[3]	36	62	181	199	216	196	197	207	209	204
37 Mexico	12,595	22,409	29,488	30,635	31,253	31,726	31,906	32,318	32,862	33,679
38 Netherlands Antilles	821	1,076	839	913	970	1,036	824	519	943	838
39 Panama	4,974	6,787	10,197	9,324	9,801	8,956	9,634	8,824	9,127	10,067
40 Peru	890	1,218	2,355	2,335	2,301	2,330	2,414	2,624	2,506	2,421
41 Uruguay	137	157	686	685	707	859	824	820	833	816
42 Venezuela	5,438	7,069	10,739	10,432	10,615	10,559	10,749	10,848	11,145	11,040
43 Other Latin America and Caribbean	1,583	1,844	1,991	2,190	2,236	2,213	2,275	2,120	2,104	2,592
44 Asia	39,078	49,787	60,700	59,186	61,479	57,689	57,403	62,502	61,667	62,319
China										
45 Mainland	195	107	214	195	195	239	219	166	124	179
46 Taiwan	2,469	2,461	2,288	1,985	1,860	1,786	1,613	1,760	1,715	1,632
47 Hong Kong	2,247	4,126	6,668	7,155	7,656	7,487	7,552	7,845	7,876	7,994
48 India	142	123	222	201	160	163	198	230	245	274
49 Indonesia	245	351	342	429	505	541	563	537	595	631
50 Israel	1,172	1,562	2,028	1,762	1,744	2,036	1,926	2,181	1,657	1,639
51 Japan	21,361	26,768	28,302	26,846	28,545	24,979	24,757	27,381	27,708	27,337
52 Korea	5,697	7,324	9,407	9,263	9,170	8,768	8,940	9,143	9,639	9,684
53 Philippines	989	1,817	2,571	2,628	2,628	2,627	2,493	2,829	2,640	2,539
54 Thailand	876	564	643	652	625	741	707	788	689	722
55 Middle East oil-exporting countries[4]	1,432	1,577	3,087	3,414	3,832	3,947	4,024	4,452	4,003	4,627
56 Other Asia	2,252	3,009	4,928	4,655	4,557	4,375	4,413	5,191	4,776	5,063
57 Africa	2,377	3,503	5,352	5,539	5,483	5,698	5,538	5,662	5,937	6,523
58 Egypt	151	238	322	286	309	297	378	421	486	529
59 Morocco	223	284	353	359	375	382	441	463	484	444
60 South Africa	370	1,011	2,012	2,194	2,185	2,123	2,123	2,231	2,407	2,630
61 Zaire	94	112	57	55	52	104	47	46	45	40
62 Oil-exporting countries[5]	805	657	801	845	844	750	851	830	850	1,050
63 Other	734	1,201	1,807	1,800	1,717	2,041	1,699	1,671	1,664	1,830
64 Other countries	1,150	1,376	2,107	2,282	2,519	2,475	2,418	2,342	2,248	2,169
65 Australia	859	1,203	1,713	1,704	1,953	1,889	1,756	1,722	1,635	1,627
66 All other	290	172	394	578	566	586	662	620	613	542
67 Nonmonetary international and regional organizations[6]	78	56	68	77	69	92	77	100	85	85

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

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

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

Millions of dollars, end of period

Type of claim	1980	1981▲	1982	1983						
				Feb	Mar.	Apr.	May	June^r	July	Aug^p
1 **Total**	**198,698**	**287,325**	**395,731**	...	**411,142**	...	...	**407,910**	...	...
2 Banks' own claims on foreigners	172,592	251,356	355,131	361,102	372,887	361,187	363,392	372,437	365,913	374,009
3 Foreign public borrowers	20,882	31,302	45,453	45,733	46,935	47,582	47,758	49,240	49,596	50,605
4 Own foreign offices[1]	65,084	96,647	127,282	134,616	143,854	135,756	139,166	140,139	135,454	139,507
5 Unaffiliated foreign banks	50,168	74,408	120,330	119,133	121,170	117.246	115,597	120,559	117,592	120,329
6 Deposits	8,254	23,276	43,619	44,595	48,781	44,481	43,923	46,883	46,147	47,282
7 Other	41,914	51,132	76,711	74,538	72,389	72.765	71,674	73,676	71,445	73,048
8 All other foreigners	36,459	48,999	62,066	61,619	60,929	60.603	60,871	62,499	63,272	63,569
9 Claims of banks' domestic customers[2]	26,106	35,968	40,600		38,256			35,473	...	...
10 Deposits	885	1,378	2,780	...	2,126	...	...	2,631	...	...
11 Negotiable and readily transferable instruments[3]	15,574	26,352	30,763		29,250	...	...	26,708	...	...
12 Outstanding collections and other claims	9,648	8,238	7,056	...	6,880	...		6,133	...	...
13 MEMO Customer liability on acceptances	22,714	29,517	38,338		35,153	...	...	34,811	...	...
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[4]	24,468	39,862	41,210	39,321^r	38,856^r	41.272^r	42,758^r	40,471^r	40,663^r	n.a.

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

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

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

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

Millions of dollars, end of period

Maturity, by borrower and area	1980	1981▲	1982			1983	
			June	Sept	Dec	Mar.	June
1 **Total**	**106,748**	**154,159**	**202,185**	**214,927**	**226,933**	**227,525**	**231,022**
By borrower							
2 Maturity of 1 year or less[1]	82,555	116,130	153,223	163,294	172,756	171,888	173,596
3 Foreign public borrowers	9,974	15,099	19,480	20,082	21,297	21,602	22,442
4 All other foreigners	72,581	101,030	133,743	143,212	151,459	150,286	151,154
5 Maturity of over 1 year[1]	24,193	38,030	48,962	51,634	54,177	55,637	57,427
6 Foreign public borrowers	10,152	15,650	20,077	21,977	23,108	24,623	26,170
7 All other foreigners	14,041	22,380	28,885	29,657	31,068	31,014	31,257
By area							
Maturity of 1 year or less[1]							
8 Europe	18,715	28,053	39,813	45,793	49,643	52,852	51,797
9 Canada	2,723	4,657	6,696	7,078	7,647	6,874	6,957
10 Latin America and Caribbean	32,034	48,599	68,676	72,291	73,199	74,379	74,622
11 Asia	26,686	31,421	33,558	33,348	37,355	32,546	35,183
12 Africa	1,757	2,457	3,262	3,621	3,686	3,872	3,854
13 All other[2]	640	943	1,217	1,163	1,226	1,365	1,182
Maturity of over 1 year[1]							
14 Europe	5,118	8,094	9,206	10,546	11,632	12,011	12,181
15 Canada	1,448	1,774	2,339	2,003	1,931	1,924	1,864
16 Latin America and Caribbean	15,075	25,089	33,010	34,031	35,200	35,696	36,604
17 Asia	1,865	1,907	2,480	3,090	3,179	3,531	4,045
18 Africa	507	899	1,298	1,328	1,494	1,480	1,667
19 All other[2]	179	267	628	635	740	995	1,066

1. Remaining time to maturity.
2. Includes nonmonetary international and regional organizations.

▲ Liabilities and claims of banks in the United States were increased, beginning in December 1981, by the shift from foreign branches to international banking facilities in the United States of liabilities to, and claims on, foreign residents.

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

Billions of dollars, end of period

Area or country	1979	1980	1981			1982				1983	
			June	Sept	Dec	Mar	June	Sept	Dec	Mar	June
1 **Total**	**303.9**	**352.0**	**382.9**	**399.8**	**414.9**	**419.3**	**434.6**	**437.3**	**438.0**	**438.1**	**435.4**
2 G-10 countries and Switzerland	138.4	162.1	168.3	172.2	175.4	174.3	176.0	175.1	179.2	180.8	175.2
3 Belgium-Luxembourg	11.1	13.0	13.8	14.1	13.3	13.2	14.1	13.6	13.1	13.7	13.1
4 France	11.7	14.1	14.7	16.0	15.3	15.9	16.5	15.8	16.7	16.6	17.1
5 Germany	12.2	12.1	12.1	12.7	12.9	12.5	12.7	12.2	12.7	13.4	12.5
6 Italy	6.4	8.2	8.4	8.6	9.6	9.0	9.0	9.7	10.3	10.1	10.4
7 Netherlands	4.8	4.4	4.2	3.7	4.0	4.0	4.1	3.8	3.6	4.3	4.1
8 Sweden	2.4	2.9	3.1	3.4	3.7	4.1	4.0	4.7	5.0	4.3	4.7
9 Switzerland	4.7	5.0	5.2	5.1	5.5	5.3	5.1	5.0	5.0	4.6	4.7
10 United Kingdom	56.4	67.4	67.0	68.8	70.0	70.2	69.2	70.1	71.6	72.3	69.5
11 Canada	6.3	8.4	10.8	11.8	10.9	11.6	11.4	11.0	11.1	12.4	10.7
12 Japan	22.4	26.5	28.9	28.0	30.1	28.5	29.9	29.3	30.1	29.1	28.3
13 Other developed countries	19.9	21.6	24.8	26.4	28.4	30.7	32.1	32.7	33.7	33.9	34.4
14 Austria	2.0	1.9	2.1	2.2	1.9	2.1	2.1	2.0	1.9	2.1	2.1
15 Denmark	2.2	2.3	2.3	2.5	2.3	2.5	2.6	2.5	2.4	3.3	3.3
16 Finland	1.2	1.4	1.3	1.4	1.7	1.6	1.6	1.8	2.2	2.1	2.1
17 Greece	2.4	2.8	3.0	2.9	2.8	2.9	2.7	2.6	3.0	2.9	3.2
18 Norway	2.3	2.6	2.8	3.0	3.1	3.2	3.2	3.4	3.3	3.3	3.4
19 Portugal	7	6	8	1.0	1.1	1.2	1.5	1.6	1.5	1.4	1.4
20 Spain	3.5	4.4	5.7	5.8	6.7	7.2	7.3	7.7	7.5	7.0	7.2
21 Turkey	1.4	1.5	1.4	1.5	1.4	1.6	1.5	1.5	1.4	1.5	1.4
22 Other Western Europe	1.4	1.7	1.8	1.9	2.1	2.1	2.2	2.1	2.3	2.2	1.9
23 South Africa	1.3	1.1	1.9	2.5	2.8	3.3	3.5	3.6	3.7	3.6	3.9
24 Australia	1.3	1.3	1.7	1.9	2.5	3.0	4.0	4.0	4.4	4.6	4.5
25 OPEC countries[2]	22.9	22.7	22.2	23.5	24.7	25.4	26.4	27.3	27.5	28.5	28.1
26 Ecuador	1.7	2.1	2.0	2.1	2.2	2.3	2.4	2.3	2.2	2.2	2.2
27 Venezuela	8.7	9.1	8.8	9.2	9.9	10.0	10.1	10.4	10.6	10.4	10.2
28 Indonesia	1.9	1.8	2.1	2.5	2.6	2.7	2.8	2.9	3.2	3.5	3.2
29 Middle East countries	8.0	6.9	6.8	7.1	7.5	8.2	8.7	9.0	8.7	9.3	9.5
30 African countries	2.6	2.8	2.6	2.6	2.5	2.2	2.5	2.7	2.8	3.0	3.0
31 Non-OPEC developing countries	63.0	77.4	84.8	90.2	96.2	97.4	103.6	103.9	106.9	107.3	108.2
Latin America											
32 Argentina	5.0	7.9	8.5	9.3	9.4	10.0	9.7	9.2	8.9	9.0	9.4
33 Brazil	15.2	16.2	17.5	17.7	19.1	19.6	21.3	22.4	22.9	23.1	22.5
34 Chile	2.5	3.7	4.8	5.5	5.8	6.0	6.4	6.2	6.3	6.0	5.8
35 Colombia	2.2	2.6	2.5	2.5	2.6	2.3	2.6	2.8	3.1	2.9	3.2
36 Mexico	12.0	15.9	18.2	20.0	21.6	22.9	25.1	24.9	24.5	24.9	25.0
37 Peru	1.5	1.8	1.7	1.8	2.0	1.9	2.5	2.6	2.6	2.4	2.6
38 Other Latin America	3.7	3.9	3.8	4.2	4.1	4.1	4.0	4.3	4.0	4.2	4.3
Asia											
China											
39 Mainland	1	2	2	2	2	2	3	2	2	2	2
40 Taiwan	3.4	4.2	4.6	5.1	5.1	5.1	5.0	4.9	5.2	5.1	5.0
41 India	2	3	3	3	3	5	5	5	6	4	5
42 Israel	1.3	1.5	1.8	1.5	2.1	1.7	2.2	1.9	2.3	2.0	2.6
43 Korea (South)	5.4	7.1	8.8	8.6	9.4	8.6	8.9	9.3	10.9	10.8	10.8
44 Malaysia	1.0	1.1	1.4	1.4	1.7	1.7	1.9	1.8	2.1	2.5	2.6
45 Philippines	4.2	5.1	5.1	5.6	6.0	5.9	6.3	6.0	6.3	6.6	6.4
46 Thailand	1.5	1.6	1.5	1.4	1.5	1.4	1.3	1.3	1.6	1.6	1.8
47 Other Asia	5	6	7	8	1.0	1.2	1.1	1.3	1.1	1.4	1.0
Africa											
48 Egypt	.6	8	7	1.0	1.1	1.3	1.3	1.3	1.2	1.1	1.2
49 Morocco	6	.7	.5	7	.7	7	7	8	7	.8	.8
50 Zaire	2	2	2	2	2	2	2	1	.1	.1	1
51 Other Africa[3]	1.7	2.1	2.1	2.2	2.3	2.3	2.3	2.2	2.4	2.3	2.2
52 Eastern Europe	7.3	7.4	7.7	7.7	7.8	7.2	6.7	6.3	6.2	6.2	6.0
53 U.S.S.R.	7	4	5	4	.6	4	4	3	.3	3	4
54 Yugoslavia	1.8	2.3	2.5	2.5	2.5	2.5	2.4	2.2	2.2	2.6	2.3
55 Other	4.8	4.6	4.8	4.7	4.7	4.3	3.9	3.8	3.7	3.3	3.3
56 Offshore banking centers	40.4	47.0	59.3	61.7	63.6	65.7	71.7	71.7	66.6	66.1	67.8
57 Bahamas	13.7	13.7	17.9	21.3	19.0	20.2	23.9	21.2	18.8	17.3	20.2
58 Bermuda	8	6	7	8	7	.7	.7	8	9	1.0	.8
59 Cayman Islands and other British West Indies	9.4	10.6	12.6	12.1	12.4	12.1	12.3	13.5	13.0	11.8	11.8
60 Netherlands Antilles	1.2	2.1	2.4	2.2	3.2	3.2	3.0	3.3	3.3	3.2	2.6
61 Panama[4]	4.3	5.4	6.9	6.7	7.6	7.2	7.4	8.0	7.6	7.1	6.5
62 Lebanon	.2	2	.2	.2	2	2	.2	1	.1	1	1
63 Hong Kong	6.0	8.1	10.3	10.3	11.8	12.9	14.3	14.9	13.8	15.0	14.5
64 Singapore	4.5	5.9	8.1	8.0	8.7	9.3	9.9	9.8	9.1	10.6	11.1
65 Others[5]	4	.3	3	1	1	.1	.1	0	0	0	0
66 Miscellaneous and unallocated[6]	11.7	14.0	15.7	18.2	18.8	18.5	18.4	20.3	17.9	16.3	15.7

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. In addition to the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

3. Excludes Liberia.

4. Includes Canal Zone beginning December 1979.

5. Foreign branch claims only.

6. Includes New Zealand, Liberia, and international and regional organizations.

3.22 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

	Type, and area or country	1979	1980	1981	1982				1983
					Mar.	June	Sept	Dec	Mar.
1	**Total**	**17,433**	**29,434r**	**28,604r**	**27,633r**	**25,447r**	**24,995r**	**24,940r**	**21,740**
2	Payable in dollars	14,323	25,689r	24,904r	24,884r	22,685r	21,896r	21,841r	18,846
3	Payable in foreign currencies	3,110	3,745	3,700r	2,749r	2,763r	3,099r	3,099	2,893
	By type								
4	Financial liabilities	7,523	11,330	12,143	12,377	10,063	10,749	10,388r	10,478
5	Payable in dollars	5,223	8,528	9,494r	10,426r	8,121r	8,458r	8,313r	8,533
6	Payable in foreign currencies	2,300	2,802	2,649r	1,951r	1,941r	2,291r	2,075	1,945
7	Commercial liabilities	9,910	18,104r	16,461r	15,256r	15,385r	14,245r	14,552r	11,261
8	Trade payables	4,591	12,201r	10,818r	9,483r	9,475r	8,039r	7,601r	4,474
9	Advance receipts and other liabilities	5,320	5,903	5,643	5,773	5,910	6,206	6,951	6,787
10	Payable in dollars	9,100	17,161r	15,409r	14,457r	14,563r	13,438r	13,528r	10,313
11	Payable in foreign currencies	811	943	1,052	798	822	808	1,024	948
	By area or country								
	Financial liabilities								
12	Europe	4,665	6,481	6,816	7,742	5,944	6,389	6,172	6,090
13	Belgium-Luxembourg	338	479	471	562	518	494	502	407
14	France	175	327	709	917	581	672	635	685
15	Germany	497	582	491	503	439	446	470	487
16	Netherlands	829	681	748	750	517	759	702	687
17	Switzerland	170	354	715	707	661	670	673	623
18	United Kingdom	2,477	3,923	3,556	4,195	3,081	3,212	3,061	3,071
19	Canada	532	964	958	914	758	702	685	723
20	Latin America and Caribbean	1,514	3,136	3,356	3,223	2,805	2,969	2,707r	2,690
21	Bahamas	404	964	1,279	1,095	1,003	938r	890r	817
22	Bermuda	81	1	7	6	7	9r	14	18
23	Brazil	18	23	22	27	24	28	28	39
24	British West Indies	516	1,452	1,241	1,369	1,044	981	1,002r	1,001
25	Mexico	121	99	102	67	83	85	121	149
26	Venezuela	72	81	98	97	100	104	114	121
27	Asia	804	723	976	472	526	658	796	943
28	Japan	726	644	792	293	340	424	572	699
29	Middle East oil-exporting countries[2]	31	38	75	63	66	67	69	68
30	Africa	4	11	14	13	17	17	17	20
31	Oil-exporting countries[3]	1	1	0	0	0	0	0	0
32	All other[4]	4	15	24	12	11	13	12	13
	Commercial liabilities								
33	Europe	3,709	4,402	3,770r	3,508r	3,844r	3,957r	3,636	3,420
34	Belgium-Luxembourg	137	90	71	50	47	50	52	42
35	France	467	582	573	507r	703r	762r	595	576
36	Germany	545	679	545	473	457	436	457	439
37	Netherlands	227	219	220r	230r	246r	277r	346	350
38	Switzerland	316	499	424	400	412	358	363	372
39	United Kingdom	1,080	1,209	880	910r	951r	1,001r	850	660
40	Canada	924	888	897	897	1,134	1,197	1,490	1,454
41	Latin America and Caribbean	1,325	1,300	1,044	827r	1,460r	1,235r	991	1,032
42	Bahamas	69	8	2	22	20	6	16	4
43	Bermuda	32	75	67	71	102	48	89	117
44	Brazil	203	111	67	83	62	128	60	51
45	British West Indies	21	35	2	27	2	3	32	4
46	Mexico	257	367	340	218r	769r	499r	379	354
47	Venezuela	301	319	276	197r	219	269	148	181
48	Asia	2,991	10,242r	9,384r	8,758r	7,588r	6,593r	7,080r	4,278
49	Japan	583	802	1,094	1,106r	1,085r	1,147r	1,150	1,158
50	Middle East oil-exporting countries[2,5]	1,014	8,098r	7,008r	6,331r	5,195r	4,178r	4,531r	1,732
51	Africa	728	817	703	661	729	669r	704	492
52	Oil-exporting countries[3]	384	517	344	247	340	248	277	158
53	All other[4]	233	456	664	604	630	595	651	586

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	1979	1980	1981	1982				1983
				Mar	June	Sept.	Dec	Mar
1 **Total**	**31,299**	**34,482**	**35,814r**	**30,301r**	**30,758r**	**29,852r**	**27,600r**	**30,594**
2 Payable in dollars	28,096	31,528	32,220r	27,667r	28,256r	27,199r	24,982r	27,866
3 Payable in foreign currencies	3,203	2,955	3,595	2,634	2,502	2,653r	2,618	2,728
By type								
4 Financial claims	18,398	19,763	20,800r	17,748r	18,442r	17,988r	16,661r	19,710
5 Deposits	12,858	14,166	14,747r	12,730r	13,680r	12,882r	12,134r	15,059
6 Payable in dollars	11,936	13,381	14,122r	12,272r	13,310r	12,469r	11,709r	14,581
7 Payable in foreign currencies	923	785	625	457	370	413	426	478
8 Other financial claims	5,540	5,597	6,053	5,018	4,762	5,106	4,527	4,651
9 Payable in dollars	3,714	3,914	3,599	3,362	3,194	3,419	2,895	3,006
10 Payable in foreign currencies	1,826	1,683	2,454	1,656	1,568	1,687	1,632	1,645
11 Commercial claims	12,901	14,720	15,014r	12,553r	12,316r	11,864r	10,939	10,885
12 Trade receivables	12,185	13,960	13,978r	11,509r	11,137r	10,758r	9,929	9,681
13 Advance payments and other claims	716	759	1,036r	1,044r	1,179r	1,106r	1,010	1,204
14 Payable in dollars	12,447	14,233	14,499r	12,033r	11,752r	11,311r	10,378	10,279
15 Payable in foreign currencies	454	487	516	520	564	552r	561	605
By area or country								
Financial claims								
16 Europe	6,179	6,069	4,573r	4,503	4,734r	4,884r	4,670r	6,066
17 Belgium-Luxembourg	32	145	43	16	13	16	10	58
18 France	177	298	285	375	324r	326r	134r	90
19 Germany	409	230	224	197	148	215r	178r	127
20 Netherlands	53	51	50	79	56	62r	32	140
21 Switzerland	73	54	117r	53	74r	60	107	99
22 United Kingdom	5,099	4,987	3,522	3,546	3,847r	3,834r	3,945r	5,301
23 Canada	5,003	5,036	6,628	4,942	4,365	4,322	4,219r	4,605
24 Latin America and Caribbean	6,312	7,811	8,620r	7,437r	8,319r	7,727r	6,884r	8,147
25 Bahamas	2,773	3,477	3,556r	3,454r	3,762r	3,389r	3,108r	3,747
26 Bermuda	30	135	18	27	42	16r	8	10
27 Brazil	163	96	30	49	76	76	62	50
28 British West Indies	2,011	2,755	3,872r	2,880r	3,588r	3,237r	2,787r	3,063
29 Mexico	157	208	313	281	274	268	274	352
30 Venezuela	143	137	148	130	134	133	139	156
31 Asia	601	607	758	668	802	846r	698r	712
32 Japan	199	189	366	262	327	268r	153r	233
33 Middle East oil-exporting countries[2]	16	20	37	36	33	30	15	18
34 Africa	258	208	173	164	156	165	158	153
35 Oil-exporting countries[3]	49	26	46	43	41	50	48	45
36 All other[4]	44	32	48	34	66	44	31	25
Commercial claims								
37 Europe	4,922	5,544	5,382r	4,404r	4,330r	4,227r	3,755	3,558
38 Belgium-Luxembourg	202	233	234	246	211	178	150	140
39 France	727	1,129	776	698	636	646	473	486
40 Germany	593	599	559	454	394	427	356	414
41 Netherlands	298	318	299r	222r	291r	267r	347	307
42 Switzerland	272	354	427	354	414r	291r	339	227
43 United Kingdom	901	929	969	1,062	905	1,035	793	748
44 Canada	859	914	967	939r	714r	666	635	674
45 Latin America and Caribbean	2,879	3,766	3,479	2,925	2,789r	2,772	2,513	2,645
46 Bahamas	21	21	12	80	30	19	21	30
47 Bermuda	197	108	223	212	225	154	259	172
48 Brazil	645	861	668	417	423	481	258	401
49 British West Indies	16	34	12	23	10	7	12	22
50 Mexico	708	1,102	1,022	762	750	869	767	864
51 Venezuela	343	410	424	396	383	373	351	286
52 Asia	3,451	3,522	3,954r	3,209r	3,422r	3,091r	3,033	3,108
53 Japan	1,177	1,052	1,244	1,170r	1,249r	973r	1,047	1,115
54 Middle East oil-exporting countries[2]	765	825	905r	757	809r	777r	748	700
55 Africa	551	653	772r	612r	648r	660r	588	559
56 Oil-exporting countries[3]	130	153	152	143	138	148	140	131
57 All other[4]	240	321	461	463	413	448	415	341

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	1981	1982	1983 Jan.–Aug	1983 Feb.	Mar	Apr	May	June[r]	July	Aug.[p]
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	40,686	41,916	47,882	5,314	7,083	5,920	6,619	6,864	5,758	5,150
2 Foreign sales	34,856	37,956	43,362	4,349	6,155	5,344	6,365	6,454	5,198	5,122
3 **Net purchases, or sales (−)**	**5,830**	**3,959**	**4,520**	**965**	**928**	**576**	**254**	**410**	**560**	**27**
4 **Foreign countries**	**5,803**	**3,875**	**4,426**	**945**	**902**	**524**	**252**	**435**	**551**	**29**
5 Europe	3,662	2,603	4,146	894	976	626	296	202	442	96
6 France	900	−143	78	52	8	29	−28	14	33	−77
7 Germany	−22	333	940	137	226	222	86	−31	135	54
8 Netherlands	42	−60	−99	8	41	−5	−81	−57	7	−13
9 Switzerland	288	−529	1,516	223	102	278	269	186	187	56
10 United Kingdom	2,235	3,136	1,673	447	576	127	116	95	49	79
11 Canada	783	221	686	61	147	122	92	98	1	75
12 Latin America and Caribbean	−30	304	207	83	−23	119	63	28	35	−98
13 Middle East[1]	1,140	366	−743	−13	−57	−302	−192	36	−59	−98
14 Other Asia	287	246	62	−91	−210	−44	0	68	146	75
15 Africa	7	2	36	4	8	8	3	1	0	7
16 Other countries	−46	131	32	6	60	−4	−10	2	−12	−28
17 **Nonmonetary international and regional organizations**	**27**	**85**	**93**	**21**	**26**	**52**	**2**	**−25**	**9**	**−1**
BONDS[2]										
18 Foreign purchases	17,304	21,919	16,024	1,885	2,312	2,318	2,458	1,546	1,438	2,119
19 Foreign sales	12,272	20,463	16,089	1,877	2,448	2,067	2,289	1,741	1,463	1,926
20 **Net purchases, or sales (−)**	**5,033**	**1,456**	**−65**	**8**	**−136**	**251**	**169**	**−195**	**−25**	**193**
21 **Foreign countries**	**4,972**	**1,484**	**−144**	**33**	**−153**	**265**	**193**	**−197**	**−49**	**91**
22 Europe	1,351	2,081	69	−148	−266	261	474	−122	−74	120
23 France	11	295	−49	−2	−22	7	7	−7	−5	−6
24 Germany	848	2,116	132	−35	127	47	85	−12	−8	25
25 Netherlands	70	28	29	0	3	1	12	−4	5	−3
26 Switzerland	108	161	506	62	−2	209	188	28	−8	−1
27 United Kingdom	196	−581	−120	−90	−182	−103	141	120	−33	117
28 Canada	−12	25	91	15	21	−18	22	−10	53	−3
29 Latin America and Caribbean	132	160	53	11	1	−3	10	19	13	−21
30 Middle East[1]	3,465	−748	−886	86	32	−50	−378	−168	−119	−78
31 Other Asia	44	−23	474	72	59	60	62	47	78	74
32 Africa	−1	−19	−2	−1	0	−5	1	2	0	0
33 Other countries	−7	7	57	0	0	21	2	35	0	0
34 **Nonmonetary international and regional organizations**	**61**	**−28**	**80**	**−25**	**17**	**−14**	**−24**	**2**	**24**	**102**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−247	−1,343	−3,524	−227	−447	−548	−641	−647	−487	−199
36 Foreign purchases	9,339	7,165	8,661	1,042	1,187	971	1,079	1,346	972	1,032
37 Foreign sales	9,586	8,508	12,185	1,270	1,634	1,519	1,720	1,993	1,458	1,231
38 Bonds, net purchases, or sales (−)	−5,460	−6,557	−2,852	−278	−556	−686	−837	127	−209	−440
39 Foreign purchases	17,553	29,898	22,700	3,526	2,772	2,396	2,655	3,220	2,534	2,709
40 Foreign sales	23,013	36,455	25,551	3,804	3,328	3,083	3,492	3,092	2,744	3,149
41 **Net purchases, or sales (−), of stocks and bonds**	**−5,707**	**−7,900**	**−6,376**	**−506**	**−1,003**	**−1,234**	**−1,478**	**−520**	**−696**	**−640**
42 **Foreign countries**	**−4,694**	**−6,735**	**−5,887**	**−818**	**−714**	**−1,212**	**−972**	**−546**	**−705**	**−646**
43 Europe	−728	−2,433	−4,456	−688	−606	−672	−632	−583	−682	−284
44 Canada	−3,697	−2,364	−1,198	−449	13	−438	−287	5	55	−77
45 Latin America and Caribbean	69	288	950	345	−24	88	243	−80	57	62
46 Asia	−367	−1,853	−1,209	−37	−144	−221	−309	−182	−145	23
47 Africa	−55	−9	113	21	30	25	9	13	11	14
48 Other countries	84	−364	−89	−10	16	7	4	280	0	−385
49 **Nonmonetary international and regional organizations**	**−1,012**	**−1,165**	**−488**	**312**	**−289**	**−22**	**−506**	**26**	**9**	**7**

1. Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2. Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.25 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1981	1982	1983 Jan.–Aug.	1983 Feb.	Mar.	Apr.	May	June[r]	July	Aug.[p]
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**70,249**	**85,169**	....	**86,057**	**88,675**	**87,462**	**89,375**	**90,932**	**88,650**	**86,972**
2 Foreign countries[2]	64,565	80,586		82,098	83,046	84,001	84,243	84,779	83,464	82,329
3 Europe[2]	24,012	29,274		31,039	32,364	33,511	33,557	33,567	33,010	32,810
4 Belgium-Luxembourg	543	447		−87	−332	−107	−93	−84	82	72
5 Germany[2]	11,861	14,841		16,650	17,560	17,798	16,953	16,876	16,313	16,109
6 Netherlands	1,991	2,754		3,011	3,194	3,230	3,255	3,251	3,262	3,244
7 Sweden	643	667		681	656	656	670	655	674	617
8 Switzerland[2]	846	1,540		1,039	1,044	1,070	914	877	855	943
9 United Kingdom	6,709	6,549		6,941	7,478	7,719	8,045	8,231	8,233	8,195
10 Other Western Europe	1,419	2,476		2,804	2,764	3,146	3,813	3,761	3,589	3,631
11 Eastern Europe	0	0		0	0	0	0	0	0	0
12 Canada	514	602		639	724	696	863	972	1,047	1,076
13 Latin America and Caribbean	736	1,076		1,050	951	932	1,039	1,041	886	800
14 Venezuela	286	188		74	77	72	72	72	62	62
15 Other Latin America and Caribbean	319	656		792	690	676	775	773	636	622
16 Netherlands Antilles	131	232		185	184	184	192	196	188	116
17 Asia	38,671	49,502		49,256	48,897	48,743	48,664	49,072	48,371	47,505
18 Japan	10,780	11,578		11,707	11,736	11,848	12,120	12,582	12,753	12,997
19 Africa	631	77		80	80	80	79	79	79	79
20 All other	2	55		34	31	39	42	50	71	59
21 Nonmonetary international and regional organizations	5,684	4,583		3,959	5,629	3,461	5,132	6,153	5,186	4,643
22 International	5,638	4,186		3,405	4,966	2,969	4,469	5,327	4,455	4,041
23 Latin American regional	1	6		6	6	6	6	6	6	6
	Transactions (net purchases, or sales (−) during period)									
24 **Total[2]**	**12,699**	**14,920**	**1,803**	**599**	**2,618**	**−1,212**	**1,912**	**1,557**	**−2,281**	**−1,678**
25 Foreign countries[2]	11,604	16,021	1,743	1,245	948	955	243	536	−1,316	−1,134
26 Official institutions	11,730	14,498	1,306	1,567	962	321	31	418	−914	−1,100
27 Other foreign[2]	−126	1,518	438	−323	−14	633	211	118	−400	−35
28 Nonmonetary international and regional organizations	1,095	−1,096	60	−645	1,670	−2,167	1,670	1,021	−966	−544
MEMO: Oil-exporting countries										
29 Middle East[3]	11,156	7,534	−3,676	−233	−691	−115	−566	−277	−172	−1,743
30 Africa[4]	−289	−552	−1	0	0	0	−1	0	0	0

1. Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Aug. 31, 1983: Percent	Rate on Aug. 31, 1983: Month effective	Country	Rate on Aug. 31, 1983: Percent	Rate on Aug. 31, 1983: Month effective	Country	Rate on Aug. 31, 1983: Percent	Rate on Aug. 31, 1983: Month effective
Austria	3.75	Mar. 1983	France[1]	12.25	June 1983	Norway	8.0	June 1979
Belgium	9.0	June 1983	Germany, Fed. Rep. of	4.0	Mar. 1983	Switzerland	4.0	Mar. 1983
Brazil	49.0	Mar. 1981	Italy	17.0	Apr. 1983	United Kingdom[2]		......
Canada	9.56	Sept. 1983	Japan	5.5	Dec. 1981	Venezuela	13.0	Sept. 1982
Denmark	7.5	Apr. 1983	Netherlands	5.0	Sept. 1983			

1. As of the end of February 1981, the rate is that at which the Bank of France discounts Treasury bills for 7 to 10 days.

2. Minimum lending rate suspended as of Aug. 20, 1981.

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1980	1981	1982	1983						
				Mar.	Apr.	May	June	July	Aug.	Sept
1 Eurodollars	14 00	16 79	12.24	9.25	9.23	8 96	9.66	10.00	10 27	9.82
2 United Kingdom	16 59	13 86	12 21	10 92	10.21	10.18	9.91	9.84	9.83	9 63
3 Canada	13.12	18.84	14.38	9.36	9 39	9.30	9.41	9 42	9.49	9.35
4 Germany	9 45	12 05	8.81	5.40	5 16	5 27	5.52	5 54	5 66	5.83
5 Switzerland	5.79	9 15	5.04	3 64	4.20	4 48	4.98	4.77	4 61	4.40
6 Netherlands	10.60	11.52	8.26	4.34	5.19	5.65	5.81	5.58	6.03	6 15
7 France	12.18	15.28	14.61	12.64	12.12	12.51	12.59	12.33	12.33	12.42
8 Italy	17.50	19.98	19 99	19.19	18.20	17.75	17.72	17.50	17.50	17.42
9 Belgium	14 06	15.28	14.10	13 32	11.05	10.04	9 73	9.08	9 25	9.25
10 Japan	11.45	7.58	6.84	6 72	6.34	6.26r	6 46	6.47	6 52	6.68

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	1980	1981	1982	1983					
				Apr.	May	June	July	Aug.	Sept.
1 Argentina/peso	n.a.	n a	20985.00	66868.56	71100.94	8.08	8 85	8.94	11 22
2 Australia/dollar[1]	114.00	114.95	101 65	86.76	87.85	87.72	87 54	87.93	88.77
3 Austria/schilling	12 945	15 948	17.060	17.176	17 368	17.974	18 208	18 799	18.754
4 Belgium/franc	29.237	37 194	45.780	48.577	49.239	50.928	51 862	53.609	53.841
5 Brazil/cruzeiro	n.a	92 374	179.22	434 77	465 65	517 28	571 73	643 34	701.38
6 Canada/dollar	1 1693	1 1990	1.2344	1.2325	1.2292	1 2323	1 2323	1 2338	1 2326
7 Chile/peso	n.a.	n a	51 118	76.028	75 405	77 500	78 987	80 011	81 767
8 China, P.R./yuan	n a	1 7031	1.8978	1 9938	1 9895	1 9949	1.9966	1 9843	1.9867
9 Colombia/peso	n.a.	n a	64.071	74.751	76.153	77.380	78.997	80.707	82.494
10 Denmark/krone	5.6345	7 1350	8.3443	8.6663	8 8003	9 1287	9 3142	9.6308	9 5926
11 Finland/markka	3.7206	4.3128	4.8086	5.4342	5.4361	5.5351	5.5863	5.7063	5.7057
12 France/franc	4 2250	5.4396	6.5793	7 3148	7 4163	7 6621	7 7878	8.0442	8.0598
13 Germany/deutsche mark	1 8175	2.2631	2.428	2 4397	2 4665	2.5490	2 5914	2 6736	2.6679
14 Greece/drachma	n.a	n a	66.872	84.037	84 105	84 486	84.677	89.217	92.837
15 Hong Kong/dollar	n.a	5 5678	6.0697	6.7868	6 9667	7 2822	7 1678	7 4416	8 0079
16 India/rupee	7 8866	8 6807	9.4846	9.9824	9 9895	10 049	10 0875	10 187	10.200
17 Indonesia/rupiah	n a.	n.a	660 43	970.81	968.83	973 00	978 57	984 09	986 24
18 Iran/rial	n.a	79.324	n.a.	n.a	n.a	n a	n.a	n.a.	n.a.
19 Ireland/pound[1]	205.77	161 32	142.05	129 53	128 11	123 81	121 87	117 99	117.41
20 Israel/shekel	n.a.	n.a	24 407	40.951	43.427	46.138	49.614	55.949	60 059
21 Italy/lira	856 20	1138 60	1354.00	1451.88	1467.76	1510 98	1533.41	1589 74	1602 62
22 Japan/yen	226.63	220 63	249.06	237.75	234.76	240.03	240 52	244.46	242.35
23 Malaysia/ringgit	2.1767	2.3048	2.3395	2 3063	2 3009	2.3244	2.3319	2.3523	2.3506
24 Mexico/peso	22.968	24.547	72.990	153.77	150.27	149.02	149.36	151.59	152.20
25 Netherlands/guilder	1 9875	2 4998	2.6719	2 7486	2 7737	2 8557	2 8985	2.9912	2.9844
26 New Zealand/dollar[1]	97 34	86.848	75.101	65 726	66.246	65.659	65.383	65.100	65.316
27 Norway/krone	4 9381	5 7430	6.4567	7.1460	7.1154	7 2678	7.3280	7.4641	7 4271
28 Peru/sol	n a.	n.a	694 59	1284 37	1390.60	1514.46	1645.99	1853.18	1995.33
29 Philippines/peso	n a	7.8113	8.5324	9 8449	10.015	10.393	11.050	11 050	11.050
30 Portugal/escudo	50.082	61.739	80 101	99 055	99 521	107.39	119.03	123.03	124.41
31 Singapore/dollar	n a	2.1053	2.1406	2 1010	2 0920	2 1198	2 1294	2 1416	2.1417
32 South Africa/rand[1]	128.54	114.77	92.297	91 42	92 31	91.65	91 19	89 55	89.86
33 South Korea/won	n.a	n.a.	731.93	765 29	767.96	775.82	779.88	787.19	790.83
34 Spain/peseta	71.758	92.396	110.09	135 99	137.76	143.29	147.973	151.302	152.022
35 Sri Lanka/rupee	16.167	18 967	20.756	22.971	22.970	23.050	24.082	24.257	24.397
36 Sweden/krona	4.2309	5.0659	6.2838	7 4941	7.4978	7.6351	7.6936	7.8585	7.8773
37 Switzerland/franc	1.6772	1 9674	2 0327	2 0587	2.0572	2.1123	2.1184	2.1632	2.1623
38 Thailand/baht	n.a	21.731	23.014	22 990	22 988	22 990	22 990	22 990	22.990
39 United Kingdom/pound[1]	232.58	202.43	174.80	153 61	157 22	154 80	152 73	150 26	149.86
40 Venezuela/bolivar	n a	4 2781	4.2981	9 0429	10.233	11 213	12 595	15 600	13 833
MEMO:									
United States/dollar[2]	87.39	102.94	116.57	121 82	122 05	125 16	126 62	129.77	129.74

1. Value in U.S. cents.

2. Index of weighted-average exchange value of U.S dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries Series revised as of August 1978 For description and back data, see "Index of the Weighted-Average Exchange Value of the U S Dollar, Revision" on p. 700 of the August 1978 BULLETIN

NOTE. Averages of certified noon buying rates in New York for cable tranfers

Guide to Tabular Presentation, Statistical Releases, and Special Tables

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

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

General Information

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

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

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

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

SPECIAL TABLES

Published Irregularly, with Latest Bulletin Reference

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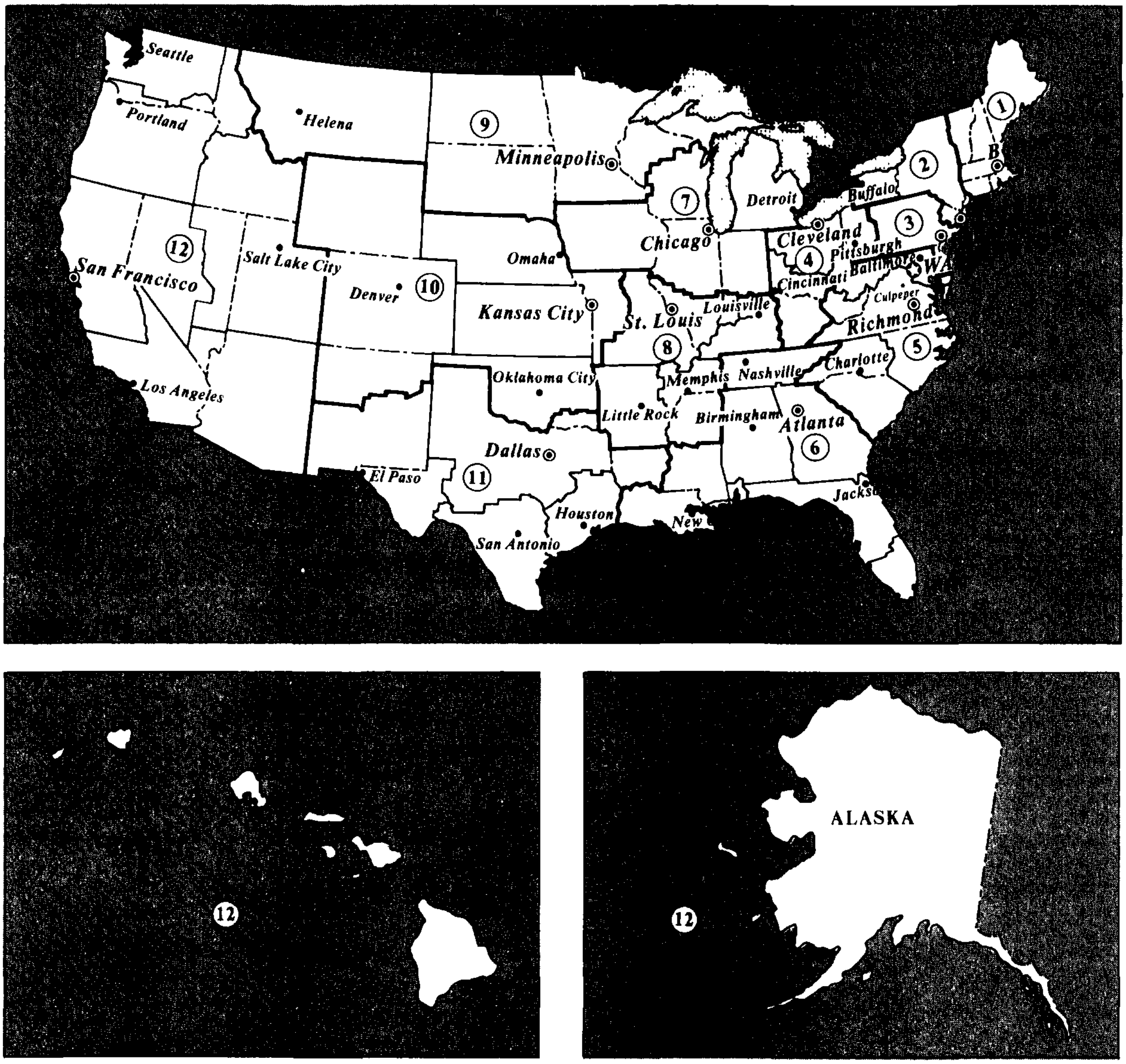
Boundaries of Federal Reserve Districts and Their Branch Territories



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— Boundaries of Federal Reserve Branch Territories

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